

Separate Financial Statements of

**COLONIAL LIFE INSURANCE COMPANY  
(TRINIDAD) LIMITED**

December 31, 2023

*(Expressed in Trinidad and Tobago dollars)*

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## **COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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# 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) 226-4444, Fax: (868) 627-3821, Email: [info@clico.com](mailto:info@clico.com), Website: [clico.com](http://clico.com)

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

Management is responsible for the following:

- 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, 2023, the separate statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising material accounting policies and other explanatory information.
- Ensuring that the Company keeps proper accounting records.
- Selecting appropriate accounting policies and applying them in a consistent manner.
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud and the achievement of the Company's operational efficiencies.
- Ensuring that the system of internal control operated effectively during the reporting period.
- Producing reliable financial reporting that complies with laws and regulations, including the Companies and Insurance Acts; and
- Using reasonable and prudent judgment in the determination of estimates.

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

Further to the Central Bank exiting CLICO in November 2022 the Group continued to maintain its operations in the normal course of business and continues to operate as a going concern servicing its closed book of insurance business.

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

Name: Corrie Gómez  
Title: Chief Executive Officer

Name: Stacel Peters-Scipio  
Title: Chief Financial Officer

Date: June 28, 2024

Date: June 28, 2024



KPMG Chartered Accountants  
Savannah East  
11 Queen's Park East  
Port-of-Spain  
Trinidad and Tobago, W.I.  
Tel +1 868 612 5764  
Web www.kpmg.com/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, 2023, the separate statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible 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 separate financial position of the Company as at December 31, 2023, and its separate financial performance for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

**Basis for Qualified Opinion**

The Company's investment in CL World Brands Limited (CLWB) is classified as "fair value through other comprehensive income" and is carried at \$831 million as at December 31, 2023 (2022: \$906 million), representing 7.3% (2022: 7.02%) of total assets. The related change in fair value through other comprehensive income for the year then ended is \$75 million (2022: \$183 million). We were unable to obtain sufficient appropriate audit evidence about the fair value of this investment and related valuation reserves as at December 31, 2023 and January 1, 2023 and related net change in fair value through other comprehensive income for 2023, because we were denied access to the management and the auditors of CLWB. We were unable to satisfy ourselves regarding this amount through alternative means. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. The audit report as at December 31, 2022 was similarly modified.

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 opinion.



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

**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 IFRS Accounting Standards 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 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 separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

**Auditors' Responsibilities for the Audit of the Separate Financial Statements** (continued)

- 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' with a stylized flourish.

Chartered Accountants

Port of Spain  
Trinidad and Tobago  
June 28, 2024

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Separate Statement of Financial Position


December 31, 2023


(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2023 \$'000	Restated 2022* \$'000	Restated January 1, 2022* \$'000
<b>ASSETS</b>				
Property and equipment	8	98,380	99,908	101,992
Investment properties	9	173,700	179,740	228,400
Investment in associates	10	854,174	930,505	742,003
Investment in subsidiaries	11	25,866	2,283,408	2,607,275
Investment securities	12	8,268,576	8,621,303	1,767,225
Deferred tax assets	33	6,056	5,466	16,462
Taxation recoverable		86,595	86,595	86,595
Loans and other receivables	14	154,585	160,591	154,372
Cash and balances with banks and short-term deposits	15	2,634,820	471,716	313,707
Assets held for sale	16	41,000	58,000	6,979,565
<b>Total assets</b>		<b>12,343,752</b>	<b>12,897,232</b>	<b>12,997,596</b>
<b>EQUITY</b>				
Share capital	17	14,750	14,750	14,750
Accumulated surplus		3,133,314	1,015,582	739,736
Valuation reserves	18	624,739	2,842,736	3,002,383
<b>Total equity</b>		<b>3,772,803</b>	<b>3,873,068</b>	<b>3,756,869</b>
<b>LIABILITIES</b>				
Insurance contracts liabilities	19	6,014,702	5,997,720	-
Reinsurance contracts liabilities	19	12,715	13,535	14,972
Investment contracts	20	1,368,306	1,344,467	146,939
Mutual fund obligations	21	3,632	7,012	42,661
Due to related parties	22	131,368	128,893	129,389
Loans and borrowings	23	531,892	1,032,184	1,215,502
Taxation payable		59,430	60,171	61,702
Accounts payable	24	448,904	440,182	303,348
Liabilities directly associated with, assets held for sale		-	-	7,326,214
<b>Total liabilities</b>		<b>8,570,949</b>	<b>9,024,164</b>	<b>9,240,727</b>
<b>Total equity and liabilities</b>		<b>12,343,752</b>	<b>12,897,232</b>	<b>12,997,596</b>

\*See Notes 39 and 40

The accompanying notes on pages 12 to 128 are an integral part of these separate financial statements.

Director   
Jennifer Frederick  
Chairman

Director   
Sandra Kumar- Campbell  
Board Audit Committee Member

## COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

### Separate Statement of Profit or Loss

For the year ended December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Notes	2023 \$'000	Restated 2022* \$'000
Insurance revenue	25	201,423	220,141
Insurance services expenses	26	(206,447)	(192,646)
Net expenses from reinsurance contracts	19	<u>3,541</u>	<u>166</u>
<b>Insurance service result</b>		<u>(1,483)</u>	<u>27,661</u>
Investment income	27	580,913	632,939
Net impairment loss on financial assets		<u>(1,924)</u>	<u>(255)</u>
<b>Investment return</b>		578,989	632,684
Net finance expense from insurance contracts	27	(296,884)	(198,839)
Net finance income from reinsurance contracts	27	(571)	(427)
Movement in investment contract liabilities	27, 31	<u>(44,457)</u>	<u>(40,360)</u>
<b>Net financial result</b>		<u>237,077</u>	<u>393,058</u>
Loss on sale of investments and other assets	28	(13,124)	-
Other income	29	1,357	10,331
Loss on trading managed fund units		(5,825)	(19,709)
Administration and asset management fees		6,867	9,886
Loss on revaluation of investment properties		(6,040)	(1,910)
Other operating expense	30	(87,410)	(77,643)
Revaluation loss on managed fund liabilities		(49,873)	(34,497)
Finance costs	32	<u>(48,305)</u>	<u>(54,474)</u>
<b>Profit before tax</b>		33,241	252,703
Taxation	33	<u>(3,514)</u>	<u>(5,586)</u>
<b>Profit for the year before performance of assets held for sale</b>		29,727	247,117
<b>(Loss) profit from assets held for sale</b>	16	<u>(722)</u>	<u>410</u>
<b>Profit for the year</b>		<u>29,005</u>	<u>247,527</u>

\*See Note 39

*The accompanying notes on pages 12 to 128 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, 2023

*(Expressed in thousands Trinidad and Tobago dollars)*

	Notes	2023 \$'000	Restated 2022* \$'000
<b>Profit for the year</b>		<u>29,005</u>	<u>247,527</u>
<b>Other comprehensive income</b>			
Deferred tax adjustment	31	-	(9,462)
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at FVOCI			
- Net change in fair value	18	(140,444)	(149,831)
- Revaluation of properties – land and buildings	18	<u>(367)</u>	<u>583</u>
		<u>(140,811)</u>	<u>(149,248)</u>
<b>Total other comprehensive loss</b>		<u>(140,811)</u>	<u>(158,710)</u>
<b>Total comprehensive (loss) income</b>		<u>(111,806)</u>	<u>88,817</u>

\*See Note 39

*The accompanying notes on pages 12 to 128 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, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

	<b>Share Capital</b>	<b>Accumulated Surplus</b>	<b>Valuation Reserves</b>	<b>Total Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended December 31, 2023</b>				
Restated balance at January 1, 2023	14,750	1,015,582	2,842,736	3,873,068
Profit for the year	-	29,005	-	29,005
Transfer of realized gains on disposed equity investments at FVOCI to accumulated surplus	-	2,088,727	(2,088,727)	-
Change in fair value of equity investments at FVOCI	-	-	(140,444)	(140,444)
Revaluation of properties – land and buildings	-	-	(367)	(367)
<b>Total comprehensive income</b>	<b>-</b>	<b>2,117,732</b>	<b>(2,229,538)</b>	<b>(111,806)</b>
<b>Transactions with owners of the Company</b>				
Net movement in trustee's units held in Managed Funds	-	-	11,541	11,541
<b>Balance at December 31, 2023</b>	<b>14,750</b>	<b>3,133,314</b>	<b>624,739</b>	<b>3,772,803</b>

## COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

### Separate Statement of Changes in Equity (continued)

For the year ended December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

	<b>Share Capital</b>	<b>Accumulated Surplus</b>	<b>Valuation Reserves</b>	<b>Total Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended December 31, 2022</b>				
Balance at January 1, 2022 as previously reported	14,750	1,629,315	2,066,467	3,710,532
Restatement adjustment to valuation reserves (Note 40)	-	(1,096,082)	1,096,082	-
Adjustment on initial application of IFRS 17, net of tax (Note 39)	-	46,337	-	46,337
Adjustment for redesignation of debt Instruments from FVOCI to FVTPL (Note 39)	-	160,166	(160,166)	-
<b>Restated balance at January 1, 2022</b>	<b>14,750</b>	<b>739,736</b>	<b>3,002,383</b>	<b>3,756,869</b>
Profit for the year, restated	-	247,527	-	247,527
Reclassification of fair value of disposed equity investments at FVOCI to accumulated surplus	-	8,501	(8,501)	-
Change in fair value of equity investments at FVOCI,	-	-	(149,831)	(149,831)
Deferred tax adjustment	-	-	(9,462)	(9,462)
Revaluation of properties – land and buildings	-	-	583	583
<b>Total comprehensive income, restated</b>	<b>-</b>	<b>256,028</b>	<b>(167,211)</b>	<b>88,817</b>
<b>Transactions with owners of the Company</b>				
Net movement in trustee's units held in Managed Funds	-	-	27,382	27,382
Restatement adjustment - Managed Funds (Note 40)	-	19,818	(19,818)	-
<b>Restated balance at December 31, 2022</b>	<b>14,750</b>	<b>1,015,582</b>	<b>2,842,736</b>	<b>3,873,068</b>

The accompanying notes on pages 12 to 128 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, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Notes	2023	2022
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before taxation		33,241	252,703
Adjustments for:			
Depreciation	8	4,423	4,976
Net write offs and write backs		(1,553)	(5,811)
Exchange gains on translation of non-monetary assets		-	(6,639)
Loss on revaluation of investment properties	9	6,040	1,910
Property and equipment adjustment	8	(1,398)	(287)
Investment income		(554,642)	(709,909)
Impairment loss on financial assets		1,924	255
Loss on trading Managed Funds units		5,825	19,709
Interest expense on debt security issued	32	47,984	54,157
Revaluation loss on managed fund liabilities		49,873	34,497
Fair value gain through profit or loss		<u>(40,137)</u>	<u>73,224</u>
		(448,420)	(281,215)
Changes in:			
- Insurance contracts and reinsurance liabilities		16,092	35,071
Investment contracts		29,555	27,052
- Loans and other receivables		1,553	2,970
- Accounts payable		(26,101)	(118,370)
- Due to related parties		346	(496)
Taxes paid		<u>(5,119)</u>	<u>(5,064)</u>
<b>Net cash used in operating activities</b>		<u>(432,094)</u>	<u>(340,052)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of debt security issued	23	<u>(500,000)</u>	<u>(182,659)</u>
<b>Net cash used in financing activities</b>		<u>(500,000)</u>	<u>(182,659)</u>

*The accompanying notes on pages 12 to 128 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, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

	Notes	2023	2022
		\$'000	\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	8	(1,864)	(2,022)
Proceeds from sale of subsidiary		2,258,192	-
Dividends received		75,498	254,356
Interest received		435,190	417,675
Sale of investment securities		511,194	103,465
Purchase of investment securities		<u>(182,290)</u>	<u>(103,664)</u>
<b>Net cash from investing activities</b>		<u>3,095,920</u>	<u>669,810</u>
<b>Increase in cash and cash equivalents</b>		2,163,826	147,099
<b>(Decrease) increase in cash and cash equivalents</b>			
- Asset held for sale	16	(722)	10,910
<b>CASH AND CASH EQUIVALENTS AT START OF YEAR</b>		<u>471,716</u>	<u>313,707</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>2,634,820</u>	<u>471,716</u>
<b>CASH AND CASH EQUIVALENTS REPRESENTED BY</b>			
Deposits maturing less than three months	15	1,140	1,126
Cash at bank	15	<u>2,633,680</u>	<u>470,590</u>
		<u>2,634,820</u>	<u>471,716</u>

During the year, certain assets were disposed of in the amount of \$17,000 (2022: \$25,900) to extinguish debt to a related entity. This transaction did not result in any exchange of cash and is omitted from the cash flows above.

*The accompanying notes on pages 12 to 128 are an integral part of these separate financial statements.*

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 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. The registered office of the Company is located at 29 St Vincent Street, Port of Spain.

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. 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.

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.

The Parent Company CL Financial Limited entered involuntary liquidation during the year 2018.

Effective December 1, 2022, the Central Bank relinquished emergency control of CLICO under Section 44G of the Central Bank Act.

### 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 23, 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 due to the strength of its assets 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 separate financial statements for December 31, 2023, were approved for issue on June 21, 2024, by the Board of Directors of the Company.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 2. Changes in Material Accounting Policies

CLICO has initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, CLICO has restated certain comparative amounts and presented a third statement of financial position as at January 1, 2022.

Except for the changes below, CLICO has consistently applied the accounting policies as set out in Note 3 to all periods presented in these separate financial statements.

The nature and effects of the key changes in CLICO's accounting policies resulting from its adoption of IFRS 17 and resulting changes in classification of certain financial instruments are summarised below.

### (a) IFRS 17 Insurance Contracts

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

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

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

The majority of CLICO's insurance business is measured under the General Measurement Model (GMM) given the coverage period for the contracts is long-term in nature and there are no discretionary cash flows to be considered. CLICO applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts in the short-term group life and health segment. When measuring liabilities for remaining coverage, the PAA is similar to CLICO's previous accounting treatment. However, when measuring liabilities for incurred claims, CLICO now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 2. Changes in Material Accounting Policies (continued)

### (a) IFRS 17 Insurance Contracts (continued)

#### i. Recognition, measurement and presentation of insurance contracts (continued)

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

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

For an explanation of how CLICO accounts for insurance and reinsurance contracts under IFRS 17, see Note 3(j).

#### ii. Transition

CLICO has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the separate financial statements on January 1, 2022, are presented in the statement of changes in equity.

#### *Short-term insurance contracts*

These are measured under the PAA, there is no CSM to be calculated and the contract boundary is less than one year. CLICO has used full retrospective approach in measuring the groups of insurance contracts measured under PAA.

#### *Long-term insurance and reinsurance contracts*

For the long-term life risk, life savings and participating segments, CLICO applied the fair value approach in IFRS 17 to identify, recognise and measure certain groups of contracts at January 1, 2022 (see Note 3 (j)), because it was impracticable to apply the full retrospective approach.



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 2. Changes in Material Accounting Policies (continued)

### (a) IFRS 17 Insurance Contracts (continued)

#### ii. Transition (continued)

##### *Long-term insurance and reinsurance contracts (continued)*

To indicate the effect of applying fair value approach on the CSM, insurance revenue and insurance finance income or expenses, CLICO has provided additional disclosures in Notes 19.

##### *Assets for insurance acquisition cash flows*

For the long-term life risk segment, CLICO also applied the fair value approach to identify, recognise and measure certain assets for insurance acquisition cash flows at January 1, 2022.

It was impracticable to apply the full retrospective approach because:

- data had not been collected with sufficient granularity.
- information required to identify fixed and variable overheads as relating to acquisition activities and to allocate them to groups of contracts was not available; or
- original assumptions about the manner in which CLICO would have expected insurance acquisition cash flows to be recovered, which were required to allocate them to renewals, could not be made without the use of hindsight.

### (b) IFRS 9 – Financial Instruments – Classification of financial assets

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

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

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 2. Changes in Material Accounting Policies (continued)

### (b) IFRS 9 – Financial Instruments – Classification of financial assets (continued)

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

Financial impact of assets reclassified:

	Original classification under IFRS 9	New classification Under IFRS 9	Original carrying amount under IFRS 9 \$'000	New carrying amount under IFRS 9 \$'000
<b>Financial assets</b>				
<b>Debt securities</b>	FVOCI	FVTPL	8,265,132	8,265,132

The impact of the change to the classification of financial instruments can be found in Note 39.

### (c) Material accounting policy information

The Company also adopted Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information to users that need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 5 Material Accounting Policies (2022: Significant Accounting Policies) in certain instances in line with the amendments.

## 3. Basis of Accounting

These financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## **4. 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.

## **5. Material Accounting Policies**

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

In addition, the Company adopted Disclosure at Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from January 1, 2023. The amendments require the disclosure at 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the account policy in information related to financial instruments disclosed in this note in certain circumstances.

### ***(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 equity investments designated at FVOCI are recognised in other comprehensive income.

### ***(b) Property and equipment***

#### ***(i) Recognition and measurement***

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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 5. Material Accounting Policies (continued)

### (b) Property and equipment (continued)

#### (ii) Subsequent costs

All property and equipment except artwork 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.

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.

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:

	<b>Method</b>	<b>Rate</b>
Buildings (including right-of-use assets and artwork)	Straight line	2%
Furniture, fixtures and equipment	Reducing balance	10%-20%
Motor vehicles	Reducing balance	20%
Software	Straight Line	25%

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

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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 5. Material 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 or annually 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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 5. Material Accounting Policies (continued)

### (e) *Financial instruments*

#### (i) *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 statement of profit or loss.

#### (ii) *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
- (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 derecognises financial liability when its contractual obligations are discharged, cancelled or expired.

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## 5. Material Accounting Policies (continued)

### (e) *Financial instruments* (continued)

#### (iii) *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:

- (a) 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.
- (b) the Company utilizes the redesignation option offered upon the first time adoption of IFRS 17.

##### 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.

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.

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## 5. Material Accounting Policies (continued)

### (e) *Financial instruments* (continued)

#### (iii) *Classification* (continued)

##### 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 or the company employs the redesignation option offered upon first time adoption of IFRS 17-Insurance contracts.

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

#### (iv) *Measurement*

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.

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.



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## 5. Material Accounting Policies (continued)

### (e) *Financial instruments* (continued)

#### (iv) *Measurement* (continued)

##### Financial assets

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

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.
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 derecognition is also recognised in profit or loss.

##### Financial liabilities

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

#### (v) *Fair values of financial assets and liabilities*

The separate financial statements include holdings in unquoted shares which are measured at fair value (Notes 10 to 12). 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.

#### (vi) *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.

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## 5. Material Accounting Policies (continued)

### (e) *Financial instruments* (continued)

#### (vii) *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.

#### (viii) *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 – non-financial assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets 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.

#### *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.

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## 5. Material Accounting Policies (continued)

### (g) *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.

### (h) *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.

### (i) *Insurance contracts*

IFRS 17 replaced IFRS 4 *Insurance Contracts* and is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

#### *Identifying contracts in the scope of IFRS 17*

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of CLICO's insurance contracts issued and reinsurance contracts held.

When identifying contracts in the scope of IFRS 17, in some cases CLICO had to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, CLICO does not expect significant changes arising from the application of these requirements.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Level of aggregation*

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines issued by CLICO are in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group comprises a single contract.

The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin (CSM), against losses on groups of onerous contracts, which are recognised immediately.

#### *Contract boundaries*

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in CLICO. The period covered by the premiums within the contract boundary is the 'coverage period'.

#### *Insurance contracts*

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which CLICO can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- CLICO has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- CLICO has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

For all inforce individual life products, premium rates and benefit patterns are guaranteed at issue. The Company is not permitted to reassess the risk of the policyholders or make changes such as re-price the inforce contracts or reduce benefit level based on contractual rights. As such CLICO is compelled to provide coverage to policyholders for the full duration of the contract.

Individual deferred annuity contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. CLICO is contractually obligated to provide an annuity at the higher of the guaranteed rate or the current rate at the time of the maturity. The company has assessed the contract boundary for these contracts, including the options, and concluded that, under IFRS 17, the cash flows related to the guaranteed annuity options will fall within the boundary of the contracts. This is because CLICO does not have the practical ability to reprice the contract on maturity of the stated term.

For group deferred annuities, CLICO is obligated to provide the fixed payment annuities at retirement date and is compelled to provide coverage to policyholders until death. The contract boundary extends beyond the retirement date as CLICO is obligated to provide longevity coverage.

Group life and health contracts are governed by a Group Master policy which is a contributory yearly renewable term policy. It is the company's view that the contract boundary of each underlying coverage is therefore affected by the Group Master contract. Both substantive rights and obligations are shorter than 1 year given that the Group Master policy is yearly renewable.

For single premium group life creditor contracts CLICO may not terminate the policy or adjust the premium rate. The company therefore has a substantive obligation that extends for the full term of the loan, and the contract boundary is therefore longer than one (1) year.

### *Reinsurance contracts*

For reinsurance contracts, the contract boundary assessment follows the same principles as the underlying direct insurance contracts. Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which CLICO is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Measurement – Overview*

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts that are substantially investment-related service contracts under which CLICO promises an investment return based on underlying items; they are contracts for which, at inception:

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

The Company did an assessment of its participating policies to ascertain whether they would meet to requirements for contracts with direct participating features. There was some level of ambiguity, in terms of interpretation and judgement, in satisfying the third requirement, and given the level of materiality of this portfolio these were measured as insurance contracts without direct participation features.

All remaining insurance contracts and all reinsurance contracts are also classified as contracts without direct participation features. Some of these contracts are measured under the PAA.

#### *General Measurement Model (GMM)*

For most of the Company's business (both groups of insurance contracts and reinsurance contracts held) the decision was taken to apply the GMM given that the coverage period for the contracts is long term in nature, and there are no discretionary cash flows to be considered.

As the Company fulfils the contracts, this measurement model is based on the estimates of the present value of future cash flows that are expected to arise, an explicit risk adjustment for non-financial risk and a CSM which is amortized over the contractual service period at initial locked in discount rates.

#### *Premium Allocation Approach (PAA)*

CLICO applies the PAA to all contracts in Group Life and Health segment (including reinsurance contracts held on these contracts) at inception because these are insurance contracts and reinsurance contracts whose coverage period is one year or less.

For Group Creditor which has obligation extending beyond one year, the Company is able to use PAA as it produces a measurement of the liability for remaining coverage that would not differ materially from applying GMM.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Measurement – Life contracts*

On initial recognition, the Company measures a group of contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of contracts do not reflect CLICO's non-performance risk.

CLICO's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. For generic and linear cash flows, best estimate assumptions based on industry study and historical data provide a good representation of the probability weighted cash flows. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows (i.e. nonlinearity), then CLICO will use stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for variables such as interest rates and equity returns.

All cash flows are discounted using reference portfolio yield based on Central Bank of Trinidad and Tobago yield curve which is further adjusted to remove credit risk which is not relevant to the underlying estimates of cash flows. Majority of the CLICO's inforce products are categorized as moderately high or highly illiquid insurance contracts. One liquidity category is established for all inforce products on IFRS 17 transition. The Government of the Republic of Trinidad and Tobago (GORTT) bonds inherently include liquidity premium demanded by investors, this was deemed to be similar to the level of liquidity for CLICO's insurance contracts.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that CLICO would require for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of contracts represents the unearned profit that CLICO will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the following is a net inflow:

- the fulfilment cash flows;
- any cash flows arising at that date; and
- any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group including assets for insurance acquisition cash flows.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Measurement – Life contracts* (continued)

In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and, (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future service.



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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Reinsurance contracts*

Reinsurance contracts are entered into to cover both the Company's individual life and group Life products. CLICO will apply the GMM to measure the reinsurance on the individual life contracts, and the PAA to measure the reinsurance on the short-term group life contracts. For risk-attaching reinsurance contracts, the LRC using the PAA is presumed to not be materially different from the liability for remaining coverage if the general measurement model is used.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the insurance service result in profit or loss.

The risk adjustment for non-financial risk represents the amount of risk being transferred by CLICO to the reinsurer.

#### *Directly Attributable Expenses*

Expenses are mainly attributable to acquisition and maintenance expenses. Only directly attributable expenses (i.e., those that relate to issuing and fulfilling the insurance contract) are to be included in the measurement of insurance contracts. Directly attributable expenses are included in the estimates of future cash flows and therefore impact the amount of CSM at initial recognition. Non-directly attributable expenses are excluded from the estimate of future cash flows. These expenses are instead expensed as incurred in the Statement of Profit or Loss.

Insurance acquisition expenses arise from the activities of selling, underwriting and starting a group of contracts and they are directly attributable to the portfolio of contracts to which the group belongs.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Directly Attributable Expenses* (continued)

Insurance maintenance expenses are directly related to servicing and fulfilling insurance contracts. Given the Company has officially ceased selling new business in 2015, maintenance expenses account for close to 100% of allocated expenses. The allocation of expenses into core functions and activities is based on CLICO's internal expense allocation and subsequent allocation to directly attributable and non-directly attributable. Under IFRS 17, insurance maintenance expenses are further broken down to per policy unit expenses which are then allocated to the various groups of contracts.

In applying the premium allocation approach, CLICO;

- Choose to recognize any insurance acquisition cash flows as expenses when it incurs those costs, provided that the coverage period of each contract in the group at initial recognition is no more than one year; or
- Recognize the acquisition expense as an asset and amortize using a systematic and rational approach.

Similar to business modelled under GMM, the Company's PAA business does not incur material amounts of insurance acquisition expenses. For contracts with coverage period less than one year, CLICO has elected to expense the acquisition costs as incurred. As a result, any small insurance acquisition cash flows incurred before the groups of insurance contracts are recognized are expensed.

Therefore, insurance acquisition cash flows do not impact the measurement of LRC for under the PAA.

#### *Measurement – Group Life, Health and Creditor Life contracts*

On initial recognition of each group of group life, health and creditor life insurance contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition. CLICO will elect to recognise insurance acquisition cash flows as expenses when they are incurred.

Subsequently, the carrying amount of the LRC is increased by any further premiums received and decreased by the amount recognised as insurance revenue for services provided. CLICO expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under IFRS 17, the Company will not adjust the LRC to reflect the time value of money and the effect of financial risk.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Measurement – Group Life, Health and Creditor Life contracts* (continued)

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then CLICO will recognise a loss in profit or loss and increase the LRC to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows will be discounted (at current rates) if the LIC is also discounted (see below).

CLICO will recognise the LIC of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

CLICO will apply the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

#### *Measurement – Significant judgements and estimates*

##### *Estimates of future cash flows*

In estimating future cash flows, CLICO incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect CLICO's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, CLICO takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts will not be taken into account until the change in legislation is substantively enacted.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

Measurement – Significant judgements and estimates (continued)

Estimates of future cash flow (continued)

Cash flows are attributed to other fulfilment activities and other activities at company level using activity-based costing techniques. Cash flows attributable to other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics.

#### *Discount rates*

Most of CLICO's cash flows do not vary based on returns of any underlying items. For groups of insurance contracts measured under the General Model approach (GMM). Therefore, the discount rates will purely reflect the liquidity characteristics of insurance contracts and be delinked from the underlying assets.

For UL and FPA/Multiflex, cash flows vary, but do not vary directly with the underlying items due to the minimum interest rate guarantee. For these products, CLICO uses stochastic modelling to calculate the cost of interest rate guarantee to be added on top of the Best Estimate Liability.

The coverage period is less than one year for groups of insurance contracts measured under the Premium Allocation approach (PAA). It is not subject to significant time value of money. Therefore, the Company does not apply discount rate to contracts measured under the PAA.

Discount rates for reinsurance contracts held are discounted using the same discount rates compared to direct insurance contracts.

The locked-in discount rate determined at transition date or initial recognition are used for interest accretion calculation on the CSM as required by the standard.

CLICO measures liabilities for insurance contracts using current discount rates.

#### *Contractual Service Margin (CSM)*

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in CLICO, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in CLICO, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Contractual Service Margin (CSM)* (continued)

CLICO will determine the quantity of the benefits provided under each contract as follows.

- (i) For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.
- (ii) To determine the relative weighting of the benefits provided by insurance coverage and investment services, CLICO will generally consider the selling prices for the services had they been offered on a stand-alone basis and adjust the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when CLICO sells that service separately to policyholders with similar characteristics.

#### *Presentation and disclosure*

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables and policyholder loans will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Amounts recognised in the statement of profit or loss and OCI are disaggregated into:

- (a) an insurance service result, comprising insurance revenue and insurance service expenses; and
- (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

#### *Insurance service result*

For contracts measured using the GMM, insurance revenue for each year represents the changes in the LRC that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

For contracts measured using the PAA, insurance revenue is recognised based on an allocation of expected premium receipts to each period of coverage, which is based on the expected timing of incurred insurance service expenses for certain property contracts and the passage of time for other contracts.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

#### *Presentation and disclosure* (continued)

#### *Insurance service result* (continued)

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented outside the insurance service result.

CLICO's life contracts do not have investment components and therefore no consideration of amounts being included in insurance revenue and insurance service expenses is necessary.

Amounts recovered from reinsurers and reinsurance expenses are no longer presented separately in profit or loss, because CLICO will present them on a net basis as 'net expenses from reinsurance contracts' in the insurance service result, but information about these will be included in the relevant disclosure note.

CLICO will disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. This disaggregation allows the Company to better match the release of risk adjustment with insurance service provided.

#### *Insurance finance income and expenses*

Changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For life risk and life savings contracts, the Company will not disaggregate insurance finance income or expenses between profit or loss and OCI. This is expected to reduce accounting mismatches in profit or loss, considering that many of the supporting financial assets will be debt investments measured at FVTPL under IFRS 9.

If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract will be reclassified to profit or loss as a reclassification adjustment.

For participating and group life, health and creditor life contracts, the Company will present insurance finance income or expenses in profit or loss, considering that the supporting assets are generally measured at FVTPL.

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## 5. Material Accounting Policies (continued)

### (i) *Insurance contracts* (continued)

*Presentation and disclosure* (continued)

*Insurance finance income and expenses* (continued)

New extensive disclosures are required about amounts recognised in the separate financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts. Disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

*Transition*

Changes in accounting policies resulting from the adoption of IFRS 17 are applied using a full retrospective approach to the extent practicable, except for Life contracts for which the fair value approach on transition to IFRS 17 is utilised.

### (j) *Investment contracts*

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

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## 5. Material Accounting Policies (continued)

### (j) *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 in 2010.

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

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

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



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## 5. Material Accounting Policies (continued)

### *(k) 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.

### *(l) Provisions*

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

### *(m) 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 17 (see note 5 (i) on insurance revenue).

#### *(i) 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.

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## 5. Material Accounting Policies (continued)

### *(m) Revenue recognition* (continued)

#### *(ii) Interest Income*

Interest income is 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.

#### *(iii) Investment income*

Investment income comprises dividends and rent for the year, and realised profits and losses on sale of investments. Dividends are recognised when the rights to receive payment are established.

#### *(iv) Rental income*

Rental income is recognised on the accrual basis.

#### *(v) 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.

### *(n) New, revised and amended standards interpretations that became effective during the year*

Certain new and amended standards came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:

- IFRS 17 *Insurance Contracts*, effective for annual periods beginning on or after January 1, 2023. See Note 2 (a) for details on adoption of the standard.
- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 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.

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## 5. Material Accounting Policies (continued)

### (n) *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.

There was no significant impact on the separate financial statements on the adoption of this standard.

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023, and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

*“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.*

See Note 2 (b) on the impact on the adoption of this standard.

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## 5. Material Accounting Policies (continued)

### (n) *New, revised and amended standards and interpretations not yet effective* (continued)

- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 *Financial Instruments*; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

There was no significant impact on the separate financial statements on the adoption of this standard.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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## 5. Material Accounting Policies (continued)

### (n) *New, revised and amended standards and interpretations not yet effective* (continued)

- Amendments to IAS 12 *Income Taxes* (continued)

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

There was no impact by the amendment on the separate financial statements.

- Initial application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17) are effective for annual reporting periods beginning on or after January 1, 2023. The classification overlay will apply to all financial assets regardless of whether they are, or were, held in respect of insurance activities. This means that an insurer can choose to apply this approach to all financial assets on an instrument-by-instrument basis.

The eligibility for the classification overlay approach has been expanded to those insurers that have adopted IFRS 9 before adopting IFRS 17. This would allow them to reduce any accounting mismatches relating to financial assets that are derecognized in the comparative period.

An insurer would not be required to apply the new impairment requirements in IFRS 9 when applying the overlay approach. If an insurer does not apply the IFRS 9 impairment requirements under the overlay approach, then it would not be required to restate the impairment of financial assets as previously reported under IAS 39 *Financial Instruments: Recognition and Measurement* simply to present comparative information.

See Note 2 (a) for the details on the adoption of the amendment.

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## 5. Material Accounting Policies (continued)

### (o) *New, revised and amended standards and interpretations not yet effective*

At the date of authorisation of these financial statements, certain new and amended standards and interpretations were issued which were not effective for the current year and which the Company has not early adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

- Classification of liabilities as current or non-current (Amendments to IAS 1) are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted and is to be applied retrospectively. A company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

Covenants with which the Company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable with 12 months after the reporting date.

The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.

- Lease liability in a sale and leaseback (Amendments to IFRS 16) are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. The amendment confirms that (i) on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; and (ii) after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* are effective for annual reporting periods beginning on or after January 1, 2024. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

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## 5. Material Accounting Policies (continued)

### (o) *New, revised and amended standards and interpretations not yet effective* (continued)

- IFRS S2 *Climate-related Disclosures* are effective for annual reporting periods beginning on or after January 1, 2024. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) are effective for annual reporting periods beginning on or after January 1, 2024. The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.
- Lack of Exchangeability (Amendments to IAS 21) are effective for annual reporting periods beginning on or after January 1, 2025. The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 *Presentation and Disclosure* in the financial statements is effective for annual reporting periods beginning on or after January 1, 2027.

The Company is assessing the impact that the amendments and standards will have on its separate financial statements.

## 6. Use of Estimates and Judgments

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 (except where adoption of new standards require retrospective application).

### 6.1 *Fulfilment cash flows*

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

CLICO’s objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then CLICO uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

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## 6. Use of Estimates and Judgments (continued)

### 6.1 *Fulfilment cash flows* (continued)

#### *Estimates of future cash flows*

In estimating future cash flows, CLICO incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect CLICO's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, CLICO takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. CLICO derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which CLICO has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which CLICO belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that CLICO will incur in providing investment services;
- costs that CLICO will incur in performing investment activities to the extent that CLICO performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. CLICO generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

## 6. Use of Estimates and Judgments (continued)

### 6.1 Fulfilment cash flows (continued)

*Estimates of future cash flows (continued)*

*Contract boundaries*

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of CLICO's substantive rights and obligations under the contract.

Insurance contracts	<p>For all inforce individual life products, premium rates and benefit patterns are guaranteed at issue. The Company is not permitted to reassess the risk of the policyholders or make changes such as re-price the inforce contracts or reduce benefit level based on contractual rights. As such CLICO is compelled to provide coverage to policyholders for the full duration of the contract.</p> <p>Individual deferred annuity contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. CLICO is contractually obligated to provide an annuity at the higher of the guaranteed rate or the current rate at the time of the maturity. The company has assessed the contract boundary for these contracts, including the options, and concluded that the cash flows related to the guaranteed annuity options will fall within the boundary of the contracts. This is because CLICO does not have the practical ability to reprice the contract on maturity of the stated term.</p> <p>For group deferred annuities, CLICO is obligated to provide the fixed payment annuities at retirement date and is compelled to provide coverage to policyholders until death. The contract boundary extends beyond the retirement date as CLICO is obligated to provide longevity coverage.</p> <p>Group life and health contracts are governed by a Group Master policy which is a contributory yearly renewable term policy. It is the Company's view that the contract boundary of each underlying coverage is therefore affected by the Group Master contract. Both substantive rights and obligations are shorter than 1 year given that the Group Master policy is yearly renewable.</p> <p>For single premium group life creditor contracts CLICO may not terminate the policy or adjust the premium rate. The Company therefore has a substantive obligation that extends for the full term of the loan, and the contract boundary is therefore longer than one (1) year.</p>
Reinsurance contracts	<p>For reinsurance contracts, the contract boundary assessment follows the same principles as the underlying direct insurance contracts. Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which CLICO is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.</p>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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## 6. Use of Estimates and Judgments (continued)

### 6.1 *Fulfilment cash flows* (continued)

*Estimates of future cash flows* (continued)

*Life risk, life savings and participating contracts*

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience.

Possible increases in lapse and surrender rates may increase or decrease estimates of future cash outflows and thus decrease or increase the CSM depending on the product specifics. For a sensitivity analysis, refer to Note 7.2

For deferred fixed annuity and universal life contracts, crediting rates and discount rates (see 'Discount rates' below) are key assumptions in measuring those contracts.

The assumed estimated crediting rates are generally based on the actual rates applied in the current year. The crediting rates applied vary between products. In the current economic environment, the amounts credited are often determined by interest rate guarantees.

*Discount rates*

All cash flows are discounted using reference portfolio yield based on Central Bank of Trinidad and Tobago yield curve which is further adjusted to remove credit risk which is not relevant to the underlying estimates of cash flows. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. The Company determined that the Government of the Republic of Trinidad and Tobago (GORTT) bonds inherently include liquidity premium demanded by investors, which are similar to the weighted average level of liquidity premium of CLICO's insurance contracts. Therefore, there was no additional liquidity adjustment in the derivation of the discount rate.

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## 6. Use of Estimates and Judgments (continued)

### 6.1 Fulfilment cash flows (continued)

*Estimates of future cash flows (continued)*

*Discount rates (continued)*

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

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

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the IFRS 17 discount rates.

*Risk adjustments for non-financial risk*

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The Company applies a margin approach for risk adjustments for non-financial risk. The main differences between the margins applied under IFRS 4 is that IFRS 17 requires disclosure of the confidence level associated with the margin approach to allow for comparability. The Company leverages assumed distributions for non-financial risks calculated under the Canadian Life Insurance Capital Adequacy Test (LICAT) capital framework to estimate the confidence level in the Company's risk adjustment.

The risk adjustment for insurance contracts held and reinsurance contracts issued corresponds to a confidence level between 80% to 90% overall.

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## **6 Use of Estimates and Judgments** (continued)

### **6.1 Fulfilment cash flows** (continued)

*Estimates of future cash flows* (continued)

*Risk adjustments for non-financial risk* (continued)

The risk adjustments for non-financial risk are determined using a hybrid of margin and cost of capital approach for life and participating contracts.

To determine the risk adjustments for non-financial risk for reinsurance contracts, CLICO applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Use existing additive margins for adverse deviation (MfADs) for each non-financial assumption as a starting point. Risk adjustment is calculated as the present value of the difference between estimated future cash flows with MfADs and estimated future cash flows without MfADs. CLICO will use their cost of insurance risk capital under the existing CBTT regulatory capital framework, discounted at average market participant hurdle rate, to assess the aggregate compensation requirement.

### **6.2 Contractual Service Margin**

*Determination of coverage units*

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period (see Note 5 (j)). The coverage units are reviewed and updated at each reporting date.

CLICO applied significant judgements in the determination of the coverage units and coverage period in computing the CSM amounts that were recognised in profit or loss in.

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**6. Use of Estimates and Judgments** (continued)**6.2 Contractual Service Margin****Coverage unit choice for groups measured under GMM**

<b>Product</b>	<b>Sum Insured Payable Upon</b>	<b>Coverage Unit</b>
Par Non-Par -Ord Life	Death of the insured Morbidity of the insured (CI)	Net Amount at Risk (NAAR)
Par Non-Par -Ord Life	Death of the insured	NAAR
Non-Par-UL	Death of the insured	NAAR
Annuities-Transition Immediate	Survivorship of the insured	Single Annuity Payment
Annuities-FPA Annuities-Multiflex Annuities-Group Deferred	Accumulation and annuitization	Single Annuity Payment
Reinsurance - Life	Death of the insured Covered under the reinsurance	NAAR

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## **6. Use of Estimates and Judgments** (continued)

### **6.3 Investment components**

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

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

CLICO's other contracts do not contain investment components.

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

CLICO has measured the fair value of insurance contracts when it applied the fair value approach on transition to IFRS 17. CLICO has measured the fair value of insurance contracts as the sum of:

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

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

CLICO's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition (see Notes 5(j)). In particular, in measuring fair value CLICO considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants.

Adjustments made to reflect market participants' view:

- expense cash flows are increased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of CLICO's non-performance risk; and

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 6. Use of Estimates and Judgments (continued)

### 6.4 Fair Value of insurance contracts (continued)

Adjustments made to reflect market participation view (continued)

- includes a margin comprising a risk premium to reflect what market participants would demand as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contracts. In determining the risk premium, the Company allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

#### *Fair value approach*

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

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

Differences in the CLICO's approach to measuring fair value from the IFRS 17 requirements for measuring fulfilment cash flows gave rise to a CSM at January 1, 2022. In particular, in measuring fair value CLICO includes what market participants would demand as compensation to assume the obligations to service the insurance contracts. In determining this compensation, CLICO considers certain costs that are not directly attributable to fulfilling the contracts (e.g. general overheads) and certain risks that were not reflected in the fulfilment cash flows (e.g. general operational risk), among other factors that a market participant would consider.

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

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

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## **6. Use of Estimates and Judgments** (continued)

### **6.4 Fair Value of insurance contracts** (continued)

*Fair value approach* (continued)

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

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

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

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

The Company's accounting policy on fair value measurements is set out in Notes 5(b), (c) and (e).

Further details on assets identified as impaired and the respective impairment losses incurred are disclosed in Notes 7.3.1 to these financial statements.

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.



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## 6. Use of Estimates and Judgments (continued)

### 6.5 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 monthly valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with prior year.

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

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

The table on the next page 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:

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## 6. Use of Estimates and Judgments (continued)

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

#### Financial and non-financial assets measured at fair value

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>December 31, 2023</b>					
Land and buildings	8	-	9,102	64,646	73,748
Investment properties	9	-	148,000	25,700	173,700
Investment in associates	10	23,562	-	830,612	854,174
Investment in subsidiaries	11	-	-	25,866	25,866
Investment securities	12	308,150	7,958,478	1,948	8,268,576
Assets held for sale	16	-	-	41,000	41,000

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>December 31, 2022</b>					
Land and buildings	8	-	4,498	70,357	74,855
Investment properties	9	-	72,840	106,900	179,740
Investment in associates	10	24,648	-	905,857	930,505
Investment in subsidiaries	11	-	-	2,283,408	2,283,408
Investment securities	12	368,972	8,250,377	1,954	8,621,303
Assets held for sale	16	-	-	58,000	58,000

#### Level 2 fair value measurements

Investment securities, investment properties and land and buildings 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.

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## 6. Use of Estimates and Judgments continued)

### 6.5 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.

	<b>Land and Buildings</b>	<b>Investment Properties</b>	<b>Assets Held for Sale</b>	<b>Investment in Associates</b>	<b>Investment in Subsidiaries</b>	<b>Investment Securities (unquoted equities)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>December 31, 2023</b>						
Balance						
at January 1	70,357	106,900	58,000	905,857	2,283,408	1,954
Additions/ transfers	(5,344)	(75,160)	-	-	-	-
Disposals	-	-	(17,000)	-	(2,258,191)	-
Fair value (loss) gains	(367)	(6,040)	-	(75,245)	649	(6)
Balance at December 31	<u>64,646</u>	<u>25,700</u>	<u>41,000</u>	<u>830,612</u>	<u>25,866</u>	<u>1,948</u>

	<b>Land and Buildings</b>	<b>Investment Properties</b>	<b>Assets Held for Sale</b>	<b>Investment in Associates</b>	<b>Investment in Subsidiaries</b>	<b>Investment Securities (unquoted equities)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>December 31, 2022</b>						
Balance						
on January 1	44,117	139,000	248,935	722,553	2,607,275	1,954
Additions/ transfers	25,657	(7,440)	(176,294)	-	-	-
Disposals	-	(24,000)	(11,750)	-	-	-
Fair value gains (loss)	583	(660)	(2,891)	183,304	(323,867)	-
Balance at December 31	<u>70,357</u>	<u>106,900</u>	<u>58,000</u>	<u>905,857</u>	<u>2,283,408</u>	<u>1,954</u>

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## 6. Use of Estimates and Judgments (continued)

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

#### Level 3 fair value measurements (continued)

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

	<b>Land and Buildings</b>	<b>Investment in Associates</b>	<b>Investment in Subsidiaries</b>	<b>Investment Securities (unquoted equities)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2023</b>				
(Loss) gain	<u>(367)</u>	<u>(75,245)</u>	<u>649</u>	<u>(6)</u>

	<b>Land and Buildings</b>	<b>Investment in Associates</b>	<b>Investment in Subsidiaries</b>	<b>Investment Securities (unquoted equities)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2022</b>				
Gain (loss)	<u>583</u>	<u>183,304</u>	<u>(323,867)</u>	<u>-</u>

#### Unobservable inputs used in measuring fair value

##### Investments in Associates

Management recognised \$75,245 loss (2022: \$183,304 gain) for CL World Brands Limited (CLWB) during the year. The CLWB value was based mainly on the value of its holdings in a company listed on the Trinidad and Tobago stock exchange as at December 31, 2023. This holding represents 90% of the net assets of CLWB.

##### Investments in Subsidiaries

#### Premium Security Services Limited (PSSL)

The net asset value approach was used to determine the fair value of Premium Security Services Limited (PSSL). This was considered the best approach given the lack of reliable Level 1 and Level 2 inputs. The value of CLICO's 100% holding is derived by taking the net asset value from PSSL's financial statements. This net asset value is equivalent to the net shareholder equity. The unobservable inputs in this approach are essentially PSSL's total assets net of PSSL's total liabilities.

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**6. Use of Estimates and Judgments (continued)**

**6.5 Fair value of financial and non-financial assets (continued)**

**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.

**Financial instruments not measured at fair value**

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Carrying Values \$'000
<b>December 31, 2023</b>					
<b>Assets</b>					
Loans and other receivables	4	-	-	154,585	154,585
Bank and short-term deposits	5	-	-	2,634,820	2,634,820

**Liabilities**

Investment contracts	20	-	-	1,368,306	1,368,306
Mutual fund obligations	21	-	-	3,632	3,632
Due to related parties	22	-	-	131,368	131,368
Loans and borrowings	23	-	-	531,892	531,892
Accounts payable	24	-	-	448,904	448,904

	Notes	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total Carrying Values \$'000
<b>December 31, 2022</b>					
<b>Assets</b>					
Loans and other receivables	14	-	-	160,591	160,591
Bank and short-term deposits	15	-	-	471,716	471,716

**Liabilities**

Investment contracts	20	-	-	1,344,467	1,344,467
Mutual funds	21	-	-	7,012	7,012
Due to related parties	22	-	-	128,893	128,893
Loans and borrowings	23	-	-	1,032,184	1,032,184
Accounts payable	24	-	-	440,182	440,182

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## 6. Use of Estimates and Judgments (continued)

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

#### Financial instruments not measured at fair value (continued)

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 in 2023.

## 7. 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. Climate-related risk
- vii. Capital management

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.

### 7.1 Risk management framework

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.

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## 7. Insurance and Financial Risk Management (continued)

### 7.1 Risk management framework (continued)

- (b) The Board Audit Committee is responsible for assisting the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the internal audit process, the Company's process for monitoring compliance with laws and regulations and the code of conduct.
- (c) The Board Governance and Risk Committee has direct oversight over the Company's Enterprise Risk Management System, Internal Control Framework and increased oversight over the Company's Governance.
- (d) 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.
- (e) 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.
- (f) The Board continues to have oversight of the Enterprise Risk Management (ERM) System. Senior Management who, collectively and severally, are responsible for the identification, assessment and management of the organization's risks.
- (g) CLICO continues to assess 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.
- (h) 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.  
  
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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management

### 7.2 Insurance risk

*Key risks arising from contracts issued*

The nature and extent of the underwriting and insurance risks arising from insurance contracts are determined by the contract design and policyholder experience. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities.

#### Life risk and life savings contract

Product	Key Risks	Risk Mitigation
<b>Life Risk</b>		
Term assurance and critical illness	<ul style="list-style-type: none"> <li>- Mortality risk: death of policyholder earlier than expected.</li> <li>- Morbidity risk: diagnosis of critical illness earlier than expected.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Reinsurance with financially strong reinsurers</li> </ul>
Non-participating whole-life and endowment	<ul style="list-style-type: none"> <li>- Mortality risk</li> <li>- Interest rate risk: differences in duration and yield of assets and liabilities</li> <li>- Investment credit risk</li> </ul>	<ul style="list-style-type: none"> <li>- Matching of asset and liability cash flows</li> <li>- Investing in investment-grade assets</li> </ul>
Participating whole-life and endowment	<ul style="list-style-type: none"> <li>- Mortality risk</li> <li>- Interest rate risk: differences in duration and yield of assets and liabilities</li> <li>- Investment credit risk</li> </ul>	<ul style="list-style-type: none"> <li>- Matching of asset and liability cash flows</li> <li>- Investing in investment-grade assets</li> </ul>
<b>Life Savings</b>		
Deferred fixed annuity (accumulation period)	<ul style="list-style-type: none"> <li>- Longevity risk (if annuitisation rate is guaranteed)</li> <li>- Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates.</li> <li>- Policyholder behaviour risk</li> </ul>	<ul style="list-style-type: none"> <li>- Ability to reset crediting rates after initial period</li> <li>- Surrender penalties</li> </ul>
Deferred fixed annuity (payment period)	<ul style="list-style-type: none"> <li>- Longevity risk</li> <li>- Interest rate risk: differences in duration and yield of assets and liabilities</li> <li>- Investment credit risk</li> </ul>	<ul style="list-style-type: none"> <li>- Matching of asset and liability cash flows</li> <li>- Investing in investment-grade assets</li> </ul>
Universal life	<ul style="list-style-type: none"> <li>- Mortality risk</li> <li>- Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates.</li> <li>- Policyholder behaviour risk</li> </ul>	<ul style="list-style-type: none"> <li>- Management discretion to set crediting rates (subject to guaranteed rates)</li> <li>- Surrender penalties.</li> </ul>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.2 Insurance risk (continued)

*Key risks arising from contracts issued (continued)*

Life risk and life savings contract (continued)

The fixed rate of interest is guaranteed for an initial period; after the initial period, the rate of interest credited to policyholders' accounts is set at CLICO's discretion based on the prevailing market rates.

Universal life contracts provide policyholders with a lump sum benefit payable on death and access to an account value. The account value is credited with interest at a rate set at CLICO's discretion on a periodic basis, subject to a guaranteed minimum, and debited with a charge for the death benefit. A contract typically lapses when the account value is no longer sufficient to cover the cost of insurance.

The guaranteed interest rates on deferred fixed annuity and universal life contracts depend on the country and date of issue and range from 1.0 to 5.0% (2022: 1.0 to 5.0%). The weighted-average guaranteed interest rate is 2.1% (2022: 2.2%).

Group health contracts and rider coverages pays benefit upon occurrence of contractual defined incidence, which are influenced by the nature of the risks covered and the behavioral habits of types of policyholders.

*Non-Financial assumption Sensitivity Analysis*

- A. The table below analyzes how CSM, profit or loss and equity would have increased (decreased) if changes in non-financial risk variables that were reasonably possible at the reporting date had occurred. This is presented net of reinsurance and assuming all other variables remain constant.

### Sensitivity Results as at December 31, 2023

	Marginal impact on CSM	Marginal impact on P&L	Marginal impact on Equity
	\$000	\$000	\$000
Expenses: +10%	(32,647)	(2,082)	(2,082)
Inflation: +100bps	(27,614)	(1,814)	(1,814)
Mortality: 110% Life; 90% Annuities	(79,107)	(6,001)	(6,001)
Lapse: max (90%, 110%)	(6,630)	(485)	(485)

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.2 Insurance risk (continued)

*Key risks arising from contracts issued (continued)*

#### i. Non-Financial Assumption Sensitivity Analysis (continued)

#### Sensitivity Results as at December 31, 2022

	Marginal impact on CSM	Marginal impact on P&L	Marginal impact on Equity
	\$000	\$000	\$000
Expenses: +10%	(32,749)	(1,945)	(1,945)
Inflation: +100bps	(28,943)	(1,742)	(1,742)
Mortality: 110% Life; 90% Annuities	(78,123)	(5,666)	(5,666)
Lapse: max (90%, 110%)	(6,797)	(478)	(478)

B. The following tables set out when the Company expects to recognize the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA:

#### Expected CSM recognition as at December 31 2023

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Annuity	17,420	16,671	16,104	15,598	15,147	69,458	169,263	319,661
Non-PAR	1,718	1,578	1,443	1,319	1,202	4,289	3,764	15,313
PAR	468	413	363	318	281	933	746	3,522
Reinsurance	522	473	426	383	344	1,209	1,025	4,382
<b>Total</b>	<b>20,128</b>	<b>19,135</b>	<b>18,336</b>	<b>17,618</b>	<b>16,974</b>	<b>75,889</b>	<b>174,798</b>	<b>342,878</b>

#### Expected CSM recognition as at December 31, 2022

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 10 years	More than 10 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Annuity	16,501	16,136	15,584	15,082	14,639	68,418	186,479	332,839
Non-PAR	2,114	1,963	1,797	1,638	1,493	5,429	4,840	19,274
PAR	565	503	444	390	343	1,162	949	4,356
Reinsurance	563	517	467	420	378	1,353	1,184	4,882
<b>Total</b>	<b>19,743</b>	<b>19,119</b>	<b>18,292</b>	<b>17,530</b>	<b>16,853</b>	<b>76,362</b>	<b>193,452</b>	<b>361,351</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities (mutual fund obligation, accounts payable, investment contracts and debt securities issued), 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, and market risk (interest rate risk, equity price risk and foreign currency risk).

#### 7.3.1 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.

#### Management of credit risk

The Board Finance Investment and Resolution Committees and the Board Operations, Procurement and Tenders Committee which report to the Board of Directors have oversight of credit risk. The Finance and Investment teams reporting to the Board Finance Investment and Resolution Committees and the Board Operations, Procurement and Tenders 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 categories 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 Governance and Risk Committee.

Regular reporting or reporting regularly on the credit quality of portfolios to the Board Finance Investment and Resolution Committee which may require appropriate corrective action to be taken.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.1 Credit risk (continued)

##### Management of credit risk (continued)

- 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.

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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.1 Credit risk (continued)

##### **Definition of default** (continued)

At each reporting date, the Company assesses whether there has been a significant increase in credit risk exposure for all financial assets.

##### **Debt securities**

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least BBB- from Standard and Poor's and/or Ba1, Ba2, Ba3 from Moody's.

The Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, CLICO supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

12-month and lifetime probabilities of default are based on historical data supplied by Standard and Poor's for each credit rating and are recalibrated based on current bond yields and CDS prices. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The exposure to credit risk for debt securities at FVOCI and FVTPL at the reporting date are all concentrated in Trinidad and Tobago.

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.1 Credit risk (continued)

##### Debt securities (continued)

The following table presents an analysis of the credit quality of debt securities at FVTPL.

Credit rating	2023			2022		
	FVTPL	Amortised Cost		FVTPL	Amortised Cost	
	12 Month	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired	12 Month	Lifetime ECL- Not Credit Impaired	Lifetime ECL- Credit Impaired
		\$'000	\$'000		\$'000	\$000
BBB-to AAA	7,958,478	-	-	8,250,376	-	-
D	-	-	822,206	-	-	822,206
Gross carrying amounts	7,958,478	-	822,206	8,250,376	-	822,206
Loss allowance	-	-	(822,206)	-	-	(822,206)
Carrying amounts	<u>7,958,478</u>	-	-	<u>8,250,376</u>	-	-

No impaired allowance was recognised in respect of debt securities at amortised cost during the year (2022: \$NIL). Securities are \$476,206 owed by CLF and \$346,000 owed by CIB. Both parties have been placed into liquidation because of significant financial difficulties. The Company has no collateral in respect of these investments.

There has not been allowance for impairment for debt securities at amortised cost during the year.

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.1 Credit risk (continued)

##### Cash and balances with banks and short-term deposits

The Company held cash and cash equivalents of \$2,634,820 (2022: \$471,716) with banks and financial institutions counterparties which are reputable in the local market. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the financial institutions they are held with.

##### Concentrations of credit risk

The Company does monitor concentration of credit risk. An analysis of concentrations of credit risk from investments in associates, investment in subsidiaries, investment securities, assets held for sale and loans and receivables is shown below.

	Investment securities		Assets held for sale		Loans and receivables	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Concentration by sector:						
Corporate	310,098	370,927	-	-	-	-
Government	7,958,478	8,250,376	-	-	110,098	117,474
Individuals	-	-	41,000	58,000	44,487	43,117
	8,268,576	8,621,303	41,000	58,000	154,585	160,591

#### 7.3.2 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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.2 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 and includes future interest payment.

##### Maturity analysis for non-derivative cash flows

As at December 31, 2023

##### Contractual undiscounted cash flows

	Within 1 Year	1-5 Years	Over 5 Years	Total	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>					
Investment contracts	106,217	-	1,264,115	1,370,332	1,368,306
Mutual fund obligations	3,632	-	-	3,632	3,632
Loans and borrowings	557,036	-	-	557,036	531,892
Due to related parties	131,368	-	-	131,368	131,368
Accounts payable	448,904	-	-	448,904	448,904
Total financial liabilities	<u>1,247,157</u>	<u>-</u>	<u>1,264,115</u>	<u>2,511,272</u>	<u>2,484,102</u>
<b>Financial assets</b>					
Investment in associates	-	-	854,174	854,174	854,174
Investment in subsidiaries	-	25,866	-	25,866	25,866
Investment securities	3,444	1,364,521	8,233,832	9,601,797	8,268,576
Loans and other receivables	-	-	154,585	154,585	154,585
Assets held for sale	41,000	-	-	41,000	41,000
Cash and cash equivalents	<u>2,634,820</u>	<u>-</u>	<u>-</u>	<u>2,634,820</u>	<u>2,634,820</u>
Total financial assets	<u>2,679,264</u>	<u>1,390,387</u>	<u>9,242,591</u>	<u>13,312,242</u>	<u>11,979,021</u>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.2 Liquidity risk (continued)

#### Maturity analysis for non-derivative cash flows (continued)

As at December 31, 2022

#### Contractual undiscounted cash flows

	Within 1 Year	1-5 Years	Over 5 Years	Total	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>					
Investment contracts	103,383	-	1,243,128	1,346,511	1,344,467
Mutual fund obligations	7,012	-	-	7,012	7,012
Loans and borrowings	1,081,079	-	-	1,081,079	1,032,184
Due to related parties	128,893	-	-	128,893	128,893
Accounts payable	440,182	-	-	440,182	440,182
Total financial liabilities	<u>1,760,549</u>	<u>-</u>	<u>1,243,128</u>	<u>3,003,677</u>	<u>2,952,738</u>
<b>Financial assets</b>					
Investment in associates	-	-	930,505	930,505	930,505
Investment in subsidiaries	-	2,283,408	-	2,283,408	2,283,408
Investment securities	-	3,602,187	8,463,437	12,065,624	8,621,303
Loans and other receivables	-	-	160,591	160,591	160,591
Assets held for sale	58,000	-	-	58,000	58,000
Cash and cash equivalents	471,716	-	-	471,716	471,716
Total financial assets	<u>529,716</u>	<u>5,885,595</u>	<u>9,554,533</u>	<u>15,969,844</u>	<u>12,525,523</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.2 Liquidity risk (continued)

#### Maturity analysis for non-derivative cash flows (continued)

As at December 31, 2023

#### Expected undiscounted cash flows

	Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$'000	Carrying Values \$'000
Annuities	368,532	1,584,202	6,751,057	8,703,791	5,397,188
Life - non par	16,977	81,042	412,043	510,062	374,252
Life - par	3,923	15,202	64,312	83,437	52,008
Liabilities for incurred claims for long-term insurance	<u>162,542</u>	-	-	<u>162,542</u>	<u>162,542</u>
Long-term insurance	551,974	1,680,446	7,227,412	9,459,832	5,985,990
Short-term insurance	9,636	-	-	9,636	9,636
Liabilities for incurred claims for short-term insurance	<u>19,076</u>	-	-	<u>19,076</u>	<u>19,076</u>
Total insurance contract	580,686	1,680,446	7,227,412	9,488,544	6,014,702
Reinsurance - individual	<u>1,166</u>	<u>4,708</u>	<u>17,974</u>	<u>23,848</u>	<u>12,715</u>
<b>Total</b>	<u><u>581,852</u></u>	<u><u>1,685,154</u></u>	<u><u>7,245,386</u></u>	<u><u>9,512,392</u></u>	<u><u>6,027,417</u></u>

As at December 31, 2022

#### Expected undiscounted cash flows

	Within 1 Year \$'000	1-5 Years \$'000	Over 5 Years \$'000	Total \$'000	Carrying Values \$'000
Annuities	324,704	1,402,030	7,036,352	8,763,086	5,404,612
Life - non par	14,726	73,794	425,070	513,590	383,708
Life - par	4,101	15,349	65,631	85,081	50,240
Liabilities for incurred claims for long-term insurance	<u>131,005</u>	-	-	<u>131,005</u>	<u>131,005</u>
Long-term insurance	474,536	1,491,173	7,527,053	9,492,762	5,969,565
Short-term insurance	19,236	-	-	19,236	19,236
Liabilities for incurred claims for short-term insurance	<u>8,919</u>	-	-	<u>8,919</u>	<u>8,919</u>
Total insurance contract	502,691	1,491,173	7,527,053	9,520,917	5,997,720
Reinsurance - individual	<u>1,527</u>	<u>5,888</u>	<u>22,849</u>	<u>30,264</u>	<u>13,535</u>
<b>Total</b>	<u><u>504,218</u></u>	<u><u>1,497,061</u></u>	<u><u>7,549,902</u></u>	<u><u>9,551,181</u></u>	<u><u>6,011,255</u></u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 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 6.5.

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 disclosed in section 7.3.3.1.

- *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 and Finance Departments 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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 Market risk (continued)

##### Management of market risk (continued)

##### Interest rate risk (continued)

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

	<b>Up to 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at December 31, 2023</b>					
<b>Financial Assets</b>					
Investment securities	3,444	864,736	7,093,742	306,654	8,268,576
Loans and other receivables	-	-	-	154,585	154,585
Cash and cash equivalents	<u>2,634,820</u>	-	-	-	<u>2,634,820</u>
Total financial assets	<u>2,638,264</u>	<u>864,736</u>	<u>7,093,742</u>	<u>461,239</u>	<u>11,057,981</u>
<b>Financial Liabilities</b>					
Insurance contracts	328,155	630,505	1,834,625	3,221,417	6,014,702
Reinsurance contracts	-	-	-	12,715	12,715
Investment contracts	105,736	-	486,149	776,421	1,368,306
Loans and borrowings	531,892	-	-	-	531,892
Due to related parties	-	-	-	131,368	131,368
Mutual fund obligation	3,632	-	-	-	3,632
Accounts payable	-	-	-	448,904	448,904
Total financial liabilities	<u>969,415</u>	<u>630,505</u>	<u>2,320,774</u>	<u>4,590,825</u>	<u>8,511,519</u>
<b>Periodic GAP</b>	<b><u>1,668,849</u></b>	<b><u>234,231</u></b>	<b><u>4,772,968</u></b>	<b><u>(4,129,586)</u></b>	<b><u>2,546,462</u></b>
<b>Cumulative GAP</b>	<b><u>1,668,849</u></b>	<b><u>1,903,080</u></b>	<b><u>6,676,048</u></b>	<b><u>2,546,462</u></b>	<b><u>-</u></b>

Sensitivity to changes in interest rates is given in section 7.3.3.1.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 Market risk (continued)

##### Management of market risk (continued)

##### Interest rate risk (continued)

	Up to 1 Year	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at December 31, 2022</b>					
<b>Financial Assets</b>					
Investment securities	-	1,300,367	6,950,009	370,927	8,621,303
Loans and other receivables	-	-	-	160,591	160,591
Cash and cash equivalents	471,716	-	-	-	471,716
Total financial assets	471,716	1,300,367	6,950,009	531,518	9,253,610
<b>Financial Liabilities</b>					
Insurance contracts	256,712	499,233	2,018,945	3,222,830	5,997,720
Reinsurance contracts	-	-	-	13,535	13,535
Investment contracts	101,339	-	476,006	767,122	1,344,467
Loans and borrowings	1,032,184	-	-	-	1,032,184
Due to related parties	-	-	-	128,893	128,893
Mutual fund obligation	7,012	-	-	-	7,012
Accounts payable	-	-	-	440,182	440,182
Total financial liabilities	1,397,247	499,233	2,494,951	4,572,562	8,963,993
<b>Periodic GAP</b>	<b>(925,531)</b>	<b>801,134</b>	<b>4,455,058</b>	<b>(4,041,044)</b>	<b>289,617</b>
<b>Cumulative GAP</b>	<b>(925,531)</b>	<b>(124,397)</b>	<b>4,330,661</b>	<b>289,617</b>	<b>-</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 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 7.3.3.1 below.

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

	<u>US</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>As at December 31, 2023</u></b>				
<b>Assets</b>				
Investments in associates	-	830,612	-	830,612
Investment securities	492,898	999	814	494,711
Loans and other receivables	52,596	-	134	52,730
Cash and cash equivalents	<u>2,489,833</u>	<u>157</u>	<u>1,179</u>	<u>2,491,169</u>
Total assets	<u>3,035,327</u>	<u>831,768</u>	<u>2,127</u>	<u>3,869,222</u>
<b>Liabilities</b>				
Due to related parties	<u>34,745</u>	-	-	<u>34,745</u>
Total liabilities	<u>34,745</u>	-	-	<u>34,745</u>
<b>Net position</b>	<b><u>3,000,582</u></b>	<b><u>831,768</u></b>	<b><u>2,127</u></b>	<b><u>3,834,477</u></b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 Market risk (continued)

##### Management of market risk (continued)

##### Currency risk (continued)

	<u>US</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>As at December 31, 2022</u></b>				
<b>Assets</b>				
Investments in associates	-	905,857	-	905,857
Investment in subsidiaries	2,258,192	-	-	2,258,192
Investment securities	971,978	1,007	806	973,791
Loans and other receivables	39,450	-	134	39,584
Cash and cash equivalents	<u>257,257</u>	<u>176</u>	<u>1,074</u>	<u>258,507</u>
Total assets	<u>3,526,877</u>	<u>907,040</u>	<u>2,014</u>	<u>4,435,931</u>
<b>Liabilities</b>				
Due to related parties	<u>34,745</u>	-	-	<u>34,745</u>
Total liabilities	<u>34,745</u>	-	-	<u>34,745</u>
<b>Net position</b>	<b><u>3,492,132</u></b>	<b><u>907,040</u></b>	<b><u>2,014</u></b>	<b><u>4,401,186</u></b>

#### 7.3.3.1 Market risk sensitivity analysis

The tables on the next page 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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 Market risk (continued)

##### 7.3.3.1 Market risk sensitivity analysis (continued)

Sensitivity factor	Description of sensitivity factor applied			
Exchange rates	A 1% change in the 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	1% increase in TT/GBP rate TT'000	1% decrease in TT/GBP rate TT'000
<b>December 31, 2023</b>				
Impact on profit or loss	30,006	(30,006)	12	(12)
Impact on equity	-	-	8,306	(8,306)
	1% increase in TT/US rate TT'000	1% decrease in TT/US rate TT'000	1% increase in TT/GBP rate TT'000	1% decrease in TT/GBP rate TT'000
<b>December 31, 2022</b>				
Impact on profit or loss	2,620	(2,620)	14	(14)
Impact on equity	32,302	(32,302)	9,077	(9,077)

Sensitivity factor	Description of sensitivity factor applied	Assumptions
Interest rate and investment return	The impact of change in market interest rates by + or -1%	Effective interest rate for financial assets used was 4% whilst the rate for financial liability was 2%.
Equity financial	The impact of a change in equity market values by + or - 10%.  stock.	All equity movements in assets at FVOCI revaluation affects OCI. All equity market movements affect quoted and unquoted equity



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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(Expressed in thousands of Trinidad and Tobago dollars)

## 7. Insurance and Financial Risk Management (continued)

### 7.3 Financial risk (continued)

#### 7.3.3 Market risk (continued)

##### 7.3.3.1 Market risk sensitivity analysis (continued)

Impact on	Interest	Interest	Equity	Equity
	Rates	Rates	Prices	Prices
	Rise	Fall	Rise	Fall
	100 bps	100 bps	10%	10%
	\$'000	\$'000	\$'000	\$'000
<b>Sensitivities as at December 31, 2023</b>				
Profit or loss	24,731	(54,689)	-	-
Equity	<u>24,731</u>	<u>(54,689)</u>	<u>88,004</u>	<u>(88,004)</u>
<b>Sensitivities as at December 31, 2022</b>				
Profit or loss	25,811	(56,980)	-	-
Equity	<u>25,811</u>	<u>(56,980)</u>	<u>321,391</u>	<u>(321,391)</u>

## 7.4 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.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 7. Insurance and Financial Risk Management (continued)

### 7.5 Climate-related risk

#### *Environmental, Social, and Governance related matters*

Environmental, Social, and Governance factors may have future adverse effects on the Company's business activities. The risks exposed to the company may include climate change-related events, liability claims related to products and corporate governance practices of insured companies.

Environmental, Social, and Governance considerations influence investment decisions therefore ESG criteria have been incorporated into the company's investment strategies.

Consistent with the prior year, as at December 31, 2022, the Company has not identified significant risks induced by climate changes that could negatively and materially affect the Company's financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Company's future cash flows, financial performance and financial position.

### 7.6 Capital management

The current capital structure of the Company consists of debt securities issued as disclosed in Note 23, amounts due to related parties disclosed in Note 22, insurance contract liabilities as disclosed in Note 19; investment contracts as disclosed in Note 20; and amounts attributable to equity holders of the Company; comprising issued capital, reserves and retained earnings as disclosed in Notes 17 and 18 respectively.

The Company is governed by the Insurance (Capital Adequacy) Regulations, 2020 which came into operation on January 1, 2022 and requires an insurer to maintain a minimum net tier 1 ratio of 105%, and a minimum regulatory capital ratio of 150%. For the year ending December 31, 2023, these ratios were 578% (2022: 191%) (net tier 1 ratio) and 629% (2022: 313%) (regulatory capital ratio).

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**8. Property and Equipment**

	<b>Land and Buildings</b>	<b>Right of Use Assets</b>	<b>Furniture, Fixtures and Equipment</b>	<b>Motor Vehicles</b>	<b>Capital Work in Progress</b>	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended</b>							
<b>December 31, 2023</b>							
Opening net book value	74,855	1,485	21,390	309	1,869	-	99,908
Additions	-	-	1,479	-	385	-	1,864
Adjustment	-	1,398	-	-	-	-	1,398
Revaluation	(367)	-	-	-	-	-	(367)
Depreciation charge	(740)	(1,565)	(2,056)	(62)	-	-	(4,423)
Closing net book value	<u>73,748</u>	<u>1,318</u>	<u>20,813</u>	<u>247</u>	<u>2,254</u>	<u>-</u>	<u>98,380</u>
<b>At December 31, 2023</b>							
Cost or valuation	80,124	9,032	131,676	1,802	2,254	61,859	286,747
Accumulated depreciation	(6,376)	(7,714)	(110,863)	(1,555)	-	(61,859)	(188,367)
Closing net book value	<u>73,748</u>	<u>1,318</u>	<u>20,813</u>	<u>247</u>	<u>2,254</u>	<u>-</u>	<u>98,380</u>

	<b>Land and Buildings</b>	<b>Right of Use Assets</b>	<b>Furniture, Fixtures and Equipment</b>	<b>Motor Vehicles</b>	<b>Capital Work in Progress</b>	<b>Software</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Year ended</b>							
<b>December 31, 2022</b>							
Opening net book value	75,017	3,878	20,842	386	1,869	-	101,992
Additions	-	-	2,022	-	-	-	2,022
Adjustment	-	287	-	-	-	-	287
Revaluation	583	-	-	-	-	-	583
Depreciation charge	(745)	(2,680)	(1,474)	(77)	-	-	(4,976)
Closing net book value	<u>74,855</u>	<u>1,485</u>	<u>21,390</u>	<u>309</u>	<u>1,869</u>	<u>-</u>	<u>99,908</u>
<b>At December 31, 2022</b>							
Cost or valuation	80,491	7,634	130,198	1,802	1,869	61,859	283,853
Accumulated depreciation	(5,636)	(6,149)	(108,808)	(1,493)	-	(61,859)	(183,945)
Closing net book value	<u>74,855</u>	<u>1,485</u>	<u>21,390</u>	<u>309</u>	<u>1,869</u>	<u>-</u>	<u>99,908</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 8. Property and Equipment (continued)

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 \$367 (2022: gain \$583) arising from these revaluations was debited to the valuation reserve account. These valuations are dated October 2023.

Property and equipment include right-of-use assets of \$1,318 (2022: \$1,485) related to leased properties that do not meet the definition of investment property (see Note 35).

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

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Cost	77,897	77,897
Accumulated depreciation	<u>(6,376)</u>	<u>(4,998)</u>
Net book value	<u>71,521</u>	<u>72,899</u>

### *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 or annual basis.

The fair value measurement for the properties has been categorised as Levels 2 and 3 fair value based on the inputs to the valuation technique used. Refer to Note 6.3.

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**8. Property and Equipment** (continued)

***Valuation technique and significant unobservable inputs***

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

<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement.</b>
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 are 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% - 15% of the gross potential income.  In instances where we estimated building expenses, 15% - 25% of gross income was used.  Capitalization rates (net all-risks yield) were estimated between 7%-9%.	The estimated fair value would increase (decrease) if:  <ul style="list-style-type: none"> <li>• The allowance for voids was decreased (increased).</li> <li>• The allowance for building expenses (outgoings) was decreased (increased).</li> <li>• The direct capitalization rate was lower (higher).</li> <li>• The rate per square feet increased (decreased).</li> </ul>
The Market Approach is a valuation method used to find the value of a property by comparing it to other similar properties that have sold recently.	In most instances, property values were estimated at 27% below to 85% above subject rate per square feet of comparable properties sold.	The estimated fair value would increase (decrease) if the rate per square feet rate per annum would increase (decrease).
The Cost Approach is a valuation method that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.	Indirect construction is estimated at 25%.  Depreciation estimated at 40%.	Decrease or increase if the allowance is lower (higher).  Decrease or increase if the depreciation is lower (higher).

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 9. Investment Properties

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
At beginning of year	237,740	274,150
Loss on revaluation of investment properties	(6,040)	(660)
Disposals	<u>(17,000)</u>	<u>(35,750)</u>
	214,700	237,740
Assets held for sale (Note 16)	<u>(41,000)</u>	<u>(58,000)</u>
At end of year	<u>173,700</u>	<u>179,740</u>

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases are for a period of 2 years or are on a month-to-month basis. CLICO has classified these leases as operating leases because they do not transfer substantially all the risk and rewards associated with the ownership of the assets. Further information about these leases is included in Note 35 (b).

Rental income arising from investment properties owned by the Company amounted to \$11,774 (2022: \$11,933). Maintenance expense, included in the expenses for administration, amounted to \$4,700 (2022: \$6,500).

### *Measurement of fair value*

The fair value of investment properties 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 Company's investment properties portfolio on a biennial or annual basis.

The fair value measurement for investment properties has been categorized as Level 2 and Level 3 based on the inputs to the valuation techniques used (refer to Note 6.3).

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**9. Investment Properties** (continued)

***Valuation technique and significant unobservable inputs***

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

<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement.</b>
<p>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 are 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.</p>	<p>In most instances, vacancy levels (voids) were estimated at 10% - 15% of the gross potential income.</p> <p>In instances where we estimated building expenses, 15% - 25% of gross income was used.</p> <p>Capitalization rates (net all-risks yield) were estimated between 7%-9%.</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• The allowance for voids was decreased (increased).</li> <li>• The allowance for building expenses (outgoings) was decreased (increased).</li> <li>• The direct capitalization rate was lower (higher).</li> <li>• The rate per square foot increased (decreased).</li> </ul>
<p>The Market Approach is a valuation method used to find the value of a property by comparing it to other similar properties that have sold recently.</p>	<p>In most instances, property values were estimated at 27% below to 85% above subject rate per square feet of comparable properties sold.</p>	<p>The estimated fair value would increase (decrease) if the rate per square feet. Or the rate per annum would increase (decrease).</p>
<p>The Cost Approach is a valuation method that provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.</p>	<p>Indirect construction is estimated at 25%.</p> <p>Depreciation estimated at 40%.</p>	<p>Decrease or increase if the allowance is lower (higher).</p> <p>Decrease or increase if the depreciation rate is lower (higher).</p>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 10. Investment in Associates

	% Shareholding		2023 \$'000	2022 \$'000
	2023	2022		
<b>Fair value through other comprehensive income</b>				
<b>Quoted at fair value</b>				
L.J. Williams Limited				
13,689,540 shares of no par value	21	21	23,562	24,648
<b>Total quoted at fair value</b>			<u>23,562</u>	<u>24,648</u>
<b>Unquoted at fair value</b>				
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	830,608	905,853
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
<b>Total unquoted at fair value</b>			<u>830,612</u>	<u>905,857</u>
<b>Total investments in Associates</b>			<u>854,174</u>	<u>930,505</u>

The following table summarises the financial information of CL World Brands Limited (CLWB) and L.J. Williams Limited (LJW). The table also reconciles the summarised financial information to the carrying amount of the Company's interest in both companies.

The fair value of CLWB is derived from the level 1 observable inputs (quoted prices) of its investments in an entity that is traded in an active market. The quoted price of these asset in an active market provides the most reliable fair value measurement.

The fair value of L.J. Williams Limited is derived from level 1 observable inputs (quoted prices) which are traded in an active market. The Company is a public limited liability company which listed on the Trinidad and Tobago Stock Exchange.



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 10. Investment in Associates (continued)

	CL World Brands Limited		L.J. Williams Limited	
	Unaudited March 31	Audited June 30	Audited March 31	Audited March 31
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Total assets	549,215	520,903	214,937	167,587
Total liabilities	(7,984)	(8,813)	(107,539)	(63,568)
Net assets	<u>541,231</u>	<u>512,090</u>	<u>107,398</u>	<u>104,019</u>
Company's share of net assets	<u>227,317</u>	<u>215,078</u>	<u>22,554</u>	<u>21,843</u>
Revenue	<u>36,562</u>	<u>33,620</u>	<u>177,744</u>	<u>152,795</u>
Profit and total comprehensive income (100%)	<u>37,219</u>	<u>32,305</u>	<u>5,331</u>	<u>7,719</u>
Company's share of profit and total comprehensive income	<u>15,632</u>	<u>13,568</u>	<u>1,120</u>	<u>1,621</u>
Dividends received during the year	<u>-</u>	<u>-</u>	<u>843</u>	<u>843</u>

The financial statements of CLWB are prepared in accordance with FRS102 *The Financial Reporting* applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The financial statements of L.J. Williams Limited have been prepared in accordance with International Financial Reporting Standards.

## 11. Investment in Subsidiaries

	% Shareholding		2023 \$'000	2022 \$'000
	2023	2022		
<b>Fair value through other comprehensive income</b>				
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	-	2,258,191
Premium Security Services Limited 1 share of no par value	100	100	<u>25,865</u>	<u>25,216</u>
<b>Total unquoted at fair value</b>			<u>25,866</u>	<u>2,283,408</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 11. Investment in Subsidiaries (continued)

On December 22, 2023, the sale of the subsidiary, Methanol Holdings (International) Limited (MHIL) to Consolidated Energy Limited (CEL) was completed pursuant to the approval of the shareholders of CLICO. CLICO sold 5,653,700 shares or 56.53% of the issued and outstanding shares in MHIL. A gain on disposal of investment in subsidiary of \$2,088,727 was realized. The realized gain on disposal was transferred from valuation reserves to retained earnings.

	<u>2023</u>	<u>Restated</u> <u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>12. Investment Securities</b>		
Deposits with financial institutions	3,444	-
Unquoted equities	1,948	1,954
Quoted equities	304,706	368,973
Government securities bonds	<u>7,958,478</u>	<u>8,250,376</u>
	<u>8,268,576</u>	<u>8,621,303</u>
<b>Fair value through other comprehensive income</b>		
Unquoted equity securities	1,948	1,954
Quoted equity securities	<u>304,706</u>	<u>368,973</u>
	<u>306,654</u>	<u>370,927</u>
<b>Fair value through profit or loss</b>		
Deposits with financial institutions	3,444	-
Insurance contracts - Government securities	6,914,648	7,352,664
Managed Fund - Government and corporate securities	<u>1,043,830</u>	<u>897,712</u>
	<u>7,961,922</u>	<u>8,250,376</u>
Total	<u>8,268,576</u>	<u>8,621,303</u>

Not included above are debt securities comprising bonds issued by CL Financial Limited (CLF), the Parent Company, of \$476,206 (2022: \$476,206) and a bond issued by CLICO Investment Bank Limited, a fellow subsidiary, of \$346,000 (2022: \$346,000). These amounts are deemed to have a fair value of NIL.

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**12. Investment Securities** (continued)

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

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
At January 1	8,621,303	8,701,037
Purchases	179,958	104,331
Disposals	(511,194)	(103,465)
Fair value losses	<u>(21,491)</u>	<u>(80,600)</u>
At December 31	<u>8,268,576</u>	<u>8,621,303</u>

**13. Due from Related Parties**

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Parent company	3,818,483	3,818,039
Subsidiary companies	25,644	23,515
Fellow subsidiary and associates	<u>728,343</u>	<u>728,343</u>
	4,572,470	4,569,897
Provision for impairment	<u>(4,572,470)</u>	<u>(4,569,897)</u>
	<u>-</u>	<u>-</u>

These related 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 is possible.

**14. Loans and Other Receivables**

	<u>2023</u>	<u>Restated</u>
	\$'000	2022
		\$'000
Accrued investment income	107,781	118,022
Sundry debtors and prepayments	46,561	42,326
Promissory notes	<u>243</u>	<u>243</u>
	<u>154,585</u>	<u>160,591</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**14. Loans and Other Receivables (continued)**

	<b>2023</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2022</b>
		<b>\$'000</b>
The analysis below discloses the gross amounts before transfer to assets held for sale:		
Accrued investment income	107,781	118,022
Sundry debtors and prepayments	50,486	46,251
Promissory notes	302,477	302,477
Mortgages	<u>62,326</u>	<u>62,326</u>
	523,070	529,076
Provision for impairment	<u>(368,485)</u>	<u>(368,485)</u>
	<u>154,585</u>	<u>160,591</u>

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

	<b>Promissory</b>		<b>Rental</b>	
	<b>Notes</b>	<b>Mortgages</b>	<b>Income Due</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
As at December 31, 2022 (restated)	302,234	62,325	3,926	368,485
Write back	-	-	-	-
Impairment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at December 31, 2023	<u>302,234</u>	<u>62,325</u>	<u>3,926</u>	<u>368,485</u>

During the year, \$NIL (2022: NIL) was impaired in loans and receivables.

**15. Cash and Balances with Banks and Short-term Deposits**

	<b>2023</b>	<b>Restated</b>
	<b>\$'000</b>	<b>2022</b>
		<b>\$'000</b>
Deposits maturing less than three months	1,140	1,126
Cash at bank	<u>2,633,680</u>	<u>470,590</u>
	<u>2,634,820</u>	<u>471,716</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 16. Assets Held for Sale

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Assets Held for Sale</b>		
Investment properties	41,000	58,000

Investment properties includes sales agreements for the sale of three investment properties.

During the year, investment properties in the amount of \$17,000 (2022: \$25,900) were disposed of by CLICO and acquired by a related party.

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Balances associated with assets held for sale disclosed in the Statement of Profit or Loss</b>		
Investment income	-	468
<b>Net results from investing activities</b>	-	1,718
Expenses for administration	(722)	(1,308)
<b>Operating expenses</b>	(722)	(1,308)
<b>Net single line disclosure in the Statement of Profit or Loss</b>	(722)	410

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

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## 16. Assets Held for Sale (continued)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Cash flows from assets held for sale</b>		
Operating (loss)profit before taxation	(722)	410
<b>Adjustments for:</b>		
Gain on revaluation of investment properties	-	(1,250)
Investment income	-	(468)
	<u>(722)</u>	<u>(1,308)</u>
Operating loss before changes in working capital	(722)	(1,308)
<b>Net cash used in operating activities</b>	<u>(722)</u>	<u>(1,308)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	-	11,750
Interest received	-	468
	<u>-</u>	<u>12,218</u>
<b>Net cash from investing activities</b>	<u>-</u>	<u>12,218</u>
<b>Cash and cash equivalents</b>	<u>(722)</u>	<u>10,910</u>

## 17. Share Capital

### *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

Holder 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.

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**18. Valuation Reserves**

	<b>Managed Funds</b>	<b>Marketable Securities</b>	<b>Land and Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Year ended December 31, 2023</i>				
<b>Restated balance at December 31, 2022</b>	71,998	2,760,115	10,623	2,842,736
<b>Items that will not be reclassified to profit or loss</b>				
Reclassification of gain on disposal of equity investments at FVOCI to accumulated surplus	-	(2,088,727)	-	(2,088,727)
Equity investments at FVOCI and land and buildings: Net change in fair value	-	(140,444)	(367)	(140,811)
<b>Items that are or may be reclassified subsequently to profit and loss</b>				
Net movement in Trustee's units held in Managed Fund	<u>11,541</u>	-	-	<u>11,541</u>
<b>Balance at December 31, 2023</b>	<u><u>83,539</u></u>	<u><u>530,944</u></u>	<u><u>10,256</u></u>	<u><u>624,739</u></u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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December 31, 2023

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**18. Valuation Reserves (continued)**

	<b>Managed Funds</b>	<b>Marketable Securities</b>	<b>Land and Buildings</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Year ended December 31, 2022</i>				
<b>Balance at December 31, 2021, as previously reported</b>	169,621	1,785,694	111,152	2,066,467
Restatement adjustments to valuation reserves (Note 40)	(105,296)	1,302,490	(101,112)	1,096,082
Debt instruments reclassified from FVTOCI to FVTPL (Note 39)	-	(160,166)	-	(160,166)
<b>Restated balance at 1 January 2022</b>	<b>64,325</b>	<b>2,928,018</b>	<b>10,040</b>	<b>3,002,383</b>
<b>Items that will not be reclassified to profit and loss</b>				
Reclassification of gain on disposal of equity investments at FVOCI to accumulated surplus	-	(8,501)	-	(8,501)
Equity investments at FVOCI and land and buildings: Net change in fair value	-	(149,831)	583	(149,248)
Deferred tax adjustment	-	(9,462)	-	(9,462)
<b>Items that are or may be reclassified subsequently to profit and loss</b>				
Fair value adjustments (Note 40)	(19,709)	(109)	-	(19,818)
Net movement in Trustee's units held in Managed Fund	27,382	-	-	27,382
<b>Restated balance at December 31, 2022</b>	<b>71,998</b>	<b>2,760,115</b>	<b>10,623</b>	<b>2,842,736</b>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 19. Insurance and reinsurance contracts

The table below sets out the carrying amounts of portfolios of insurance and reinsurance contract assets and liabilities at the end of reporting date, per class of business:

### Insurance and reinsurance contracts summary

	<b>Ordinary Life</b>	<b>Group Pension</b>	<b>Life Par</b>	<b>Life and Health</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>December 31, 2023</b>					
<b>Insurance contracts</b>					
Insurance contract liabilities	<u>395,298</u>	<u>5,518,442</u>	<u>72,250</u>	<u>28,712</u>	<u>6,014,702</u>
<b>Reinsurance contracts</b>					
Reinsurance contract liabilities	<u>12,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,715</u>
<b>December 31, 2022</b>					
<b>Insurance contracts</b>					
Insurance contract liabilities	<u>402,705</u>	<u>5,497,891</u>	<u>68,969</u>	<u>28,155</u>	<u>5,997,720</u>
<b>Reinsurance contracts</b>					
Reinsurance contract liabilities	<u>13,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,535</u>

### Movements in insurance and reinsurance contract balances

*Analysis by remaining coverage and incurred claims*

The following tables show the roll-forward of the net asset or liability for insurance contracts issued by:

- (i) the liability for remaining coverage and the liability for incurred claims, and
- (ii) the estimates of the present value of future cash flows, risk adjustment and CSM.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

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### 19. Insurance and reinsurance contracts (continued)

ORDINARY LIFE	2023			2022		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INSURANCE CONTRACTS	<u>Liabilities for remaining coverage</u>			<u>Liabilities for remaining coverage</u>		
Analysis by remaining coverage and incurred claims	Excluding loss component	Liabilities for incurred claims	Total	Excluding loss component	Liabilities for incurred claims	Total
Opening liabilities	383,708	18,997	402,705	387,517	15,628	403,145
<b>Changes in the statement of profit or loss</b>						
<b>Insurance revenue</b>						
Contracts under the fair value transition approach	(22,946)	-	(22,946)	(25,887)	-	(25,887)
<b>Insurance service expenses</b>						
Incurred claims	-	12,731	12,731	-	13,409	13,409
Other insurance service expenses	-	10,044	10,044	-	7,518	7,518
Changes that relate to past service	-	10	10	-	166	166
<b>Total insurance service expenses</b>	<b>(22,946)</b>	<b>22,785</b>	<b>(161)</b>	<b>(25,887)</b>	<b>21,093</b>	<b>(4,794)</b>
Investment components and premium refunds	(22,003)	22,003	-	(22,219)	22,219	-
<b>Insurance service result</b>	<b>(44,949)</b>	<b>44,788</b>	<b>(161)</b>	<b>(48,106)</b>	<b>43,312</b>	<b>(4,794)</b>
Net finance expenses from insurance contracts	4,905	635	5,540	12,173	72	12,245
<b>Total changes in the statement of profit or loss</b>	<b>(40,044)</b>	<b>45,423</b>	<b>5,379</b>	<b>(35,933)</b>	<b>43,384</b>	<b>7,451</b>
<b>Cash flows</b>						
Premiums received	30,587	-	30,587	32,124	-	32,124
Claims and other insurance service expenses paid, including investment components	-	(43,373)	(43,373)	-	(40,015)	(40,015)
<b>Total cash flows</b>	<b>30,587</b>	<b>(43,373)</b>	<b>(12,786)</b>	<b>32,124</b>	<b>(40,015)</b>	<b>(7,891)</b>
<b>Net closing balance</b>	<b>374,251</b>	<b>21,047</b>	<b>395,298</b>	<b>383,708</b>	<b>18,997</b>	<b>402,705</b>
<b>Closing liabilities</b>	<b>374,251</b>	<b>21,047</b>	<b>395,298</b>	<b>383,708</b>	<b>18,997</b>	<b>402,705</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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### 19. Insurance and reinsurance contracts (continued)

#### ORDINARY LIFE

Analysis by measurement component	2023				2022			
	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Total	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	Total
Opening liabilities	343,066	40,366	19,273	402,705	336,286	43,441	23,418	403,145
<b>Changes in the statement of profit or loss</b>								
CSM recognised for services provided	-	-	(1,937)	(1,937)	-	-	(2,368)	(2,368)
Change in risk adjustment for non-financial risk for risk expired	-	(3,437)	-	(3,437)	-	(3,464)	-	(3,464)
Experience adjustments	2,730	-	-	2,730	879	-	-	879
Remeasurement and other changes	(3,449)	5,922	-	2,473	-	-	-	-
Changes in estimates that adjust the CSM	2,289	(15)	(2,274)	-	2,765	(905)	(1,860)	-
Changes that relate to past service	10	-	-	10	161	-	-	161
<b>Insurance service result</b>	<b>1,580</b>	<b>2,470</b>	<b>(4,211)</b>	<b>(161)</b>	<b>3,805</b>	<b>(4,369)</b>	<b>(4,228)</b>	<b>(4,792)</b>
Net finance expenses from insurance contracts	3,577	1,712	251	5,540	10,869	1,294	83	12,246
<b>Total changes in the statement of profit or loss</b>	<b>5,157</b>	<b>4,182</b>	<b>(3,960)</b>	<b>5,379</b>	<b>14,674</b>	<b>(3,075)</b>	<b>(4,145)</b>	<b>7,454</b>
<b>Cash flows</b>	<b>(12,786)</b>	<b>-</b>	<b>-</b>	<b>(12,786)</b>	<b>(7,894)</b>	<b>-</b>	<b>-</b>	<b>(7,894)</b>
<b>Net closing balance</b>	<b>335,437</b>	<b>44,548</b>	<b>15,313</b>	<b>395,298</b>	<b>343,066</b>	<b>40,366</b>	<b>19,273</b>	<b>402,705</b>
<b>Closing liabilities</b>	<b>335,437</b>	<b>44,548</b>	<b>15,313</b>	<b>395,298</b>	<b>343,066</b>	<b>40,366</b>	<b>19,273</b>	<b>402,705</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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### 19. Insurance and reinsurance contracts (continued)

#### GROUP PENSION

	2023			2022		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<u>Liabilities for remaining coverage</u>			<u>Liabilities for remaining coverage</u>		
Analysis by remaining coverage and incurred claims	Excluding loss component	Liabilities for incurred claims	Total	Excluding loss component	Liabilities for incurred claims	Total
Opening liabilities	5,404,612	93,279	5,497,891	5,506,146	83,709	5,589,855
<b>Changes in the statement of profit or loss</b>						
<b>Insurance revenue</b>						
Contracts under the full retrospective transition approach	(449)	-	(449)	(29)	-	(29)
Contracts under the fair value transition approach	(158,582)	-	(158,582)	(162,161)	-	(162,161)
<b>Total insurance revenue – all transition methods</b>	<b>(159,031)</b>		<b>(159,031)</b>	<b>(162,190)</b>	<b>-</b>	<b>(162,190)</b>
<b>Insurance service expenses</b>						
Incurred claims	-	108,856	108,856	-	106,106	106,106
Other insurance service expenses	-	27,705	27,705	-	19,045	19,045
<b>Total insurance service expenses</b>	<b>-</b>	<b>136,561</b>	<b>136,561</b>	<b>-</b>	<b>125,151</b>	<b>125,151</b>
Investment components and premium refunds	(234,478)	234,478	-	(223,331)	223,331	-
<b>Insurance service result</b>	<b>(393,509)</b>	<b>371,039</b>	<b>(22,470)</b>	<b>(385,521)</b>	<b>348,482</b>	<b>(37,039)</b>
Net finance expenses from insurance contracts	288,742	135	288,877	184,376	52	184,428
<b>Total changes in the statement of profit or loss</b>	<b>(104,767)</b>	<b>371,174</b>	<b>266,407</b>	<b>(201,145)</b>	<b>348,534</b>	<b>147,389</b>
<b>Cash flows</b>						
Premiums received	97,343	-	97,343	99,611	-	99,611
Claims and other insurance service expenses paid, including investment components	-	(343,199)	(343,199)	-	(338,964)	(338,964)
<b>Total cash flows</b>	<b>97,343</b>	<b>(343,199)</b>	<b>(245,856)</b>	<b>99,611</b>	<b>(338,964)</b>	<b>(239,353)</b>
<b>Net closing balance</b>	<b>5,397,188</b>	<b>121,254</b>	<b>5,518,442</b>	<b>5,404,612</b>	<b>93,279</b>	<b>5,497,891</b>
<b>Closing liabilities</b>	<b>5,397,188</b>	<b>121,254</b>	<b>5,518,442</b>	<b>5,404,612</b>	<b>93,279</b>	<b>5,497,891</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

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### 19. Insurance and reinsurance contracts

(continued)

#### GROUP PENSION

	2023					2022				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Analysis by measurement component</b>	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under full retrospective transition approach	Contracts under fair value transition approach	<b>Total</b>	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under FULL retrospective transition approach	Contracts under fair value transition approach	<b>Total</b>
Opening liabilities	5,060,275	104,777	2,224	330,615	5,497,891	5,120,590	107,451	-	361,814	5,589,855
<b>Changes in the statement of profit or loss</b>										
CSM recognised for services provided	-	-	(206)	(16,238)	(16,444)	-	-	(27)	(17,648)	(17,675)
Change in risk adjustment for non-financial risk for risk expired	-	(6,742)	-	-	(6,742)	-	(6,626)	-	-	(6,626)
Experience adjustments	(6,452)	-	-	-	(6,452)	(12,738)	-	-	-	(12,738)
Remeasurement and other changes	(4)	7,172	-	-	7,168	-	-	-	-	-
Contracts initially recognised in the year	(4,121)	318	3,803	-	-	(1,676)	155	1,521	-	-
Changes in estimates that adjust the CSM	2,484	2,622	400	(5,506)	-	14,010	147	725	(14,882)	-
<b>Insurance service result</b>	<b>(8,093)</b>	<b>3,370</b>	<b>3,997</b>	<b>(21,744)</b>	<b>(22,470)</b>	<b>(404)</b>	<b>(6,324)</b>	<b>2,219</b>	<b>(32,530)</b>	<b>(37,039)</b>
Net finance expenses from insurance contracts	278,861	5,447	92	4,477	288,877	179,442	3,650	5	1,331	184,428
Total changes in the statement of profit or loss	<b>270,768</b>	<b>8,817</b>	<b>4,089</b>	<b>(17,267)</b>	<b>266,407</b>	<b>179,038</b>	<b>(2,674)</b>	<b>2,224</b>	<b>(31,199)</b>	<b>147,389</b>
<b>Cash flows</b>	(245,856)	-	-	-	(245,856)	(239,353)	-	-	-	(239,353)
<b>Net closing balance</b>	<b>5,085,187</b>	<b>113,594</b>	<b>6,313</b>	<b>313,348</b>	<b>5,518,442</b>	<b>5,060,275</b>	<b>104,777</b>	<b>2,224</b>	<b>330,615</b>	<b>5,497,891</b>
Closing liabilities	<b>5,085,187</b>	<b>113,594</b>	<b>6,313</b>	<b>313,348</b>	<b>5,518,442</b>	<b>5,060,275</b>	<b>104,777</b>	<b>2,224</b>	<b>330,615</b>	<b>5,497,891</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 19. Insurance and reinsurance contracts (continued)

#### ORDINARY LIFE - PAR

	2023			2022		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<u>Liabilities for remaining coverage</u>			<u>Liabilities for remaining coverage</u>		
Analysis by remaining coverage and incurred claims	Excluding loss component	Liabilities for incurred claims	Total	Excluding loss component	Liabilities for incurred claims	Total
Opening liabilities	50,240	18,729	68,969	53,254	17,442	70,696
<b>Changes in the statement of profit or loss</b>						
<b>Insurance revenue</b>						
Contracts under the fair value transition approach	2,410	-	2,410	(2,579)	-	(2,579)
	<b>2,410</b>	<b>-</b>	<b>2,410</b>	<b>(2,579)</b>	<b>-</b>	<b>(2,579)</b>
<b>Insurance service expenses</b>						
Incurred claims	-	1,935	1,935	-	2,540	2,540
Other insurance service expenses	-	702	702	-	596	596
Changes that relate to past service	-	112	112	-	27	27
<b>Insurance service expenses</b>	<b>-</b>	<b>2,749</b>	<b>2,749</b>	<b>-</b>	<b>3,163</b>	<b>3,163</b>
Investment components and premium refunds	(4,853)	4,853	-	(4,653)	4,653	-
<b>Total insurance service result</b>	<b>(2,443)</b>	<b>7,602</b>	<b>5,159</b>	<b>(7,232)</b>	<b>7,816</b>	<b>584</b>
Net finance expenses from insurance contracts	2,357	109	2,466	1,991	174	2,165
Total changes in the statement of profit or loss	<b>(86)</b>	<b>7,711</b>	<b>7,625</b>	<b>(5,241)</b>	<b>7,990</b>	<b>2,749</b>
<b>Cash flows</b>						
Premiums received	1,854	-	1,854	2,227	-	2,227
Claims and other insurance service expenses paid, including investment components	-	(6,198)	(6,198)	-	(6,703)	(6,703)
<b>Total cash flows</b>	<b>1,854</b>	<b>(6,198)</b>	<b>(4,344)</b>	<b>2,227</b>	<b>(6,703)</b>	<b>(4,476)</b>
<b>Net closing balance</b>	<b>52,008</b>	<b>20,242</b>	<b>72,250</b>	<b>50,240</b>	<b>18,729</b>	<b>68,969</b>
<b>Closing liabilities</b>	<b>52,008</b>	<b>20,242</b>	<b>72,250</b>	<b>50,240</b>	<b>18,729</b>	<b>68,969</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 19. Insurance and reinsurance contracts (continued)

#### ORDINARY LIFE -PAR

Analysis by measurement component	2023			2022				
	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000 <b>Total</b>	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000 <b>Total</b>
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	
Opening liabilities	61,989	2,624	4356	68,969	63,653	2,871	4,172	70,696
<b>Changes in the statement of profit or loss</b>								
CSM recognised for services provided	-	-	(565)	(565)	-	-	(616)	(616)
Change in risk adjustment for non-financial risk for risk expired	-	(277)	-	(277)	-	(282)	-	(282)
Experience adjustments	1,033	-	-	1,033	1,455	-	-	1,455
Remeasurement and other changes	4,855	-	-	4,855	-	-	-	-
Changes in estimates that adjust the CSM	369	(39)	(330)	-	(713)	(71)	784	-
Changes that relate to past service	112	-	-	112	27	-	-	27
<b>Insurance service result</b>	<b>6,369</b>	<b>(316)</b>	<b>(895)</b>	<b>5,158</b>	<b>769</b>	<b>(353)</b>	<b>168</b>	<b>584</b>
Net finance expenses from insurance contracts	2,306	100	60	2,466	2,043	106	16	2,165
<b>Total changes in the statement of profit or loss</b>	<b>8,675</b>	<b>(216)</b>	<b>(835)</b>	<b>7,624</b>	<b>2,812</b>	<b>(247)</b>	<b>184</b>	<b>2,749</b>
Cash flows	(4,343)	-	-	(4,343)	(4,476)	-	-	(4,476)
<b>Net closing balance</b>	<b>66,321</b>	<b>2,408</b>	<b>3,521</b>	<b>72,250</b>	<b>61,989</b>	<b>2,624</b>	<b>4,356</b>	<b>68,969</b>
<b>Closing liabilities</b>	<b>66,321</b>	<b>2,408</b>	<b>3,521</b>	<b>72,250</b>	<b>61,989</b>	<b>2,624</b>	<b>4,356</b>	<b>68,969</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 19. Insurance and reinsurance contracts (continued)

#### GROUP LIFE AND HEALTH

	2023				2022			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
	<u>Liabilities for incurred claims</u>				<u>Liabilities for incurred claims</u>			
Analysis by remaining coverage and incurred claims	<u>Contracts under PAA</u>				<u>Contracts under PAA</u>			
	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Liabilities for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening Liabilities	9,189	18,966	-	28,155	9,351	19,065	-	28,416
<b><u>Changes in the statement of profit or loss</u></b>								
Insurance revenue	(21,856)	-	-	(21,856)	(29,486)	-	-	(29,486)
<b>Insurance service result</b>	<b>(21,856)</b>	<b>-</b>	<b>-</b>	<b>(21,856)</b>	<b>(29,486)</b>	<b>-</b>	<b>-</b>	<b>(29,486)</b>
Incurred claims	-	27,045	-	27,045	-	31,267	-	31,267
Other insurance service expenses	-	11,586	-	11,586	-	12,072	-	12,072
Changes that relate to past service	-	111	-	111	-	(99)	-	(99)
<b>Total changes in the statement of profit or loss</b>	<b>(21,856)</b>	<b>38,742</b>	<b>-</b>	<b>16,886</b>	<b>(29,486)</b>	<b>43,240</b>	<b>-</b>	<b>13,754</b>
<b>Cash flows</b>								
Premiums received	22,303	-	-	22,303	29,324	-	-	29,324
Claims and other insurance service expenses paid,	-	(38,632)	-	(38,632)	-	(43,339)	-	(43,339)
<b>Total cash flows</b>	<b>22,303</b>	<b>(38,632)</b>	<b>-</b>	<b>(16,329)</b>	<b>29,324</b>	<b>(43,339)</b>	<b>-</b>	<b>(14,015)</b>
<b>Closing liabilities</b>	<b>9,636</b>	<b>19,076</b>	<b>-</b>	<b>28,712</b>	<b>9,189</b>	<b>18,966</b>	<b>-</b>	<b>28,155</b>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

## 19. Insurance and reinsurance contracts (continued)

### REINSURANCE CONTRACTS

#### GROUP LIFE AND HEALTH

##### Analysis by measurement component

	2023			2022				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
	<u>Assets for incurred claims</u>			<u>Assets for incurred claims</u>				
	Assets for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Assets for remaining coverage	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
<b>Amounts recoverable from reinsurers</b>								
Recoveries of incurred claims and other insurance service expenses	-	4,090		4,090	-	871	-	871
<b>Net expenses from reinsurance contracts</b>		4,090	-	4,090	-	871	-	871
					-			
<b>Total changes in the statement of profit or loss</b>	-	<b>4,090</b>	-	<b>4,090</b>		<b>871</b>	-	<b>871</b>
<b>Cash flows</b>								
Premiums paid	-	(4,090)	-	(4,090)	-	(871)	-	(871)
Amounts received	-	<b>(4,090)</b>	-	<b>(4,090)</b>	-	<b>(871)</b>	-	<b>(871)</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

## 19. Insurance and reinsurance contracts (continued)

### REINSURANCE CONTRACTS

(LIFE, ANNUITEIS & PAR)

#### Analysis by remaining coverage and incurred claims

	2023			2022		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<u>Liabilities for remaining coverage</u>		<u>Total</u>	<u>Liabilities for remaining coverage</u>		<u>Total</u>
	Excluding loss - recovery component	Liabilities for incurred claims		Excluding loss - recovery component	Liabilities for incurred claims	
Opening liabilities	(13,535)	-	(13,535)	(13,839)	(1,133)	(14,972)
<b>Changes in the statement of profit or loss</b>						
Allocation of reinsurance premiums paid	(2,445)	-	(2,445)	(2,394)	-	(2,394)
<b>Amounts recoverable from reinsurers</b>						
Recoveries of incurred claims and other insurance service expenses	-	1,896	1,896	-	1,689	1,689
<b>Net expenses from reinsurance contracts</b>	<b>(2,445)</b>	<b>1,896</b>	<b>(549)</b>	<b>(2,394)</b>	<b>1,689</b>	<b>(705)</b>
Net finance income from reinsurance contracts	(571)		(571)	(428)	-	(428)
<b>Total changes in the statement of profit or loss</b>	<b>(3,016)</b>	<b>1,896</b>	<b>(1,120)</b>	<b>(2,822)</b>	<b>1,689</b>	<b>(1,133)</b>
<b>Cash flows</b>						
Premiums paid	3,836	-	3,836	3,126	-	3,126
Amounts received	-	(1,896)	(1,896)	-	(556)	(556)
<b>Total cash flows</b>	<b>3,836</b>	<b>(1,896)</b>	<b>1,940</b>	<b>3,126</b>	<b>(556)</b>	<b>2,570</b>
<b>Net closing balance</b>	<b>(12,715)</b>	<b>-</b>	<b>(12,715)</b>	<b>(13,535)</b>	<b>-</b>	<b>(13,535)</b>
<b>Closing liabilities</b>	<b>(12,715)</b>	<b>-</b>	<b>(12,715)</b>	<b>(13,535)</b>	<b>-</b>	<b>(13,535)</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 19. Insurance and reinsurance contracts (continued)

#### REINSURANCE CONTRACTS

(LIFE, ANNUITEIS & PAR)

Analysis by measurement component

	2023			2022				
	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000	\$'000	\$'000	\$'000 <u>CSM</u>	\$'000
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	<b>Total</b>	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under fair value transition approach	<b>Total</b>
Opening liabilities	(14,222)	5,569	(4,882)	(13,535)	(16,443)	6,027	(4,556)	(14,972)
<b>Net opening balance</b>	<b>(14,222)</b>	<b>5,569</b>	<b>(4,882)</b>	<b>(13,535)</b>	<b>(16,443)</b>	<b>6,027</b>	<b>(4,556)</b>	<b>(14,972)</b>
<b>Changes in the statement of profit or loss</b>								
Changes that relate to current services								
CSM recognised for services provided	-	-	581	581	-	-	582	582
Change in risk adjustment for non-financial risk for risk expired	-	(437)	-	(437)	-	(449)	-	(449)
Experience adjustments	(693)	-	-	(693)	(838)	-	-	(838)
<b>Changes that relate to future services</b>								
Changes in estimates that adjust the CSM	129	(117)	(12)	-	1,056	(166)	(890)	-
<b>Net expenses from reinsurance contracts</b>	<b>(564)</b>	<b>(554)</b>	<b>569</b>	<b>(549)</b>	<b>218</b>	<b>(615)</b>	<b>(308)</b>	<b>(705)</b>
Net finance income from reinsurance contracts	(719)	217	(69)	(571)	(567)	157	(18)	(428)
<b>Total changes in the statement of profit or loss</b>	<b>(1283)</b>	<b>(337)</b>	<b>500</b>	<b>(1,120)</b>	<b>(349)</b>	<b>(458)</b>	<b>(326)</b>	<b>(1,133)</b>
<b>Cash flows</b>	<b>1,940</b>	<b>-</b>	<b>-</b>	<b>1,940</b>	<b>2,570</b>	<b>-</b>	<b>-</b>	<b>2,570</b>
<b>Net closing balance</b>	<b>(13,565)</b>	<b>5,232</b>	<b>(4,382)</b>	<b>(12,715)</b>	<b>(14,222)</b>	<b>5,569</b>	<b>(4,882)</b>	<b>(13,535)</b>
<b>Closing liabilities</b>	<b>(13,565)</b>	<b>5,232</b>	<b>(4,382)</b>	<b>(12,715)</b>	<b>(14,222)</b>	<b>5,569</b>	<b>(4,882)</b>	<b>(13,535)</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

## 19. Insurance and reinsurance contracts (continued)

- (a) There were no assets for insurance acquisition cash flows (2022: NIL)
- (b) Effect of contracts initially recognised in the year.

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance contracts not measured under the PAA in the year.

### INSURANCE CONTRACTS

#### Group Pension

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
<b><u>2023</u></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Claims and other insurance service expenses payable	17,764	-	17,764
Estimates of present value of cash outflows	17,764		17,764
Estimates of present value of cash inflows	(21,884)	-	(21,884)
Risk adjustment for non-financial risk	318	-	318
CSM	3,802	-	3,802
<b>Losses recognised on initial recognition</b>	-	-	-

	<b>Profitable contracts issued</b>	<b>Onerous contracts issued</b>	<b>Total</b>
<b><u>2022</u></b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Claims and other insurance service expenses payable	8,271	-	8,271
Estimates of present value of cash outflows	8,271		8,271
Estimates of present value of cash inflows	(9,947)	-	(9,947)
Risk adjustment for non-financial risk	155	-	155
CSM	1,521	-	1,521
<b>Losses recognised on initial recognition</b>	-	-	-

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 20. Investment Contracts

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Managed funds (a)	776,421	767,122
Deposit administration contracts	486,149	476,006
EFPA investment contracts (b)	105,736	101,339
	<u>1,368,306</u>	<u>1,344,467</u>

- (a) 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.

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

	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Government securities (Note 12)	<u>1,043,830</u>	<u>897,712</u>

- (b) The Company classifies EFPA as an investment contract under IFRS 9. To ensure the adequacy of the liability to cover the minimum guarantees, the liability is set to the maximum of the account value and the aggregate present value of projected benefits assuming the account value continues to accumulate under contractual minimum guaranteed credited rate until maturity.

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 \$4,900,000 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.

Retail EFPA policies over the maximum contractual maturity age have matured and the account value of \$46,660 is included in accounts payable (see Note 24). The accumulated balance continues to be available for payment to non-related party EFPA policyholders. The balance of \$46,660 will not accrue at the minimum guaranteed contractual rates under the EFPA policy after maturity.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 21. 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 \$3,632 (2022: \$7,012) at the reporting date. 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 2023 continues to be based on the level of acceptance of the GORTT's pay out offer to Core (Series VI) unit holders.

No management fee was accrued for 2023 \$NIL (2022: \$NIL).

## 22. Due to Related Parties

Current accounts with related parties are as follows:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Affiliates	131,368	128,893

The balance due to affiliates are unsecured and interest free. There are no fixed repayment terms. Affiliates are entities under common control.

## 23. Loans and Borrowings

### Current liabilities

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Redeemable preference shares	529,357	1,029,357
Current portion of lease liabilities	2,535	2,827
	<u>531,892</u>	<u>1,032,184</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

*(Expressed in thousands of Trinidad and Tobago dollars)*

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## 23. Loans and Borrowings (continued)

### Redeemable preference shares

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 year.

### Reconciliation of Movements of Liabilities to Cash Flows Arising from Financing Activities

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Balance at January 1</b>	1,276,898	1,405,400
<b>Changes from financing cashflows</b>		
Repayment of borrowings	<u>(500,000)</u>	<u>(182,659)</u>
<b>Total changes from financing cashflows</b>	<u>776,898</u>	<u>1,222,741</u>
<b>Other changes liability-related</b>		
Interest expense	<u>47,984</u>	<u>54,157</u>
<b>Total liability-related other changes</b>	<u>47,984</u>	<u>54,157</u>
<b>Balance at December 31</b>	<u>824,882</u>	<u>1,276,898</u>

Non-cash payments of \$17,000 (2022: \$25,900) occurred during the year in relation to interest expense and principal repayments in 2023.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 24. Accounts Payable

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Due to GORTT	75,063	42,926
Other payables (a)	233,102	219,861
Provision (b)	88,457	88,457
EFPA maturities payable (Note 20)	46,660	46,660
Mutual fund surrenders payable (Note 21)	-	36,656
Managed Fund	<u>5,622</u>	<u>5,622</u>
	<u>448,904</u>	<u>440,182</u>

(a) Included in Other payables is \$180,000 (2022: \$180,000) due to the Mutual Funds.

(b) Represents provision for legal proceedings pending against the Company at the reporting date.

### 25. Insurance Revenue

	<u>Ordinary</u>	<u>Group</u>	<u>Life</u>	<u>Life and</u>	<u>Total</u>
	Life	Pension	Par	Health	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
December 31, 2023					
<b>Contracts not measured under PAA</b>					
Amounts relating to changes in liabilities for remaining coverage					
- CSM recognised for services provided	1,937	16,444	565	-	18,946
- Change in risk adjustment for non-financial risk for risk expired	3,437	6,742	277	-	10,456
- Expected incurred claims and other insurance service expenses	20,044	143,012	1,603	-	164,659
- Remeasurement and other changes	<u>(2,472)</u>	<u>(7,167)</u>	<u>(4,855)</u>	-	<u>(14,494)</u>
	22,946	159,031	(2,410)	-	179,567
<b>Contracts measured under PAA</b>	<u>-</u>	<u>-</u>	<u>-</u>	21,856	21,856
<b>Total insurance revenue</b>	<u>22,946</u>	<u>159,031</u>	<u>(2,410)</u>	21,856	<u>201,423</u>



**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**25. Insurance Revenue (continued)**

	<b>Ordinary Life \$'000</b>	<b>Group Pension \$'000</b>	<b>Group Life Par \$'000</b>	<b>Ordinary Life and Health \$'000</b>	<b>Total \$'000</b>
<b>December 31, 2022</b>					
<b>Contracts not measured under PAA</b>					
Amounts relating to changes in liabilities for remaining coverage					
- CSM recognised for services provided	2,368	17,674	616	-	20,658
- Change in risk adjustment for non-financial risk for risk expired	3,471	6,626	282	-	10,379
- Expected incurred claims and other insurance service expenses	<u>20,048</u>	<u>137,890</u>	<u>1,681</u>	<u>-</u>	<u>159,619</u>
	25,887	162,190	2,579	-	190,656
<b>Contracts measured under PAA</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,485</u>	<u>29,485</u>
<b>Total insurance revenue</b>	<u><u>25,887</u></u>	<u><u>162,190</u></u>	<u><u>2,579</u></u>	<u><u>29,485</u></u>	<u><u>220,141</u></u>

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>26. Insurance service expenses</b>		
Claims and benefits	150,567	153,321
Fees and commissions	1,586	2,072
Directly attributable expenses (Note 30)	48,450	37,160
Changes in estimates in LIC fulfilment cash flows	111	(99)
Experience adjustments	<u>121</u>	<u>192</u>
	200,835	192,646
Bulk provisions held for any adverse Group Life and Health experience	<u>5,612</u>	<u>-</u>
	<u><u>206,447</u></u>	<u><u>192,646</u></u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 27. Net financial result

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
(a) The following table analyses the Company's net financial result in profit or loss		
<b>Investment return</b>		
Other investment revenue (b)	580,913	632,939
Net impairment loss on financial assets	<u>(1,924)</u>	<u>(255)</u>
Total investment returns	578,989	632,684
<b>Net finance expenses from insurance contracts</b>		
Interest accreted on the carrying amount of the CSM	(4,879)	(1,436)
Interest accreted on present value cash flows	(65,136)	(17,719)
Interest accreted on risk adjustment	<u>(1,875)</u>	<u>(516)</u>
<b>The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:</b>	(71,890)	(19,671)
The effect of financial risk and changes in financial risk	<u>(224,994)</u>	<u>(179,168)</u>
<b>Total</b>	<u>(296,884)</u>	<u>(198,839)</u>
<b>Net finance expenses from reinsurance contracts</b>		
Interest accreted on the carrying amount of the CSM	(69)	(18)
Interest accreted on present value cash flows	(189)	(54)
Interest accreted on risk adjustment	<u>74</u>	<u>21</u>
<b>The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:</b>	(184)	(51)
Effect of financial risk and changes in financial risk	<u>(387)</u>	<u>(376)</u>
<b>Total</b>	<u>(571)</u>	<u>(427)</u>
Movement in investment contract liabilities	<u>(44,457)</u>	<u>(40,360)</u>
<b>Net financial result</b>	<u>237,077</u>	<u>393,058</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**27. Net Financial Result** (continued)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>(b) Other investment revenue</b>		
<i>Net income from financial instruments designated at FVTPL</i>		
Government and corporate securities	466,328	442,514
Gain (loss) financial assets measured at FVTPL	26,269	(76,970)
<i>Net income from financial instruments measured at FVOCI</i>		
Dividends on equity investments at FVOCI	75,498	254,356
 <i>Rental income</i>	 11,774	 11,933
 <i>Other income</i>		
Short-term deposits	93	19
Loans and advances	799	958
Bank accounts	12	11
Other income	140	118
	<u>580,913</u>	<u>632,939</u>

**28. Loss on Sale of Investments and Other Assets**

Government securities	(12,933)	-
Company equities	(191)	-
	<u>(13,124)</u>	<u>-</u>

**29. Other Income**

Administration charges - Group Health	548	566
D.A.C service fees	809	839
Exchange gains	-	8,926
	<u>1,357</u>	<u>10,331</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

Notes to the Separate Financial Statements

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*(Expressed in thousands of Trinidad and Tobago dollars)***30. Expenses for Administration**

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Employee costs	34,181	31,617
Marketing	199	391
Professional fees	57,258	37,515
Audit fees	10,320	7,951
Depreciation	4,424	4,976
Directors fees	864	619
Repairs and maintenance	8,545	9,607
Withholding tax	554	96
Utilities	5,274	5,016
Office expenses	8,325	8,030
Exchange losses	1,943	-
Other expenses	<u>3,973</u>	<u>8,985</u>
	135,860	114,803
Expenses directly attributable to insurance contracts (Note 26)	<u>(48,450)</u>	<u>(37,160)</u>
	<u>87,410</u>	<u>77,643</u>

**31. Investment Contract Movements**

Deposit Administration funds	10,168	9,482
Managed funds	27,930	24,966
Movement in EFPA		
- Due to policyholders not accepting GORTT offer	<u>6,359</u>	<u>5,912</u>
	<u>44,457</u>	<u>40,360</u>

**32. Finance Costs**

Interest on debt securities	47,984	54,157
Other finance costs, net	<u>321</u>	<u>317</u>
	<u>48,305</u>	<u>54,474</u>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 33. Taxation

	<u>2023</u>	<u>Restated</u> <u>2022</u>
	\$'000	\$'000
<b>(i) Tax expense for the year</b>		
Current tax	4,104	4,143
Change in estimate related to prior year	-	(91)
	<u>4,104</u>	<u>4,052</u>
Deferred tax	(590)	(128)
Change in estimate related to prior year	-	1,662
	<u>-</u>	<u>1,662</u>
	<u>3,514</u>	<u>5,586</u>

### (ii) Tax reconciliation

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

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Profit before taxation	<u>33,241</u>	<u>252,703</u>
Tax calculated at the rate applicable to each of insurance business	(78,399)	(19,155)
Tax effect of income not subject to tax	(66,964)	(96,317)
Tax effect of expenses not deductible	147,685	120,021
Utilisation of prior year tax losses	1,192	(534)
Change in estimate related to prior year - current tax	-	(91)
Change in estimate related to prior year - deferred tax	-	1,662
	<u>-</u>	<u>1,662</u>
<b>Tax expense</b>	<u>3,514</u>	<u>5,586</u>

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>(iii) Deferred taxation</b>		
At the beginning of the year	5,466	16,462
Credited to equity	-	(9,462)
Charged (credited) to profit or loss	590	(1,534)
	<u>590</u>	<u>(1,534)</u>
	<u>6,056</u>	<u>5,466</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**33. Taxation** (continued)

(iii) *Deferred taxation* (continued)

<b>Balance</b>	<b>Balance brought forward</b>	<b>Charged to equity</b>	<b>Charged to profit or loss</b>	<b>Balance carried forward</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>December 31, 2023</b>				
Accelerated tax depreciation	(1,522)	-	590	(932)
Short term reserves and unexpired risks	<u>6,988</u>	-	-	<u>6,988</u>
	<u>5,466</u>	-	590	<u>6,056</u>
	<b>Balance brought forward</b>	<b>Charged to equity</b>	<b>Charged to profit or loss</b>	<b>Balance carried forward</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>December 31, 2022</b>				
Accelerated tax depreciation	12	-	(1,534)	(1,522)
Short term reserves and unexpired risks	6,988	-	-	6,988
Unrealised gains on Investments*	<u>9,462</u>	<u>(9,462)</u>	-	-
	<u>16,462</u>	<u>(9,462)</u>	<u>(1,534)</u>	<u>5,466</u>

\*During the year 2022, management identified the error computing deferred tax on charges in gains or losses in equity investment. Dividend on equity investments do not attract taxation in Trinidad and Tobago and as a result will not affect future tax input in the disposal of such assets.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 34. Related Party Balances and Transactions

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:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Statement of Financial Position - Assets</b>		
<i>Fellow subsidiary companies</i>		
Investment in associates	830,612	905,857
<i>Associated companies</i>		
Investment in associates	23,562	24,648
<i>Subsidiary companies</i>		
Investment in subsidiaries	25,866	2,283,408
<i>Government</i>		
Investment securities	<u>7,958,478</u>	<u>8,250,376</u>
<b>Total related party assets</b>	<u>8,838,518</u>	<u>11,464,289</u>
<b>Statement of Financial Position - Liabilities</b>		
<i>Government</i>		
Debt securities issued	529,357	1,029,357
Lease liabilities	2,535	2,827
Accounts payable	75,063	42,926
<i>Fellow subsidiary companies</i>		
Due to related parties	131,368	128,893
<i>Other related parties</i>		
Mutual fund obligation	<u>183,632</u>	<u>187,012</u>
<b>Total related party liabilities</b>	<u>921,955</u>	<u>1,391,015</u>
<b>Net assets with related parties</b>	<u>7,916,563</u>	<u>10,073,274</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

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**34. Related Party Balances and Transactions** (continued)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<b>Statements of Profit or Loss and Other Comprehensive Income - Income</b>		
<i>Fellow subsidiary companies</i>		
Premiums	2,525	3,458
Investment income – dividends received	66,806	246,357
<i>Government</i>		
Investment income – bonds	416,452	408,017
<i>Associated companies</i>		
Investment income – dividends received	843	843
<i>Other related parties</i>		
Investment income – loss on sale of asset	<u>(191)</u>	<u>-</u>
<b>Total income from related parties</b>	<u>486,435</u>	<u>658,675</u>
 <b>Statement of Profit or Loss – Expenses</b>		
<i>Government</i>		
Interest on borrowings	47,984	54,157
<i>Fellow subsidiary companies</i>		
Insurance benefits	3,508	3,054
Medical services	10	34
Other	3,382	3,190
<i>Associated companies</i>		
Advertising expense	<u>11</u>	<u>11</u>
<b>Total expenses with related parties</b>	<u>54,895</u>	<u>60,446</u>
<b>Net profit from related parties</b>	<u>431,540</u>	<u>598,229</u>
 <b>Key management compensation</b>		
Salaries and other short-term benefits	<u>6,853</u>	<u>2,881</u>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 35. Leases

### (a) *Leases as lessee*

The Company leases part of a property on which its Head Office is housed. The lease runs for a period of two years, with an option to renew the lease after that date for one year. The lease provides for additional rent payments. The Company is restricted from entering into any sub-lease arrangements. The lease expires in 2023 with the Company utilising the one year renewal.

The Company leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about lease for which the Company is a lessee is presented on the next page.

### *Right-of-use assets*

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property and equipment (Note 8)

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
<i>Amounts recognised in profit or loss</i>		
Interest on lease liabilities	<u>142</u>	<u>206</u>

During the year, the Company made no lease payments on its right-of-use assets.

### (ii) *Extension options*

Some property leases contain extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable by the Company and not by the lessors. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it exercise the extension option, would result in a lease liability of \$7,000.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 35. Leases (continued)

### (b) Leases as a lessor

The Company leases out its investment property consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognized by the Company during 2023 amounted to \$11,774 (2022: \$11,933)

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Less than one year	675	951
One to two years	<u>56</u>	<u>55</u>
	<u>731</u>	<u>1,006</u>

## 36. Contingent Assets, Liabilities and Commitments

- 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.
- There were a number of legal proceedings pending against the Company at the reporting date. A loss reserve of \$90,000 has been made (2022: \$90,000). No further provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.
- Legal Action – CLICO Energy Limited, now Process Energy (Trinidad) Limited ( PETL).

In 2012 CLICO and CLF as Joint Claimants filed legal action against the purported purchaser of shares in CLICO Energy (Trinidad) Limited (CEL). 51% shareholding of CEL is held in the name of CLF, of which 17% of the shares is held in Trust by CLF for CLICO. The legal action sought to set aside the Purchase and Sale Agreement (PSA) that resulted in the sale of the CEL / PETL shares by CLF to the Purchaser and to restore the shareholdings to the status quo before the sale in 2009.

The Court delivered its judgement in September 2021. The Court declared the PSA between CLF and the Purchaser to be void. The matter is under appeal.

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### 36. Contingent Assets, Liabilities and Commitments (continued)

- Legal Action (continued)

The Court ordered inter alia that:

- (i) The Purchaser immediately restore or cause the restoration to CLF of the said 51% of the PETL shares.
- (ii) The Purchaser provide an account of all dividends and/or distributions made by PETL in connection with the said PETL shares which are the subject of the proceedings from the date of acquisition of the same to the date of restoration of the said shares.
- (iii) The Claimants repay to the Purchaser the proceeds of the purported sale in the purchase price with interest by December 2021.
- (iv) The Purchaser and PETL appealed the Court's decision and applied for a Stay of the Court's Order pending the determination of the Appeal.

The Court of Appeal granted an interim stay of its judgment on the following conditions:

- (i) In addition to the sums already paid into Court PROMAN/PETL are to pay into Court before 16 August 2023, the sum of \$USD 70,763,697.50 being dividends received by PETL and pay into Court any future dividends received within 2 weeks of the same being received minus any administrative expenses incurred and,
- (ii) That the Board of Directors of PETL is to consist of 4 directors nominated by CLF and CLICO and 2 Directors nominated by PROMAN/PETL with immediate effect.

On July 31, 2023, the Court of Appeal upheld the decision of the Court dated September 2021.

On October 20, 2023 Conditional leave was granted to PROMAN to appeal to the Judicial Committee of the Privy Council against the judgment of the Court of Appeal dated July 31, 2023 provided that PROMAN comply with certain conditions of the Court of Appeal:

- (i) A stay of the Order of the Court of Appeal was granted upon conditions imposed by the Court, one of which was that the Board of Directors of Process Energy (Trinidad) Limited (PETL) should comprise of 4 directors nominated by CLF and CLICO and 2 directors nominated by PROMAN until the final determination of the Appeal or until further Order and
- (ii) PETL shall pay into Court any future dividends received by PETL within 2 weeks of receipt minus any administrative expenses incurred pending the final determination of the appeal by the Privy Council or until further Order.

On January 24, 2024, the Court granted final leave to Proman to appeal to the Privy Council. A date will be fixed for the hearing of Proman's appeal to the Privy Council.

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## 37. Principal Associated Undertakings

Quoted	Country of Origin	Activity	Percentage Ownership*	
			<u>2023</u>	<u>2022</u>
			%	%
LJ Williams Limited	Trinidad and Tobago	Trading	21	21
<b>Unquoted</b>				
CL World Brands Limited	Scotland	Beverage Manufacturing	42	42

\* Percentage ownership equates to voting rights.

## 38. Principal Subsidiary Undertakings

Unquoted	Country of Origin	Activity	Percentage Ownership*	
			<u>2023</u>	<u>2022</u>
			%	%
Methanol Holdings International Limited (see note 11)	St. Kitts and Nevis	Energy – Methanol	-	56.53
Premium Security Services Limited	Trinidad and Tobago	Security (Protective) Services	100	100

The subsidiaries year end is December 31.

\*Percentage ownership equates to voting rights.

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## **39. Initial Application of IFRS 17**

During the financial year CLICO initially applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023. The implementation of new standards and revisions to accounting policies, have brought significant changes to the accounting for and presentation of insurance and reinsurance contracts and financial instruments. As a result, CLICO restated certain comparative amounts.

CLICO changed its business model where certain financial assets backing its life and annuity portfolios, previously measured at fair value through other comprehensive income, were reclassified to the fair value through profit or loss category which represents how these financial assets are managed. The change in business model was determined by management as a result of external and internal changes, which were significant to the Company.

The presentation requirements of the new standard, while significant on the statement of financial positions, allowed for a one-to-one match of the amounts of previously reported format with its new format under IFRS 17. The presentation requirements of the new standard resulted in significant changes in the format of the Statement of Profit or Loss and consequently only key totals are comparable.

Where allowed CLICO has restated comparative amounts in the Statements of Financial Position, Profit and Loss and Other Comprehensive Income. The following tables summarise the impacts on the separate financial statements.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

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## 39. Initial Application of IFRS 17 (continued)

With the application of IFRS 17 the Company elected to re-designate its asset portfolio as FVTPL resulting in an impact on the valuation reserve and profit and loss statement on transition.

	<b>Previously Reported</b>	<b>IFRS 17 Transition</b>	<b>As restated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Statement of Financial Position</b>			
<b>January 1, 2022</b>			
Assets held for sale	7,182,750	(203,185)	6,979,565
Others	6,018,031	-	6,018,031
<b>Total assets</b>	<b>13,200,781</b>	<b>(203,185)</b>	<b>12,997,596</b>
Share capital	(14,750)	-	(14,750)
Accumulated surplus	(1,629,315)	889,579	(739,736)
Valuation reserves	(2,066,467)	(935,916)	(3,002,383)
<b>Total equity</b>	<b>(3,710,532)</b>	<b>(46,337)</b>	<b>(3,756,869)</b>
Reinsurance contracts liabilities	-	(14,972)	(14,972)
Accounts payable	(214,891)	(88,457)	(303,348)
Liabilities directly associated	(7,679,165)	352,951	(7,326,214)
Others	(1,596,193)	-	(1,596,193)
<b>Total liabilities</b>	<b>(9,490,249)</b>	<b>249,522</b>	<b>(9,240,727)</b>
<b>Total equity and liabilities</b>	<b>(13,200,781)</b>	<b>203,185</b>	<b>(12,997,596)</b>

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

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### 39. Initial Application of IFRS 17 (continued)

	<u>Previously Reported</u> \$'000	<u>IFRS 17 Transition</u> \$'000	<u>As restated</u> \$'000
<b><u>Statement of Financial Position</u></b>			
<b>December 31, 2022</b>			
Loans and other receivables	358,195	(197,604)	160,591
Cash and cash equivalents	471,878	(162)	471,716
Others	12,264,925	-	12,264,925
<b>Total assets</b>	<u>13,094,998</u>	<u>(197,766)</u>	<u>12,897,232</u>
Share capital	(14,750)	-	(14,750)
Accumulated surplus	(1,931,826)	916,244	(1,015,582)
Valuation reserves	(1,856,206)	(986,530)	(2,842,736)
<b>Total equity</b>	<u>(3,802,782)</u>	<u>(70,286)</u>	<u>(3,873,068)</u>
Insurance contracts liabilities	(6,370,078)	372,358	(5,997,720)
Reinsurance contracts liabilities	-	(13,535)	(13,535)
Investment contracts	(1,344,467)	-	(1,344,467)
Taxation payable	(61,161)	990	(60,171)
Accounts payable	(348,421)	(91,761)	(440,182)
Others	(1,168,089)	-	(1,168,089)
<b>Total liabilities</b>	<u>(9,292,216)</u>	<u>268,052</u>	<u>(9,024,164)</u>
<b>Total equity and liabilities</b>	<u><b>(13,094,998)</b></u>	<u><b>197,766</b></u>	<u><b>(12,897,232)</b></u>
	<u>Previously Reported</u> \$'000	<u>IFRS 17 Transition</u> \$'000	<u>As restated</u> \$'000
<b><u>Statement of Profit or Loss</u></b>			
<b>December 31, 2022</b>			
Insurance service result	(161,714)	189,375	27,661
Net financial result	701,714	(308,656)	393,058
Other operating expense	(110,506)	32,863	(77,643)
Taxation	(6,563)	977	(5,586)
Others	(128,921)	38,958	(89,963)
<b>Profit for the year</b>	<u>294,010</u>	<u>(46,483)</u>	<u>247,527</u>
<b><u>Statement Other Comprehensive Income</u></b>			
<b>December 31, 2022</b>			
Profit for the year	294,010	(46,483)	247,527
Debt Instruments at FVOCI:			
Net change in fair value	(70,432)	70,432	-
Others, net of tax	(158,710)	-	(158,710)
<b>Total comprehensive income, net of tax</b>	<u>64,868</u>	<u>23,949</u>	<u>88,817</u>

**COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED**

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

**39. Initial Application of IFRS 17 (continued)**

**(b) Adjustments made**

The following adjustments were made to reflect the changes in accounting policies.

- i. Valuation adjustments arising from Implementation of IFRS 17.
- ii. Valuation adjustments arising from re-designation of eligible financial assets on Implementation of IFRS 17 *Insurance Contracts*

	<b>IFRS 17</b>	<b>Valuation Reserve Adjustment and Debt Redesignation</b>	<b>Total Adjustment</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Statement of Financial Position</u></b>			
<b>January 1, 2022</b>			
Loans and receivables	(203,185)	-	(203,185)
Accumulated surplus	46,337	(935,916)	(889,579)
Valuation reserves	-	935,916	935,916
<b>Total equity adjustment</b>	<b>46,337</b>	<b>-</b>	<b>46,337</b>
Reinsurance contract liabilities	14,972	-	14,972
Accounts payable	88,457	-	88,457
Liabilities directly associates with assets held for sale	(352,951)	-	(352,951)
<b>Total liability adjustment</b>	<b>(249,522)</b>	<b>-</b>	<b>(249,522)</b>
<b>Total equity and liabilities adjustment</b>	<b>(203,185)</b>	<b>-</b>	<b>(203,185)</b>



# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

## 39. Initial Application of IFRS 17 (continued)

### b. Adjustments made (continued)

	<b>IFRS 17</b>	<b>Valuation Reserve Adjustment and Debt Redesignation</b>	<b>Total Adjustment</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Statement of Profit or Loss</u></b>			
<b><u>December 31, 2022</u></b>			
Insurance service result	189,375	-	189,375
Net financial result	(308,656)	-	(308,656)
Other operating expense	32,863	-	32,863
Taxation	977	-	977
Others	<u>38,958</u>	<u>-</u>	<u>38,958</u>
<b>Profit for the year</b>	<u>(46,483)</u>	<u>-</u>	<u>(46,483)</u>

## 40. Other Restatements

During the year management identified that fair value gains and losses in the valuation reserve and retained earnings were not correctly allocated between these reserves in accordance with the accounting policies. The primary reasons for this misallocation relate to:

- (b) realised gains or losses earned prior to January 1, 2023, that should be recorded in accumulated surplus remained in the valuation reserve.
- (c) the fair value of financial assets backing managed fund obligations was recognised in the fair value reserve, whereas it should not have been separately distinguished and should remain in accumulated surplus to match the related movement in the liability.
- (d) realised gains and losses were inappropriately transferred between the fair value reserve and retained earnings on the basis that these instruments are measured at Fair value through OCI, whereas they were actually measured at fair value through profit and loss. Further in relation to (a) above the related foreign exchange gains and losses were also not transferred to accumulated surplus on disposal of the instruments.

The errors resulted in a material understatement of the valuation reserve and a corresponding overstatement of accumulated surplus. The errors had no impact on deferred tax, total shareholders' equity, profit or loss and total operating, investing or financing cash flows for the year ended December 31, 2022. The error has been corrected by restating each of the affected financial statement line items for the prior periods, and the following tables summarise the impacts on the separate financial statements.

# COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

## Notes to the Separate Financial Statements

December 31, 2023

(Expressed in thousands of Trinidad and Tobago dollars)

### 40. Other Restatements (continued)

#### Statement Financial Position

January 1, 2022

	As Previously Reported	IFRS 17 Adjustment	Redesignation of Debt adjustment	Valuation Reserve Adjustment	As Restated
	\$'000	\$'000	\$'000	\$'000	\$'000
Share capital	(14,750)	-	-	-	(14,750)
Accumulated surplus	(1,629,315)	(46,337)	(160,166)	1,096,082	(739,736)
Valuation reserves	(2,066,467)	-	160,166	(1,096,082)	(3,002,383)
<b>Total equity</b>	<b>(3,710,532)</b>	<b>(46,337)</b>	<b>-</b>	<b>-</b>	<b>(3,756,869)</b>

#### Statement of Financial Position

December 31, 2022

	As Previously Reported	IFRS 17 Adjustment	Redesignation of Debt adjustment	Valuation Reserve Adjustment	As Restated
	\$'000	\$'000	\$'000	\$'000	\$'000
Share capital	(14,750)	-	-	-	(14,750)
Accumulated surplus	(1,931,826)	146	(160,166)	1,076,264	(1,015,582)
Valuation reserves	(1,856,206)	-	89,734	(1,076,264)	(2,842,736)
<b>Total equity</b>	<b>(3,802,782)</b>	<b>146</b>	<b>(70,432)</b>	<b>-</b>	<b>(3,873,068)</b>

### 41. Events after the Reporting Date

The Company performed a review of events subsequent to the balance sheet date through to the date the financial statements were issued and determined that the repayment of the debt owed to the Government of Trinidad and Tobago was the only subsequent event requiring disclosure in the separate financial statements. CLICO reduced its debt to GORTT by an additional \$605,604.