COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2024

(Expressed in thousands of Trinidad and Tobago dollars)

Ernst & Young Services Limited

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2024
(Expressed in Trinidad and Tobago Dollars)

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COLONIAL LIFE
INSURANCE COMPANY [TRINIDAD] LIMITED
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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 (CLICO) which comprise the separate financial statement of financial position as at December 31, 2024, 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 and 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 Gomez
Title: Chief Executive Officer

Date: March 21, 2025

Name: Stacel Peters-Scipio
Title: Chief Financial Officer

Date: March 21, 2025

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working world

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INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Report on the Audit of the Separate Financial Statements

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, 2024, the separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ (“IESBA”) International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee 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 or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company’s financial reporting process.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Report on the Audit of the Separate Financial Statements
(Continued)

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

Report on the Audit of the Separate Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements
(Continued)

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

- 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 the Audit Committee 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.

Other matter

The separate financial statements of the Company for the year ended December 31, 2023, were audited by another auditor who expressed a qualified opinion on those statements on June 28, 2024.

EY

Port of Spain,
TRINIDAD:
March 24, 2025

COLONIAL LIFE INSURANCE COMPANY (TRINIDAD) LIMITED

SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024 $'000	2023 $'000
ASSETS			
Property and equipment	8	101,154	98,380
Investment properties	9	176,530	173,700
Investment in associates	10	567,907	854,174
Investment in subsidiaries	11	28,273	25,866
Investment securities	12	9,444,984	8,268,576
Deferred tax assets	33	–	6,056
Taxation recoverable		86,595	86,595
Loans and other receivables	14	211,496	154,585
Cash and balances with banks and short–term deposits	15	254,534	2,634,820
Assets held for sale	16	34,000	41,000
Total assets		10,905,473	12,343,752
EQUITY			
Share capital	17	14,750	14,750
Accumulated surplus		2,359,415	3,133,314
Valuation reserves	18	262,337	624,739
Total equity		2,636,502	3,772,803
LIABILITIES			
Insurance contracts liabilities	19	5,803,866	6,014,702
Reinsurance contracts liabilities	19	12,645	12,715
Investment contracts	20	1,382,718	1,368,306
Mutual fund obligations	21	3,605	3,632
Deferred tax liability	33	1,781	–
Due to related parties	22	138,377	131,368
Loans and borrowings	23	2,116	531,892
Taxation payable		59,842	59,430
Accounts payable	24	864,021	448,904
Total liabilities		8,268,971	8,570,949
Total equity and liabilities		10,905,473	12,343,752

The accompanying notes on pages 13 to 123 are an integral part of these separate financial statements.

Director J. Frederick
Jennifer Frederick
Chairman

Director Janet Richards
Janet Richards
Board Audit Committee Chairman

SEPARATE STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024 $'000	2023 $'000
Insurance revenue	25	252,942	201,423
Insurance service expenses	26	(193,784)	(206,447)
Net expenses from reinsurance contracts held	19	2,127	3,541
Insurance service result		61,285	(1,483)
Investment income	27	452,655	580,913
Net impairment write–back (loss) on financial assets		1,271	(1,924)
Investment returns		453,926	578,989
Net finance expense from insurance contracts issued	27	(136,374)	(296,884)
Net finance expense from reinsurance contracts held	27	(617)	(571)
Movement in investment contract liabilities	27, 31	(92,456)	(44,457)
Net financial result		224,479	237,077
Gain (loss) on sale of investments and other assets	28	39	(13,124)
Other income	29	11,991	1,357
Gain (loss) on trading managed fund units		22,731	(5,825)
Administration and asset management fees		8,291	6,867
Gain (loss) on revaluation of investment properties		2,830	(6,040)
Other operating expenses	30	(69,277)	(87,410)
Revaluation loss on managed fund liabilities		(30,943)	(49,873)
Finance costs	32	(2,661)	(48,305)
Profit before tax		228,765	33,241
Taxation	33	(2,007)	(3,514)
Profit for the year before performance of assets held for sale		226,758	29,727
Loss from assets held for sale	16	(657)	(722)
Profit for the year		226,101	29,005

'The accompanying notes on pages 13 to 123 are an integral part of these separate financial statements
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SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2024 $'000	2023 $'000
Profit for the year		226,101	29,005
Other comprehensive income			
Deferred tax adjustment	33	(10,638)	–
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI – Net change in fair value	18	(360,204)	(140,444)
Revaluation of properties – land and buildings	18	325	(367)
		(359,879)	(140,811)
Total other comprehensive loss		(370,517)	(140,811)
Total comprehensive loss		(144,416)	(111,806)

The accompanying notes on pages 13 to 123 are an integral part of these separate financial statements
.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)

	Share Capital $'000	Accumulated Surplus $'000	Valuation Reserves $'000	Total Equity $'000
Year ended December 31, 2024				
Balance at January 1, 2024	14,750	3,133,314	624,739	3,772,803
Profit for the year	–	226,101	–	226,101
Change in fair value of				
Equity investments at FVOCI	–	–	(360,204)	(360,204)
Deferred tax adjustment	–	–	(10,638)	(10,638)
Revaluation of properties –				
land and buildings	–	–	325	325
Total comprehensive income	–	226,101	(370,517)	(144,416)
Transactions with owners of the Company				
Dividends to equity holders	–	(1,000,000)	–	(1,000,000)
Net movement in trustee's units held in				
Managed Funds	–	–	8,115	8,115
Balance at December 31, 2024	14,750	2,359,415	262,337	2,636,502

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

	Share Capital $'000	Accumulated Surplus $'000	Valuation Reserves $'000	Total Equity $'000
Year ended December 31, 2023				
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)
Total comprehensive income	–	2,117,732	(2,229,538)	(111,806)
Transactions with owners of the Company				
Net movement in trustee's units held in Managed Funds	–	–	11,541	11,541
Balance at December 31, 2023	14,750	3,133,314	624,739	3,772,803

The accompanying notes on pages 13 to 123 are an integral part of these separate financial statements
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SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

	Notes	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before taxation		228,765	33,241
Adjustments for:			
Depreciation	8	4,844	4,423
Net write offs and write backs		(1,299)	(1,553)
Gain (loss) on revaluation of investment properties	9	(2,830)	6,040
Property and equipment adjustment	8	–	(1,398)
Investment income		(622,118)	(554,642)
Impairment (write–back) loss on financial assets		(1,271)	1,924
Gain (loss) on trading managed funds units		(22,731)	5,825
Interest expense on debt security issued	32	2,137	47,984
Other (income) expense		(12,286)	487
Revaluation loss on managed fund liabilities		30,943	49,873
Fair value loss (gain) through profit or loss		364,408	(40,137)
		(31,438)	(447,933)
Changes in:			
- Insurance contracts and reinsurance liabilities		(210,903)	16,092
- Investment contracts		45,258	27,223
- Loans and other receivables		1,351	1,553
- Accounts payable		(18,520)	(26,101)
- Due to related parties		7,009	346
Taxes paid		(4,815)	(5,119)
Net cash used in operating activities		(212,058)	(433,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of debt security issued	23	(529,357)	(500,000)
Interest paid	23	(69,978)	–
Dividend paid		(491,525)	–
Net cash used in financing activities		(1,090,860)	(500,000)

The accompanying notes on pages 13 to 123 are an integral part of these separate financial statements
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SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in thousands of Trinidad and Tobago dollars)
(Continued)

	Notes	2024 $'000	2023 $'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(7,299)	(1,864)
Proceeds from disposal of PPE		6	–
Proceeds from sale of subsidiary		–	2,258,192
Dividends received		85,118	75,498
Interest received		279,631	435,190
Sale of investment securities		57,388	511,194
Purchase of investment securities		(1,503,841)	(179,958)
Net cash (used in) from investing activities		(1,088,997)	3,098,252
(Decrease) increase in cash and cash equivalents		(2,391,915)	2,164,313
Decrease in cash and cash equivalents – Asset held for sale	16	(657)	(722)
Net foreign exchange difference		12,286	(487)
CASH AND CASH EQUIVALENTS AT START OF YEAR		2,634,820	471,716
CASH AND CASH EQUIVALENTS AT END OF YEAR		254,534	2,634,820
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Deposits maturing less than three months	15	67,974	1,140
Cash at bank	15	186,560	2,633,680
		254,534	2,634,820

During the year, certain assets were disposed of in the amount of $7,000 (2023: $17,000) 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 13 to 123 are an integral part of these separate financial statements
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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.

2. 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, the Company has the ability 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 separate financial statements should be prepared on a going concern basis.

The separate financial statements for December 31, 2024, were approved for issue on March 21, 2025, by the Board of Directors of the Company.

3. Basis of Preparation

(a) Basis of Accounting

These separate financial statements are prepared in accordance with IFRS Accounting Standards. The separate financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings (included within property and equipment) and debt and equity financial assets.

(b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

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

Information about significant areas of estimation uncertainty that have a significant risk of resulting in a material change to assets and liabilities in the next financial year, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in Note 6.

4. Functional and presentation currency

The separate 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.

(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 profit or loss.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non–monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively)

(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 assessed based on the fair value accounting policy described in Note 5(f).

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.

A revaluation surplus is recorded in OCI and credited to the valuation reserves in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss.

Decreases that offset previous increases of the same asset are charged against those reserves; all other decreases are charged to profit or loss.

(iii) Depreciation

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

	Method	**Rate**
Buildings (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.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The Company has also elected to transfer the revaluation surplus to retained earnings.

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 are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Non–financial assets do not have an active market.

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 the accounting policy described in Note 5(f). 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.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non–cash consideration, and consideration payable to the buyer (if any).

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.

5. Material Accounting Policies (continued)

(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. Significant influence is the power to participate in the financial and operating policies of the investee.

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.

(e) Financial instruments

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

(i) Recognition

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

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

(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.

5. Material Accounting Policies (continued)

(e) Financial instruments (continued)

(ii) Derecognition (continued)

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 a financial liability when its contractual obligations are discharged, cancelled or expires.

(iii) Classification

<u>Financial assets</u>

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI with recycling of cumulative gains and losses (debt instruments), FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) or FVTPL.

<u>Business model assessment</u>

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

5. Material Accounting Policies (continued)

(e) Financial instruments (continued)

(iii) Classification (continued)

Business model assessment continued)

- 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;

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

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.

(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.

5. Material Accounting Policies (continued)

(e) Financial instruments (continued)

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

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.

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. Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument–by–instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as income in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
Financial assets at amortised cost	Measured at amortised cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. 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. The Company's financial assets at amortised cost include loans and receivables and cash and balances with banks and short–term deposits.

5. Material Accounting Policies (continued)

(e) Financial instruments (continued)

(iv) Measurement (continued)

Financial liabilities

Initial recognition, measurement and presentation

Financial liabilities are classified at initial recognition as loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include insurance contracts, reinsurance contracts, investment contracts, loans and borrowings, accounts payable, due to related parties and mutual fund obligations.

Subsequent measurement

After initial recognition interest–bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs on the profit or loss. This category generally applies to interest–bearing loans and borrowings.

(v) 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 Accounting Standards, or for gains and losses arising from a group of similar transactions.

(vi) 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.

5. Material Accounting Policies (continued)

(e) Financial instruments (continued)

(vii) 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) Fair value measurement

The Company measures financial instruments such as investment securities, and non–financial assets such as investment properties, revalued land and buildings at fair value at each reporting date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
• In the principal market for the asset or liability, or
• In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is the one with the greatest volume and level of activity and must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable for that asset or liability

5. Material Accounting Policies (continued)

(f) Fair value measurement (continued)

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re–assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management establishes the policies and procedures for recurring fair value measurements, including investment properties and unquoted financial assets. The management team consists of the Chief Investment Officer, Senior Manager Properties and General Services, Chief Actuary, Chief Financial Officer and any other relevant managers as deemed necessary.

External valuers are involved in the valuation of significant assets, and significant liabilities. The involvement of external valuers is determined annually by Management after discussion with and approval by the Procurement Management Committee.

The selection criteria for an external valuer includes market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three (3) years.

At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re–assessed as per the Company's accounting policies. For this analysis, Management verifies the major input applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an annual basis, Management presents the valuation results to the Board of Directors and the Company's external auditors.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

5. Material Accounting Policies (continued)

(g) Impairment

(i) Impairment – financial assets

The forward–looking ‘expected credit loss’ (ECL) model is used for the impairment review of the Company’s financial assets. The impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI and lease receivables.

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

(ii) 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.

(iii) 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.

(h) Cash and cash equivalents

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

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

(i) Insurance and investment contracts – classification

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

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

5. Material Accounting Policies (continued)

(j) Insurance contracts

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.

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'.

5. Material Accounting Policies (continued)

(j) Insurance contracts (continued)

Contract boundaries (continued)

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.

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 renewable yearly.

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.

5. Material Accounting Policies (continued)

(j) Insurance contracts (continued)

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.

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. The requirements for participating policies put forth under the Insurance Act was deemed to be not completely satisfying the third criteria of the IFRS 17 standard. Also considering the level of materiality of this portfolio these were measured as insurance contracts without direct participation features.

The majority of the insurance contracts and reinsurance contracts are also classified as contracts without direct participation features. The Group Life and Health 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.

5. Material Accounting Policies (continued)

(j) Insurance contracts (continued)

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.

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.

5. Material Accounting Policies (continued)

(j) Insurance contracts (continued)

Measurement – Life contracts (continued)

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.

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.

5. Material Accounting Policies (continued)

(j) 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. CLICO is subjected to minimal non–performance risk of reinsurer as reinsurance is only applicable to a small proportion of the business and the reinsurance counterparties are in strong financial position.

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.

5. Material Accounting Policies (continued)

(j) 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.

5. Material Accounting Policies (continued)

(j) 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.

5. Material Accounting Policies (continued)

(j) 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.

5. Material Accounting Policies (continued)

(j) 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.

5. Material Accounting Policies (continued)

(j) 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.

5. Material Accounting Policies (continued)

(j) 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 separate financial statements.

(k) 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.

5. Material Accounting Policies (continued)

(k) Investment contracts (continued)

Managed Funds business

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

EFPA/GAP/GAAPP policies

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

The Company discontinued the sale of these products 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.

5. Material Accounting Policies (continued)

(l) Borrowings

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

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

(m) Taxation

For CLICO, Corporation tax on long–term business (other than approved annuity business) is charged annually at 15% on investment income derived from the investment of the assets supporting policyholder liabilities less allowable investment expenses in relation thereto. The profits of approved annuity business are not chargeable to tax except to the extent that such profits are distributed to shareholders. Corporation tax is also due at the rate of 25% on profits of long–term insurance business and non–insurance business transferred to the account of shareholders and 30% on general insurance business.

(n) Provisions

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

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

(o) Revenue recognition

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

The insurance products revenue recognition is defined in IFRS 17 (see note 5 (j) 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)

5. Material Accounting Policies (continued)

(o) Revenue recognition (continued)

(i) Fee income (continued)

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.

(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.

***(p)* Non–current assets held for sale**

The Company classifies non–current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non–current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property and equipment are not depreciated or amortised once classified as held for sale.

5. Material Accounting Policies (continued)

***(q)* Cash dividend**

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of Trinidad and Tobago, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

***(r)* Events after the reporting date**

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its separate financial statements. The Company will adjust the amounts recognised in its separate financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non–adjusting events after the reporting period, the Company will not change the amounts recognised in its separate financial statements but will disclose the nature of the non–adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

(s)* *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 separate financial statements:

- 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 within 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. This amendment had no significant impact on the Company's separate financial statements.

- 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

5. Material Accounting Policies (continued)

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

- 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. This amendment had no significant impact on the Company's separate financial statements.

- 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 are useful to primary users of general–purpose financial reports in making decisions relating to providing resources to the entity. This amendment had no significant impact on the Company's separate financial statements.

- 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 are useful to primary users of general–purpose financial reports in making decisions relating to providing resources to the entity. This amendment had no significant impact on the Company's separate financial statements.

- 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. This amendment had no significant impact on the Company's separate financial statements.

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

At the date of authorisation of these separate 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:

- 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 these 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.

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.

6. Use of Estimates and Judgments (continued)

6.1 Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

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.

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	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 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 renewable yearly. 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.

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.

(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)

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.

	2024					**2023**				
	1 yr	5 yrs	10 yrs	15 yrs	20 yrs	1 yr	5 yrs	10 yrs	15 yrs	20 yrs
All products	3–4%	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 difference 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.

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.

6. Use of Estimates and Judgments (continued)

6.2 Contractual Service Margin (continued)

Determination of coverage units (continued)

Coverage unit choice for groups measured under GMM

Product	Sum Insured Payable Upon	Coverage Unit
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

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

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.

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), (e) and (f).

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

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 or non–financial asset 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. In determining fair value measurements, the impact of potential climate–related matters which may affect the fair value measurement of assets in the separate financial statements have been considered. However, the Company believes it is not exposed to significant physical risks, such as flooding and hurricanes and transition risk due to pending legislations.

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:

(Expressed in thousands of Trinidad and Tobago dollars)

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

Assets measured at fair value

	Notes	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
December 31, 2024					
Land and buildings	8	–	9,520	63,819	73,339
Investment properties	9	–	145,900	30,630	176,530
Investment in associates	10	8,413		559,494	567,907
Investment in subsidiaries	11	–	–	28,273	28,273
Investment securities	12	1,438,060	8,004,976	1,948	9,444,984
Assets held for sale	16	–	–	34,000	34,000

	Notes	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
December 31, 2023					
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

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 and the Income Approach, Market Approach and Cost Approach for land and buildings and Investment Properties.

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

There were no transfers between Level 1 and 2 during 2024.

All valuations were performed during October and November 2024.

There were no liabilities measured at fair value.

(Expressed in thousands of Trinidad and Tobago dollars)

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.

	Land and Buildings	Investment Properties	Assets Held for Sale	Investment in Associates	Investment in Subsidiaries	Investment Securities (unquoted equities)
	$'000	$'000	$'000	$'000	$'000	$'000
December 31, 2024						
Balance at January 1	64,646	25,700	41,000	830,612	25,866	1,948
Additions/ transfers	(1,153)	2,100	–	–	–	–
Disposals	–	–	(7,000)	–	–	–
Fair value (loss) gains	325	2,830	–	(271,118)	2,407	–
Balance at December 31	63,818	30,630	34,000	559,494	28,273	1,948

	Land and Buildings	Investment Properties	Assets Held for Sale	Investment in Associates	Investment in Subsidiaries	Investment Securities (unquoted equities)
	$'000	$'000	$'000	$'000	$'000	$'000
December 31, 2023						
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	64,646	25,700	41,000	830,612	25,866	1,948

(Expressed in thousands of Trinidad and Tobago dollars)

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:

	Land and buildings	Investment properties	Investment in associates	Investment in subsidiaries	Investment securities (unquoted equities)
	$'000	$'000	$'000	$'000	$'000
2024					
(Loss) gains	325	2,830	(271,118)	2,407	–

	Land and buildings	Investment properties	Investment in associates	Investment in subsidiaries	Investment securities (unquoted equities)
	$'000	$'000	$'000	$'000	$'000
2023					
(Loss) gains	(367)	(6,040)	(75,245)	649	(6)

Unobservable inputs used in measuring fair value

Investments in Associates

Management recognised $271,117 loss (2023: $75,245 loss) 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, 2024. 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.

(Expressed in thousands of Trinidad and Tobago dollars)

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, other than those with carrying amounts that are a reasonable approximation of fair values 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	Level 2	Level 3	Total Carrying Values
		$'000	$'000	$'000	$'000
December 31, 2024					
Financial Assets					
Loans and other receivables	14	–	–	211,496	211,496
Financial Liabilities					
Investment contracts	20	–	–	1,382,718	1,382,718
Mutual fund obligations	21	–	–	3,605	3,605
Due to related parties	22	–	–	138,377	138,377
Loans and borrowings	23	–	–	2,116	2,116
Accounts payable	24	–	–	864,021	864,021

	Notes	Level 1	Level 2	Level 3	Total Carrying Values
		$'000	$'000	$'000	$'000
December 31, 2023					
Financial Assets					
Loans and other receivables	4	–	–	154,585	154,585
Financial 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

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 (continued)

Management assessed that the fair values of cash and short term deposits approximate their carrying value largely due to the short–term maturities of the instruments and 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 2024.

In preparing the separate financial statements, management applies judgment in determining the fair value of financial instruments not measured at fair value in the balance sheet such as loans and other receivables, investment contracts, mutual funds obligation and loans and borrowings. The fair values of these instruments are estimated based on valuation techniques including discounted cash flow model. These valuation techniques incorporate assumptions about future cash flows, interest rates, and other factors that could impact the instrument's value. Management ensures that these assumptions are reasonable and reflect the best information available at the reporting date. The estimation process involves significant judgment therefore changes in assumptions or market conditions may result in material differences in the fair value estimates of these instruments.

6.6 *Taxes*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has $4,896 million (2023: $5,034 million) of tax losses carried forward. These losses do not expire. The Company has neither significant taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward. If the Company had been able to recognise all unrecognized deferred tax assets, profit and equity would have increased by $1,224 million. Further details on taxes are disclosed in Note 33.

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 to ensure the continuous management of risks.

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

(b) The Board Audit 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.

7. Insurance and Financial Risk Management (continued)

7.1 Risk management framework (continued)

(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.

7. Insurance and Financial Risk Management (continued)

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**
Life Risk		
Term assurance and critical illness	– Mortality risk: death of policyholder earlier than expected. – Morbidity risk: diagnosis of critical illness earlier than expected. –	– Reinsurance with financially strong reinsurers
Non–participating whole–life and endowment	– Mortality risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment–grade assets
Participating whole–life and endowment	– Mortality risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment–grade assets
Life Savings		
Deferred fixed annuity (accumulation period)	– Longevity risk (if annuitisation rate is guaranteed) – Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates. – Policyholder behaviour risk	– Ability to reset crediting rates after initial period – Surrender penalties
Deferred fixed annuity (payment period)	– Longevity risk – Interest rate risk: differences in duration and yield of assets and liabilities – Investment credit risk	– Matching of asset and liability cash flows – Investing in investment–grade assets
Universal life	– Mortality risk – Interest rate risk: insufficient return on assets to cover guaranteed minimum crediting rates. – Policyholder behaviour risk	– Management discretion to set crediting rates (subject to guaranteed rates) – Surrender penalties.

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 4.0% (2023: 1.0 to 4.5%). The weighted–average guaranteed interest rate is 3.5% (2023: 3.5%).

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, 2024

	Marginal impact on CSM	Marginal impact on P&L	Marginal impact on Equity
	$000	$000	$000
Expenses: +10%	(32,085)	(2,103)	(2,103)
Inflation: +100bps	(27,163)	(1,838)	(1,838)
Mortality: 110% Life; 90% Annuities	(79,267)	(6,153)	(6,153)
Lapse: max (90%, 110%)	(4,463)	(334)	(334)

7. Insurance and Financial Risk Management (continued)

7.2 Insurance risk (continued)

Key risks arising from contracts issued (continued)

Non–Financial Assumption Sensitivity Analysis (continued)

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)

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, 2024

	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	16,707	15,846	15,402	14,876	14,289	62,277	161,118	**300,515**
Non–PAR	1,768	1,615	1,487	1,358	1,226	4,310	3,947	**15,711**
PAR	341	299	266	234	204	672	552	**2,568**
Reinsurance	551	495	449	404	360	1,238	1,082	**4,579**
Total	**19,367**	**18,255**	**17,604**	**16,872**	**16,079**	**68,497**	**166,699**	**323,373**

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
Total	**20,128**	**19,135**	**18,336**	**17,618**	**16,974**	**75,889**	**174,798**	**342,878**

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 and 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 categorise exposures according to the degree of risk of default. The responsibility for setting risk grades lies with the final approving committee as appropriate. Risk grades are subject to regular reviews by the Board 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.

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.

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 Company is exposed to credit risk on debt securities however, these are not subject to IFRS 9’s impairment requirements as they are measured at FVPL. The carrying value of these assets represent the Group’s maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements on the reporting date. Hence no separate maximum exposure to credit risk disclosure is provided for these instruments.

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 and amortised cost.

	2024			2023		
	FVTPL	Amortised Cost		FVTPL	Amortised Cost	
Credit rating	12 Month $'000	Lifetime ECL– Not Credit Impaired $'000	Lifetime ECL– Credit Impaired $'000	12 Month $000	Lifetime ECL– Not Credit Impaired $000	Lifetime ECL Credit Impaired $000
AAA–to BBB	9,209,884	–	–	7,958,478	–	–
D	–	–	822,206	–	–	822,206
Gross carrying amounts	9,209,884	–	822,206	7,958,478	–	822,206
Loss allowance	–	–	(822,206)	–	–	(822,206)
Carrying amounts	9,209,884	–	–	7,958,478	–	–

Impaired securities at amortised cost 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.

(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)

Cash and balances with banks and short–term deposits

The Company held cash and cash equivalents of $254,534 (2023: $2,634,820) 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 reputable 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 investment securities (excluding equity instruments), assets held for sale and loans and receivables are shown below.

	Investment securities		**Assets held for sale**		**Loans and receivables**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Concentration by sector:						
Corporate	–	–	–	–	83,435	–
Government	9,209,884	7,958,478	–	–	111,578	110,098
Individuals	–	–	34,000	41,000	16,483	44,487
	9,209,884	7,958,478	34,000	41,000	211,496	154,585

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.

(Expressed in thousands of Trinidad and Tobago dollars)

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 and financial assets and includes future interest payment.

Maturity analysis for non–derivative cash flows

As at December 31, 2024

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
Financial liabilities					
Investment contracts	106,480		1,278,263	1,384,743	1,382,718
Mutual fund obligations	3,605	–	–	3,605	3,605
Loans and borrowings	2,116	–	–	2,116	2,116
Due to related parties	138,377	–	–	138,377	138,377
Accounts payable	508,495	355,526	–	864,021	864,021
Total financial liabilities	759,073	355,526	1,278,263	2,392,862	2,390,837
Financial assets					
Investment securities	1,251,772	2,102,999	6,802,639	10,157,410	9,213,432
Loans and other receivables	190,119	–	21,377	211,496	211,496
Cash and cash equivalents	254,534	–	–	254,534	254,534
Total financial assets	1,696,425	2,102,999	6,824,016	10,623,440	9,679,462

(Expressed in thousands of Trinidad and Tobago dollars)

7. Insurance and Financial Risk Management (continued)

7.3 Financial risk (continued)

7.3.2 Liquidity risk (continued)

Exposure to liquidity risk (continued)

Maturity analysis for non–derivative cash flows (continued)

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
Financial liabilities					
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	75,063	373,841	–	448,904	448,904
Total financial liabilities	873,316	373,841	1,264,115	2,511,272	2,484,102
Financial assets					
Investment securities	38,946	1,329,019	8,233,832	9,601,797	8,268,576
Loans and other receivables	107,781	–	46,804	154,585	154,585
Cash and cash equivalents	2,634,820	–	–	2,634,820	2,634,820
Total financial assets	2,781,547	1,329,019	8,280,636	12,391,202	11,057,981

(Expressed in thousands of Trinidad and Tobago dollars)

7. Insurance and Financial Risk Management (continued)

7.3 Financial risk (continued)

7.3.2 Liquidity risk (continued)

Exposure to liquidity risk (continued)

Maturity analysis for non–derivative cash flows (continued)

As at December 31, 2024

Expected undiscounted cash flows

	Within 1 Year	1–5 Years	Over 5 Years	Total	Carrying Values
	$'000	$'000	$'000	$'000	$'000
Annuities	329,640	1,510,235	6,102,251	7,942,126	5,208,402
Life – non par	17,313	82,464	408,189	507,966	338,481
Life – par	3,911	14,928	60,750	79,589	46,531
Liabilities for incurred claims for long–term insurance	181,664	–	–	181,664	181,664
Long–term insurance	532,528	1,607,627	6,571,190	8,711,345	5,775,078
Short–term insurance	9,507	–	–	9,507	9,507
Liabilities for incurred claims for short–term insurance	19,281	–	–	19,281	19,281
Total insurance contract	561,316	1,607,627	6,571,190	8,740,133	5,803,866
Reinsurance – individual	1,112	4,700	17,513	23,325	12,645
Total	562,428	1,612,327	6,588,703	8,763,458	5,816,511

As at December 31, 2023

Expected undiscounted cash flows

	Within 1 Year	1–5 Years	Over 5 Years	Total	Carrying Values
	$'000	$'000	$'000	$'000	$'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	162,542	–	–	162,542	162,542
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	19,076	–	–	19,076	19,076
Total insurance contract	580,686	1,680,446	7,227,412	9,488,544	6,014,702
Reinsurance – individual	1,166	4,708	17,974	23,848	12,715
Total	581,852	1,685,154	7,245,386	9,512,392	6,027,417

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 5(f).

  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.

(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)

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

	Up to 1 Year	1 to 5 Years	Over 5 Years	Non–Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000
As at December 31, 2024					
Financial Assets					
Investment securities	1,251,772	1,897,495	6,064,164	231,553	9,444,984
Loans and other receivables	–	–	–	211,496	211,496
Cash and cash equivalents	80,857	–	–	173,677	254,534
Total financial assets	1,332,629	1,897,495	6,064,164	616,726	9,911,014
Financial Liabilities					
Insurance contracts	349,385	597,943	1,823,288	3,033,250	5,803,866
Reinsurance contracts	–	–	–	12,645	12,645
Investment contracts	104,454		489,735	788,529	1,382,718
Loans and borrowings	2,116	–	–	–	2,116
Due to related parties	–	–	–	138,377	138,377
Mutual fund obligation	3,605	–	–	–	3,605
Accounts payable	–	–	–	864,021	864,021
Total financial liabilities	459,560	597,943	2,313,023	4,836,822	8,207,348
Periodic GAP	**873,069**	**1,299,552**	**3,751,141**	**(4,220,096)**	**1,703,666**
Cumulative GAP	**873,069**	**2,172,621**	**5,923,762**	**1,703,666**	**–**

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

(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
As at December 31, 2023					
Financial Assets					
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	2,395,126	–	–	239,694	2,634,820
Total financial assets	2,398,570	864,736	7,093,742	700,933	11,057,981
Financial Liabilities					
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	3,63	–	–	–	3,632
Accounts payable	–	–	–	448,904	448,904
Total financial liabilities	969,415	630,505	2,320,774	4,590,825	8,511,519
Periodic GAP	**1,429,155**	**234,231**	**4,772,968**	**(3,889,892)**	**2,546,462**
Cumulative GAP	**1,429,155**	**1,663,386**	**6,436,354**	**2,546,462**	**–**

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

(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 financial assets and financial liabilities and the related exposure to foreign exchange risk are shown below.

	US	GBP	Other	Total
	$'000	$'000	$'000	$'000
As at December 31, 2024				
Financial Assets				
Investment securities	1,946,208	895	609	1,947,712
Loans and other receivables	113,320	–	134	113,454
Cash and cash equivalents	133,597	109	1,339	135,045
Total financial assets	2,193,125	1,004	2,082	2,196,211
Financial Liabilities				
Due to related parties	34,745	–	–	34,745
Total financial liabilities	34,745	–	–	34,745
Net position	**2,158,380**	**1,004**	**2,082**	**2,161,466**

(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 (continued)

	US	GBP	Other	Total
	$'000	$'000	$'000	$'000
As at December 31, 2023				
Financial Assets				
Investment securities	492,898	999	814	494,711
Loans and other receivables	52,596	–	134	52,730
Cash and cash equivalents	2,489,833	157	1,179	2,491,169
Total assets	3,035,327	1,156	2,127	3,038,610
Financial Liabilities				
Due to related parties	34,745	–	–	34,745
Total liabilities	34,745	–	–	34,745
Net position	**3,000,582**	**1,156**	**2,127**	**3,003,865**

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.

(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)

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
December 31, 2024				
Impact on profit or loss	7,906	(7,906)	14	(14)
Impact on equity	–	–	–	–

	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
December 31, 2023				
Impact on profit or loss	30,006	(30,006)	12	(12)
Impact on equity	–	–	8,306	(8,306)

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	The impact of a change in equity market values by + or – 10%.	All equity movements in financial assets at FVOCI revaluation affects OCI. All equity market movements affect quoted and unquoted equity stock.

(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 Rates Rise 100 bps	Interest Rates Fall 100 bps	Equity Prices Rise 10%	Equity Prices Fall 10%
	$'000	$'000	$'000	$'000
Sensitivities as at December 31, 2024				
Profit or loss	67,109	(103,473)	–	–
Equity	67,109	(103,473)	59,618	(59,618)
Sensitivities as at December 31, 2023				
Profit or loss	24,731	(54,689)	–	–
Equity	24,731	(54,689)	88,004	(88,004)

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.

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, 2024, the Company has not identified significant risks induced by climate changes that could negatively and materially affect the Company's separate 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, 2024, these ratios were 509% (2023: 578%) (net tier 1 ratio) and 512% (2023: 629%) (regulatory capital ratio).

(Expressed in thousands of Trinidad and Tobago dollars)

8. Property and Equipment

	Land and Buildings	Right of Use Assets	Furniture, Fixtures and Equipment	Motor Vehicles	Capital Work in Progress	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2024							
Opening net book value	73,748	1,318	20,813	247	2,254	–	98,380
Additions	–	1,906	4,346	967	80	–	7,299
Revaluation adjustments	325	–	–	–	–	–	325
Disposals	–	–	–	(389)	–	–	(389)
Depreciation on disposals	–	–	–	383	–	–	383
Depreciation charge	(734)	(1,948)	(2,051)	(111)	–	–	(4,844)
Closing net book value	73,339	1,276	23,108	1,097	2,334	–	101,154
At December 31, 2024							
Cost or valuation	80,449	10,938	136,022	2,380	2,334	61,859	293,982
Accumulated depreciation	(7,110)	(9,662)	(112,914)	(1,283)	–	(61,859)	(192,828)
Closing net book value	73,339	1,276	23,108	1,097	2,334	–	101,154

	Land and Buildings	Right of Use Assets	Furniture, Fixtures and Equipment	Motor Vehicles	Capital Work in Progress	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended December 31, 2023							
Opening net book value	74,855	1,485	21,390	309	1,869	–	99,908
Additions	–	–	1,479	–	385	–	1,864
Adjustments	–	1,398	–	–	–	–	1,398
Revaluation adjustments	(367)	–	–	–	–	–	(367)
Depreciation charge	(740)	(1,565)	(2,056)	(62)	–	–	(4,423)
Closing net book value	73,748	1,318	20,813	247	2,254	–	98,380
At December 31, 2023							
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	73,748	1,318	20,813	247	2,254	–	98,380

(Expressed in thousands of Trinidad and Tobago dollars)

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, Prince and Associates, QES/DC Limited and Linden Scott E. Associates. The gain of $325 (2023: loss $367) arising from these revaluations was recognised in OCI. These valuations are dated October and November 2024.

Property and equipment include right–of–use assets of $1,276 (2023: $1,318) 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:

	2024 $'000	2023 $'000
Cost	77,897	77,897
Accumulated depreciation	(7,110)	(6,376)
Net book value	70,787	71,521

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 Level 2 and 3 fair values based on the inputs to the valuation technique used. Refer to Note 6.5.

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.

Valuation Technique	**Significant Unobservable Inputs**	**Inter–relationship between key unobservable inputs and fair value measurement.**
The Income Approach by direct capitalisation is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income–producing properties 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: • The allowance for voids was decreased (increased). • The allowance for building expenses (outgoings) was decreased (increased). • The direct capitalization rate was lower (higher). • The rate per square feet increased (decreased).
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 the subject rate per square feet of comparable properties sold.	The estimated fair value would increase (decrease) if the rate per square feet or 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 construction.	Indirect construction is estimated at 25%. Depreciation estimated at 40%.	Decrease or increase if the allowance for indirect construction is lower (higher). Decrease or increase if the depreciation is lower (higher).

(Expressed in thousands of Trinidad and Tobago dollars)

9. Investment Properties

	2024 $'000	2023 $'000
At beginning of year	214,700	237,740
Gain (loss) on revaluation of investment properties	2,830	(6,040)
Disposals	(7,000)	(17,000)
	210,530	214,700
Assets held for sale (Note 16)	(34,000)	(41,000)
At end of year	176,530	173,700

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).

	2024 $'000	2023 $'000
Rental income derived from investment properties	11,856	11,774
Direct operating expenses (including repairs and maintenance generating rental income)	(1,202)	(1,397)
Direct operating expenses (including repairs and maintenance that did not generate rental income)	(2,509)	(3,284)
Profit arising from investment properties carried at fair value	8,145	7,093

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

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 6.5).

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.

Valuation Technique	**Significant Unobservable Inputs**	**Inter–relationship between key unobservable inputs and fair value measurement.**
The Income Approach by direct capitalisation is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income–producing properties 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: • The allowance for voids was decreased (increased). • The allowance for building expenses (outgoings) was decreased (increased). • The direct capitalization rate was lower (higher). • The rate per square foot increased (decreased).
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 the subject rate per square feet of comparable properties sold.	The estimated fair value would increase (decrease) if the rate per square feet or the 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 construction.	Indirect construction is estimated at 25%. Depreciation estimated at 40%.	Decrease or increase if the allowance for indirect construction is lower (higher). Decrease or increase if the depreciation rate is lower (higher).

(Expressed in thousands of Trinidad and Tobago dollars)

10. Investment in Associates

	% Shareholding 2024	% Shareholding 2023	2024 $'000	2023 $'000
Fair value through other comprehensive income				
Quoted at fair value				
L.J. Williams Limited 13,689,540 shares of no par value	21	21	8,414	23,562
Total quoted investments at fair value			8,414	23,562
Unquoted at fair value				
CL World Brands Limited 42,830,350 shares of no par value	42	42	559,489	830,608
Total unquoted investments at fair value			559,493	830,612
Total investments in Associates			567,907	854,174

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.

(Expressed in thousands of Trinidad and Tobago dollars)

10. Investment in Associates (continued)

	CL World Brands Limited		L.J. Willliams Limited	
	Unaudited December 31 2024	Unaudited March 31 2023	Unaudited September 30 2024	Audited March 31 2023
	$'000	$'000	$'000	$'000
Total assets	547,814	549,215	219,759	214,937
Total liabilities	(9,320)	(7,984)	(103,984)	(107,539)
Net assets	538,494	541,231	115,775	107,398
Company's share of net assets	226,168	227,317	24,313	22,554
Revenue	266	36,562	73,306	177,744
(Loss)/Profit and total comprehensive income (100%)	(593)	37,219	(1,442)	5,331
Company's share of (loss)/ profit and total comprehensive income	(249)	15,632	(303)	1,120
Dividends received during the year	77,097	–	–	843

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 IFRS Accounting Standards.

(Expressed in thousands of Trinidad and Tobago dollars)

11. Investment in Subsidiaries

	% Shareholding 2024	% Shareholding 2023	2024 $'000	2023 $'000
Fair value through other comprehensive income				
Premium Security Services Limited				
1 share of no par value	100	100	28,272	25,865
Total unquoted investments at fair value			28,272	25,865

12. Investment Securities

	2024 $'000	2023 $'000
Deposits with financial institutions	3,548	3,444
Unquoted equities	1,948	1,948
Quoted equities	229,604	304,706
Government securities bonds	9,209,884	7,958,478
	9,444,984	8,268,576
Fair value through other comprehensive income		
Unquoted equity securities	1,948	1,948
Quoted equity securities	229,604	304,706
	231,552	306,654

(Expressed in thousands of Trinidad and Tobago dollars)

12. Investment Securities (continued)

	2024 $'000	2023 $'000
Fair value through profit or loss		
Deposits with financial institutions	3,548	3,444
Insurance contracts – Government securities	8,029,654	6,914,648
Managed Fund – Government and corporate securities	1,180,230	1,043,830
	9,213,432	7,961,922
Total	9,444,984	8,268,576

Not included above are debt securities comprising bonds issued by CL Financial Limited (CLF), the Parent Company, of $476,206 (2023: $476,206) and a bond issued by CLICO Investment Bank Limited, a fellow subsidiary, of $346,000 (2023: $346,000). These amounts are deemed to have a fair value of NIL.

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

	2024 $'000	2023 $'000
At January 1	8,268,576	8,621,303
Purchases	1,503,841	179,958
Disposals	(57,388)	(511,194)
Fair value losses	(270,045)	(21,491)
At December 31	9,444,984	8,268,576

13. Due from Related Parties

	2024 $'000	2023 $'000
Parent company	3,818,457	3,818,483
Other affiliates	25,644	25,644
Fellow subsidiary and associates	728,343	728,343
	4,572,444	4,572,470
Provision for impairment	(4,572,444)	(4,572,470)
	–	–

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.

(Expressed in thousands of Trinidad and Tobago dollars)

14. Loans and Other Receivables

	2024 $'000	2023 $'000
Accrued investment income	190,119	107,781
Sundry debtors and prepayments	21,134	46,561
Promissory notes	243	243
	211,496	154,585

The analysis below discloses the gross amounts before provision for impairment:

	2024 $'000	2023 $'000
Accrued investment income	190,119	107,781
Sundry debtors and prepayments	25,060	50,486
Promissory notes	302,477	302,477
Mortgages	62,380	62,326
	580,036	523,070
Provision for impairment	(368,540)	(368,485)
	211,496	154,585

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

	Promissory Notes $'000	Mortgages $'000	Rental Income Due $'000	Total $'000
As at December 31, 2023	302,234	62,325	3,926	368,485
Write back	–	55	–	55
Impairment	–	–	–	–
As at December 31, 2024	302,234	62,380	3,926	368,540

During the year, $NIL (2023: NIL) was impaired in loans and receivables.

(Expressed in thousands of Trinidad and Tobago dollars)

15. Cash and Balances with Banks and Short–term Deposits

	2024 $'000	2023 $'000
Deposits maturing less than three months	67,974	1,140
Cash at bank	186,560	2,633,680
	254,534	2,634,820

16. Assets Held for Sale

	2024 $'000	2023 $'000
Assets Held for Sale		
Investment properties	34,000	41,000

Investment properties include sales agreements for the sale of two investment properties.

During the year, investment properties in the amount of $7,000 (2023: $17,000) were disposed of by CLICO and acquired by a related party.

	2024 $'000	2023 $'000
Balances associated with assets held for sale disclosed in the Statement of Profit or Loss		
Investment income	–	–
Net results from investing activities	–	–
Expenses for administration	(657)	(722)
Operating expenses	(657)	(722)
Net single line disclosure in the Statement of Profit or Loss	(657)	(722)

(Expressed in thousands of Trinidad and Tobago dollars)

16. Assets Held for Sale (continued)

	2024 $'000	2023 $'000
Cash flows from assets held for sale		
Operating loss before taxation	(657)	(722)
Adjustments for:		
Gain on revaluation of investment properties	–	–
Investment income	–	–
Operating loss before changes in working capital	(657)	(722)
Net cash used in operating activities	(657)	(722)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	–	–
Interest received	–	–
Net cash from investing activities	–	–
Cash and cash equivalents	(657)	(722)

17. Share Capital

Authorised

An unlimited number of ordinary shares of no par value

Issued

2,950,000 (2023: 2,950,000) ordinary shares of no par value	14,750	14,750

(Expressed in thousands of Trinidad and Tobago dollars)

18. Valuation Reserves

	Managed Funds	Marketable Securities	Land and Buildings	Total
	$'000	$'000	$'000	$'000
Year ended December 31, 2024				
Restated balance at December 31, 2023	83,539	530,944	10,256	624,739
Items that will not be reclassified to profit or loss				
Equity investments at FVOCI and revaluation of land and buildings:				
Net change in fair value	–	(360,204)	325	(359,879)
Deferred tax adjustment	–	(10,638)	–	(10,638)
Items that are or may be reclassified subsequently to profit and loss				
Net movement in Trustee's units held in Managed Fund	8,115	–	–	8,115
Balance at December 31, 2024	91,654	160,102	10,581	262,337

(Expressed in thousands of Trinidad and Tobago dollars)

18. Valuation Reserves (continued)

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

(Expressed in thousands of Trinidad and Tobago dollars)

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

	Ordinary Life	Group Pension	Ordinary Life Par	Group Life and Health	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2024					
Insurance contracts					
Insurance contract liabilities	361,506	5,345,828	67,744	28,788	5,803,866
Reinsurance contracts					
Reinsurance contract liabilities	12,645	–	–		–12,645

	Ordinary Life	Group Pension	Ordinary Life Par	Group Life and Health	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2023					
Insurance contracts					
Insurance contract liabilities	395,298	5,518,442	72,250	28,712	6,014,702
Reinsurance contracts					
Reinsurance contract liabilities	12,715	–	–	–	12,715

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.

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19. Insurance and reinsurance contracts (continued)

ORDINARY LIFE	**2024**			**2023**		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Analysis by remaining coverage and incurred claims	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss component	Liabilities for incurred claims	**Total**	Excluding loss component	Liabilities for incurred claims	**Total**
Opening liabilities	374,251	21,047	395,298	383,708	18,997	402,705
Changes in the statement of profit or loss						
Insurance revenue						
Contracts under the fair value transition approach	(50,456)	–	(50,456)	(22,946)	–	(22,946)
Insurance service expenses						
Incurred claims	–	10,886	10,886	–	12,731	12,731
Other insurance service expenses	–	11,013	11,013	–	10,044	10,044
Changes that relate to past service	–	155	155	–	10	10
Total insurance service expenses	**(50,456)**	**22,054**	**(28,402)**	**(22,946)**	**22,785**	**(161)**
Investment components and premium refunds	(20,985)	20,985	–	(22,003)	22,003	–
Insurance service result	(71,441)	43,039	(28,402)	(44,949)	44,788	(161)
Net finance expenses from insurance contracts	6,222	80	6,302	4,905	635	5,540
Total changes in the statement of profit or loss	**(65,219)**	**43,119**	**(22,100)**	**(40,044)**	**45,423**	**5,379**
Cash flows						
Premiums received	29,449	–	29,449	30,587	–	30,587
Claims and other insurance service expenses paid, including investment components	–	(41,141)	(41,141)	–	(43,373)	(43,373)
Total cash flows	**29,449**	**(41,141)**	**(11,692)**	**30,587**	**(43,373)**	**(12,786)**
Net closing balance	**338,481**	**23,025**	**361,506**	**374,251**	**21,047**	**395,298**
Closing liabilities	**338,481**	**23,025**	**361,506**	**374,251**	**21,047**	**395,298**

(Expressed in thousands of Trinidad and Tobago dollars)

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

ORDINARY LIFE	**2024**				**2023**			
Analysis by measurement component	**$'000**	**$'000**	**$'000** **CSM**	**$'000**	**$'000**	**$'000**	**$'000** **CSM**	**$'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	335,437	44,548	15,313	395,298	343,066	40,366	19,273	402,705
Changes in the statement of profit or loss								
CSM recognised for services provided	–	–	(1,954)	(1,954)	–	–	(1,937)	(1,937)
Change in risk adjustment for non–financial risk for risk expired	–	(3,541)	–	(3,541)	–	(3,437)	–	(3,437)
Experience adjustments	1,518	–	–	1,518	2,730	–	–	2,730
Remeasurement and other changes	(23,846)	(734)	–	(24,580)	(3,449)	5,922	–	2,473
Changes in estimates that adjust the CSM	(2,262)	880	1,382	–	2,289	(15)	(2,274)	–
Changes that relate to past service	155	–	–	155	10	–	–	10
Insurance service result	**(24,435)**	**(3,395)**	**(572)**	**(28,402)**	**1,580**	**2,470**	**(4,211)**	**(161)**
Net finance expenses from insurance contracts	4,371	962	969	6,302	3,577	1,712	251	5,540
Total changes in the statement of profit or loss	**(20,064)**	**(2,433)**	**397**	**(22,100)**	**5,157**	**4,182**	**(3,960)**	**5,379**
Cash flows	(11,692)	–	–	(11,692)	(12,786)	–	–	(12,786)
Net closing balance	**303,681**	**42,115**	**15,710**	**361,506**	**335,437**	**44,548**	**15,313**	**395,298**
Closing liabilities	**303,681**	**42,115**	**15,710**	**361,506**	**335,437**	**44,548**	**15,313**	**395,298**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance and reinsurance contracts
(continued)

GROUP PENSION	2024			2023		
	$'000	$'000	$'000	$'000	$'000	$'000
Analysis by remaining coverage and incurred claims	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss component	Liabilities for incurred claims	**Total**	Excluding loss component	Liabilities for incurred claims	**Total**
Opening liabilities	5,397,188	121,254	5,518,442	5,404,612	93,279	5,497,891
Changes in the statement of profit or loss						
Insurance revenue						
Contracts under the full retrospective transition approach	(269)	–	(269)	(449)	–	(449)
Contracts under the fair value transition approach	(179,367)	–	(179,367)	(158,582)	–	(158,582)
Total insurance revenue – all transition methods	**(179,636)**	–	**(179,636)**	**(159,031)**		**(159,031)**
Insurance service expenses						
Incurred claims	–	116,420	116,420	–	108,856	108,856
Other insurance service expenses	–	30,007	30,007	–	27,705	27,705
Total insurance service expenses	–	**146,427**	**146,427**	–	**136,561**	**136,561**
Investment components and premium refunds	(224,009)	224,009	–	(234,478)	234,478	–
Insurance service result	**(403,645)**	**370,436**	**(33,209)**	**(393,509)**	**371,039**	**(22,470)**
Net finance expenses from insurance contracts	128,059	168	128,227	288,742	135	288,877
Total changes in the statement of profit or loss	**(275,586)**	**370,604**	**95,018**	**(104,767)**	**371,174**	**266,407**
Cash flows						
Premiums received	86,799	–	86,799	97,343	–	97,343
Claims and other insurance service expenses paid, including investment components	–	(354,431)	(354,431)	–	(343,199)	(343,199)
Total cash flows	**86,799**	**(354,431)**	**(267,632)**	**97,343**	**(343,199)**	**(245,856)**
Net closing balance	**5,208,401**	**137,427**	**5,345,828**	**5,397,188**	**121,254**	**5,518,442**
Closing liabilities	**5,208,401**	**137,427**	**5,345,828**	**5,397,188**	**121,254**	**5,518,442**

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19. Insurance and reinsurance contracts
(continued)

GROUP PENSION				2024					2023	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Analysis by measurement component	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	**Total**	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	**Total**
Opening liabilities	5,085,187	113,594	6,313	313,348	5,518,442	5,060,275	104,777	2,224	330,615	5,497,891
Changes in the statement of profit or loss										
CSM recognised for services provided	–	–	(441)	(16,188)	(16,629)	–	–	(206)	(16,238)	(16,444)
Change in risk adjustment for non–financial risk for risk expired	–	(7,312)	–	–	(7,312)	–	(6,742)	–	-	(6,742)
Experience adjustments	(4,158)	–	–	–	(4,158)	(6,452)	–	–	-	(6,452)
Remeasurement and other changes	–	(5,110)	–	–	(5,110)	(4)	7,172	–	-	7,168
Contracts initially recognised in the year	(3,744)	283	3,461	–		(4,121)	318	3,803	–	–
Changes in estimates that adjust the CSM	25,180	874	1,786	(27,840)		2,484	2,622	400	(5,506)	–
Insurance service result	**17,278**	**(11,265)**	**4,806**	**(44,028)**	**(33,209)**	**(8,093)**	**3,370**	**3,997**	**(21,744)**	**(22,470)**
Net finance expenses from insurance contracts	104,437	3,714	254	19,822	128,227	278,861	5,447	92	4,477	288,877
Total changes in the statement of profit or loss	**121,715**	**(7,551)**	**5,060**	**(24,206)**	**95,018**	**270,768**	**8,817**	**4,089**	**(17,267)**	**266,407**
Cash flows	(267,632)	–	–	–	(267,632)	(245,856)	–	–	–	(245,856)
Net closing balance	**4,939,270**	**106,043**	**11,373**	**289,142**	**5,345,828**	**5,085,187**	**113,594**	**6,313**	**313,348**	**5,518,442**
Closing liabilities	**4,939,270**	**106,043**	**11,373**	**289,142**	**5,345,828**	**5,085,187**	**113,594**	**6,313**	**313,348**	**5,518,442**

(Expressed in thousands of Trinidad and Tobago dollars)

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

ORDINARY LIFE – PAR		**2024**			**2023**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Analysis by remaining coverage and incurred claims	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss component	Liabilities for incurred claims	**Total**	Excluding loss component	Liabilities for incurred claims	**Total**
Opening liabilities	52,008	20,242	72,250	50,240	18,729	68,969
Changes in the statement of profit or loss						
Insurance revenue						
Contracts under the fair value transition approach	(5,532)	–	(5,532)	2,410	–	2,410
	(5,532)	–	**(5,532)**	**2,410**	–	**2,410**
Insurance service expenses						
Incurred claims	–	754	754	–	1,935	1,935
Other insurance service expenses	–	763	763	–	702	702
Changes that relate to past service	–	111	111	–	112	112
Insurance service expenses		**1,628**	**1,628**	**–**	**2,749**	**2,749**
Investment components and premium refunds	(3,841)	3,841	–	(4,853)	4,853	–
Total insurance service result	**(9,373)**	**5,469**	**(3,904)**	**(2,443)**	**7,602**	**5,159**
Net finance expenses from insurance contracts	1,773	72	1,845	2,357	109	2,466
Total changes in the statement of profit or loss	**(7,600)**	**5,541**	**(2,059)**	**(86)**	**7,711**	**7,625**
Cash flows						
Premiums received	2,123	–	2,123	1,854	–	1,854
Claims and other insurance service expenses paid, including investment components	–	(4,570)	(4,570)	–	(6,198)	(6,198)
Total cash flows	**2,123**	**(4,570)**	**(2,447)**	**1,854**	**(6,198)**	**(4,344)**
Net closing balance	**46,531**	**21,213**	**67,744**	**52,008**	**20,242**	**72,250**
Closing liabilities	**46,531**	**21,213**	**67,744**	**52,008**	**20,242**	**72,250**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance and reinsurance contracts
(continued)

ORDINARY LIFE –PAR			**2024**				**2023**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Analysis by measurement component			**CSM**				**CSM**	
	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	66,321	2,408	3,521	72,250	61,989	2,624	4356	68,969
Changes in the statement of profit or loss								
CSM recognised for services provided	–	–	(396)	(396)	–	–	(565)	(565)
Change in risk adjustment for non–financial risk for risk expired	–	(280)	–	(280)	–	(277)	–	(277)
Experience adjustments	(54)	–	–	(54)	1,033	–	–	1,033
Remeasurement and other changes	(3,285)	–		(3,285)	4,855	–	–	4,855
Changes in estimates that adjust the CSM	812	(32)	(780)	–	369	(39)	(330)	–
Changes that relate to past service	111	–	–	111	112	–	–	112
Insurance service result	**(2,416)**	**(312)**	**(1,176)**	**(3,904)**	**6,369**	**(316)**	**(895)**	**5,158**
Net finance expenses from insurance contracts	1,578	44	223	1,845	2,306	100	60	2,466
Total changes in the statement of profit or loss	**(838)**	**(268)**	**(953)**	**(2,059)**	**8,675**	**(216)**	**(835)**	**7,624**
Cash flows	(2,447)	–	–	(2,447)	(4,343)	–	–	(4,343)
Net closing balance	**63,036**	**2,140**	**2,568**	**67,744**	**66,321**	**2,408**	**3,521**	**72,250**
Closing liabilities	**63,036**	**2,140**	**2,568**	**67,744**	**66,321**	**2,408**	**3,521**	**72,250**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance and reinsurance contracts
(continued)

GROUP LIFE AND HEALTH

	2024				2023			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Analysis by remaining coverage and incurred claims		**Liabilities for incurred claims**				**Liabilities for incurred claims**		
		Contracts under PAA				**Contracts under PAA**		
	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	9,636	19,076	–	28,712	9,189	18,966	–	28,155
Changes in the statement of profit or loss								
Insurance revenue	(17,317)	–	–	(17,317)	(21,856)	–	–	(21,856)
Insurance service result	**(17,317)**	–	–	**(17,317)**	**(21,856)**	–	–	**(21,856)**
Incurred claims	–	12,745	–	12,745	–	27,045	–	27,045
Other insurance service expenses	–	10,726	–	10,726	–	11,586	–	11,586
Changes that relate to past service	–	205	–	205	–	111	–	111
Total changes in the statement of profit or loss	**(17,317)**	**23,676**	–	**6,359**	**(21,856)**	**38,742**	–	**16,886**
Cash flows							–	
Premiums received	17,188	–	–	17,188	22,303	–	–	22,303
Claims and other insurance service expenses paid,	–	(23,471)	–	(23,471)	–	(38,632)	–	(38,632)
Total cash flows	17,188	(23,471)	–	(6,283)	22,303	(38,632)	–	(16,329)
Closing liabilities	**9,507**	**19,281**	–	**28,788**	**9,636**	**19,076**	–	**28,712**

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19. Insurance and reinsurance contracts (continued)

REINSURANCE CONTRACTS	**2024**				**2023**			
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
GROUP LIFE AND HEALTH		**Assets for incurred claims**				**Assets for incurred claims**		
Analysis by measurement component	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**
Amounts recoverable from reinsurers								
Recoveries of incurred claims and other insurance service expenses	–	(71)	–	(71)	–	4,090	–	4,090
Net expenses from reinsurance contracts	–	(71)	–	(71)		4,090	–	4,090
Total changes in the statement of profit or loss	**–**	**(71)**	**–**	**(71)**	**–**	**4,090**	**–**	**4,090**
Cash flows								
Premiums paid	–	–	–	–	–	(4,090)	–	(4,090)
Amounts received	–	–	–	–	–	**(4,090)**	–	**(4,090)**
Total cash flows								

(Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance and reinsurance contracts (continued)

REINSURANCE CONTRACTS (LIFE, ANNUITEIS & PAR)	**2024**			**2023**		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Analysis by remaining coverage and incurred claims	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss – recovery component	Liabilities for incurred claims	**Total**	Excluding loss – recovery component	Liabilities for incurred claims	**Total**
Opening liabilities	(12,715)	–	(12,715)	(13,535)	–	(13,535)
Changes in the statement of profit or loss						
Allocation of reinsurance premiums paid	(2,474)	–	(2,474)	(2,445)	–	(2,445)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	–	4,672	4,672	–	1,896	1,896
Net expenses from reinsurance contracts	**(2,474)**	**4,672**	**2,198**	**(2,445)**	**1,896**	**(549)**
Net finance income from reinsurance contracts	(617)	–	(617)	(571)	–	(571)
Total changes in the statement of profit or loss	**(3,091)**	**4,672**	**1,581**	**(3,016)**	**1,896**	**(1,120)**
Cash flows						
Premiums paid	3,161	–	3,161	3,836	–	3,836
Amounts received	–	(4,672)	(4,672)	–	(1,896)	(1,896)
Total cash flows	3,161	(4,672)	(1,511)	3,836	(1,896)	1,940
Net closing balance	**(12,645)**	–	**(12,645)**	**(12,715)**	–	**(12,715)**
Closing liabilities	**(12,645)**	–	**(12,645)**	**(12,715)**	–	**(12,715)**

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19. Insurance and reinsurance contracts (continued)

<u>REINSURANCE CONTRACTS</u> <u>(LIFE, ANNUITEIS & PAR)</u>	2024				2023			
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Analysis by measurement component			**<u>CSM</u>**				**<u>CSM</u>**	
	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	(13,565)	5,232	(4,382)	(12,715)	(14,222)	5,569	(4,882)	(13,535)
Net opening balance	**(13,565)**	**5,232**	**(4,382)**	**(12,715)**	**(14,222)**	**5,569**	**(4,882)**	**(13,535)**
Changes in the statement of profit or loss								
Changes that relate to current services								
CSM recognised for services provided	–	–	609	609	–	–	581	581
Change in risk adjustment for non–financial risk for risk expired	–	(438)	–	(438)	–	(437)	–	(437)
Experience adjustments	2,027	–	–	2,027	(693)	–	–	(693)
Changes that relate to future services								
Changes in estimates that adjust the CSM	437	92	(529)	–	129	(117)	(12)	–
Net expenses from reinsurance contracts	**2,464**	**(346)**	**80**	**2,198**	**(564)**	**(554)**	**569**	**(549)**
Net finance income from reinsurance contracts	(444)	104	(277)	(617)	(719)	217	(69)	(571)
Total changes in the statement of profit or loss	**2,020**	**(242)**	**(197)**	**1,581**	**(1,283)**	**(337)**	**500**	**(1,120)**
Cash flows	(1,511)	–	– –	(1,511)	1,940	–	–	1,940
Net closing balance	**(13,056)**	**4,990**	**(4,579)**	**(12,645)**	**(13,565)**	**5,232**	**(4,382)**	**(12,715)**
Closing liabilities	**(13,056)**	**4,990**	**(4,579)**	**(12,645)**	**(13,565)**	**5,232**	**(4,382)**	**(12,715)**

(Expressed in thousands of Trinidad and Tobago dollars)

19. Insurance and reinsurance contracts (continued)

(a) There were no assets for insurance acquisition cash flows (2023: 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

2024	**Profitable contracts issued** $'000	**Onerous contracts issued** $'000	**Total** $'000
Claims and other insurance service expenses payable	14,735	–	14,735
Estimates of present value of cash outflows	14,735	–	14,735
Estimates of present value of cash inflows	(18,480)	–	(18,480)
Risk adjustment for non–financial risk	284	–	284
CSM	3,461	–	3,461
Losses recognised on initial recognition	–	–	–

2023	**Profitable contracts issued** $'000	**Onerous contracts issued** $'000	**Total** $'000
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
Losses recognised on initial recognition	–	–	–

(Expressed in thousands of Trinidad and Tobago dollars)

20. Investment Contracts

	2024 $'000	2023 $'000
Managed funds (a)	788,529	776,421
Deposit administration contracts	489,735	486,149
EFPA investment contracts (b)	104,454	105,736
	1,382,718	1,368,306

(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:

	2024 $'000	2023 $'000
Government securities (Note 12)	1,180,230	1,043,830

(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.

(Expressed in thousands of Trinidad and Tobago dollars)

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 $3,605 (2023: $3,362) 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 2024 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 2024 $NIL (2023: $NIL).

	2024	**2023**
	$'000	**$'000**
22. Due to Related Parties		
Current accounts with related parties are as follows:		
Affiliates	138,377	131,368

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

	2024	**2023**
	$'000	**$'000**
23. Loans and Borrowings		
Current liabilities		
Redeemable preference shares	–	529,357
Current portion of lease liabilities	2,116	2,535
	2,116	531,892

(Expressed in thousands of Trinidad and Tobago dollars)

23. Loans and Borrowings (continued)

Redeemable preference shares

All issued preference shares were fully paid during the year. 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.

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

	2024 **$'000**	**2023** **$'000**
Balance at January 1	824,882	1,276,898
Changes from financing cashflows		
Repayment of borrowings	(529,357)	(500,000)
Interest payment	(69,978)	–
Total changes from financing cashflows	225,547	776,898
Other changes liability–related		
Interest expense	2,137	47,984
Total liability–related other changes	2,137	47,984
Balance at December 31	227,684	824,882

Non–cash payments of $7,000 (2023: $17,000) occurred during the year in relation to interest expense and principal repayments in 2024.

(Expressed in thousands of Trinidad and Tobago dollars)

24. Accounts Payable

	2024 $'000	2023 $'000
Due to GORTT	–	75,063
Dividend payable	508,495	–
Other payables (a)	213,007	233,102
Provision (b)	90,237	88,457
EFPA maturities payable (Note 20)	46,660	46,660
Managed Fund	5,622	5,622
	864,021	448,904

(a) Included in Other payables is $180,000 (2023: $180,000) due to the Mutual Funds.
(b) Represents provision for legal proceedings pending against the Company at the reporting date.

25. Insurance Revenue

	Ordinary Life	Group Pension	Ordinary Life Par	Group Life and Health	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2024					
Contracts not measured under PAA					
Amounts relating to changes in liabilities for remaining coverage					
- CSM 109ecognized for services provided	1,954	16,629	396	–	18,979
- Change in risk adjustment for non–financial risk for risk expired	3,541	7,312	280	–	11,133
- Expected incurred claims and other insurance service expenses	20,381	150,585	1,572	–	172,538
- Remeasurement and other changes	24,580	5,110	3,285	–	32,975
	50,456	179,636	5,533	–	235,625
Contracts measured under PAA	–	–	–	17,317	17,317
- Total insurance revenue	50,456	179,636	5,533	17,317	252,942

(Expressed in thousands of Trinidad and Tobago dollars)

25. Insurance Revenue (continued)

	Ordinary Life	Group Pension	Ordinary Life Par	Group Life and Health	Total
	$'000	$'000	$'000	$'000	$'000
December 31, 2023					
Contracts not measured under PAA					
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	(2,472)	(7,167)	(4,855)	–	(14,494)
	22,946	159,031	(2,410)	–	179,567
Contracts measured under PAA		–	–	21,856	21,856
- Total insurance revenue	22,946	159,031	(2,410)	21,856	201,423

26. Insurance service expenses

	2024	2023
	$'000	$'000
Claims and benefits	140,804	150,567
Fees and commissions	1,227	1,586
Directly attributable expenses (Note 30)	51,282	48,450
Changes in estimates in LIC fulfilment cash flows	205	111
Experience adjustments	266	121
	193,784	200,835
Bulk provisions held for any adverse Group Life – and Health experience	–	5,612
	193,784	206,447

(Expressed in thousands of Trinidad and Tobago dollars)

27. Net financial result

(a) The following table analyses the Company's net financial result in profit or loss

	2024 $'000	2023 $'000
Investment return		
Other investment revenue (b)	452,655	580,913
Net impairment write–back (loss) on financial assets	1,271	(1,924)
Total investment returns	453,926	578,989
Net finance expenses from insurance contracts		
The effect of time value of money and changes in the time value of money:	(102,287)	(71,890)
The effect of financial risk	(200,269)	(204,391)
The effect of changes in financial risk	166,182	(20,603)
Total	**(136,374)**	**(296,884)**
Net finance expenses from reinsurance contracts		
The effect of time value of money and changes in the time value of money, based on the locked–in interest rates:	(410)	(184)
The effect of financial risk	(396)	(404)
The effect of changes in financial risk	189	17
Total	**(617)**	**(571)**
Movement in investment contract liabilities	**(92,456)**	**(44,457)**
Net financial result	**224,479**	**237,077**

(Expressed in thousands of Trinidad and Tobago dollars)

27. Net Financial Result (continued)

	2024 $'000	2023 $'000
***(b)* Other investment revenue**		
Net income from financial instruments designated at FVTPL		
Government and corporate securities	489,072	466,328
(Loss) gain on financial assets measured at FVTPL	(169,463)	26,269
Net income from financial instruments measured at FVOCI		
Dividends on equity investments at FVOCI	85,118	75,498
Rental income	11,856	11,774
Other income		
Short–term deposits	34,868	93
Loans and advances	861	799
Bank accounts	12	12
Other income	331	140
	452,655	580,913

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

Property and equipment	39	–
Government securities	–	(12,933)
Company equities	–	(191)
	39	(13,124)

29. Other Income

Administration charges – Group Health	285	548
D.A.C service fees	792	809
Exchange gains	10,914	–
	11,991	1,357

(Expressed in thousands of Trinidad and Tobago dollars)

30. Expenses for Administration

	2024 $'000	2023 $'000
Employee costs	36,275	34,181
Marketing	329	199
Professional fees	29,569	57,258
Audit fees	12,597	10,320
Depreciation	4,844	4,424
Directors fee	2,701	864
Repairs and maintenance	6,308	8,545
Withholding tax	101	554
Utilities	5,216	5,274
Office expenses	11,024	8,325
Exchange losses	–	1,94
Green Fund Levy	1,823	1,843
Other expenses	9,772	2,130
	120,559	135,860
Expenses directly attributable to insurance contracts (Note 26)	(51,282)	(48,450)
	69,277	87,410

31. Investment Contract Movements

	2024 $'000	2023 $'000
Deposit Administration funds	10,342	10,168
Managed funds	80,984	27,930
Movement in EFPA		
– Due to policyholders not accepting GORTT offer	1,130	6,359
	92,456	44,457

32. Finance Costs

	2024 $'000	2023 $'000
Interest on preference shares	2,137	47,984
Other finance costs, net	524	321
	2,661	48,305

(Expressed in thousands of Trinidad and Tobago dollars)

33. Taxation

	2024	**2023**
	$'000	**$'000**
(i) Tax expense for the year		
Current tax	4,808	4,104
Deferred tax	849	(590)
Deferred tax – change in estimate related to prior years	(3,650)	–
	007	3,514

(ii) Tax reconciliation

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

	2024	**2023**
	$'000	**$'000**
Profit before taxation	228,765	33,241
Tax calculated at the rate applicable to each of insurance business	(45,199)	(78,399)
Tax effect of income not subject to tax	(70,908)	(66,964)
Tax effect of expenses not deductible	156,143	150,069
Utilisation of prior year tax losses	(34,379)	(1,192)
Change in estimate related to prior years – deferred tax	(3,650)	–
Tax expense	2,007	3,514

The effective tax rate for 2024 is 1% (2023:10.6%)

	2024	**2023**
	$'000	**$'000**
(iii) Deferred taxation		
At the beginning of the year	6,056	5,466
Credit to equity	(10,638)	–
Charge to profit or loss	2,801	590
	(1,781)	6,056

(Expressed in thousands of Trinidad and Tobago dollars)

33. Taxation (continued)

(iii) Deferred taxation (continued)

	Balance brought forward $'000	**Charge to equity $'000**	**Charge to profit or loss $'000**	**Balance carried forward $'000**
December 31, 2024				
Accelerated tax depreciation	(932)	–	(849)	(1,781)
Short term reserves and unexpired risks	6,988	(10,638)	3,650	–
	6,056	(10,638)	2,801	(1,781)

	Balance brought forward $'000	**Charge to equity $'000**	**Charge to profit or loss $'000**	**Balance carried forward $'000**
December 31, 2023				
Accelerated tax depreciation	(1,522)	–	590	(932)
Short term reserves and unexpired risks	6,988	–	–	6,988
	5,466	–	590	6,056

As at December 31, 2024, a deferred taxation asset of $1,224 million (2023: $1,259 million) in relation to tax losses available for reducing future tax payments was not recognised in the separate statement of financial position given a level of uncertainty regarding their utilisation.

In Trinidad and Tobago, the Company has tax losses of $4,896 million (2023: $5,034 million) available for set off against future taxable profits. These losses do not expire. Tax returns are subject to audit by the Board of Inland Revenue ("BIR") within six years of being filed with the BIR. These losses are subject to agreement with the respective tax authorities.

(Expressed in thousands of Trinidad and Tobago dollars)

34. Related Party Balances and Transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	2024 $'000	2023 $'000
Statement of Financial Position – Assets		
Government		
Investment securities	9,210,192	7,958,478
Total related party assets	9,210,192	7,958,478
Statement of Financial Position – Liabilities		
Government		
Debt securities issued	–	529,357
Lease liabilities	2,116	2,535
Accounts payable	508,495	75,063
Fellow subsidiary companies		
Due to related parties	138,377	131,368
Other related parties		
Mutual fund obligation	183,605	183,632
Total related party liabilities	832,593	921,955
Net assets with related parties	8,377,599	7,036,523

(Expressed in thousands of Trinidad and Tobago dollars)

34. Related Party Balances and Transactions (continued)

	2024 $'000	2023 $'000
Statements of Profit or Loss and Other Comprehensive Income – Income		
Fellow subsidiary companies		
Premiums	1,851	2,525
Investment income – dividends received	–	66,806
Government		
Investment income – bonds	337,431	416,452
Associated companies		
Investment income – dividends received	77,097	843
Other related parties		
Investment income – loss on sale of asset	–	(191)
Total income from related parties	416,379	486,435
Statement of Profit or Loss – Expenses		
Government		
Interest on borrowings	2,137	47,984
Fellow subsidiary companies		
Insurance benefits	1,769	3,508
Medical services	14	10
Other	2,608	3,382
Associated companies		
Advertising expense	13	11
Total expenses with related parties	6,541	54,895
Net profit from related parties	408,838	431,540

Key management compensation

	2024	2023
Salaries and other short–term benefits	6,130	6,853

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 2025 with the Company utilising the one year renewal.

The Company leases IT equipment with contract terms of one to three years. Theses 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 lessor is presented on the next page.

(i) 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)

	2024 $'000	2023 $'000
Amounts recognised in profit or loss		
Interest on lease liabilities	163	142

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.

(b) Leases as a lessor

The Company leases out its investment property consisting of its own 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

(Expressed in thousands of Trinidad and Tobago dollars)

35. Leases (continued)

(c) Leases as a lessor (continued)

Rental income recognized by the Company during 2024 amounted to $11,856 (2023: $11,774)

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

	2024 **$'000**	**2023** **$'000**
Less than one year	691	675
One to two years	51	56
	742	731

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 (2023: $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 was held in the name of CLF, of which 17% of the shares were 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 Purchaser appealed this decision.

The Court ordered inter alia that:

- The Purchaser immediately restore or cause the restoration to CLF of the said 51% of the PETL shares
- .The Purchaser provides 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.
- The Claimants repay to the Purchaser the proceeds of the purported sale in the purchase price with interest by December 2021.
- 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.

36. Contingent Assets, Liabilities and Commitments (continued)

Legal Action (continued)

The Court of Appeal granted an interim stay of its judgment. One of the conditions was that in addition to the sums already paid into Court, PROMAN/PETL are to pay into Court before 16 August 2023, the sum of US$ 70,764 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.

On July 31, 2023, the Court of Appeal upheld the decision of the High Court dated September 2021. On October 11, 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. A stay was granted until the final determination of the matter on condition, inter alia, that 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 of Appeal granted final leave to Proman to appeal to the Privy Council.
On March 19, 2024 CLICO was served with PROMAN's Notice of Appeal filed in the Privy Council.
Issues to be determined by the Privy Council are:

1. Whether the Purchase and Sale Agreement was (i) capable of ratification and, if so, (ii) whether it was effectively ratified.

2. As to gross undervalue: (i) whether the Court of Appeal erred in addressing the question of gross undervalue; (ii) whether ratification of the PSA rendered irrelevant any finding that the sale was at a gross undervalue; and (iii) whether the Court of Appeal erred in not overturning the Trial Judge's finding that the sale was at a gross undervalue.

3. Whether the Court of Appeal erred in overturning the Trial Judge's finding that Proman's acts "did not cross the boundaries of fraud" and substituting a finding of "fraudulent assistance". Both parties are engaged in agreeing with the Statement of Facts and Issues and the Reproduced Record of Appeal for filing in the Privy Council.

No date has yet been fixed for the hearing of the Appeal in the Privy Council.

(Expressed in thousands of Trinidad and Tobago dollars)

37. Interests in subsidiaries and other entities

a) Interest in subsidiaries

CLICO defines its significant subsidiaries as those entities that, either individually or in aggregate, contribute significantly to CLICO's financial position or results of operations, based on a number of criteria, including the subsidiaries' equity and contribution to the Group's total assets and profit or loss before tax, in accordance with IFRS 12 *Disclosure of interests in other entities,*

There are other indirect subsidiaries of CLICO that are not individually material and do not contribute significantly to the Group's total assets and aggregated profit before tax.

Individually significant subsidiaries

Unquoted	**Country of Origin**	**Activity**	**Ownership***	
			2024	**2023**
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.

b) Interests in associates

As of December 31, 2024, the following associates were considered individually material to CLICO.

Individually significant associates

Quoted	**Country of Origin**	**Activity**	**Percentage Ownership***	
			2024 %	**2023** %
LJ Williams Limited	Trinidad and Tobago	Trading	21	21
Unquoted				
CL World Brands Limited	Scotland	Beverage Manufacturing	42	42

* Percentage ownership equates to voting rights.

(Expressed in thousands of Trinidad and Tobago dollars)

38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	Within 12 Months $'000	After 12 Months $'000	Total $'000
As at December 31, 2024			
Assets			
Property and equipment	–	101,154	101,154
Investment properties	–	176,530	176,530
Investment in associates	–	567,907	567,907
Investment in subsidiaries	–	28,273	28,273
Investment securities	1,251,772	8,193,212	9,444,984
Deferred tax assets	–	–	–
Taxation recoverable	–	86,595	86,595
Loans and other receivables	190,119	21,377	211,496
Cash and balances with banks and short–term deposits	254,534	–	254,534
Assets held for sale	34,000	–	34,000
Total asset	**1,730,425**	**9,175,048**	**10,905,473**
Liabilities			
Insurance contracts liabilities	561,316	5,242,550	5,803,866
Reinsurance contracts liabilities	1,112	11,533	12,645
Investment contracts	106,480	1,276,238	1,382,718
Mutual fund obligations	3,605	–	3,605
Deferred tax liabilities	–	1,781	1,781
Due to related parties	138,377	–	138,377
Loans and borrowings	2,116	–	2,116
Taxation payable	–	59,842	59,842
Accounts payable	508,495	355,526	864,021
Total liabilities	**1,321,501**	**6,947,470**	**8,268,971**
Net position	**408,924**	**2,227,578**	**2,636,502**

(Expressed in thousands of Trinidad and Tobago dollars)

38. Maturity analysis of assets and liabilities (continued)

The table below shows an analysis of assets and liabilities presented according to when they are expected to be recovered or settled. Trading assets and liabilities have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products.

	Within 12 Months $'000	After 12 Months $'000	Total $'000
As at December 31, 2023			
Assets			
Property and equipment	–	98,380	98,380
Investment properties	–	173,700	173,700
Investment in associates	–	854,174	854,174
Investment in subsidiaries	–	25,866	25,866
Investment securities	38,946	8,229,630	8,268,576
Deferred tax assets	–	6,056	6,056
Taxation recoverable	–	86,595	86,595
Loans and other receivables	107,781	46,804	154,585
Cash and balances with banks and short–term deposits	2,634,820	–	2,634,820
Assets held for sale	41,000	–	41,000
Total asset	2,822,547	9,521,205	12,343,752
Liabilities			
Insurance contracts liabilities	580,686	5,434,016	6,014,702
Reinsurance contracts liabilities	1,166	11,549	12,715
Investment contracts	106,217	1,262,089	1,368,306
Mutual fund obligations	3,632	–	3,632
Due to related parties	131,368	–	131,368
Loans and borrowings	531,892	–	531,892
Taxation payable	–	59,430	59,430
Accounts payable	75,063	373,841	448,904
Total liabilities	1,430,024	7,140,925	8,570,949
Net position	1,392,523	2,380,280	3,772,803

39. Events after the Reporting Date

There are no events occurring after the reporting date and before the date of approval of these separate financial statements by the Board of Directors that require adjustment to or disclosure in these separate financial statements.