Beacon

2016
ANNUAL REPORT

Beacon's Collective Compass

Beacon's Collective Compass guides us through every decision, ensuring we are always pointed true north, ever moving toward our vision.

It represents how our leaders and employees think, why we exist and what we hope to accomplish.

It is the essence of our brand - our purpose, our values and our promise.

TABLE OF CONTENTS

Chairman's Remarks

The Company reported consolidated total comprehensive income for the financial year ending 30th June 2016 of $18.2m (2015 – $22.8m) with a return on equity of 15%. Operating cash flows generated from operation for the year amounted to $21.5m (2015 – $19.8m). Gross premium amounted to $381m (2015 – $368m), a year over year growth of 4% primarily in motor and health lines of business. Overall loss ratio measured 59.9% (2015 – 53.1%) with a combined ratio of 95.6% (2015 – 85.3%).

The Company achieved a return on its investment portfolio of 3%. On the consolidated financial position as at year-end, total assets as at 30th June 2016 amounted to $546.9m (2015 – $502m), year over year growth of 8.9%. Our total liabilities including our policyholder reserves amounted to $412m (2014-$381m). Our net shareholders' equity amounted to $135m (2015 $121m).

Overall, the financial results for the current year ending 30th June 2016 is commendable bearing in mind the headwinds within the insurance industry and the general economic recession prevailing in the local economy. We continue to operate in a highly competitive market with depressed pricing and low returns on investments coupled with rising costs through devaluation and inflations. Finally, the nature of our business necessitate geographic diversification of our insurance risks via global polling through international reinsurance arrangements and in this scenario access to foreign exchange is critical. We have been managing this exchange shortage successfully but lack of reasonable and timely access to hard currencies will eventually lead to the curtailment of this access at an industry level.

We acknowledge the challenging economy but also embrace the opportunities that lie ahead to develop products for emerging markets and expand our technological capabilities, and fully intend to transform our business to maximize them.

RICHARD LEWIS
Chairman

Chief Executive Officer's Report

The Trinidad and Tobago economy has a deep dependence on the hydrocarbon sector. The industry accounts for 45% of GDP, 40% of fiscal revenues, and more than 65% of exports. The global plunge in oil and gas prices over the past three years has reduced Trinidad and Tobago's growth prospects.

The all-important energy sector is being hampered by low prices and falling output due to depletion of gas and oil fields and delays in investment projects. The non-energy parts of the economy are also contracting. Strong fiscal consolidation, a deteriorating labour market, and tightened credit conditions are the main culprits. Most prognostications suggest that the economy shrank by around -2.5% in 2016, completing 3 years of decline. However, it must be noted that modest growth should resume in 2017, supported though stronger prospects for the industry exist given forecasts of positive recovery in gas production by late 2017.

Government Action

While T&T enjoys one of the highest standards of living in the Caribbean, it has recorded sluggish growth in recent years, a situation compounded by the sharp fall in hydrocarbons prices.

Public sector finances also remain an issue. The current administration expects the country's fiscal deficit to reach 1.5% of GDP this fiscal year, despite austerity measures imposed in response to the global decline in hydrocarbons prices.

This means the government will need to consider additional belt-tightening measures to stop the deficit from widening further. The government has initiated fiscal reforms within the first two years of coming into office including reductions in fuel subsidies, amending the value added tax system and other structural adjustments to address the country's recurrent deficits.

The country has recently implemented several structural reforms to improve the business environment. However, the rule of law, control of corruption and especially crime and violence remain concerns.

Business Environment

The need for deeper collaboration with the private sector as a means of stimulating economic recovery is also apparent in the recent budget, which states that the government will offer 50% tax relief to "businesses that can mobilise private sector funding to provide public infrastructure and/or public facilities, amenities and services, now provided solely by the government".

The proposed shift toward greater use of public-private partnership models in infrastructure and development projects could boost the construction industry, which in 2016 saw a 7.6% decline in activity.

Other Economic Issues

The fall in oil prices led the Central Bank to use its Foreign Exchange reserves to defend the currency.

Maintaining an adequate level of reserves is crucial as foreign currency shortages make it harder for local companies to pay foreign suppliers. In the case of insurance companies, this has meant struggles to issue payments to its reinsurers.

Foreign exchange risk has increased and it is projected to continue increasing. However, foreign exchange reserves remain at comfortable levels, with above 10 months of import cover. Moreover, the country has a sovereign wealth fund, The Heritage and Stabilization Fund that can act as a buffer.

Looking Ahead

The medium-term challenges for Trinidad and Tobago relate to strategies to be employed in managing the fall in international energy prices. The country will need to tackle additional measures for much-needed fiscal consolidation, with a view to mitigate the effects of imbalances that have just started to occur. Against this background, one of the risks for the country would be to find itself with a high debt at a time when external financial cushions may have been eroded. Policy action will require difficult but necessary steps to rationalize expenditure and maintain adequate levels of revenues. In this context, some of the priorities for country authorities' include improving the business environment and enhancing public service, and revamping statistical capacity.

The one possible source of comfort is that moderating oil prices could provide some breathing room with further support from the forecast return to near normal production levels of natural gas by the end of 2017.

The Insurance industry

Globally, insurance companies must become increasingly agile in addressing marketplace issues that are evolving rapidly. The potential for a new approach to regulatory reform, trade policy, and the tax system with the upcoming changes in the US administration, the U.K.'s anticipated withdrawal from the European Union and rise of populism in many countries, compounded by new evidence of negative interest rates and continuing depressed commodity prices are just some of the key issues. And ultimately these are issues are impacting the region.

Global Industry capacity, as measured by policyholders' surplus, hit a record value of $688.3 billion through the first three quarters of 2016. However, excess capacity continues to soften the commercial lines segment and undermine profitability with return on average equity (ROAE) estimated by some to be between 3% to 4%. Continued surplus reinsurance and insurance capacity, particularly with alternative capital entrants including hedge funds, global pensions funds and insurance-linked securities, is expected to continue exerting downward pressure on rates and ROAE as insurers compete with new and existing players for market share in economies that are only slowly growing or in the case of Trinidad and Tobago – on the brink of chronic decline.

The local industry continues to wrestle with issues of regulation, increasing fraud, access to hard currency for reinsurance payments while recognizing that we must face the reality of having to more keenly prioritize expense reduction and efficiency optimization in the face of falling insurance rates and diminishing profitability measures whether commercial or homeowners business. Life and Health insurers are similarly challenged as investment income opportunities in thinly capitalized markets weaken. We expect all of these challenges to continue in 2017 into 2018:-

Evolving regulations - The local industry was able to articulate its position on the ever elusive Insurance Bill in its meetings with the Central Bank of Trinidad and Tobago and the Opposition Team. The need for legislation to proactively address changing local and international circumstances appears to be diminishing as a priority however, now reduced to regulatory box ticking in pursuit of other national economic objectives.

This is in stark contrast to the possibility that changing international and national regulations include a new global framework for insurance accounting standards which in turn may impact domestic financial and statutory reporting with additional compliance costs. The question of the recognition of the domestic insurance sector as an economic growth opportunity remains unanswered. Perhaps an insight may be gleaned through the issue of payment of Reinsurance Premiums which currently are not recognized as an item of trade by the Ministry of Finance and the Central Bank. Obtaining foreign exchange to meet the reinsurance obligations at the same priority level as that afforded to tangible imports is now also a challenge.

Life Insurers continue to express concern that they are still to be fully apprised of their reporting requirements. While in the US, potential tax reforms may impact technology investment, M&A activity, and profitability, locally the additional burdens of corporate taxation, the continued ambiguity around the taxation of Life Insurers, the property tax and the ongoing frustration with reporting and collection of taxes remain a challenge for all.

Automation - The rise of intelligent automation and robotic process automation (RPA), and the adoption of these technologies by regional insurers may help insurers lower their own labor costs while improving efficiency. However the issues of privacy, data ownership and custodianship, cybersecurity and risk management, sovereignty and regulation may well be left to discretion in the absence of credible delegated authority. This level of uncertainty may limit technological advancement by the domestic sector while we seek ironically to promote ourselves as a center for offshore financial support services.

Auto industry threats - Increased fraud and increased frequency and severity of accident claims—in part due to a rise in distracted driving will continue to affect auto insurer profitability. The need for deeper collaboration particularly as regards information sharing and the use of technology between the Licensing authorities and local insurers is now a must. Longer term, we must be ready for the move toward autonomous vehicles and ride-sharing and the effect on insurable risks.

Cybersecurity - Painfully, increased connectivity among household and workplace devices, the rising issue of cybersecurity —are transforming the way people live and the risks individuals and businesses are confronting daily. To address these challenges—both threats and opportunities for growth—insurers are must adapt their core systems and business models.

It is against the backdrop of these challenges that we see ourselves as an agile organization with opportunities to develop products for such emerging markets while expanding cyber insurance sales and cyber risk management services. Equally important would be our continued focus on expense optimization balance with an increasing embrace of a consumer centric culture and technology-driven operating model. Contributing to the growth and well-being of the communities in which we operate will also be a focus for us in the upcoming years as we understand and accept the responsibility that the private-sector has in improving our social landscape.

We at Beacon remain steadfast in honouring our financial and social commitments to our shareholders, employees, communities and above all, our customers.

Thank you for your continued confidence in us.

GERALD HADEED
Chief Executive Officer

Corporate Profile

Who We Are

The Beacon Insurance Company Limited is ranked as the fifth largest insurer in Trinidad and Tobago, straddling the divide between small and large insurance companies. Our roots go back to 1972 when Mr Aziz Hadeed founded The Caribbean Insurance Company. His son, Gerald Hadeed, rebranded as The Beacon Insurance Company in 1996. The early years of the company were characterised by direct personal relationships between Aziz and his clients, rather than through Brokers. At the time of the rebrand, Beacon was turning over a respectable TT$35 million in Gross Premiums. In 2016, we surpassed the TT$351 million benchmark, with Gross Assets exceeding TT$551 million. After nearly 45 years of cumulative growth, Beacon is now a regional player with Branch Offices and an Agency network that spans Tobago, Barbados, Grenada, St Lucia, St Vincent & The Grenadines, St Kitts & Nevis, and Dominica.

CariCRIS, the regional ratings agency (and a subsidiary of Standard & Poor), has given Beacon a **CariA-** rating, and identified our strengths as:

- Good financial asset credit quality and a well-diversified investment policy
- Prudent risk management practises evidenced by healthy capitalisation and solvency ratios
- Conservative risk-retention policies
- Improved financial performance supported by good geographic and product diversity

Beacon therefore enjoys a reputation as an emerging giant in the regional insurance industry.

What We Do

Our Purpose at Beacon is to **"help our customers achieve their goals and to recover from setbacks through the compassionate delivery of our services."**

The exceptional skills of our team of 200+ financial, technical, administrative, and relationship-building experts make this a daily reality for customers who depend on our understanding and compassion. Led by an experienced and qualified management team, we underwrite all major lines of general insurance for both individual and institutional clients, including:

- Motor (Private and Commercial)
- Property (Private and Commercial)
- Group Health and Employee Benefits
- Accident and Casualty
- Marine Cargo and Hull
- Engineering
- Bonds

Our customers know that we consider it our duty to pay legitimate claims - and pay them quickly - which is why we enjoy above-average customer renewals and genuine word-of-mouth referrals from customers who are happy with their Beacon experience.

We also help our customers spread the cost of their annual premiums where we are allowed to, through payment plans over a period of time.

Our Financial Strength

Our CariCRIS financial strength rating of CariA- is a world-class testimonial to our level of creditworthiness, and our ability to meet ongoing insurance obligations. Our high financial-asset credit quality, and the good diversification of our investment portfolio, are likely to cushion the impact of unexpected shocks to any single country or security in the seven (7) countries throughout the Caribbean Region in which we operate.

Performance Indicators

Our conservative risk-retention and solvency ratios in all these territories are above the minimum regional regulatory requirement of 120%. Beacon's capital strength is also enhanced through its Reinsurance Program.

Our current providers include 2 of the world's largest reinsurers, **Hannover Re** and **Munich**

Re. Their collective expertise, financial strength and risk management capabilities are invaluable to us, and add a superior level of stability to the Company's operations. Beacon focuses on achieving growth and profitability through effective risk management, intensified marketing, and customer retention. This improved brand awareness has translated into the overall premium growth we enjoy, particularly in the T&T market.

Total income rose by 15.3% in the financial year ended June 2015, due largely to higher gross premium income and a significant increase in commissions received from reinsurance contracts during the year.

Beacon recorded a strong underwriting profit in FY2015 of TT $31.4 million and achieved a commendable combined ratio of 81.6%. Consequently, Beacon's profit after tax (PAT) in 2015 almost tripled its 2014 outturn. CariCRIS concludes that Beacon's financial performance trajectory will likely continue as it has for the last 3 years.

A Beacon in Society

At the heart of Beacon's **Corporate Social Responsibility programmes** are various sporting events, charities, and on-going social involvement and education.

Our local and regional community activities includes:

- Adventure racing and cycling in Trinidad
- Movie Nights in St Lucia, Grenada and Barbados which emulate the old-fashioned Drive-In Cinemas - families come out with their blankets and chairs to watch movies on the big screen
- School visits by Kurt Thompson in Barbados - he talks about the importance of education and building the confidence needed to dream big and work towards those dreams
- Bad Granny school visits in Trinidad - similar themes to Barbados
- Annual Mobile Eye Clinic in St Vincent and The Grenadines - we provide free eye testing and check-ups to the public through doctors who volunteer their services

Looking to the future

Beacon believes in the **innovative use of technology.** We are now leading players in the digital marketplace as we strive to serve and support our customers in their transition to an online journey. We have also invested heavily in modernizing our Policy Administration System. This now interfaces with LANSA, the globally recognized workflow middleware. The LANSA interface introduced a Digital Work Flow and Document Management System. This allows complete visibility and control of both documents and work-in-progress as they pass through different divisions within the Company.

We've recently introduced UChoose, Private Motor Insurance where you can go online and choose a policy package to suit your budget and are also first to market in the industry with our fully functional mobile app, Beacon Buddy.

We're Still a Family

Growth has not taken away the family atmosphere at Beacon. A friendly and caring attitude toward others is in the DNA of the Company culture. This is why we have families who've been insuring directly with us for over 45 years. Grandparents began with Aziz in the 1970's and the third generation are still insuring with **Beacon.** They know first-hand that our business is built on a promise to pay legitimate claims quickly. Our valued customers can always expect that we will be responsive to their needs in order to ensure a convenient and considerate customer experience.

Directors

RICHARD
LEWIS

LINDSAY
GONSALVES

CHRISTOPHER
WOODHAMS

RICHARD LEWIS
CHAIRMAN

Mr. Lewis received his HBA in 1974 from the Richard Ivy School of Business, University of Western Ontario and is a graduate of Newcastle Institute of Technology (1969) and St Mary's College, Port of Spain (1968).

His experience started in 1974 in T. Geddes Grant Limited, Fire & Security (1982) and Label House Group Limited since 1986. He is currently also Chairman at LH Group Limited and Prestige Business Publications Limited.

He is also a board member of Republic Securities Limited, Republic Wealth & Asset Management Limited, Republic Bank (Guyana) Limited, Republic Bank (Grenada) Limited, Ceramic (Trinidad) Limited, Stuart Brothers (W.I.) Limited, Seven Seas Water (Trinidad) Unlimited and GISCAD Limited.

He is a past President of the Trinidad & Tobago's Manufacturer's Association, Trinidad and Tobago Gymnastic Association; and a past Chairman of Cabinet Appointed Committee, Printing & Packaging Industries Council.

During the past 20 years, Richard has successfully supported several local as well as international companies in defining and implementing their business strategy in the Caribbean, particularly Trinidad & Tobago and Jamaica.

LINDSAY GONSALVES
DIRECTOR & CHIEF FINANCIAL OFFICER

Lindsay Gonsalves was appointed to the Board of Directors of Beacon in July 2006. He has been with the Beacon Group of Companies for over 10 years and is also a Director of Secure Plus Ltd. In 1995, Mr. Gonsalves, who worked as a Financial Consultant to the Caribbean Insurance Company Ltd, was appointed as its Financial Controller. Consequently, he was instrumental in guiding Caribbean Insurance in its transition to Beacon in 1996. Mr. Gonsalves holds an ACCA designation and is currently a fellow member of the ACCA of England and Wales and a member of practice of the Institute of Chartered Accountants of Trinidad and Tobago.

CHRISTOPHER WOODHAMS
DIRECTOR & CHIEF OPERATING OFFICER

Chris's career in Information Technology began after he had obtained his BSc in Computer Science from Nottingham University in the UK and landed a job with the large conglomerate, Vanity Fair. During the three (3) years that he worked there he developed and honed his skill in systems programming and project management on IBM products.

He returned to Trinidad and joined Fujitsu Caribbean as a Systems Consultant. Chris's IBM experience in the UK was highly prized by Fujitsu since it gave the company an opportunity to provide additional services to its existing customers and attract new ones. Consequently he worked in a wide cross-section of industries including finance which gave him the exposure that would be needed when he eventually came to Beacon almost four years later.

Chris was hired by Beacon with a mandate to develop strategic technology plans to ensure Beacon is known as a leader in technology utilization. He quickly realized that to achieve the vision of the new CEO he had to build a whole new infrastructure from the ground up. He

Directors cont'd


CHRISTIAN HADEED


PATRICIA BRYAN


AVINASH PERSAUD

proceeded, in collaboration with the management team and board of directors, to source and lead the implementation of core business software applications and establish local and regional networks, management accounting systems and IT Disaster Recovery Plans. In July 2011, he was made Chief Information Officer and appointed to the Board of Directors. In 2015, Chris was promoted to the position that he holds today, Chief Operating Officer at Beacon, continuing to ensure that the company's mandate is achieved.

CHRISTIAN HADEED
DIRECTOR

Christian joined the company in 2005 as a Claims Executive and held the position of Director, Claims Management. Mr Hadeed is a Director of both Stanmore Properties Ltd and CGH Ltd, a property development, sales and rentals company. He holds a BSc in Business Administration from Chapman University, California. He has also attended several insurance management and leadership training courses during his career and obtained a Diploma in Motor Insurance Claims- Investigating and Adjusting as a Certified Loss Adjuster for Motor Insurance.

PATRICIA R. BRYAN
DIRECTOR

Patricia R. Bryan has been a Director at Beacon from its inception in 1996. Prior to being appointed to Director of Beacon, she was also a director at Beacon Holdings Ltd, Northwest Premium Finance Ltd, The Beacon Asset Management Ltd, Beacon Finance Ltd and Beacon Technology Ltd.

Mrs Bryan's career began in 1980 with Caribbean Insurance Company Ltd and it is this wealth of experience that has afforded her the ability to function effectively on the above-mentioned boards. She also serves as a member of the Group's Audit and Investment Committee. Prior to entering the insurance industry, Mrs Bryan was employed in the commercial banking sector with the Bank of Nova Scotia in Trinidad, Canada and the Bahamas. She has also worked with the Roy West Banking Group of Companies in the Bahamas.

AVINASH PERSAUD
DIRECTOR

Professor Avinash Persaud was appointed to the Board of Beacon as a non-executive Director and chair of the Board's Audit Committee in August 2012. Professor Persaud was the Global Head of Foreign Exchange and Commodity Research at J.P. Morgan from 1993 until 1999 when he took the position of Managing Director of State Street Bank & Trust, a U.S-based Fortune 500 Company. Starting in 2003, he also served as Interim Director at GAM London Ltd for two years. Professor Persaud currently sits as a Chairman on several boards worldwide, including Elara Capital PLC (UK), Paradise Beach Ltd. (Barbados), International Capital Ltd. (UK) and is also a Director of RBC Latin America & the Caribbean. He was a member of the UK Treasury's Audit and Risk Committee in 2008 and Chairman of the regulatory sub-committee of the United Nations High-Level Panel of Financial Reform.

DAVID HACKETT
DIRECTOR

Mr. David Hackett is a career banker with more than 30 years' experience in banking and finance, having held senior positions in local, regional and international banks.

Over the years, Mr. Hackett has held several leadership positions at RBC/RBTT in the fields of Commercial Lending and Corporate Banking, including General Manager - Personal and Commercial Banking; General Manager -

Directors cont'd

DAVID HACKETT

DAVID SMALL

Corporate and International Group; Director, Corporate, Personal and Commercial Banking, Head of Barbados, Suriname and EC Region and Head, Personal and Business Banking. In each of these roles, he was responsible for leading and setting strategy across RBC's Caribbean operations to drive a high level of performance and sustainable value creation for RBC's shareholders.

At a senior governance level, he is a former Chairman of the Board of Directors of RBC Royal Bank Barbados Limited, Royal Bank Suriname, N.V., RBC Royal Bank N.V., RBC Royal Bank International N.V., Royal Bank Aruba N.V., RBTT Grenada Limited and RBTT Caribbean Limited. He is also a former board member of RBC Royal Bank (Trinidad) Limited, RBC Royal Bank (Jamaica) Limited, Petroleum Company of Trinidad & Tobago (Petrotrin), Trinmar Ltd and Trinidad & Tobago Oil Company Limited (TRINTOC).

Mr. Hackett holds a B.Sc. degree in Economics from the University of the West Indies and a wealth of knowledge in the financial services industry and has since exited the world of corporate business in favor of imparting his expertise as a Director on Beacon's board since 2016.

DAVID SMALL
DIRECTOR

With more than two decades of energy policy and strategic experience, Mr. David Small plays a key Executive role at an emergent energy firm in Trinidad and Tobago as it relates to the global market positioning of the company. In addition to this, he currently serves as an Independent Senator in the Parliament of Trinidad and Tobago.

In his new role as a member of the Board of Directors of Beacon, Mr. Small's broad-based strategic experience and extensive market knowledge have been directed towards developing a strategic roadmap for both the long-term future and real-time support of critical company initiatives.

Mr. Small has served in several senior positions in the Government of Trinidad and Tobago, including Director of Policy and Performance at the Ministry of Energy, as an advisor and spokesperson with a focus on energy policy, strategy and relationship management. He served on the Board of Directors of the National Gas Company of Trinidad and Tobago (NGC) for nine years (2002-2010) where, amongst other roles, he was the Chairman of the Board's Finance Committee overseeing the company's capital expenditure decisions. From 2008 to 2010, Mr. Small was also Chairman of the Board of the two special purpose subsidiaries of the NGC that held the company's shareholdings in the Atlantic LNG complex and from 2008 to 2010 was a Director on the board of Phoenix Park Gas Processors Limited.

Apart from his activities in the public sector, Mr. Small has considerable experience in private enterprise as a consultant, providing energy-centric strategic advisory and business development services to clients in the USA and Europe. He has provided independent professional consulting services to various clients in the oil and energy sector on a wide range of matters and is an established speaker at major international energy conferences, delivering technical papers and presentations on varied energy policy and strategy matters.

Mr. Small holds an MBA from Middlesex University in London, a Post-Graduate Diploma in Natural Gas Economics and Management from the College of Petroleum and Energy Studies in Oxford (now Oxford-Princeton) and a Diploma in Public Administration from the University of the West Indies (St. Augustine).

Corporate Information

MANAGING BOARD

HEAD, TRAINING & DEVELOPMENT
Adlyne Griffith
MBA

HEAD COMPLIANCE/ CORPORATE SECRETARY
Anouk Lee Wo-Mollenthiel
BBA

CHIEF OPERATIONS OFFICER
Christopher Woodhams
B.Sc, HND

VP, CUSTOMER SUPPORT
Dunstan Lodge
B.Sc, HND

VP, HUMAN RESOURCES
Elisa Lousaing
MBA, CFP

FINANCIAL CONTROLLER
Kimberly Contant
FCCA and CA

CHIEF FINANCIAL OFFICER
Lindsay Gonsalves
FCCA, CA

VP, TRINIDAD OPERATIONS
Natasha Pettier
LLB, FCII, MIRM, MBA

SENIOR MANAGER – CORPORATE SERVICES
Nisa Dass
B.Sc, MBA

VP, TECHNICAL OPERATIONS
Roger Balkissoon
B.Sc, F.C.I.P

REGIONAL MANAGEMENT

Brian Hennis
Branch Manager, Barbados

Anthony Joseph ACC, DIR
Agency Manager, Dominica

Molly Roberts
Branch Manager, Grenada

Gary DaSilva
Agency Manager, St Kitts & Nevis

Joralia St. Louis BSC, DIP. INS
Branch Manager, St Lucia

Keith Boyea DIP, BA
Agency Manager, St Vincent

REINSURANCE BROKERS

Aon Benfield

REINSURERS

Hannover Rückversicherungs Aktien Gesellschaft

Lloyd's of London

Munchener Rückversicherungs Gesellschaft

Swiss Reinsurance Company

BANKERS

Barbados
FirstCaribbean International Bank (Barbados) Ltd

Barbados National Bank Inc.

Commonwealth of Dominica
RBC Royal Bank Ltd

Grenada
Republic Bank (Grenada) Ltd

RBTT Bank Grenada Ltd

St Lucia
RBTT Bank Caribbean Ltd

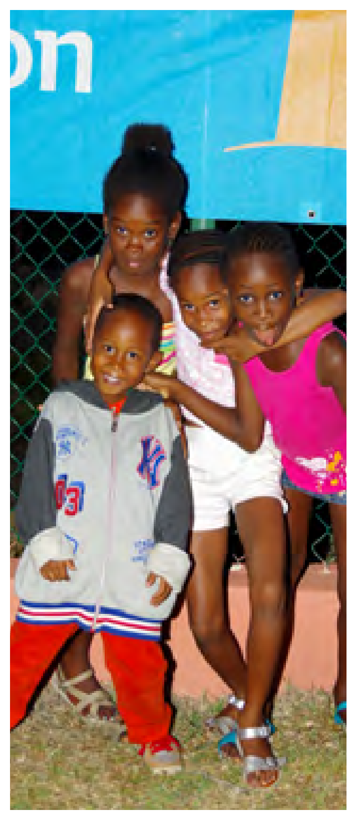
St Vincent
National Commercial Bank (SVG) Ltd

Trinidad & Tobago
Republic Bank Ltd
RBC Royal Bank Ltd
First Citizens Bank Ltd

AUDITOR

BDO

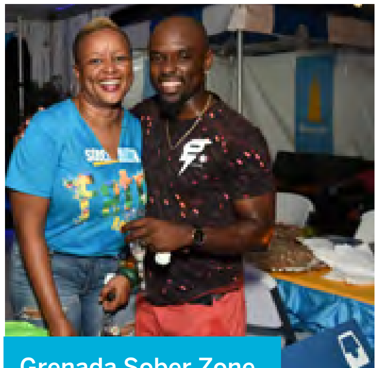
CYCLING ON THE AVENUE & MOVIE NIGHT



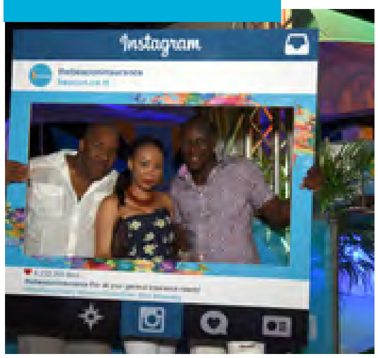
Our Annual Cycling on the Avenue event represents a convergence of some of the world's renowned riders, competing alongside our very own athletes.

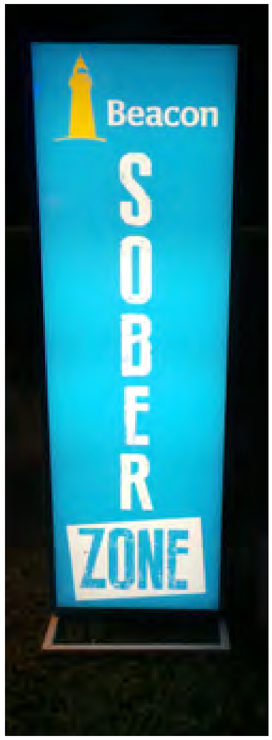
The Movie Nights are a new activity that we introduced overseas, where an old-fashioned drive-in cinema type atmosphere was re-created and communities were encouraged to bring their families. Needless to say, this has been a huge success and really brings people together to have fun every time we host it.

Beacon in the Community

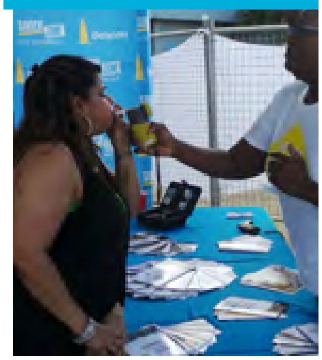


Grenada Sober Zone





Trinidad Sober Zone

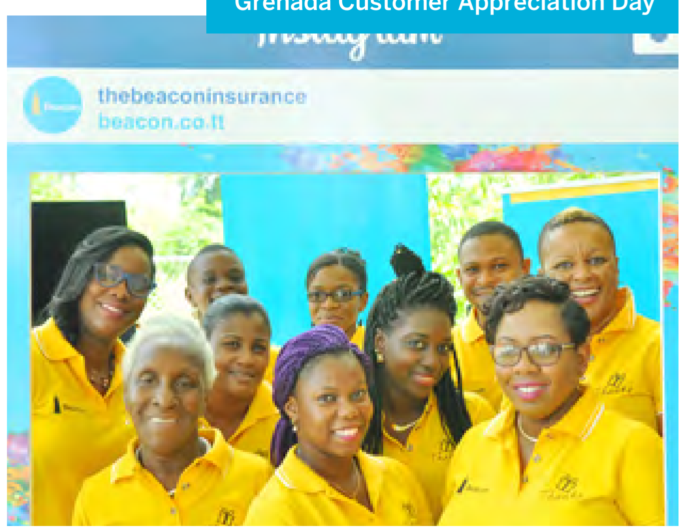


SOBER ZONE & CUSTOMER APPRECIATION

As a CSR initiative in both Trinidad & Grenada, and a means to maintain our stance in promoting safe driving habits, SoberZones were held at various events. At these events patrons are assisted in identifying their alcohol limits and offered refreshments in an effort to stay within the legal restrictions. Road Safety is high priority for Beacon and we endeavor to promote a collision free motoring environment.

Customer Appreciation Days were held in Trinidad, Grenada, Barbados & St. Lucia. It is because of our customers we are here as one of the foremost insurance companies today. Rewarding our loyal customers gives us pleasure as we owe our success to them and their continued support.

Grenada Customer Appreciation Day



Our Beacon Family

SPORTS & FAMILY DAY

When we play, we go all out.

The Annual Beacon Sports and Family day is a must-attend event. All hands on deck, as teams get together to show their sporting and creative prowess.

The victory belongs to every team when the day ends, as the family that plays together, stays together.

Our Staff

CHRISTMAS PARTY

When there is teamwork and collaboration, wonderful things can be achieved.

Team Beacon epitomises the true meaning of teamwork for yet another successful year.

Every member of this team we call family have all contributed to ensuring the Beacon philosophy evolved into meaningful practice.

Governance Review

COMMITMENT TO GOOD GOVERNANCE

Beacon is committed to achieving and maintaining the highest standards of corporate governance and in so doing voluntarily complies with the Trinidad and Tobago Corporate Governance Code (TTCGC). The code is principally for listed companies, and as such, Beacon is not obliged to or in some respects able to adopt completely.

Beacon is committed to adopting good practice governance processes and therefore chooses to apply the code to its operations as far as it is applicable and appropriate, for a professional body incorporated by the Companies Act of T&T and as a financial institution regulated under the Insurance Act Chapter 84:01.

We will continue to review annually our corporate governance framework to ensure that our structures, systems and processes, culture and values are aligned to the achievement of our strategic objectives.

Beacon recognizes its fiduciary duty to all stakeholders and is committed to its core values which include promoting business flexibility, innovation, fairness and keeping its promises

ETHICAL CONDUCT

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Members must avoid conflicts of interest with respect to their fiduciary responsibilities.

All Directors and Officers of the Company are subject to the Connected Party Policy which requires disclosure of conflicts of interest and includes provisions for the management of any such disclosed conflicts. Compliance with the policy is monitored by the Compliance Unit.

All the employees of the company including the Board of Directors are subject to the Code of Ethics and Professional Conduct as well as the Conflict of Interest policy.

RISK MANAGEMENT & INTERNAL CONTROL

The Board is responsible for the alignment of strategy and risk, and for ensuring the company maintains a sound system of risk management and internal controls. We continue to drive improvements to our risk management processes and systems, which are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. Beacon has a robust governance and internal control framework.

In December 2015 with the increase in the number of independent and non-executive directors, the terms of reference of the Audit Committee were realigned and it was renamed "Audit and Risk Committee" following approval from the Central Bank of Trinidad and Tobago. A formal Charter exists.

BOARD OF DIRECTORS

The Board of Directors has oversight and accountability for the long-term success of Beacon. The Board is fully aware of its responsibilities although not yet formally outlined in a Board Charter. Responsibilities include:

- Reviewing and guiding corporate strategy, major plans of action, annual budget and business plans;
- Ensuring the company has the appropriate organizational structure in place to achieve its strategic objectives;
- Selecting, compensating, monitoring and, where necessary, replacing key executives and overseeing succession planning;
- Ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards;

- Overseeing material commitments, including capital expenditures;
- Overseeing the process of disclosure and communications with shareholders;
- Setting the tone at the top for the company;
- Promoting a culture of integrity, ethical behavior and corporate values in keeping with the Company's Code of Conduct;
- Ensuring the adoption of appropriate corporate governance practices, monitoring its effectiveness and making changes as needed.

It is led by an independent Chairman, who is appointed by the shareholders subject to the approval of the Central Bank of Trinidad & Tobago (CBTT). The Chairman of the Board is responsible for:

- Providing leadership to the Board and maintaining a professional environment that supports open communication;
- Ensuring board members, when appointed, participate in an induction program and, as needed, ensure additional education or training programs;
- Ensuring that Board meetings and the Annual General Meeting are conducted in an efficient and effective manner;
- Ensuring board members receive all information necessary for them to perform their duties and there is sufficient time for consultation and decision-making;
- Championing of the strategic agenda at Board deliberations;
- Setting the agenda for Board meetings in conjunction with the Executive Director;
- Working with the Chief Executive to develop targets and performance metrics against which his or her performance is assessed;
- Ensuring the Board satisfies its duties;
- Ensuring the Board has meaningful and regular contact with the Executive Committee;
- Consulting with external advisors appointed by the Board.

BOARD STRUCTURE AND COMPOSITION

The Board currently comprises eight (8) directors, four (4) of whom are independent directors.

Beacon is committed to ensuring that the Board is represented by highly respected independent directors with a broad range of varying experience and independent judgment who will make a significant contribution to the direction and strategy of the company. These directors do not participate in performance based incentive plans. The board Chairman and independent directors are paid fees. The process to determine directors' remuneration is to benchmark against organizations of similar size and nature of business.

The Directors ensure that at Board meetings, they have access to the best possible insurance, management and financial advice during their deliberations.

Each Director has his own particular strength reflective of his/ her professional experience and this ensures that the Board has a clear perspective on all matters on which decisions are required.

The members of the Board for this reporting period were:

1.	Mr. Richard Lewis	Chairman - Independent
2.	Mr. Christian Hadeed	Non-Executive Director
3.	Ms. Patricia Bryan	Executive Director
4.	Mr. David Small	Independent Director
5.	Mr. David Hackett	Independent Director
6.	Prof. Avinash Persaud	Independent Director
7.	Mr. Lindsay Gonsalves	Executive Director
8.	Mr. Christopher Woodhams	Executive Director
9.	Mr. Larry Howai	Independent Director
10.	Mr. Robert Mowser	Executive Director

Changes in the Membership

The Board recognizes the importance of independent directors to exercise unbiased judgment, particularly in tasks where there is a potential for conflicts of interest. As such, during the reporting period the following changes to the membership of the Board occurred:

- Mr. Robert Mowser, Executive Director resigned effective September 30, 2015.
- Mr. Christian Hadeed, resigned as Chairman effective September 30, 2015 however remained a Non-Executive Director.
- Mr. Larry Howai and Mr. David Small were appointed to the Board of Directors effective December 9, 2015.
- Mr. Larry Howai resigned effective May 19, 2016 and Mr. David Hackett was appointed to the Board of Directors on May 18, 2016.

Director Independence

Beacon recognizes the importance of having independent directors on the Board. For the reporting period, four directors were classified as "independent." In determining directors' independence, Beacon subscribes to the definition of directors' independence as articulated in the CBTT Corporate Governance Guidelines (2007) and the Trinidad and Tobago Corporate Governance Code (2013).

Reappointment of directors

Under the company's Articles of Association, each director should retire, but may be reappointed, at every AGM. There exists no time limitation for serving as Chairman or Independent Director. All directors offered themselves for reappointment at the 2016 AGM.

Induction of a new Director

In December 2015, the process for induction of a new director was formalized. On appointment, each director undertakes a comprehensive induction program which involves time with the executive directors, the Company Secretary, members of the management team and visits to the key operations as required. During the reporting period, Beacon welcomed Mr. David Small, Mr. Larry Howai and Mr. David Hackett our Independent Directors.

Meeting of Directors

For the financial year, the Board met four times to deal with routine business and meetings were convened as necessary for special business such as major transactions.

Meetings and Attendance of Directors

DIRECTORS	MEETINGS				
	Sept 9, 2015	SEP 21, 2015	Dec 9, 2015	Feb 24, 2016	May 18, 2016
R. Lewis	√	√	√	√	√
C. Hadeed	√	√	√	abs	√
P. Bryan	√	√	√	√	√
D. Small[1]	n/a	n/a	√	√	√
D. Hackett[2]	n/a	n/a	n/a	√	√
A. Persaud	abs	√	abs	√	√
L. Gonsalves	√	√	√	√	√
C. Woodhams	√	√	√	√	√
L. Howai[3]	n/a	n/a	√	√	√
R. Mowser[4]	√	abs	n/a	n/a	n/a

[1] Appointed on 9 December 2015
[2] Appointed on 18 March 2016
[3] Appointed on 9 December 2015
[4] Resigned on 30 September 2015

Meeting of Directors cont'd

At each meeting the following (inter alia) were reviewed and discussed:

- Strategic matters
- Management accounts and financial commentary
- Operational reports from each division
- Legal, company secretarial and regulatory matters
- Board committee matters
- Investment portfolio management
- Corporate affairs
- Treasury matters

Review of:

- Minutes of previous meetings
- Review of implementation of actions agreed at previous meetings

BOARD COMMITTEES

The Board of Directors of Beacon Insurance Company Limited has established two sub-committees to support the discharge of its duties. Each sub-committee is governed by a charter which outlines its respective purpose except for that of the Compensation Committee which is currently being developed.

The following are the established Board sub-committees:

- Audit and Risk Committee (ARC)
- Compensation Committee (CC)

Audit and Risk Committee

The ARC at the end of the reporting period comprises three independent directors and one executive director.

The committee's Charter sets out its responsibilities in respect of the financial statements, internal controls, the internal audit function and external audit.

Quarterly meetings are scheduled to review the financial reporting process, the system of internal control, the audit process, the Company's process for monitoring compliance with laws, regulatory directives and guidelines. Four meetings were held for the financial year to discharge its responsibilities.

From time to time, the ARC may meet independently of the executive director. The Finance Director, Chief Executive, Chief Operations Officer, Head of Compliance and Audit Senior normally attend all meetings by invitation.

The Chairman recommends to the Board the committee's reasonable satisfaction that internal controls are functioning properly in the areas reviewed by Internal Audit and the risk corrective actions identified for implementation by management have been addressed or identifies any exceptions thereto and to remedial actions which management has committed.

The financial statements and activities were audited by external and independent Auditors Binder Dijker Otte (BDO) Trinidad & Tobago Ltd. The fees paid to the auditor are in the financial statements. There was no other work performed by the auditor with the Company.

Members:

Avinash Persaud - Chairman[1]
Larry Howai[2]
David Small[3]
Richard Lewis
David Hackett[4]
Patricia Bryan

[1] Resigned as Chairman - Audit & Risk Committee and member effective December 31, 2015
[2] Appointed December 9, 2015 and Chairman - Audit & Risk Committee effective January 1, 2016. Resigned May 19, 2016
[3] Appointed December 9, 2015 and Chairman - Audit & Risk Committee effective May 20, 2016
[4] Appointed May 18, 2016

ARC Meetings Held and Attendance 2016

DIRECTORS	MEETINGS			
	SEP 7 2015	NOV 24 2015	FEB 24 2016	MAY 10 2016
A. Persaud	√	√	n/a	n/a
L. Howai	n/a	n/a	√	√
D. Small	n/a	n/a	√	abs
R. Lewis	√	√	√	√
D. Hackett	n/a	n/a	√	√
P. Bryan	√	√	√	√

Compensation Committee

The CC comprises of Independent Directors and is responsible for reviewing the compensation package and assessment of the performance of the Executive team. The committee also recommends to the Board the fees to be paid to Independent Directors. The committee meets as the need arises. One meeting was held for the financial year on November 24, 2015 and in attendance were R. Lewis and A. Persaud.

Members:

Richard Lewis - Chairman[1]
David Hackett[2]
Avinash Persaud
Larry Howai[3]
David Small[4]

[1] Resigned as Chairman - Compensation Committee effective May 19, 2016
[2] Appointed member and Chairman - Compensation Committee effective May 20, 2016
[3] Appointed December 9, 2015
[4] Appointed December 9, 2015

TRINIDAD & TOBAGO CORPORATE GOVERNANCE CODE (TTCGC) - APPLICATION AND CG DISCLOSURE SUMMARY

The Beacon Insurance Company Limited being committed to full adherence to the Code however recognises there may be intances of departure from the Code. Therefore a schedule is set out below identifying where there has been full compliance and instances where there has been some departure from the Code.

Table 1: TTCGC Application Summary

	APPLIED	PARTIAL	REFERENCE	COMMENT
PRINCIPLE ONE: ESTABLISH A FRAMEWORK FOR EFFECTIVE GOVERNANCE				
1.1 The Board should establish and make publicly available a clear outline of its roles and responsibilities, including any formal delegations to Management.		✓	Page 15	The Board fulfills its key functions however no formal Charter exists. Charter to be completed 2017.
1.2 The chairperson of the Board should be a non-executive Director and preferably an independent Director. Where the chairperson of the Board is not an independent non-executive Director, the Board should appoint a lead independent Director	✓		Page 16	
1.3 The Board should demonstrate ethical leadership, which includes commitment to high ethical standards and responsible decision-making.		✓		Explicit in HR Policy Manual – Code of Ethics & Professional Conduct and Conflicts of Interest. Connected Party Policy – Disclosure of interests.
1.4 The Board should ensure that it is supplied with information in a timely manner, in a form and of a quality appropriate to enable it to discharge its duties effectively.	✓			The Board defines what information it requires and ensures all reports are of a high standard and received on a timely basis.
1.5 The Board should take into account the legitimate interests and expectations of all stakeholders. There should be active co-operation between corporations and stakeholders in creating wealth, employment, and the sustainability of financially sound enterprises.		✓		The directors of the company will ensure that the board identifies and knows the interests, views and expectations of all individuals and groups which the board judges to have a legitimate interest in the achievement of company objectives and the way in which these objectives are achieved. The Board will ensure that communications with such parties are timely, effective and unbiased, and are subject to the needs of commercial security and regulatory compliance where appropriate. The Board will ensure the achievement of these aims via periodic review of procedures for managing relationships with stakeholders by a Board Risk Committee and a Board Charter. The latter to be finalized in 2017.
PRINCIPLE TWO: STRENGTHEN THE COMPOSITION AND PERFORMANCE OF BOARD AND COMMITTEES				
2.1 The Board should appoint a sufficient number of independent Directors capable of exercising unbiased judgment, particularly in tasks where there is a potential for conflicts of interest.	✓		Page 17	
2.2 Directors should be selected and appointed through rigorous and formal processes designed to give the Board a balance of independence and diversity of skills, knowledge, experience, perspectives and gender among Directors so that the Board works effectively.		✓		The majority shareholder in consultation with the Chairman appoints Directors of diverse skill sets to oversee the running of the company.
2.3 The Board reviews the capability matrix of potential directors and through the Chairman makes the recommendations to the shareholders for appointment.				The majority shareholder in consultation with the Chairman appoints Directors of diverse skill sets to oversee the running of the company.
2.4 All Directors should receive induction training upon joining the Board and should regularly update and refresh their skills and knowledge.	✓		Page 17	
2.5 The Board should undertake a rigorous, transparent and formal annual evaluation of its own performance and that of its committees and of the individual Directors.		✓		Formal evaluation to be prepared in 2017.
2.6 The Board should ensure that the remuneration of Directors and senior management is transparent, fair and reasonable.	✓		Page 16	

	APPLIED	PARTIAL	REFERENCE	COMMENT
PRINCIPLE THREE: REINFORCE LOYALTY AND INDEPENDENCE				
3.1 The Board should undertake an assessment of its independence on an annual basis and disclose in the annual report each non-executive Director it considers to be independent.	✓			
3.2 All Directors should be candidates for re-election, at intervals of no more than three years, subject to continued satisfactory performance.		✓		Private company with very few shareholders. Articles provide for all Directors to retire from office but shall be eligible for re-election at every ordinary general meeting.
3.3 Members of the Board and Senior Management should disclose to the Board whether they, directly or indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.	✓			See Connected Party Policy.
3.4 Directors should demonstrate the capacity to commit the time needed to be fully effective in their roles.	✓		Page 18	Time commitment outlined in appointment letter.
PRINCIPLE FOUR: FOSTER ACCOUNTABILITY				
4.1 The Board should promote accurate, timely and balanced disclosure of all material matters concerning the company.	✓		Section 2 Page 2	
4.2 Directors should state in the annual report their responsibility towards the integrity of the financial reports. This includes a statement from Directors that these reports comply with applicable financial reporting standards and present a true and fair view of the financial affairs of the company.	✓		Section 2 Page 2	
4.3 The Board should, on an annual basis, report to shareholders and stakeholders on the external auditor's involvement in non-audit work and fees paid to auditors. This disclosure should differentiate between fees for audit work and fees for non-audit work.	✓		Page 19	
4.4 The Board should, on an annual basis, verify that the company has appropriate processes that identify and manage potential and relevant risks.	✓		Page 15	
4.5 Each company should establish an Audit Committee of the Board with responsibilities that include, but are not limited to:	✓		Page 19	
a. Recommending the appointment of external auditors;	✓			
b. Assessing the suitability and independence of external auditors;	✓			
c. Overseeing all aspects of the company-audit firm relationship;	✓			
d. Monitoring and reviewing the effectiveness of the internal audit function;	✓			
e. Promoting integrity in financial reporting	✓			
4.6 Boards should report annually to shareholders on how the company is implementing the Corporate Governance Principles and explain any significant departure from Recommendations supporting each Principle.	✓		Page 21	Application and CG Disclosure Summary
PRINCIPLE FIVE: STRENGTHEN RELATIONSHIPS WITH SHAREHOLDERS				
5.1 The Board should facilitate the exercise of ownership rights by all shareholder groups, including minority or foreign shareholders and institutional investors.	✓			
5.2 The Board should ensure that shareholders have the opportunity to engage with the company and participate effectively in annual and special meetings.	✓			
5.3 During the annual and special meetings, the Board should facilitate questioning of external auditors and Senior Management by shareholders, as moderated by the chairperson.	✓			

Section 2

Consolidated Financial Statements
30 June 2016

THE BEACON INSURANCE COMPANY LIMITED AND ITS SUBSIDIARY

Consolidated Financial Statements

Year ended June 30, 2016

CONTENTS

Statement of Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"). This responsibility may be delegated to other parties. These delegated responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies and supported by reasonable and prudent judgments and estimates, in conformity with IFRS. Management accepts responsibility for the maintenance of accounting records which are relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Management is of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Beacon Insurance Company Limited and its Subsidiary (the "Group") and its operating results. Nothing has come to the attention of Management to indicate that the Group will not remain a going concern for at least the next twelve months from the date of this statement.

Chief Financial Officer
November 17, 2016

Chief Operations Officer
November 17, 2016

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9 Warner Street
Port Of Spain
Trinidad and Tobago

Independent Auditor's Report

To the Shareholders of
The Beacon Insurance Company Limited and its Subsidiary

We have audited the accompanying consolidated financial statements of The Beacon Insurance Company Limited and its Subsidiary, which comprise the consolidated statement of financial position as at June 30, 2016 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Beacon Insurance Company Limited and its Subsidiary as at June 30, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO

November 17, 2016

Port of Spain,
Trinidad and Tobago

Consolidated Statement of Financial Position

As at June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

	Notes	2016	2015
ASSETS			
Property, plant and equipment	5	51,409,536	54,080,322
Retirement benefit asset	6	1,364,354	1,299,858
Financial assets - available for sale	7	69,254,923	75,263,077
- loans and receivables	8	72,787,445	78,724,341
Reinsurance assets	9	162,728,693	166,053,657
Deferred tax assets	10	4,527,485	3,586,697
Other assets		351,501	1,737,475
Taxation recoverable		3,642,012	3,442,193
Short term deposits	11	64,460,871	34,760,863
Cash and cash equivalents		116,350,410	83,417,421
Total Assets		**$546,877,230**	**$502,365,904**
SHAREHOLDERS' EQUITY			
Share capital	12	39,000,000	39,000,000
Statutory reserve	13	21,623,421	17,690,750
Fair value reserve		2,471,357	1,716,698
Foreign currency reserve		3,829,859	-
Retained earnings		68,268,500	62,559,133
Total Shareholder's Equity		**135,193,137**	**120,966,581**
LIABILITIES			
Insurance liabilities	14	328,870,307	312,100,998
Reinsurance payable		50,982,841	34,257,769
Trade and other payables	15	25,681,367	26,868,601
Deferred tax liabilities	10	2,258,629	2,565,004
Taxation payable		3,890,949	5,606,951
Total Liabilities		411,684,093	381,399,323
Total Shareholder's Equity and Liabilities		**$546,877,230**	**$502,365,904**

See accompanying notes to the consolidated financial statements.

On November 17, 2016, the Board of Directors of The Beacon Insurance Company Limited authorised these consolidated financial statements for issue.

Director

Director

Consolidated Statement of Comprehensive Income

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

	Notes	2016	2015
Insurance premium revenue		381,833,851	368,273,358
Insurance premium ceded to reinsurers		(171,156,445)	(187,018,437)
Net premium written		210,677,406	181,254,921
Change in gross unearned premium reserves		3,339,133	(10,666,889)
Change in unearned premium reserves due to reinsurers		(10,166,548)	310,296
Net insurance premium revenue		203,849,991	170,898,328
Investment income		9,058,336	6,327,496
Commissions received on reinsurance contracts		60,398,576	70,048,739
Net realised (loss)/gains on financial assets	7	(129,302)	125,525
Foreign exchange gains		392,963	655,781
Net income		273,570,564	248,055,869
Insurance benefits on long term contracts		(48,619)	(648,953)
Insurance benefits on long term contracts recovered from reinsurers		(25,555)	6,994
Insurance claims and loss adjustment expenses	17	(163,068,801)	(106,035,358)
Insurance claims and loss adjustment expenses recovered from reinsurers	17	41,108,203	15,945,683
Net insurance benefits and claims		(122,034,772)	(90,731,634)
Expenses for the acquisition of insurance contracts		(42,724,667)	(39,667,948)
Other operating and administrative expense	18	(90,539,780)	(85,407,266)
Expenses		(255,299,219)	(215,806,848)
Profit before taxation		18,271,345	32,249,021
Taxation	20	(4,622,059)	(8,851,150)
Profit for the year attributable to parent company's shareholders		**13,649,286**	**23,397,871**
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Net change in fair value on available for sale financial assets, net of tax		754,659	(616,436)
Foreign exchange gain on translation of foreign operations		3,829,859	-
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan, net of tax		(7,248)	57,697
Total other comprehensive income/(loss) for the year, net of taxation		4,577,270	(558,739)
Total comprehensive income for the year attributable to parent company's shareholders		**$18,226,556**	**$22,839,132**

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

	Notes	Share Capital	Statutory Reserve	Fair Value Reserve	Foreign Currency Reserve	Retained Earnings	Total
Year ended June 30, 2016							
Balance at July 1, 2015		39,000,000	17,690,750	1,716,698	-	62,559,133	120,966,581
Comprehensive income for the year							
Profit for the year attributable to shareholders		-	-	-	-	13,649,286	13,649,286
Net change in fair value on available for sale financial assets		-	-	754, 659	-	-	754,659
Remeasurements of defined benefit pension plan		-	-	-	-	(7,248)	(7,248)
Foreign exchange gain on translation of foreign operations		-	-	-	3,829,859	-	3,829,859
Total comprehensive income		**-**	**-**	**754,659**	**3,829,859**	**13,642,038**	**18,226,556**
Transactions with owners:							
Dividends paid		-	-	-	-	(4,000,000)	(4,000,000)
Total transactions with owners		**-**		**-**	**-**	**(4,000,000)**	**(4,000,000)**
Transfer to statutory reserve	13	-	3,932,671	-	-	(3,932,671)	-
Balance at June 30, 2016		**$39,000,000**	**$21,623,421**	**$2,471,357**	**$3,829,859**	**$68,268,500**	**$135,193,137**
Year ended June 30, 2015							
Balance at July 1, 2014		39,000,000	13,589,862	2,333,134	-	49,704,453	104,627,449
Comprehensive income for the year							
Profit for the year attributable to shareholders		-	-	-	-	23,397,871	23,397,871
Net change in fair value on available for sale financial assets		-	-	(616,436)	-	-	(616,436)
Remeasurements of defined benefit pension plan		-	-	-		57,697	57,697
Total comprehensive income		**-**	**-**	**(616,436)**	**-**	**23,455,568**	**22,839,132**
Transactions with owners:							
Dividends paid		-	-	-		(6,500,000)	(6,500,000)
Total transactions with owners		**-**	**-**	**-**	**-**	**(6,500,000)**	**(6,500,000)**
Transfer to statutory reserve	13	-	4,100,888	-	-	(4,100,888)	-
Balance at June 30, 2015		**$39,000,000**	**$17,690,750**	**$1,716,698**	**$ -**	**$62,559,133**	**$120,966,581**

See accompanying notes to the unconsolidated financial statements.

Consolidated Statement of Cash Flows

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

	2016	2015
Cash flows from Operating Activities		
Profit before taxation	18,271,345	32,249,021
Adjustments for:		
Depreciation	4,620,242	4,535,198
Change in retirement benefit asset	22,281	49,199
Loss on disposal of property, plant and equipment	44,320	45,607
Dividend income	(656,854)	(455,804)
Interest income	(5,581,521)	(3,941,562)
Foreign exchange gains	(382,963)	(655,781)
Loss/(gain) on disposal of financial assets	129,302	(125,525)
	16,456,152	31,700,353
Net decrease/(increase) in loans and receivables	7,127,421	(5,871,347)
Net decrease in reinsurance assets	8,833,336	24,205,988
Net decrease in other assets	2,749,269	4,055,011
Net (increase)/decrease in short term deposits	(27,479,898)	10,152,053
Net increase/(decrease) in insurance liabilities	8,119,670	(19,594,153)
Net increase /(decrease) in reinsurance payable	16,652,267	(19,093,990)
Net decrease in trade and other payables	(3,046,662)	(1,385,848)
Taxes paid	(7,948,638)	(4,364,579)
Net cash provided by operating activities	**21,462,917**	**19,803,488**
Cash flows from Investing Activities		
Purchase of property, plant and equipment	(1,763,195)	(3,209,367)
Proceeds from disposal of property, plant and equipment	497,644	15,378
Dividends received	656,854	280,804
Interest received	5,364,812	4,109,925
Purchase of available for sale financial assets	(13,688,599)	(70,379,149)
Proceeds from disposal of available for sale financial assets	22,582,537	62,527,223
Net cash provided by/(used in) investing activities	**13,650,053**	**(6,655,186)**
Cash Flows from Financing Activities		
Dividends paid	(4,000,000)	(6,500,000)
Net cash used in financing activities	**(4,000,000)**	**(6,500,000)**
Increase in cash and cash equivalents	31,112,970	6,648,302
Cash and cash equivalents at beginning of year	83,417,421	76,769,119
Effects of currency translation on cash and cash equivalents	1,820,019	-
Cash and cash equivalents at end of year	**$116,350,410**	**$83,417,421**

See accompanying notes to the consolidated financial statements.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

1. General Information

The Beacon Insurance Company Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on April 6, 1995 and was continued under the Companies Act, 1995 on September 15, 1998. The Company is engaged in the underwriting of all classes of general insurance business, annuities and term life insurance. Its registered office is located at 13 Stanmore Avenue, Port of Spain, Trinidad. The Company also operates branches and agencies in Barbados, Dominica, Grenada, St. Vincent, St. Kitts and St. Lucia. The Company's ultimate parent company is CGH Limited which is also incorporated in the Republic of Trinidad and Tobago.

The Company has a 100% owned subsidiary, North West Premium Finance Limited (the "Subsidiary"), with registered office located at 13 Stanmore Avenue, Port of Spain, Trinidad. The Subsidiary is primarily engaged in the provision of financing to policyholders for insurance premiums underwritten by the Company in Trinidad and Tobago.

The Company and its Subsidiary is together referred to as the "Group"

2. Summary of Significant Accounting Policies

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "Standards"). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets.

(i) The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Standards, amendments and interpretations to existing Standards applicable to the Group in the current year which were adopted by the Group.

(ii) There were no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after July 1, 2015 that were adopted and had a material impact on the Group.

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

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the note below.

Amendments to IAS 1 Presentation of Financial Statements Disclosure Initiative – The amendment clarifies a number of aspects of IAS 1 in relation to materiality, line items in primary financial statements, notes to the financial statements and accounting policies. The amendments to IAS 1 are intended to assist entities in determining the disclosures which are appropriate to be included in their financial statements. This may result in changes in the information disclosed in, and layout of, future financial statements. This amendment is effective for annual reporting periods commencing on or after January 1, 2016.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9 Financial instruments – This new standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities and replaces parts of IAS 39. The standard is effective for annual periods beginning on after January 1, 2018 with early adoption permitted. However, IFRS 4 – Insurance Contracts has been amended to permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until January 1, 2021. IFRS 9 is required to be applied retrospectively. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortized cost or fair value, replacing the four category classification in IAS 39. The determination is made at initial recognition. The approach is also based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 uses an impairment model that is more ‘forward looking’ in that a credit event no longer has to occur before credit losses are recognised. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9’s full impact.

IFRS 16 Leases supersedes IAS 17 Leases and its related interpretations. IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. However, IFRS 16 exempts a lessee to recognise assets and liabilities for short term leases and leases of low-value assets. IFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. IFRS 16 applies to annual periods commencing on or after January 1, 2019.

(iii) Other standards, amendments and interpretation to existing standards in issue but not yet effective are not considered to be relevant to the Group and have not been disclosed.

Standards, amendments and interpretations to existing standards early adopted by the Group

The Group did not early adopt any new revised or amended standards.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the ‘functional currency’). The consolidated financial statements are presented in Trinidad and Tobago Dollars, which is the Group’s functional and presentation currency.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.2 Foreign currency translation (continued)

(i) Transactions and balances

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

Changes in the fair value of monetary securities denominated in a foreign currency classified as available for sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments such as equities classified as available for sale financial assets are included in other comprehensive income.

(ii) Foreign Branch operations

The results and financial position of all the branches (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;

(b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

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 lives as follows:

	Method	**Rate**
Leasehold and freehold properties	Straight line	2%
Furniture and fittings	Reducing balance	12 ½%
Office equipment	Reducing balance	20%
Vehicles	Reducing balance	25%
Computer equipment	Reducing balance	25%

Leasehold buildings are depreciated over the shorter of the lease term and the asset's useful economic life. The assets' residual values and useful lives are reviewed at each consolidated statement of financial position date and adjusted if appropriate.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.3 Property, plant and equipment (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss for the year.

2.4 Employee benefits

The Group operates a defined benefit and a defined contribution plan for its Barbados and Trinidad operations respectively.

Defined Benefit Plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the defined benefit plan are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries.

The asset recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out an independent valuation of the plan every year. A full valuation is done on the pension plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive)

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to the pension plan benefits or the pension plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plans are recognised in the period in which the settlement occurs.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.4 Employee benefits (continued)

Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays a fixed contribution. The Group's contributions are charged in the consolidated statement of comprehensive income for the year. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to these plans amount to 7.5% of the individuals' earnings. These are accounted for on the accruals basis.

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.5 Investment in subsidiary

Subsidiaries are all entities (including Special Purpose Entities) over which the Group directly or indirectly, has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2.6 Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition and re-evaluates this at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group has designated as available for sale. Loans and receivables are recognised initially at fair value and are subsequently carried at amotised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms. (See Note 2.5 (b) for the accounting policy on impairment). Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. (See Note 2.7 (c) for receivables from insurance contracts).

(b) Available for sale financial assets

Available for sale financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

Available for sale financial assets are initially recognised at fair value plus transactions cost that are directly attributable to their acquisition. These assets are also subsequently carried at fair value.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.6 Financial assets (continued)

(b) Available for sale financial assets (continued)

Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income as net realised gains/losses on financial assets.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss while translation differences on non monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available for sale financial assets, calculated using the effective interest method is recognised in the consolidated statement of comprehensive income. Dividends on the available for sale equity instruments are recognised in the consolidated statement of comprehensive income when the Group's right to receive payment is established. Both are included in the investment income line.

Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are include in the consolidated statement of comprehensive income as 'net realised gains or losses on financial assets'.

Financial assets are derecognised when the right to received cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risk and rewards of ownership.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer broker, industry group, pricing services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of quoted investments are based on last traded prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.7 Impairment of assets

(a) Assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available for sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

(b) Financial assets carried at amortised cost

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that the financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of issuers or debtors in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.7 Impairment of assets (continued)

(b) Financial assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. As a practical expedient, the Group may measure impairment on the basis of an asset's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive income.

(c) Impairment of other non-financial assets

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

2.8 Short term deposits

Fixed deposits of one (1) year or less and Government Short-Term treasury bills with duration between 91 days and one (1) year are classified as Short term deposits. Short term deposits are recognised at cost.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are reflected as financial liabilities.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.10 Insurance contracts

The Group 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 Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% 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.

(a) Recognition and measurement

The insurance contracts issued by the Group comprise short-term and long-term insurance contracts. Short-term contracts consist of property and casualty insurance contracts and short-term life insurance contracts. The long-term insurance contracts mainly relate to term life assurance and annuity contracts.

Property and casualty insurance contracts

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employer's liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Motor Vehicle Insurance legislation makes provision for the protection of third parties against risks arising out of the use of motor vehicles. Motor insurance contracts indemnify the Group's clients against negligence in the event of an accident which causes property damage and/or personal injury to third parties. The policy provides for specified limits of liabilities in accordance with the legislation.

The Group also issues comprehensive policies which cover "own damage" to the insured's property.

Property insurance contracts mainly compensate customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The proportion of premiums received on in-force contracts that relates to unexpired risks at the consolidated statement of financial position date is reported as the unearned premiums liability. Premiums are shown before the deduction of commission.

Provisions for unearned premiums represent the proportions of the premiums written in the year less reinsurances thereon which relate to periods of insurance subsequent to the year end and are computed using 100% of the 24ths method for all business except bonding and other classes where the period of risk exceeds one year. For bonding, the group reserves 100% of premiums for the year until the expiry of the risk and, for other classes where the period of risk exceeds one year, premiums are amortised on the straight line basis.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued

2.10 Insurance contracts (continued)

(a) Recognition and measurement (continued)

Property and casualty insurance contracts (continued)

Claims and loss adjustment expenses are charged to the consolidated statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties for bodily harm or property damage by the contract holders. They include direct and indirect settlement costs arising from events that have occurred up to the consolidated statement of financial position date even if they have not yet been reported to the Group. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported. Legal opinion and precedent are used to estimate the expected ultimate cost of more complex claims involving litigation.

Short-term life insurance contracts

These contracts are short-duration life insurance contracts which consist of group life and group credit life contracts that are issued against the consequences of death or disability. Group life contracts issued are annually renewable. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Short-term life insurance premiums are accounted for in the consolidated statement of comprehensive income on the accruals basis. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred. Liabilities for incurred but not reported (IBNR) on group credit life policies are estimated as a percentage of the outstanding claims liability. This approximation is checked for reasonableness against the claims and expense experience.

Provisions for unearned premiums represent the proportions of short-term insurance premiums written in the year, which relates to periods of insurance subsequent to the consolidated statement of financial position date and is computed on a pro-rata basis.

Long-term insurance contracts

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). The expected discounted value is based on assumptions as to mortality and future interest rates that are established at the consolidated statement of financial position date. Long term insurance contracts include the following:

Term life contracts

These contracts are generally issued for fixed terms and provide payment of a known sum in the event of the death of the policyholder. The main risk is the premature death of the policyholder.

Annuity contracts

These are deferred annuity contracts. These contracts provide for payment of a regular income upon maturity of the contract.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.10 Insurance contracts (continued)

(b) Liability adequacy test

At the reporting date, liability adequacy tests were performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests.

(c) Receivables and payables related to insurance contracts

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

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of comprehensive income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for financial assets as described in Note 2.5 (b).

(d) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance assets. Contracts that do not meet these classification requirements are classified as financial assets.

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

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Group for the related claim, the difference is amortised over the estimated remaining settlement period.

The Group assesses its reinsurance assets for impairment annually. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Group gathers objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets as described in Note 2.5 (b).

(d) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). These are recorded when received.

2.11 Other assets

Other assets are generally measured at amortised cost.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.12 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Transfers to share capital for which shares have not yet been issued are reflected as contributed capital.

2.13 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 the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax charge is calculated on the basis of the tax laws enacted at the year end.

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

The principal temporary differences arise from depreciation on property, plant and equipment, fair value gains on available for sale financial assets, unused tax losses, impairment provisions and the retirement benefit asset.

Corporation tax on short-term insurance business is charged at varying rates between 25% and 33% applicable on the respective profit for the year arising in each of the countries in which the Group operates.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the obligation.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Revenue recognition

(i) Premium income

Revenue from premium income is recognised in accordance with Note 2.7.

(ii) Commission income

Commission income relates to commissions received on reinsurance contracts. This is calculated by a combination of a flat brokerage fee or a percentage of business ceded. These amounts are recognised on the accruals basis.

(iii) Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

(iv) Dividend income

Dividend income from equities is recognised when the right to receive payment is established.

2.18 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Board of Directors of the Group.

2.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Prepaid lease rentals are amortised over the lease term on a straight line basis.

2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

2. Summary of Significant Accounting Policies (continued)

2.21 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Commissions paid

The Group pays commissions to its agents or brokers based on rates agreed with the respective party. These are reflected as 'expenses for the acquisition of insurance contracts' in the consolidated statement of comprehensive income.

2.23 Operating and administrative expenses

Operating and administrative expenses are generally recognised on an accrual basis.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

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

3.1 Estimates arising from insurance liabilities

(a) Claims reported and loss adjustment expenses under short-term insurance contracts

The estimation of the liability arising from claims made under insurance contracts is one of the Group's accounting estimates. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. In estimating the liability for the outstanding claims, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $5,597,317 (2015: $4,708,167) and a fall in profit before tax of $2,308,290 (2015: $1,744,541).

(b) Estimate of future benefit payments and premiums arising from long term insurance contracts

The liabilities under long-term insurance contracts are determined using the policy premium method. The liabilities are calculated as the expected present value of future benefit payments less future valuation premiums. The mortality rates are based on 1986-92 Canadian Institute of Actuaries mortality tables and interest rate assumptions are based on the past performance of the Company. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $157,071 (2015: $147,095) and a fall in profit before tax of $149,992 (2015: $138,738).

(c) Claims incurred but not reported

In estimating the ultimate liability arising from insurance contracts, the Group makes certain assumptions regarding claims arising during the current year which have not been reported as at the year end. These estimates are based on historical experience as well as statistical analyses. If the value of claims reported after the year end which related to the current year was to increase by 5% compared to managements estimate, this would result in an increase in the liabilities due under insurance contracts of $2,662,594 (2015: $2,691,688) and a fall in profit before tax of $1,367,360 (2015: $1,348,922).

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

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

3.1 Estimates arising from insurance liabilities (continued)

(d) Unearned premiums

The Group estimates at the end of each financial year the value of premium income billed during the year which has not been earned by the Group as at the year end. These estimates are based on the inception dates of the policies as well as the types of policies being issued. If this reserve were to increase by 5%, this would result in an increase in the insurance liabilities of $7,691,352 (2015: $7,760,072) and a fall in profit before tax of $4,146,258 (2015: $3,772,139).

3.2 Impairment of loans and receivables

The Group assesses at the year end whether its loans and receivables are impaired. Management reviews the ageing of these receivables as well as the creditworthiness of the debtors in estimating these impairment provisions. If the value of doubtful debts was to increase by 5% from management's estimate, this would result in an increase in the provision for doubtful debts and a fall in profit before tax by $279,803 (2015: $381,277).

3.3 Estimation of fair values for available for sale financial assets

In estimating the fair values of available for sale financial assets, management utilizes various assumptions and valuation techniques such as discounted cash flow analyses and reference to recent prices of similar financial instruments for the valuation of its unquoted instruments. If the fair value gains/(losses) were to increase by 5%, this would result in a movement in other comprehensive income of $2,608,636 (2015: $3,067,507).

3.4 Pension and post retirement benefits

The cost of these benefits and the present value of the pension liability depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rates of high-quality corporate bonds and in their absence government bonds that have terms to maturity approximating the terms of the related pension liability. If the pension obligation were to increase by 5%, this would result in a movement in other comprehensive income $177,749 (2015: $167,333).

4. Management of Insurance and Financial Risk

4.1 Insurance risk

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

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Insurance risk arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations.
- Unexpected claims arising from a single source.
- Inaccurate pricing of risk when underwritten.
- Inadequate reinsurance protection or other risk transfer techniques
- Inadequate reserving for claim liabilities

4.1.1Motor, casualty and property insurance risks

(i) Frequency and severity of claims

The frequency and severity of casualty claims can be affected by several factors. The most significant incidents of casualty claims is monetary awards granted for bodily injury suffered by employees (for employer's liability/workmen's compensation coverage) or members of the public (for public liability coverage).

The frequency and severity of property claims can also be affected by several factors. Climatic changes give rise to more frequent losses (for example, windstorms/hurricane, flooding, subsidence/landslip and earthquakes). The greatest likelihood of significant losses on these contracts arises from earthquake, windstorm or flood damage.

The Group manages the risks on motor, casualty and property insurance through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy is agreed by an executive committee and communicated by specific policy statements and guidelines. Policies and procedures exist for underwriting, claims management, reinsurance and reserving and operate within the company's risk management framework.

Mechanisms are in place in each of the business units to identify, quantify and manage accumulated exposures within the limits of the Group's risk appetite. Reinsurance is used to assist in reducing the financial impact of a catastrophe and to reduce the volatility of earnings. Reinsurance purchases are reviewed annually to check that the levels of protection being purchased match developments in exposure. Reinsurance arrangements are only placed with providers who meet the Group's counterparty credit risk standards.

The adequacy of the general insurance reserves is ultimately approved by the executive committee who maintains a general insurance reserving policy and regularly monitors its adequacy.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.2Motor, casualty and property insurance risks (continued)

(i) Frequency and severity of claims (continued)

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

The Group manages the concentration of insurance risk using geographical segregation as follows:

Sum insured as at June 30, 2016 (all amounts in Trinidad and Tobago dollar)

	Motor and Casualty	Property	Total	%
Trinidad	5,283,394,015	14,028,341,191	19,311,735,206	78%
Barbados	132,384,105	940,506,808	1,072,890,913	4%
Dominica	84,053,324	865,096,789	949,150,113	4%
Grenada	208,701,017	1,344,803,550	1,553,504,567	6%
St. Lucia	132,683,261	757,985,069	890,668,330	4%
St. Vincent	164,694,035	638,682,241	803,376,276	3%
St. Kitts	14,458,992	92,866,960	107,325,952	1%
Total	**$6,020,368,749**	**$18,668,282,608**	**$24,688,651,357**	**100%**

The sums insured noted above do not include third party coverage.

Sum insured as at June 30, 2015 (all amounts in Trinidad and Tobago dollar)

	Motor and Casualty	Property	Total	%
Trinidad	5,008,963,658	14,505,535,445	19,514,499,103	78%
Barbados	137,575,883	1,162,554,603	1,300,130,486	5%
Dominica	109,738,356	802,690,927	912,429,283	4%
Grenada	242,286,447	1,235,177,914	1,477,464,361	6%
St. Lucia	8,927,285	88,159,780	97,087,065	1%
St. Vincent	131,364,391	616,094,012	747,458,403	3%
St. Kitts	191,862,740	673,394,612	865,257,352	3%
Total	**$5,830,718,760**	**$19,083,607,293**	**$24,914,326,053**	**100%**

The sums insured noted above do not include third party coverage.

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

Claims on motor and casualty contracts are payable on a claims-occurrence basis. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees or members of the public. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risk of the business activities carried out by individual contract holders and the risk management procedures they adopted. Liability limits on policies are subject to legislation limits and the Group reduces its exposure through a motor and casualty reinsurance treaty. All claims under litigation are separately monitored by the executive management team and subject to periodical reviews with legal representatives.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Motor, casualty and property insurance risks (continued)

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

An increase of 5% in the cost of settling motor and casualty claims would increase the liabilities due under these insurance contracts for the year by $4,289,865 (2015: $3,722,232).

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liabilities for these contracts comprise a provision for claims incurred but not reported (IBNR).

Claim cases are continuously re-evaluated based on new information and developments.

Property claims have a shorter settlement period. As a result claim estimation is based on loss ratio trends and the prevailing economic climate the Group operates in.

An increase of 5% in the cost of settling property claims would increase the liabilities due under these insurance contracts for the year by $2,897,350 (2015: $2,680,960).

Note 14 presents the development of the estimate of ultimate claim cost for claims notified in a given year.

4.2 Financial risk

The Group is exposed to financial risk mainly through its financial assets, financial liabilities and reinsurance assets. In particular the key financial risk is that the proceeds from the Group's financial assets are not sufficient to fund the obligations arising from its financial liabilities and insurance contracts. The most important components of financial risk are market risk, credit risk and liquidity risk.

4.2.1 Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due on available for sale financial assets; and
- amounts due on its cash holdings and short term deposits.

The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to an annual or more frequent review. Impairment provisions are established for losses that have been incurred at the year end.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The Group mainly utilizes international reinsurers with an A+ or higher rating (AM Best or Standard and Poor's). The reinsurers' ratings are reviewed periodically and annually prior to renewal of reinsurance treaty arrangements.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

Loans and receivables comprise primarily amounts due from insurance contracts holders and intermediaries, mortgage loans and amounts due from reinsurers. For policyholders, credit is restricted and regulated in accordance with corporate credit policy. Through a process of internal audit and management reviews of ageing analysis on a monthly basis, creditworthiness is monitored and the Group reserves its right to effect cancellation on the unexpired portion of the risks. All loans are subject to individual credit assessment.

Debt securities comprise primarily Government or Government backed bonds and corporate bonds with reputable financial institutions.

Short term deposits and cash and cash equivalents include cash, short term fixed deposits of one (1) year or less, mutual funds placed with reputable leading regional financial institutions and Government Short-Term treasury bills with duration between 91 and 181 days.

There were no changes from the prior year in the Group's objectives, policies or procedures for managing credit risk.

(i) Assets bearing credit risk

Below is an analysis of assets bearing credit risk:

As at June 30, 2016

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	52,172,718	-	-	52,172,718
- gross loans and receivables	52,206,312	20,581,133	5,177,629	77,965,074
Less provision for doubtful debts	-	-	(5,177,629)	(5,177,629)
Reinsurance assets	162,728,693	-	-	162,728,693
Other assets	(2,416,516)	2,768,017	418,428	769,929
Less provision for doubtful debts	-	-	(418,428)	(418,428)
Short term deposits	64,460,871	-	-	64,460,871
Cash and cash equivalents	116,350,410	-	-	116,350,410
Total	**$445,502,488**	**$23,349,150**	**$ -**	**$468,851,638**

As at June 30, 2015

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	61,350,148	-	-	61,350,148
- gross loans and receivables	51,180,966	27,543,375	7,224,937	85,949,278
Less provision for doubtful debts	-	-	(7,224,937)	(7,224,937)
Reinsurance assets	166,053,657	-	-	166,053,657
Other assets	(582,451)	2,319,926	400,601	2,138,076
Less provision for doubtful debts	-	-	(400,601)	(400,601)
Short term deposits	34,760,863	-	-	34,760,863
Cash and cash equivalents	83,417,421	-	-	83,417,421
Total	**$396,180,604**	**$29,863,301**	**$ -**	**$426,043,905**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(i) Assets bearing credit risk (continued)

The Company currently holds collateral in the sum of $3,436,691 (2015: $436,691) as security for its mortgage loans issued. Financial assets that are past due are assessed for impairment based on the credit worthiness of the debtor, historical payment patterns and the amounts received subsequent to the year end.

(ii) Financial assets past due but not impaired

Financial assets that are past due but not impaired were assessed for impairment based on the credit worthiness of the debtor, historical payment patterns and the amounts received subsequent to the year end and were considered not to be impaired.

As at June 30, 2016

	30 - 60 Days	Between 60 – 90 Days	Over 90 Days	Total
Financial assets				
- loans and receivables	7,244,434	7,232,437	6,104,262	20,581,133
Other assets	2,768,017	-	-	2,768,017
Total	**$10,012,451**	**$7,232,437**	**$6,104,262**	**$23,349,150**

As at June 30, 2015

	30 - 60 Days	Between 60 – 90 Days	Over 90 Days	Total
Financial assets				
- loans and receivables	15,505,490	10,550,101	1,487,784	27,543,375
Other assets	2,319,926	-	-	2,319,926
Total	**$17,825,416**	**$10,550,101**	**$1,487,784**	**$29,863,301**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1Credit risk (continued)

(iii) Impaired financial assets and movement in provision for doubtful debts

	2016	2015
At beginning of year	7,625,538	6,741,398
Increase in provision for the year	1,514,791	1,208,450
Write back in provision for the year	(1,521,091)	(324,310)
Receivable written off during the year as uncollectable	(2,023,181)	-
At end of year	**$5,596,057**	**$7,625,538**

The above balances are reflected within the other assets and loans and receivables balances as at the year end.

(iv) Concentration of credit risk

The Group analyses its concentration of credit risk by geographical location as follows:

As at June 30, 2016

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	27,135,289	6,509,872	18,527,557	-	52,172,718
- loans and				-	72,787,445
receivables	56,468,367	3,227,915	13,091,163	162,728,693	162,728,693
Reinsurance assets	-	-	-	-	351,501
Other assets	(761,811)	314,608	798,704	-	64,460,871
Short term deposits	36,432,660	4,622,040	23,406,171	-	
Cash and cash equivalents	75,623,828	594,212	40,132,370	-	116,350,410
Total	**$194,898,333**	**$15,268,647**	**$95,955,965**	**$162,728,693**	**$468,851,638**

As at June 30, 2015

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	35,110,016	4,434,892	21,805,240		61,350,148
- loans and receivables	63,396,658	2,220,768	13,106,915		78,724,341
Reinsurance assets	-	-	-	166,053,657	166,053,657
Other assets	635,651	262,620	839,204		1,737,475
Short term deposits	6,000,000	7,557,800	21,203,063		34,760,863
Cash and cash equivalents	60,104,095	1,042,985	22,270,341		83,417,421
Total	**$165,246,420**	**$15,519,065**	**$79,224,763**	**$166,053,657**	**$426,043,905**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1Credit risk (continued)

(v) Credit quality of financial assets

The credit quality of financial assets is measured on a group basis. Banks and financial institutions with an independent external minimum rating of 'BBB' are accepted as well as reinsurers with a minimum rating of 'A'. Where customers bearing credit risk are independently rated, these ratings are used. In instances where there is no independent rating, the credit quality of the customer is assessed by taking into account their financial position, past experience and other factors.

As at June 30, 2016

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	14,893,227	15,070,821	17,878,637	4,330,033	52,172,718
- loans and receivables	-	-	-	72,787,445	72,787,445
Reinsurance assets	162,728,693	-	-	-	162,728,693
Other assets	-	-	-	351,501	351,501
Short term deposits	44,149,445	4,960,000	-	15,351,426	64,460,871
Cash and cash equivalents	72,069,288	7,869,680	-	36,411,442	116,350,410
Total	**$293,840,653**	**$27,900,501**	**$17,878,637**	**$129,231,847**	**$468,851,638**

As at June 30, 2015

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	21,507,040	36,015,122	2,116,494	1,711,492	61,350,148
- loans and receivables	-	-	-	78,724,341	78,724,341
Reinsurance assets	166,053,657	-	-	-	166,053,657
Other assets	-	-	-	1,737,475	1,737,475
Short term deposits	15,442,423	-	9,367,800	9,950,640	34,760,863
Cash and cash equivalents	29,462,699	28,997,702	-	24,957,020	83,417,421
Total	**$232,465,819**	**$65,012,824**	**$11,484,294**	**$117,080,968**	**$426,043,905**

4.2.2 Liquidity risk

The Group is exposed to regular demands on its available cash resources. Liquidity risk is the risk that the Group may not be able to pay obligations when they fall due. The Group employs various asset/ liability techniques to manage its liquidity risks. These include matching the maturity profile of its assets and liabilities and maintaining short term assets to meet its funding requirements at any point in time. The techniques used vary with market conditions.

The following table analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2Liquidity risk (continued)

The analysis below shows the maturity profile of financial assets based on contractual discounted cashflows; the maturity profile of financial liabilities using contractual undiscounted cashflows; and the maturity profile of insurance liabilities using expected discounted cashflows.

As at June 30, 2016

	Up to One Year	One to Five Years	Over Five Years	Total
Assets				
Financial assets				
- available for sale	27,463,949	23,485,669	6,013,645	56,963,263
- loans and receivables	70,498,977	1,538,029	1,365,314	73,402,320
Reinsurance assets	159,773,920	2,954,773	-	162,728,693
Other assets	351,501	-	-	351,501
Short term deposits	64,460,871	-	-	64,460,871
Cash and cash equivalents	116,350,410	-	-	116,350,410
Total	**438,899,628**	**27,978,471**	**7,378,959**	**474,257,058**
Liabilities				
Insurance liabilities	319,991,716	8,878,591	-	328,870,307
Reinsurance payable	50,982,841	-	-	50,982,841
Trade and other payables	25,681,367	-	-	25,681,367
Total	396,655,924	8,878,591	-	405,534,515
Net liquidity risk	**$43,243,704**	**$19,099,880**	**$7,378,959**	**$68,722,543**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

As at June 30, 2015

	Up to One Year	One to Five Years	Over Five Years	Total
Assets				
Financial assets				
- available for sale	24,346,781	23,604,593	18,920,946	66,872,320
- loans and receivables	78,243,031	435,666	-	78,678,697
Reinsurance assets	162,847,069	3,206,588	-	166,053,657
Other assets	1,737,475	-	-	1,737,475
Short term deposits	34,760,863	-	-	34,760,863
Cash and cash equivalents	83,417,421	-	-	83,417,421
Total	385,352,640	27,246,847	18,920,946	431,520,433
Liabilities				
Insurance liabilities	301,745,960	10,355,038	-	312,100,998
Reinsurance payable	34,257,769	-	-	34,257,769
Trade and other payables	26,868,601	-	-	26,868,601
Total	362,872,330	10,355,038	-	373,227,368
Net liquidity risk	**$22,480,310**	**$16,891,809**	**$18,920,946**	**$58,293,065**

There were no changes in the objectives, policies or procedures for managing liquidity risk from the prior year.

4.2.3 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

a) Fair value and cash flow interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position, financial performance and future cash flows. Fair value interest rate risk is the risk that the fair values of a financial instrument will fluctuate because of changes in the market interest rates. Cash flow interest rate risk is the risk that the future cashflows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its available for sale financial assets and its short term deposits and cash and cash equivalents. The Group has no significant borrowing and interest servicing debts and therefore is not subject to significant interest rate risk on its financial liabilities.

The Group employs various asset/liability techniques to manage interest rate risks. These techniques include managing the composition of the portfolio between fixed and floating rate instruments and regularly reviewing the market values of its available for sale financial assets. The Group's treasury management strategy is focused towards short-term investment instruments including fixed deposit, government short-term treasury bills and mutual funds with maturity terms of 1 year or less. For investments with maturities exceeding one (1) year, opportunities for variable interest rate instruments are sourced as a preferred investment.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

a) Fair value and cash flow interest rate risk (continued)

There were no changes in the objectives, policies or procedures for managing interest rate risk from the prior year.

(i) Cash flow interest rate risk

The table below summarises the Group's exposure to cashflow interest rate risk.

As at June 30, 2016

	Carrying Value	1% Movement in Interest Rates
Short term deposits	$64,460,871	$644,609
Cash and cash equivalents	$116,350,410	$1,163,504

As at June 30, 2015

	Carrying Value	1% Movement in Interest Rates
Short term deposits	$34,760,863	$347,609
Cash and cash equivalents	$83,417,421	$834,174

(iii) Fair value interest rate risk

The table below summarises the Group's exposure to fair value interest rate risk.

As at June 30, 2016

	Carrying Value	Fair Value
Available for sale financial assets	$69,254,923	$69,254,923
Mortgage and other loans	$15,874,099	$15,874,099

As at June 30, 2015

	Carrying Value	Fair Value
Available for sale financial assets	$75,263,077	$75,263,077
Mortgage and other loans	$12,098,098	$12,098,098

b) Currency risk

The Group takes on exposure due to the effects of fluctuations in the prevailing foreign exchange rates on its financial positions, financial performance and cash flows. The strategy for dealing with currency risks is to match foreign currency liabilities with assets denominated in the same currency.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

b) Currency risk (continued)

The table below summarises the Group's significant currency positions for currency other than Trinidad and Tobago dollars (expressed in Trinidad and Tobago dollars):

As at June 30, 2016

	EC	Barbados	USD	Other	Total
Assets					
Financial assets					
- available for sale	12,151,429	7,436,777	14,523,465	-	34,111,671
- loans and receivables	16,972,074	4,887,992	-	-	21,860,066
Reinsurance assets	-	-	71,964,352	-	71,964,352
Other assets	798,704	314,608	-	-	1,113,312
Short term deposits	23,406,171	4,622,040	-	-	28,028,211
Cash and cash equivalents	34,951,194	594,212	17,923,408	2,885,364	56,354,178
Total assets	88,279,572	17,855,629	104,411,225	2,885,364	213,431,790
Liabilities					
Insurance liabilities	84,104,091	43,245,778	-	-	127,349,869
Reinsurance payable	-	-	11,689,183	-	11,689,183
Trade and other payables	6,063,589	1,937,830	-	-	8,001,419
Total liabilities	90,167,680	45,183,608	11,689,183	-	147,040,471
Net currency gap	**$(1,888,108)**	**$(27,327,979)**	**$92,722,042**	**$2,885,364**	**$66,391,319**
Effect of 1% change in exchange rates on consolidated statement of comprehensive income	**$(18,881)**	**$(273,280)**	**$927,220**	**$28,854**	**$663,913**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3Market risk (continued)

b) Currency risk (continued)

As at June 30, 2015

	EC	Barbados	USD	Other	Total
Assets					
Financial assets					
- available for sale	15,601,205	4,434,892	19,863,612	-	39,899,709
- loans and receivables	13,106,916	2,220,768	-	-	15,327,684
Reinsurance assets	-	-	71,505,908	-	71,505,908
Other assets	839,204	262,620	-	-	1,101,824
Short term deposits	21,203,063	7,557,800	-	-	28,760,863
Cash and cash equivalents	22,270,341	1,042,985	3,424,555	24	26,737,905
Total assets	73,020,729	15,519,065	94,794,075	24	183,333,893
Liabilities					
Insurance liabilities	74,437,916	38,063,455	-	-	112,501,371
Reinsurance payable	-	-	5,984,038	-	5,984,038
Trade and other payables	8,496,015	1,793,927	-	-	10,289,942
Total liabilities	82,933,931	39,857,382	5,984,038	-	128,775,351
Net currency gap	**$(9,913,202)**	**$(24,338,317)**	**$88,810,037**	**$24**	**$54,558,542**
Effect of 1% change in exchange rates on consolidated statement of comprehensive income	**$(99,132)**	**$(243,383)**	**$888,100**	**$ -**	**$545,585**

Included in the ‘Other’ category are assets held in Canadian Dollars.

Management believes a 1% deviation to be reasonable given the current and expected economic conditions in the locations in which the Group operates. There were no change in the objectives, policies or procedures for managing currency risk from the prior year.

c) Other price risk

The table below summarises the Group’s exposure to other price risk.

As at June 30, 2016

	Carrying Value	Effect on Equity of a 5% Change
Equities		
Listed	17,082,205	854,110
	$17,082,205	**$854,110**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3Market risk (continued)

d) Other price risk

As at June 30, 2015

	Carrying Value	Effect on Equity of a 5% Change
Equities		
Listed	13,912,929	695,646
	$13,912,929	**$695,646**

Management believes a 5% deviation to be reasonable given the current and expected economic conditions in the locations in which the Group operates. There were no changes in the objectives, policies or procedures for managing other price risk from the prior year.

4.2.4 Financial instruments by category

The table below summarizes the carrying value of the Group's financial instruments and their fair values as at the year end.

As at June 30 2016

Financial Instrument	**Carrying Value**	**Fair Value**
Financial Assets		
Available for sale		
Debt securities	52,172,718	52,172,718
Equities	17,082,205	17,082,205
	$69,254,923	$69,254,923
Loans and receivables		
Loans and receivables	72,787,445	72,787,445
Reinsurance assets	162,728,693	162,728,693
Other assets	351,501	351,501
Short term deposits	64,460,871	64,460,871
Cash and cash equivalents	116,350,410	116,350,410
	$416,678,920	$416,678,920
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	328,870,307	328,870,307
Reinsurance payable	50,982,841	50,982,841
Trade and other payables	25,681,367	25,681,367
	$405,534,515	**$405,534,515**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.4 Financial instruments by category (continued)

As at June 30 2015

Financial Instrument	**Carrying Value**	**Fair Value**
Financial Assets		
Available for sale		
Debt securities	61,350,148	61,350,148
Equities	13,912,929	13,912,929
	$75,263,077	**$75,263,077**
Loans and receivables		
Loans and receivables	78,724,341	78,724,341
Reinsurance assets	166,053,657	166,053,657
Other assets	1,737,475	1,737,475
Short term deposits	34,760,863	34,760,863
Cash and cash equivalents	83,417,421	83,417,421
	$364,693,757	**$364,693,757**
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	312,100,998	312,100,998
Reinsurance payable	34,257,769	34,257,769
Trade and other payables	26,868,601	26,868,601
	$373,227,368	**$373,227,368**

The fair value of financial instruments is determined as follows:

a) Debt Securities and Equities

The fair values of quoted investments are based on the last traded prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

b) Loans and Receivables

The fair value was determined based on the present value of future cash flows using current market interest rates.

c) Reinsurance Assets

The carrying value on these reinsurance assets are a close approximation to the fair value of these assets as these amounts represents the reinsurance assets on the related undiscounted insurance liabilities for which the settlement date is uncertain.

d) Other Financial Assets and Liabilities

These balances are short term and as a result, carrying value is a close approximation to fair value.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.5 Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. There were no transfers between the levels during the year ended June 30, 2015 (2014: nil).

As at June 30, 2016

	Level 1	Level 2	Level 3	Total
Assets				
Financial Assets				
- Available for sale	$17,082,205	$52,172,718	$ -	$69,254,923

As at June 30, 2015

	Level 1	Level 2	Level 3	Total
Assets				
Financial Assets				
- Available for sale	$13,912,929	$61,350,148	$ -	$75,263,077

4.2.6 Capital Management

The Group manages its shareholders' equity of $135,193,137 (2015: $120,966,581) as capital.

The Group's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the insurance markets where the Group operates.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.6 Capital Management (continued)

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and type of capital that must be held in relation to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year. The Group is subject to insurance solvency regulations in all the territories in which it issues insurance contracts. These solvency regulations require the Group and its individual branches in each territory to maintain a surplus of assets over liabilities greater than a specific percentage of its net premium income. The percentage differs in each territory. The Group has embedded in its compliance framework the necessary tests to ensure continuous and full compliance with such regulations.

In the current year, the Group met its objectives for managing capital. There were no changes in the objectives, capital base or policies for capital management from the prior year.

Notes to the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

5. Property, Plant and Equipment

	Leasehold Property	Freehold Properties	Furniture and Fittings	Office Equipment	Vehicles	Computer Equipment	Total
Year ended June 30, 2016							
Cost							
Balance at July 1, 2015	29,937,812	13,212,707	5,772,911	4,431,172	4,893,954	31,733,431	89,981,987
Additions	-	-	458,927	168,619	258,579	877,070	1,763,195
Disposals	-	-	-	-	(1,793,699)	(10,511)	(1,804,210)
Exchange rate difference	-	757,641	102,459	75,170	22,180	137,001	1,094,451
Balance at June 30, 2016	29,937,812	13,970,348	6,334,297	4,674,961	3,381,014	32,736,991	91,035,423
Accumulated depreciation							
Balance at July 1, 2015	2,052,812	1,248,953	3,328,046	3,231,492	2,894,248	23,146,114	35,901,665
Charge on disposals	-	-	-	-	(1,259,208)	(3,038)	(1,262,246)
Depreciation charge	477,939	91,567	575,937	427,115	412,610	2,635,074	4,620,242
Exchange rate difference		70,480	68,641	58,140	17,576	151,389	366,226
Balance at June 30, 2016	2,530,751	1,411,000	3,972,624	3,716,747	2,065,226	25,929,539	39,625,887
Net book value at June 30, 2016	**$27,407,061**	**$12,559,348**	**$2,361,673**	**$958,214**	**$1,315,788**	**$6,807,452**	**$51,409,536**
Year ended June 30, 2015							
Cost							
Balance at July 1, 2014	29,937,812	13,212,707	5,546,844	4,469,134	4,069,454	29,645,584	86,881,535
Additions	-	-	227,780	58,326	824,500	2,098,761	3,209,367
Disposals	-	-	(1,713)	(96,288)	-	(10,914)	(108,915)
Balance at June 30, 2015	29,937,812	13,212,707	5,772,911	4,431,172	4,893,954	31,733,431	89,981,987
Accumulated depreciation							
Balance at July 1, 2014	1,574,873	1,157,386	2,993,637	2,941,079	2,296,275	20,451,147	31,414,397
Charge on disposals	-	-	(925)	(43,041)	-	(3,964)	(47,930)
Depreciation charge	477,939	91,567	335,334	333,454	597,973	2,698,931	4,535,198
Balance at June 30, 2015	2,052,812	1,248,953	3,328,046	3,231,492	2,894,248	23,146,114	35,901,665
Net book value at June 30, 2015	**$27,885,000**	**$11,963,754**	**$2,444,865**	**$1,199,680**	**$1,999,706**	**$8,587,317**	**$54,080,322**

Bank borrowings are secured on land and buildings for the value of $16,767,707 (2015: $16,548,841) (Note 16).

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

6. Retirement Benefit Asset

	2016	2015
Retirement Benefit Asset	**$1,364,354**	**$1,299,858**
Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	4,919,342	4,646,509
Present value of funded obligations	(3,554,988)	(3,346,651)
Retirement Benefit Asset	**$1,364,354**	**$1,299,858**
Movement in the retirement benefit asset recognised over the year is as follows:		
Beginning of the year	1,299,858	1,272,128
Net pension expense	(58,635)	12,372
Contributions paid	26,690	15,358
Foreign exchange difference	96,441	-
At end of year	**$1,364,354**	**$1,299,858**
Movement in the present value of funded obligation for the year is as follows:		
Beginning of year	3,346,651	3,309,979
Interest cost	272,071	261,094
Current service cost	183,050	215,754
Benefit payments	(300,782)	(64,630)
Actuarial gains	(194,302)	(375,546)
Foreign exchange difference	248,300	-
At end of year	**$3,554,988**	**$3,346,651**
Movement in the fair value of plan assets for the year is as follows:		
Beginning of year	4,646,509	4,582,106
Expected return on plan assets	161,622	45,741
Company contributions	26,690	15,357
Employee contributions	40,563	67,933
Benefit payments	(300,782)	(64,628)
Foreign exchange difference	344,740	-
At end of year	**$4,919,342**	**$4,646,509**
Amounts recognised in the statement of comprehensive income:		
Profit or loss		
Current service cost	142,487	147,820
Interest cost	(93,516)	(83,263)
Net pension expense	48,971	64,557
Other comprehensive income		
Expected return on plan assets	203,966	298,617
Net actuarial gains	(194,302)	(375,546)
	9,664	(76,929)
Net pension expense/(benefit)	**$58,635**	**$(12,372)**
Actual return on plan assets	**$161,622**	**$45,741**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

6. Retirement Benefit Asset (continued)

	2016	2015
The principal assumptions used in the actuarial valuation are as follows:		
Discount rate at end of year	7.5%	7.5%
Expected return on plan assets at end of year	7.5%	7.5%
Future salary increases	6.5%	6.5%
Future pension increases	3.0%	3.0%
NIS ceiling increases	3.5%	3.5%
Mortality – US Mortality tables	GAM94	GAM94
The plan assets are invested in a segregated equity fund and bond fund managed by Sagicor Life Inc.	**$4,919,342**	**$4,646,509**

The expected return on plan assets is calculated using an average of the assets at the start and end of the year multiplied by the expected percentage rate of return.

The expected contributions to post employment benefit plans for the year ending June 30, 2017 would be $27,624.

The assets of the defined benefit plan are disaggregated into the following quoted and unquoted securities.

	% of Portfolio	
	2016	**2015**
Equities	30%	32%
Real estate	5%	4%
Bonds	40%	42%
Mortgages	13%	15%
Deposits/Cash	12%	7%

Sensitivity analysis

If the main assumptions were changed the present value of the obligation would be as follows:

	Present value of obligation	
	+ 0.50%	**- 0.50%**
Discount rate	$981,170	$1,165,642
Salary increase and NIS increase	$1,139,325	$1,003,069

7. Financial Assets – Available For Sale

	2016	2015
Equities	21,633,805	18,464,529
Government bonds	24,958,139	23,343,278
Corporate bonds	27,214,579	38,006,870
Provision for impairment	(4,551,600)	(4,551,600)
	$69,254,923	**$75,263,077**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

7. Financial Assets – Available For Sale (continued)

The movement in available for sale financial assets is summarised as follows:

	2016	2015
At beginning of year	75,263,077	68,107,541
Additions	13,688,599	70,379,149
Disposals	(22,582,537)	(62,527,223)
Net realised (losses)/gains on financial assets	(129,302)	125,525
Net fair value change for the year	979,549	(821,915)
Foreign exchange difference	2,035,537	-
At end of year	**$69,254,923**	**$75,263,077**

8. Financial Assets – Loans and Receivables

	2016	2015
Mortgage and other loans	15,874,099	12,098,098
Amounts due from brokers	46,975,138	58,969,963
Amounts due from policyholders	9,938,208	7,656,280
	$72,787,445	**$78,724,341**
Current portion	69,391,038	78,062,659
Non-current portion	3,396,407	661,682
	$72,787,445	**$78,724,341**

9. Reinsurance Assets

	2016	2015
Current	159,773,920	162,847,069
Non-current	2,954,773	3,206,588
Total assets arising from reinsurance contracts (Note 14)	**$162,728,693**	**$166,053,657**

10. Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 25%.

The movement in the deferred tax account is as follows:

	2016	2015
At beginning of year	(1,021,693)	(772,479)
Foreign exchange difference	(169,192)	-
Credit to profit or loss (Note 20)	(1,300,445)	(62,967)
Credit/(charge) to other comprehensive income	222,474	(186,247)
At end of year	**$(2,268,856)**	**$(1,021,693)**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

10. Deferred Taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to the same entity. The following amounts are shown on the consolidated statement of financial position:

	2016	2015
Deferred tax assets	(4,527,485)	(3,586,697)
Deferred tax liabilities	2,258,629	2,565,004
	$(2,268,856)	**$(1,021,693)**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities and the deferred income tax charge in the consolidated statement of comprehensive income and other comprehensive income are attributable to the following items:

	Balance as at July 1, 2015	Foreign Exchange Translation	(Credit)/ Charge to Profit or Loss	Credit to Other Comprehensive Income	Balance as at June 30, 2016
Deferred tax liabilities:					
Fair value gains on available for sale financial assets	572,235	26,664	-	224,890	823,789
Retirement benefit asset	324,965	18,540	-	(2,416)	341,089
Accelerated tax depreciation	1,667,804	(16,124)	(557,929)	-	1,093,751
	2,565,004	29,080	(557,929)	222,474	2,258,629
Deferred tax assets:					
Impairment provision	(1,137,968)	(19,949)	8,827	-	(1,149,090)
Tax losses carried forward	(2,448,729)	(178,323)	(751,343)	-	(3,378,395)
	(3,586,697)	(198,272)	(742,516)	-	(4,527,485)
Net deferred tax asset	**$(1,021,693)**	**$(169,192)**	**$(1,300,445)**	**$222,474**	**$(2,268,856)**

	Balance as at July 1, 2014	Foreign Exchange Translation	Credit to Profit or Loss	(Credit)/Charge to Other Comprehensive Income	Balance as at June 30, 2015
Deferred tax liabilities:					
Fair value gains on available for sale financial assets	777,714	-	-	(205,479)	572,235
Retirement benefit asset	318,033	-	(12,300)	19,232	324,965
Accelerated tax depreciation	1,684,712	-	(16,908)	-	1,667,804
	2,780,459	-	(29,208)	(186,247)	2,565,004
Deferred tax assets:					
Impairment provision	(1,137,968)	-	-	-	(1,137,968)
Tax losses carried forward	(2,414,970)	-	(33,759)	-	(2,448,729)
	(3,552,938)	-	(33,759)	-	(3,586,697)
Net deferred tax asset	**$(772,479)**	**$ -**	**$(62,967)**	**$(186,247)**	**$(1,021,693)**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

10. Deferred Taxes (continued)

	2016	2015
Deferred tax liabilities:		
- to be realised after more than 12 months	2,816,361	2,578,208
- to be realised within 12 months	(557,732)	(13,204)
	$2,258,629	**$2,565,004**
Deferred tax assets:		
- to be realised after more than 12 months	(4,737,412)	(3,586,697)
- to be realised within 12 months	209,927	-
	$(4,527,485)	**$(3,586,697)**

11. Short Term Deposits

	2016	2015
Treasury bills	48,278,041	21,577,800
At banks	7,716,787	9,442,423
Financial Institutions	4,432,658	-
Supervisor of Insurance	4,033,385	3,740,640
	$64,460,871	**$34,760,863**

The amounts included in (ii) above represent cash deposits with the various Supervisors of Insurance held towards the Group's statutory deposits requirements. These deposits have an average effective interest rate of 2.17% (2015: 1.31%).

12. Share Capital

	2016	2015
Authorised		
Unlimited ordinary shares of no par value		
Issued and fully paid		
34,666,667 ordinary shares of no par value	**$39,000,000**	**$39,000,000**

13. Statutory Reserve

	2016	2015
Balance at beginning of year	17,690,750	13,589,862
Transfer from statement of comprehensive income	3,932,671	4,100,888
Balance at end of year	**$21,623,421**	**$17,690,750**

As required by section 171 of the Insurance Act 1980 of Trinidad and Tobago, at least 25% of the Company's profit for the year on its general insurance business is to be appropriated towards a reserve until such reserve equals or exceeds the liability in respect of outstanding unexpired policies.

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets

	2016	2015
Insurance liabilities – gross		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	111,946,330	94,163,339
Claims incurred but not reported	53,251,884	53,833,766
Total insurance claims liability	165,198,214	147,997,105
Unearned premiums	153,827,038	155,201,436
Unexpired risks provision	6,703,631	5,960,550
Total unearned premiums and unexpired risk liability	160,530,669	161,161,986
Long-term insurance contracts		
- Annuities	2,160,444	2,089,299
- Term life	980,980	852,608
Total long-term insurance contracts	3,141,424	2,941,907
Total insurance liabilities - gross	**$328,870,307**	**$312,100,998**
Recoverable from reinsurers		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	65,780,540	59,272,518
Claims incurred but not reported	25,904,684	26,855,328
Total insurance claims recoverable	91,685,224	86,127,846
Unearned premiums	70,901,878	79,758,666
Long-term insurance contracts	141,591	167,145
Total reinsurers' share of insurance liabilities	**$162,728,693**	**$166,053,657**
Insurance liabilities – net		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	46,165,790	34,890,821
Claims incurred but not reported	27,347,200	26,978,438
Total insurance claims liability	73,512,990	61,869,259
Unearned premiums	82,925,160	75,442,770
Unexpired risks provision	6,703,631	5,960,550
Total unearned premiums and unexpired risk	89,628,791	81,403,320
Long-term insurance contracts		
- Annuities	2,160,444	2,089,299
- Term life	839,389	685,463
Total long-term insurance contracts	2,999,833	2,774,762
Total insurance liabilities - net	**$166,141,614**	**$146,047,341**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

	2016	2015
Current	158,057,353	136,481,089
Non-current	8,084,261	9,566,252
Total insurance liabilities - net	**$166,141,614**	**$146,047,341**

Notes to the Consolidated Financiall Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

14.1 Assumptions, change in assumptions and sensitivity

(a) Development of claims

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position. An accident year basis is considered to be most appropriate for the business written by the Group.

Accident year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Insurance claims –	53,889,963	41,640,360	76,443,965	97,263,451	105,229,345	116,198,176	150,170,331	150,435,923	160,010,855	206,539,136	
gross	42,229,265	31,737,238	66,126,489	74,755,765	79,903,862	88,318,414	134,099,991	107,678,036	127,937,086	-	
- at end of accident	44,399,935	31,468,358	64,077,437	73,308,834	81,304,273	88,305,791	134,890,142	123,904,984	-	-	
year	33,512,104	31,108,303	62,356,845	73,134,258	80,986,751	88,210,122	99,610,768	-	-	-	
- one year later	33,421,539	29,122,468	58,837,914	72,536,738	79,792,433	110,342,426	-	-	-	-	
- two years later	34,089,901	29,223,930	55,653,346	73,453,638	96,715,321	-	-	-	-	-	
- three years later	34,048,514	29,149,230	55,689,695	73,161,011	-	-	-	-	-	-	
- four years later	34,354,976	29,125,471	57,602,416	-	-	-	-	-	-	-	
- five years later	34,473,364	51,936,165	-	-	-	-	-	-	-	-	
- six years later	25,223,140	-	-	-	-	-	-	-	-	-	
- seven years later											
- eight years later											
- nine years later											
Current estimate of cumulative claims	25,223,140	51,936,165	57,602,416	73,161,011	96,715,321	110,342,426	99,610,768	123,904,984	127,937,086	206,539,136	972,972,453
Cumulative payments to date	(25,218,539)	(51,429,918)	(57,416,125)	(72,641,385)	(93,183,251)	(92,320,610)	(95,585,054)	(113,753,472)	(117,700,883)	(119,049,214)	(838,298,451)
	4,601	506,247	186,291	519,626	3,532,070	18,021,816	4,025,714	10,151,512	10,236,203	87,489,922	134,674,002
Liabilities in respect of years prior to 2006											30,524,212
Total insurance claims liability - gross											165,198,214

Notes to the Consolidated Financiall Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

14.1 Assumptions, change in assumptions and sensitivity (continued)

(a) Development of claims (continued)

Accident year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Insurance claims – net											
- at end of accident	27,479,236	31,110,812	43,107,629	65,063,824	73,622,621	71,742,924	92,954,003	87,726,575	92,570,600	151,914,860	
year	24,045,233	29,059,598	46,541,016	55,316,106	62,992,437	60,742,988	86,256,674	95,049,144	120,593,784	-	
- one year later	25,083,025	28,732,003	47,440,088	53,141,341	65,573,571	61,063,952	86,621,245	108,449,360	-	-	
- two years later	24,080,227	28,367,111	45,812,478	53,319,831	64,801,124	61,026,622	85,948,864	-	-	-	
- three years later	23,099,057	26,930,085	37,538,671	54,105,573	63,571,224	69,636,202	-	-	-	-	
- four years later	24,250,485	26,989,049	36,826,586	53,789,342	66,540,268	-	-	-	-	-	
- five years later	24,210,416	26,921,753	36,865,548	57,437,960	-	-	-	-	-	-	
- six years later	24,518,783	26,898,425	41,442,770	-	-	-	-	-	-	-	
- seven years later	24,637,171	34,497,844	-	-	-	-	-	-	-	-	
- eight years later	22,890,837	-	-	-	-	-	-	-	-	-	
- nine years later											
Current estimate of cumulative claims	22,890,837	34,497,844	41,442,770	57,437,960	66,540,268	69,636,202	85,948,864	108,449,360	120,593,784	151,914,860	759,352,749
Cumulative payments to date	(22,943,736)	(33,993,373)	(41,263,993)	(57,121,351)	(63,325,527)	(66,756,004)	(81,989,079)	(100,168,471)	(110,967,545)	(111,283,866)	(689,812,945)
	(52,899)	504,471	178,777	316,609	3,214,741	2,880,198	3,959,785	8,280,889	9,626,239	40,630,994	69,539,804
Liabilities in respect of years prior to 2006											3,973,186
Total insurance claims liability - net											73,512,990

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

14.1 Assumptions, change in assumptions and sensitivity (continued)

b) Process used to decide on assumptions

Short-term Insurance Contracts

The risks associated with these insurance contracts and in particular, with casualty insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses historical data for trending and estimating the ultimate cost of claims. The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. These factors are then applied to cumulative claims data to develop the estimated total claims for the ensuing year.

The Group reserves for property and casualty insurance claims immediately on the receipt of a claim incident report. The Group's policy is to establish realistic reserves based on available information and cost estimates. The policy is to ensure that the majority of claims are adequately reserved in the same accounting month in which they are reported and no later than thirty (30) days after the first report of loss.

Outstanding claim reserves are continuously re-evaluated based on new information and developments and the reserves are adjusted for accordingly. The Group reassesses its provision for incurred but not reported claims (IBNR) on an annual basis.

Long-term Insurance Contracts

Annuities

These reserves are determined based on the fund balances for the contracts at the statement of financial position date.

Term Life

These reserves are valued using the gross premium valuation method which utilises assumptions regarding the rate of return on these contracts as well as mortality assumptions.

See Note 3 for details on the sensitivity of these reserves.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

14.2 Movement in insurance liabilities and reinsurance assets

a) Claims and loss adjustment expenses

Year ended June 30, 2016

	Gross	Reinsurance	Net
Notified claims	94,163,339	(59,272,518)	34,890,821
Incurred but not reported	53,833,766	(26,855,328)	26,978,438
Total at beginning of year	147,997,105	(86,127,846)	61,869,259
Cash paid for claims settled in year	(151,658,615)	39,749,434	(111,909,181)
Increase/(decrease) in liabilities			
- arising from current year claims	206,539,136	(54,624,276)	151,914,860
- arising from prior year claims	(43,470,335)	13,516,073	(29,954,262)
Exchange rate difference	5,790,923	(4,198,609)	1,592,314
Total at end of year	**$165,198,214**	**$(91,685,224)**	**$73,512,990**
Notified claims	111,946,330	(65,780,540)	46,165,790
Incurred but not reported	53,251,884	(25,904,684)	27,347,200
Total at end of year	**$165,198,214**	**$(92,685,224)**	**$73,512,990**

Year ended June 30, 2015

	Gross	Reinsurance	Net
Notified claims	122,113,536	(82,728,216)	39,385,320
Incurred but not reported	56,793,564	(27,922,908)	28,870,656
Total at beginning of year	178,907,100	(110,651,124)	68,255,976
Cash paid for claims settled in year	(136,945,353)	40,468,961	(96,476,392)
Increase/(decrease) in liabilities			
- arising from current year claims	169,426,089	(46,432,114)	122,993,975
- arising from prior year claims	(63,390,731)	30,486,431	(32,904,300)
Total at end of year	**$147,997,105**	**$(86,127,846)**	**$61,869,259**
Notified claims	94,163,339	(59,272,518)	34,890,821
Incurred but not reported	53,833,766	(26,855,328)	26,978,438
Total at end of year	**$147,997,105**	**$(86,127,846)**	**$61,869,259**

Notes the Consolidated Financial Statements
Year ended June 30, 2016
(Expressed in Trinidad and Tobago Dollars)

14. Insurance Liabilities and Reinsurance Assets (continued)

14.2 Movement in insurance liabilities and reinsurance assets (continued)

b) Provisions for unearned premiums and unexpired short-term risks

Year ended June 30, 2016

	Gross	Reinsurance	Net
Unearned premium provision			
At beginning of year	155,201,436	(79,758,666)	75,442,770
Increase in the year	151,191,918	(69,592,118)	81,599,800
Release in the year	(155,201,436)	79,758,666	(75,442,770)
Exchange rate difference	2,635,120	(1,309,760)	1,325,360
At end of year	**$153,827,038**	**$(70,901,878)**	**$82,925,160**
Unexpired risk provision			
At beginning of year	5,960,550	-	5,960,550
Increase in the year	6,630,935	-	6,630,935
Release in the year	(5,960,550)	-	(5,960,550)
Exchange rate difference	72,696	-	72,696
At end of year	**$6,703,631**	**$ -**	**$6,703,631**

Year ended June 30, 2015

	Gross	Reinsurance	Net
Unearned premium provision			
At beginning of year	145,802,441	(79,448,370)	66,354,071
Increase in the period	155,201,436	(79,758,666)	75,442,770
Release in the period	(145,802,441)	79,448,370	(66,354,071)
At end of year	**$155,201,436**	**$(79,758,666)**	**$75,442,770**
Unexpired risk provision			
At beginning of year	4,692,656	-	4,692,656
Increase in the period	5,960,550	-	5,960,550
Release in the period	(4,692,656)	-	(4,692,656)
At end of year	**$5,960,550**	**$ -**	**$5,960,550**

15. Trade and other payables

	2016	2015
Stale dated cheques	6,332,449	6,590,584
Accruals	5,787,157	5,927,219
Premium taxes payable	4,379,793	4,108,967
Interest income deferred	2,295,649	2,269,329
Sundry creditors	1,789,562	1,096,271
Provision for agents commission	1,288,857	503,427
Statutory deposit outstanding	1,240,000	1,150,000
Other payables and accruals	2,567,900	5,222,804
	$25,681,367	$26,868,601

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

16. Bank Borrowing Facilities

The Group's borrowing facilities comprise the following:

	2016	2015
Undrawn overdraft facility	1,000,000	1,000,000
Letter of Credit	4,960,000	4,600,000
	$5,960,000	**$5,600,000**

These facilities, if utilised, will be secured by:

- First Leasehold Mortgage over property at # 13 Stanmore Avenue, Port of Spain, stamped to cover $9,000,000 (2015: $9,000,000).
- Fire policy over land and buildings totalling $16,767,707 (2015: $16,767,707) included in property, plant and equipment.

17. Insurance Claims and Loss Adjustment Expenses

Year ended June 30, 2016

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	206,539,136	(54,624,276)	151,914,860
Prior year claims and loss adjustment expenses	(43,470,335)	13,516,073	(29,954,262)
	$163,068,801	**$(41,108,203)**	**$121,960,598**

Year ended June 30, 2015

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	169,426,089	(46,432,114)	122,993,975
Prior year claims and loss adjustment expenses	(63,390,731)	30,486,431	(32,904,300)
	$106,035,358	**$(15,945,683)**	**$90,089,675**

18. Other Operating and Administrative Expenses

	2016	2015
Staff costs (See Note 19)	43,867,422	40,406,243
Rent and utilities	10,663,719	10,548,921
Advertising	10,481,393	9,733,770
Staff welfare	5,228,649	4,616,376
Office expenses	4,646,184	5,116,536
Depreciation	4,620,242	4,535,198
Professional fees	3,575,432	2,562,462
Operating lease rentals	2,152,675	2,560,977
Repairs and maintenance	1,900,628	2,088,693
Bank charges	1,230,523	1,061,195
Bad debt expense, net of recoveries	194,455	1,181,634
Other miscellaneous expenses	1,978,458	995,261
	$90,539,780	**$85,407,266**

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

19. Staff Costs

	2016	2015
Wages and salaries	40,399,448	38,172,313
National insurance	1,825,429	1,720,748
Severance	1,552,979	412,207
Net pension expense - defined benefit plan	89,566	100,975
	$43,867,422	$40,406,243
Number of persons employed by the Group	213	215

20. Taxation

	2016	2015
Current tax	5,922,504	8,914,117
Deferred income tax (Note 10)	(1,300,445)	(62,967)
	$4,622,059	$8,851,150

The Group's effective tax rate varies from the statutory rate of 25% as a result of the differences shown below.

Profit before taxation	$18,271,345	$32,249,021
Tax calculated at the rate of 25%	4,567,837	8,062,255
Effect of different tax rates in other countries	615,004	850,048
Income not subject to tax	(3,130,533)	(290,571)
Expenses not deductible for tax purposes	1,436,420	15,745
Tax losses carried forward	1,335,511	91,404
Business levy	326,708	4,327
Green fund levy	769,539	206,071
Deferred income tax (Note 10)	(1,300,445)	(62,967)
Prior year under/(over) provision	2,018	(25,162)
Tax charge	**$4,622,059**	**$8,851,150**

21. Related Party Balances and Transactions

The Group is a subsidiary of CGH Limited. The Group also has a 100% subsidiary North West Premium Finance Limited. Beacon Holdings Limited is an affiliated company of The Beacon Insurance Company Limited. North West Premium Finance Limited, Beacon Holdings Limited and CGH Limited are incorporated in the Republic of Trinidad and Tobago.

Notes the Consolidated Financial Statements

Year ended June 30, 2016

(Expressed in Trinidad and Tobago Dollars)

21. Related Party Balances and Transactions (continued)

The following transactions and balances were carried out with related parties:

	2016	2015
i) Leasing of equipment and properties	$2,152,675	$2,560,977
ii) Amounts due from related parties	$488,963	$822,939
iii) Provision for doubtful related party receivable balances	$68,854	$68,854
iv) Loan to related party	$1,100,000	$ -
v) Key management compensation		

The compensation paid or payable to key management for employee services is shown below:

Salaries and other short-term employee benefits	$12,758,901	$12,077,433

22. Commitments

	2016	2015
(a) Capital commitments		
The following were the capital commitments of the Group:		
Systems upgrade project	2,902,894	736,000
	$2,902,894	$736,000

(b) Operating lease commitments – where the Group is the lessee

The Group leases car parks, vehicles and information technology systems under operating leases with varying terms, escalating clauses and renewal rights.

The future aggregate minimum lease payments are as follows:

	2016	2015
No later than one year	2,958,235	2,224,256
Later than one year and no later than five years	4,196,241	184,401
	$7,154,476	$2,408,657

23. Contingent Liabilities

The Group has several legal matters pending relating to claims made on its insurance portfolio for which the ultimate cost of settling may be uncertain. These have been adequately provided for as insurance liabilities in the consolidated financial statements. The Group is also subject to other legal actions, the final outcome of which is uncertain. Based on legal advice received, management has concluded that no significant unrecognised liabilities are expected to crystallise.

24. Subsequent Events

Management has evaluated the possibility of subsequent events existing in the Group's consolidated financial statements from July 1, 2016 through November, 2016, the date the consolidated financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to disclosure in the Group's consolidated financial st

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