



CUNA Caribbean Insurance Jamaica Limited

Financial Statements

31 December 2023

(Expressed in Jamaican Dollars unless otherwise indicated)

CUNA Caribbean Insurance Jamaica Limited

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OPINION OF THE APPOINTED ACTUARY

I certify that:

- (a) I am a member in good standing with my governing actuarial body, the Caribbean Actuarial Association and comply with its Codes of Conduct;
- (b) I meet the qualification standards of Financial Services Commission to value the actuarial reserves and other policy liabilities of CUNA Caribbean Insurance Jamaica Limited; and
- (c) The valuation of actuarial reserves and other policy liabilities was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

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

Kyle Rudden
Fellow of the Institute and Faculty of Actuaries



May 23, 2024

Name of Appointed Actuary

Signature of Appointed Actuary

Date



Independent auditor's report

To the Members CUNA Caribbean Insurance Jamaica Limited

Report on the audit of the financial statements

Our opinion

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

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

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

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

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



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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

Report on other legal and regulatory requirements

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

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

A handwritten signature in dark ink, appearing to read "PricewaterhouseCoopers".

Chartered Accountants
Kingston, Jamaica
29 May 2024

CUNA Caribbean Insurance Jamaica Limited

Statement of Financial Position 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	As at 31 December 2023 \$	As at 31 December 2022 \$ (Restated)	As at 1 January 2022 \$ (Restated)
Assets				
Property, plant and equipment	10(a)	29,515,636	29,070,317	33,019,949
Intangible assets	10(b)	262,703,314	280,092,985	299,952,676
Right-of-use assets	10(c)	26,727,373	17,717,244	25,343,369
Pension plan assets	11	37,694,000	12,647,000	33,179,000
Deferred tax asset	24(c)	62,622,330	63,360,623	65,389,374
Financial assets	12	1,831,959,303	2,267,623,757	1,815,323,882
Other assets	13	97,755,566	103,972,689	48,764,253
Taxation recoverable	24(d)	--	73,142,521	143,513,297
Due from ultimate parent company	14	--	--	178,818,319
Due from related parties	14(b)	1,725,025	6,606,151	167,400
Cash and cash equivalents	15	1,591,852,336	552,431,366	441,492,093
Total assets		3,942,554,883	3,406,664,653	3,084,963,612
Equity and liabilities				
Equity				
Stated capital	16	167,294,598	167,294,598	167,294,598
Contributed capital	16	494,442,850	494,442,850	494,442,850
Reserves	17	22,903,392	6,020,142	84,189,716
Retained earnings		2,445,763,757	1,947,968,882	1,580,881,379
Total equity		3,130,404,597	2,615,726,472	2,326,808,543
Liabilities				
Insurance contract liabilities	18	496,411,082	541,683,429	563,963,558
Reinsurance contract liabilities	18	21,144,273	18,929,666	18,093,510
Lease liabilities	19	28,977,595	23,117,060	32,008,960
Accounts payable	20	149,097,211	115,581,311	105,288,604
Due to ultimate parent company	14(b)	23,125,939	60,368,078	24,156,353
Due to related parties	14(b)	42,238,555	31,258,637	14,644,084
Taxation	24(e)	51,155,631	--	--
Total liabilities		812,150,286	790,938,181	758,155,069
Total equity and liabilities		3,942,554,883	3,406,664,653	3,084,963,612

The notes on pages 9 to 83 are an integral part of these financial statements.

Approved for issue on behalf of the Board of Directors on 23 May 2024 and signed on its behalf by:



STEPHEN FASULO
Director



COLIN MAXWELL
Director

CUNA Caribbean Insurance Jamaica Limited

Statement of Comprehensive Income 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	Year ended 31 December 2023 \$	2022 \$ (Restated)
Insurance revenue	21	4,056,069,211	3,744,173,713
Insurance service expenses	22	(3,185,461,499)	(3,083,607,728)
Net expenses from reinsurance contracts held	14(b)	<u>(81,121,384)</u>	<u>(74,264,924)</u>
Insurance service result		<u>789,486,328</u>	<u>586,301,061</u>
Interest revenue from financial assets not measured at FVTPL		193,657,359	75,224,660
Expected credit losses		<u>(2,654,666)</u>	<u>--</u>
Net investment income		<u>191,002,693</u>	<u>75,224,660</u>
Finance expenses from insurance contracts issued		<u>--</u>	<u>(1,891,285)</u>
Net insurance finance expenses		<u>--</u>	<u>(1,891,285)</u>
Insurance and investment income		980,489,021	659,634,436
Other income		5,506,974	3,456,348
Other operating expenses	23	<u>(304,478,758)</u>	<u>(260,416,278)</u>
Profit before taxation		681,517,237	402,674,506
Taxation	24	<u>(180,667,826)</u>	<u>(97,297,934)</u>
Net profit for the year		500,849,411	305,376,572
Other comprehensive income			
Items that will not be classified to profit and loss			
Remeasurement of post-employment benefit obligations, Net of taxes	17	<u>16,883,250</u>	<u>(16,319,250)</u>
Total comprehensive income		<u>517,732,661</u>	<u>289,057,322</u>

The notes on pages 9 to 83 are an integral part of these financial statements.

CUNA Caribbean Insurance Jamaica Limited

Statement of Changes in Equity 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

	Stated capital \$	Contributed capital \$	Reserves \$	Retained earnings \$	Total \$
Balance at 31 December 2021, as previously reported	167,294,598	494,442,850	84,189,716	1,609,581,379	2,355,508,543
Impact of initial application of IFRS 17 (Note 3)	--	--	--	(28,700,000)	(28,700,000)
Restated balance as at 1 January 2022	<u>167,294,598</u>	<u>494,442,850</u>	<u>84,189,716</u>	<u>1,580,881,379</u>	<u>2,326,808,543</u>
Year ended 31 December 2022					
Restated balance as at 1 January 2022	167,294,598	494,442,850	84,189,716	1,580,881,379	2,326,808,543
Restated net profit for the year	--	--	--	305,376,572	305,376,572
Other comprehensive income for the year	--	--	(16,319,250)	--	(16,319,250)
Social responsibility fund reserves (Note 17)	--	--	(139,393)	--	(139,393)
Transfer of Covid-19 Fund to retained earnings	--	--	(61,710,931)	61,710,931	--
Restated balance as at 31 December 2022	<u>167,294,598</u>	<u>494,442,850</u>	<u>6,020,142</u>	<u>1,947,968,882</u>	<u>2,615,726,472</u>
Year ended 31 December 2023					
Restated balance at 31 December 2022	167,294,598	494,442,850	6,020,142	1,947,968,882	2,615,726,472
Impact of Initial application of IFRS 9 (Note 3)	--	--	--	(3,054,536)	(3,054,536)
As at 1 January 2023	167,294,598	494,442,850	6,020,142	1,944,914,346	2,612,671,936
Net profit for the year	--	--	--	500,849,411	500,849,411
Other comprehensive income for the year	--	--	16,883,250	--	16,883,250
Balance as at 31 December 2023	<u>167,294,598</u>	<u>494,442,850</u>	<u>22,903,392</u>	<u>2,445,763,757</u>	<u>3,130,404,597</u>

The notes on pages 9 to 83 are an integral part of these financial statements.

CUNA Caribbean Insurance Jamaica Limited

Statement of Cash Flows

(Expressed in Jamaican dollars unless otherwise indicated)

		Year ended 31 December	
	Notes	2023 \$	2022 \$ (Restated)
Cash flows from operating activities			
Profit before taxation		681,517,237	402,674,506
Adjustments to reconcile profit before taxation to net cash from operating activities:			
Depreciation on property, plant & equipment	10(a)	11,824,178	12,654,269
Amortisation on intangible asset	10(b)	43,723,765	42,198,457
Depreciation on right-of-use asset	10(c)	10,423,514	7,626,125
ECL impairment of investments		5,709,202	--
Onerous contracts		--	(28,700,000)
Retirement benefit income		(2,536,000)	(1,227,000)
Foreign exchange (gain)/loss on investments		(7,099,803)	5,574,434
COVID-19 Corporate Social responsibility Fund		--	(139,393)
Net investment income		(191,002,693)	(75,224,660)
Gain on disposal of property, plant & equipment		--	(820,119)
Changes in operating assets and liabilities:			
Change in insurance contracts		(45,272,347)	(22,280,129)
Change in accounts payable		33,515,900	10,292,707
Change in other assets		18,441,642	(55,208,436)
Change in due to ultimate parent company		(37,242,139)	36,211,725
Change in due to other related parties		10,979,918	16,614,552
Change in due from ultimate parent company		--	178,818,319
Change in due from other related parties		4,881,126	(6,438,751)
Change in lease liability		5,860,535	--
Change in reinsurance contracts		2,214,607	836,156
Change in tax recoverable		<u>34,340,747</u>	<u>70,370,776</u>
Cash generated from operations		<u>580,279,389</u>	<u>593,833,538</u>
Tax withheld at source		(38,801,774)	(12,270,634)
Tax paid		<u>(22,457,358)</u>	<u>(7,188,023)</u>
Net cash generated from operating activities		<u>519,020,257</u>	<u>574,374,881</u>

CUNA Caribbean Insurance Jamaica Limited

Statement of Cash Flows (continued)

(Expressed in Jamaican dollars unless otherwise indicated)

		Year ended 31 December	
	Notes	2023 \$	2022 \$ (Restated)
Cash flows from investing activities			
Purchase of intangible assets	10(a)	(26,334,094)	(22,338,766)
Purchase of property, plant and equipment	10(b)	(12,269,497)	(8,704,637)
Additions to right-of-use assets	10(c)	(19,433,643)	--
Proceeds from sale of property, plant and equipment		--	820,119
Change in short term deposits		542,003,432	(597,137,165)
Purchase of bonds		(301,123,996)	(220,493,842)
Net investment income received		145,880,903	43,310,584
Redemption of bonds		<u>205,150,300</u>	<u>350,000,000</u>
Net cash generated from/(used in) investing activities		<u>533,873,405</u>	<u>(454,543,707)</u>
Cashflows from financing activities			
Lease payments		<u>(13,472,692)</u>	<u>(8,881,900)</u>
Net cash used in financing activities		<u>(13,472,692)</u>	<u>(8,891,900)</u>
Net increase in cash and cash equivalents for the year		1,039,420,970	110,939,274
Cash and cash equivalents, beginning of year		<u>552,431,366</u>	<u>441,492,092</u>
Cash and cash equivalents, end of year		<u>1,591,852,336</u>	<u>552,431,366</u>
Cash and cash equivalents represented by:			
Cash in hand and at bank	15	162,064,580	552,431,366
Fixed deposits classified as cash and cash equivalent		<u>1,429,787,756</u>	<u>--</u>
		<u>1,591,852,336</u>	<u>552,431,366</u>

The notes on pages 9 to 83 are an integral part of these financial statements.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

1 Incorporation and principal activities

CUNA Caribbean Insurance Jamaica Limited (the Company) was incorporated in Jamaica on June 11, 2013 and is a wholly-owned subsidiary of CUNA Caribbean Holdings St. Lucia Limited, which is incorporated in St. Lucia, under the International Business Corporation Act of 1999. The ultimate parent company is CUNA Mutual Holding Company which is incorporated in the United States of America. The Company is domiciled in Jamaica and its registered office is located at 2A Manhattan Road, Kingston 5.

The Company is licenced by the Financial Services Commission (FSC) to conduct ordinary life insurance business.

2 Statement of compliance and basis of preparation

a. *Statement of compliance*

The financial statements as at and for the year ended 31 December 2023 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and their interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Interpretations Committee (IFRIC) and comply with the provisions of the Jamaican Companies Act.

b. *Basis of preparation*

The financial statements are prepared on the historical cost basis, except as modified for insurance contract liabilities and retirement benefit plan obligations, where carrying values are determined by actuarial methods as per note 5b, and retirement benefit plan assets measured at fair value.

c. *Functional and presentation currency*

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

d. *Use of estimates and judgement*

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates. Management is also required to make critical judgements in applying accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 9.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3 Changes in accounting policies and disclosures

a. New and amended standards and interpretations

In these financial statements, the Company has applied IFRS 17 *Insurance contracts* and IFRS 9 *Financial Instruments* for the first time. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(i) IFRS 17 Insurance Contracts

IFRS 17 replaced IFRS 4 Insurance Contracts for the annual period beginning 1 January 2023. Comparative information for 2022 was restated by applying the full retrospective transition approach to IFRS 17.

The nature of the key changes in accounting policies as a result of the adoption of IFRS 17 can be summarized as follows:

Changes to classification and measurement

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

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

The adoption of IFRS 17 did not change the classification of the Company's insurance and reinsurance contracts.

The Company uses different measurement approaches, depending on the type of contracts, as follows:

<u>Contracts</u>	<u>Product Classification</u>	<u>Measurement Model</u>
Group Life insurance	Insurance contracts issued	PAA
Individual life (discontinued in 2022)	Insurance contracts issued	General Measurement Model (GMM)
Reinsurance (excess of Loss) contracts held	Reinsurance contracts held	PAA

Under IFRS 17, the Company has elected to apply the Premium Allocation Approach ("PAA") for its Group Life insurance contracts and related reinsurance contracts held. The PAA simplifies the measurement of insurance contracts in comparison with the GMM approach in IFRS 17.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3 Changes in accounting policies and disclosures (continued)

a. New and amended standards and interpretations (continued)

(i) IFRS 17 Insurance Contracts (continued)

Changes to presentation and disclosure

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

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

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

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

- Gross premium income
- Reinsurance expense
- Net premium income
- Claims and other benefits
- Reinsurance recovery
- Net claims and other benefits

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held.

On the date of initial application, 1 January 2022, the quantitative impact of applying IFRS 17 was as follows:

		IFRS 17 Initial Application adjustments	
	31-Dec-2021	1-Jan-22	1-Jan-22
Loan on policies	23,710,824	(23,710,824)	--
Other assets	121,139,714	(72,375,461)	48,764,253
Insurance contracts liabilities	605,763,061	(41,799,503)	563,963,558
Accounts payable	130,875,385	(25,586,781)	105,288,604

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3 Changes in accounting policies and disclosures (continued)

a. *New and amended standards and interpretations (continued)*

(i) *IFRS 17 Insurance Contracts (continued)*

(i) Loan on policies:

Loan on policies previously disclosed as Loans and receivables was transferred to Insurance contract liabilities.

(ii) Other assets:

Premiums receivable previously disclosed as Other assets was transferred to Insurance Contract liabilities.

(iii) Insurance contract liabilities:

Amounts for Insurance contracts, Future policyholders' benefit, Policyholders' dividend, UPR direct life previously disclosed as insurance contracts and the adjustment for Onerous contracts upon adoption were set off against premium receivable, Loans on policies and Advanced and unallocated premiums, in arriving at the amount for Insurance contract liabilities.

(iv) Accounts payable:

Advanced and unallocated premiums previously disclosed in Accounts payable were transferred to Insurance contract liabilities.

The Company provides disaggregated qualitative and quantitative information about:

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

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3 Changes in accounting policies and disclosures (continued)

a. New and amended standards and interpretations (continued)

(i) IFRS 17 Insurance Contracts (continued)

Transition (continued)

The table below reflects the adjustments to total equity on 1 January 2022 following the initial adoption of IFRS 17.

	Retained earnings \$
Balance at 31 December 2021, as previously reported	1,609,581,379
Impact of initial application of IFRS 17 Onerous contracts	<u>(28,700,000)</u>
Restated balance as at 1 January 2022	<u>1,580,881,379</u>

(ii) IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4, to apply for the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17 as stated in 3 a(i) above.

An entity that first applies IFRS 17 and IFRS 9 at the same time is permitted to apply the classification overlay for the purpose of presenting comparative information about a financial asset if the comparative information for that financial asset has not been restated for IFRS 9. The Company elected to apply the classification overlay which calculates expected credit losses (ECLs) using forward-looking judgements, models and data. In addition, the Company has elected not to apply the impairment requirements of section 5.5 of IFRS 9 for the prior period but instead shall continue to present any amount recognised in respect of impairment in accordance with IAS 39.

The measurement category into which the Company classifies its financial instruments is amortised cost.

Nature of change

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

3 Changes in accounting policies and disclosures (continued)

a. New and amended standards and interpretations (continued)

(ii) IFRS 9 Financial Instruments (continued)

Impact

To determine the classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets have been replaced as follows:

	Measurement Category		Carrying Amount		
Non-current Financial assets	Original (IAS 39)	New (IFRS 9)	Dec 2022 (IAS 39) \$	Restated 31 Dec 2022 \$	ECL Dec 2022 \$
Government bonds	Held to maturity	Amortised Cost	1,159,125,519	1,157,246,865	1,878,654
Term deposits	Held to maturity	Amortised Cost	1,108,498,238	1,107,322,356	1,175,882
Total			2,267,623,757	2,264,569,221	3,054,536

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39.

The standard also introduces expanded disclosure requirements and changes in presentation. These have changed the nature and extent of the Company's disclosures on its financial instruments.

4 Material accounting policies

Unless otherwise stated, the Company has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

a. Foreign currency

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date.

Foreign exchange differences 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 Statement of Comprehensive Income.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

b. *Financial instruments*

Consistent with the provisions of IFRS 9, the Company accounts for its financial instruments as amortised cost. The Company classifies its financial assets into the following categories: loans and receivables, and amortised cost. The classification is determined by management at initial recognition and depends on the purpose for which the instruments were acquired.

For the purpose of these financial statements, financial instruments comprise term deposits with a maturity of over 90 days, government bonds, due from/to the ultimate parent company, due from/to other related parties, cash balances, reinsurance assets and liabilities, accounts payable, and insurance contract liabilities.

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

(i) *Recognition and initial measurement*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. A financial asset or financial liability is measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets classified as held to collect and sell where transaction costs are expensed as incurred.

All financial assets and liabilities are initially recognised on the settlement date at which the Company becomes a party to the contractual provisions of the instrument.

(ii) *Classification*

Amortised costs financial assets

The measurement category into which the Company classifies its financial instruments is amortised cost. A financial asset is measured at amortised cost if it meets both of the following conditions;

- Assets within the business model are held for collection of contractual cash flows where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The assets with fixed or determinable payments and fixed maturity that the Company's management has the positive intent and ability to hold to maturity. These include certain debt investments.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

b. Financial instruments (continued)

(ii) Classification (continued)

Amortised costs financial assets (continued)

Interest income from these financial assets, calculated using the effective interest method, is recognised in the Statement of Comprehensive Income (SOCl) as part of net investment income. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the SOCl. When a financial asset is purchased at a premium or discount, the Company reduces or increases the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the premium or discount as interest costs or interest income.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model currently is to hold financial instruments to maturity so as to back short-term insurance liabilities as required by the Regulators and as such have opted to record financial assets at amortised cost.

Solely Payments of Principal and Interest (SPPI) Assessment

This is an assessment of a financial instrument's contractual cash flows characteristic to determine whether contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding on specified dates i.e., the contractual cash flows are consistent with a basic amortised arrangement. The SPPI test is one of the criteria that must be met for a debt instrument to be subsequently measured at amortised cost. The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. The Company undertakes a comprehensive review of financial asset documentation and the terms of securities to assess what the entity is being compensated for and whether there is a basic amortisation arrangement. As such both government bonds and term deposits are recorded at amortised cost having satisfied the SPPI criteria.

Financial assets which are held for collection of contractual cash flows, and for selling the financial assets comprise SPPI. Contractual cash flows generally meet SPPI criteria if such cash flows reflect compensation for basic credit risk and customary returns from a debt instrument which also includes time value for money. Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

The Company considers a financial instrument to have experienced a significant increase in credit risk (SICR) when it meets one or more of the following quantitative or qualitative criteria:

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Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

b. Financial instruments (continued)

(ii) Measurement categories (continued)

Debt instruments (continued)

Quantitative criteria

- A borrower or issuer is more than 90 days past due on its contractual payments;
- A PD of 15% or higher for investment grade portfolio, for non-investment grade portfolio a PD of 25% or higher;
- The worsening of credit rating, one notch downgrade on internal rating scale;

Qualitative criteria

- A breach of contract, such as a default or delinquency in payments;
- Forecasted significant adverse change in the regulatory, economic, or technological environment of the issuer;

With respect to the cure for SICR, the Company considers a significant decrease in credit risk has occurred when one or more of the following happens:

- A borrower or issuer has made contractual payments for six months consecutively;
- A PD of 13% or lower for investment grade portfolio, for non-investment grade portfolio a PD of 23% or higher;
- The credit rating reverts to level just prior to the SICR.

(iii) Subsequent measurement

Subsequent to the initial recognition, receivables and amortised cost investments were carried at amortised cost using the effective interest method less impairment. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Classification	Financial instrument	Description	Initial and subsequent measurement
Amortised costs – financial assets	Cash, and cash equivalents	Cash and highly liquid investments held to meet short-term requirements, that are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and have an original maturity of three months or less.	Initially measured at fair value using transaction prices at the transaction/trade date. Subsequently measured at amortised cost using the effective interest method.
	Restricted deposits	Cash balance maintained to meet regulatory requirement	
	Investment securities (TBills, CDs, bonds, fixed deposits)	Investments intended to be held for an indefinite period and which may be sold in response to liquidity needs or changes in market conditions.	
	Receivables (group, other)	Operating financial assets with fixed or determinable payments.	

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Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

b. Financial instruments (continued)

(iii) Subsequent measurement (continued)

Classification	Financial instrument	Description	Initial and subsequent measurement
Amortised costs – financial liabilities	Debt (lease liabilities)	Financial liabilities with fixed or determinable payments and maturity date.	Initially measured at fair value at the issuance date, net of transaction costs. Subsequently measured at amortised cost using the effective interest method.
	Payables (group, other)	Operating financial liabilities with fixed or determinable payments.	Initially measured at fair value at the amount owing. Subsequently measured at amortized cost using the effective interest method.

Debt instruments at amortised cost

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. Expected Credit Losses (ECLs) are recognised in the Statement of Comprehensive Income.

Financial liabilities

The Company recognises its financial liabilities at fair value and subsequently measures them at amortised cost.

(iv) *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

b. Financial instruments (continued)

(iv) Derecognition (continued)

Financial assets (continued)

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as an asset or liability in the Statement of Financial Position.

Financial liabilities

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

(vi) Impairment of financial assets

The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets classified at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk or an actual default.

Application of the ECL General Model

The Company has applied the 'general model', as required under IFRS 9, for financial assets other than receivables (see *Application of the Simplified Approach* below). Under this model, the Company is required to assess, on a forward-looking basis, the ECL associated with its debt investments carried at amortised cost. The ECL is recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and considers the time value of money in relation to these outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. When measuring ECL, the Company considers the maximum contractual period over which the company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options.

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL is computed using a 12-month Probability of Default (PD) that represents the probability of default occurring over the next 12 months.
- Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination, but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.
- Stage 3 – Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

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Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

b. Financial instruments (continued)

(vi) Impairment of financial assets (continued)

Application of the ECL General Model (continued)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate. The measurement of ECLs also reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes along with reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on the Company's approach of extrapolating current Moody's ratings used to calculate probability of defaults.

The Company defines low credit risk financial assets as financial assets that has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The current investment holdings are considered to have low credit risk, and there has not been a significant increase in credit risk since initial recognition, therefore the loss allowance recognised during the period was limited to 12 months expected losses. Recent macroeconomic factors and credit ratings, and historical payment history of the investments were taken into consideration by management.

The Company considers financial instruments as investment grade if they have a low risk of default. Investment grade is determined based on a relative scale by credit rating agencies such as Moody's. Securities with a rating of B or above from Moody's (equivalent rating) are considered investment grade. Financial instruments are considered non-investment grade if it has a rating below B from Moody's (equivalent rating) and carry a high risk of default.

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Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

b. Financial instruments (continued)

(vi) Impairment of financial assets (continued)

The Company considers a financial asset to be in credit impaired when it meets one or more of the following quantitative or qualitative criteria:

- The contractual payments are 90 days past due.
- The issuer meets unlikeliness to pay criteria (e.g. bankruptcy).
- Internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts.

(vii) The calculation of ECLs

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. The Company uses sovereign and corporate cumulative default rates from Moody's 1983 - 2022 annual PD study to estimate the PD for its financial assets.
- EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cashflows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD. The Company uses actual historical recovery rates from Moody's 1983- 2022 annual study to estimate the LGD for its financial assets.

The PD on a financial instrument is correlated to the credit rating of the issuer since these ratings incorporate various macroeconomic factors which affect credit risk. The financial instrument's PD and LGD information are obtained from Moody's Investor Services' Data Report on Sovereign Global Default and Recovery Rates (1983-2022).

The Company allocates its assets subject to ECL calculations into one of these categories, determined as follows:

- 12 month Expected Credit Loss (12m ECL). The 12mECL is calculated as the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

b. Financial instruments (continued)

(vii) The calculation of ECLs (continued)

- Lifetime Expected Credit Loss (LTECL). When an instrument has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of extrapolation of PD's, but PDs and LGDs are estimated over the lifetime of the instrument.
- Impairment for debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

(viii) Forward looking information

In its ECL models, management has considered a broad range of macroeconomic economic inputs such as, Inflation and Debt to GDP Ratio, in its future scenarios, and has determined that the impact is not material on overall financial performance. Probability weighted future scenarios were considered to incorporate forward-looking information.

(ix) Application of the Simplified Approach

For receivables (group, other), the company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition, and throughout the life of the receivables, using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables, as well as the estimated impact of forward-looking information.

(xi) Determination of fair value

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

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

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted for the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

b. Financial instruments (continued)

(ix) Determination of fair value (continued)

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

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. No transfers have occurred during the year.

(ix) Offsetting

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

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

(x) Amortised cost measurement

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

c. Intangible assets

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use, at rates of 10% - 33 1/3%.

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Notes to the Financial Statements (continued) 31 December 2023

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4 Material accounting policies (continued)

d. *Property, plant and equipment*

(i) *Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation (Note 4(d) (iv)) and impairment losses (see accounting policy Note 4(e) (i)).

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the Statement of Comprehensive Income.

(iii) *Disposal*

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with their carrying amounts and are recognised in the Statement of Comprehensive Income.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

(iv) *Depreciation*

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of items of property, plant and equipment.

The rates of depreciation for the current period are as follows:

Office furniture and equipment	10% - 16 2/3%
Computer equipment	20% - 33 1/3%
Leasehold improvements	Over the period of the lease
Right-of-use assets	Over the period of the lease

e. *Impairment of non-financial assets*

(i) *Impairment of other non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

e. *Impairment of non-financial assets (continued)*

(ii) *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that an asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f. *Leases*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

f. Leases (continued)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented separately in the Statement of Financial Position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

g. Receivables and payables related to insurance contracts

Insurance receivables are carried at cost less impairment losses (Note 4(e)). Bad debts are written-off when identified.

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

h. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash balances, and short-term highly liquid investments with original maturities of three months or less from the acquisition date.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts - classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders and cedes insurance risk to a reinsurer. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The primary insurance risks associated with the insurance and reinsurance contracts issued and held by the Company are as follows:

<u>Contract type</u>	<u>Primary insurance risks</u>
Group Life	Mortality and Morbidity
Internal ceded reinsurance	Mortality
Individual Life (discontinued / closed block)	Mortality

(i) Measurement model

The Company's Individual Life (discontinued during 2022) is required to be measured using the General Measurement Model (GMM). The Company has elected to apply the Premium Allocation Approach ("PAA") for its Group Life insurance products and internal ceded reinsurance as these have been assessed as meeting the eligibility requirements for PAA by virtue of their associated coverage periods being one year or less.

(ii) Separating components from insurance and reinsurance contracts

The Company assesses its insurance products and reinsurance contracts held to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products and reinsurance contract held do not include any distinct components that require separation.

(iii) Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

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Notes to the Financial Statements (continued)

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4 Material accounting policies (continued)

i. Insurance contracts – classification (continued)

(iii) Level of aggregation (continued)

The Company has defined portfolios of insurance contracts issued based on major product lines as these are subject to similar risks and managed together. The Group Life product line generally include multiple insurance risk types (e.g. Death and Critical illness) in a single insurance contract. The Group Life Portfolio will therefore contain multiple insurance risk types as a single IFRS 17 contract cannot be separated for accounting purposes into multiple contracts per the requirements of the standard.

Portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any) and,
- A group of the remaining contracts in the portfolio (if any)

The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. In determining group of contracts, the Company has elected to include in the same group of contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

For PAA contracts, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or Regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

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Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts accounting treatment (continued)

(iv) Recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(v) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts accounting treatment (continued)

(v) Contract boundary (continued)

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

For contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The Company reassesses contract boundary of each group at the end of each reporting period.

(vi) Measurement -- Premium allocation approach

Insurance contracts -- Initial measurement

The Company applies the premium allocation approach (PAA) to Group Life insurance contracts that it issues and the internal reinsurance contract that it holds, as the coverage period of each contract in the associated group is one year or less.

The Company has elected to expense acquisition cashflows relating to Group Life insurance contracts as incurred.

The liability for remaining coverage is not adjusted for financial risk and the time value of money as Group Life premium and ceded reinsurance premium are received / paid within one year of the coverage period.

For PAA contracts that are not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition, plus
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the set of contracts. Such onerous sets of contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement -- Premium Allocation Approach (continued)

The Company calculates the loss-recovery component for reinsurance contracts held by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the Company to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

The insurance revenue recognised for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services based on either the passage of time or if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made based on the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

Reinsurance contracts held -- subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement -- Premium allocation approach (continued)

Insurance contracts -- modification and derecognition

The Company derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)
- Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Insurance contracts -- Insurance acquisition cashflows

The Company uses a systematic and rational method to allocate

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
 - (i) to that group; and
 - (ii) to a group that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

i. Insurance and reinsurance contracts accounting treatment (continued)

(vi) Measurement -- Premium allocation approach (continued)

(b) After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

Insurance contracts -- Insurance acquisition cashflows (continued)

The Company recognizes in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

(vii) Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the Statement of Other Comprehensive Income into an insurance service result, comprising insurance revenue and insurance service expense.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

j. *Accounts payable and accrued liabilities*

Liabilities for accounts payable and accrued liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

k. *Revenue recognition*

Insurance revenue

Insurance revenue is recognised in the period in which the insured risk is covered.

Interest revenue

Interest Revenue is accounted for on the accruals basis that takes into account the effective yield of the asset and is shown net of direct investment expenses incurred in relation thereto.

l. *Retirement benefit plans*

The Company maintains both a defined benefit and a contribution retirement benefit plan for its employees.

Prior to 1 January 2016, the defined benefit plan operated under CMFG Life Insurance Company Limited and, upon transfer of the insurance business effective 1 January 2016, the employees of CMFG Life Insurance Company Limited became employees of the new Company. Effective 31 December 2016, the defined benefit plan was closed to new members.

The plans are governed by trust/fund deeds and rules and are administered in accordance with the laws of Jamaica. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees.

A defined benefit plan is a retirement benefit plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a retirement benefit plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset or liability recognised in the Statement of Financial Position in respect of defined benefit retirement benefit plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Company.

For defined benefit plans, the retirement benefit accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the Statement of Comprehensive Income so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualified actuary, who carries out full valuations of the plans every year. The retirement benefit 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.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

l. *Retirement benefit plans (continued)*

Re-measurements of the net defined benefit liability, which comprises actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately through other comprehensive income in the Statement of Comprehensive Income and are included in reserves in the statement of changes in equity and in the Statement of Financial Position.

The defined benefit plan mainly exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

m. *Taxation*

Tax charges recognised for the period include current tax and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In those cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax charge is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Irrecoverable general consumption tax and asset tax are included as part of management and operating expenses.

Income tax for the Company is charged annually at 25% on chargeable income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements.

n. *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

o. *Comparative information*

Where necessary, comparative data have been adjusted to conform to the presentation in the current year. The financial instruments were presented under IAS 39, Financial instruments in the comparative period.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

4 Material accounting policies (continued)

- p. *New, revised and amended standards and interpretations that became effective in 2023 and have been adopted by the Company in the accounting period*

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. Management has reviewed these new standards, amendments and interpretations to existing standards and has determined that these amendments, with the exception of IFRS 17 and IFRS 9, do not have a significant impact on these financial statements and therefore require no new disclosures. The impact of the adoption of IFRS 17 and IFRS 9 are included in the Note 3 a (i) and 3 a (ii) respectively, with the new disclosure requirements included in Note 18 and Note 12 respectively.

- Amendments IAS1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective 1 January 2023).
- Amendment to IAS 8 – Definition of Accounting Estimates (Effective 1 January 2023).
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1 January 2023).
- IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023).
- IFRS 9, 'Impairment of financial assets' (effective for annual periods beginning on or after 1 January 2018). The Company elected, under the amendments to IFRS 4, to apply for the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

- q. *New, revised and amended standards and interpretations not yet effective and have not been early adopted by the Company*

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

Amendments to IAS 1- Classification of Liabilities as Current or Non-Current Liabilities (Effective 1 January 2024)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (General Requirements standard)
- IFRS S2 Climate-related Disclosures (Climate standard)

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

a. Insurance risk

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

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

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

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

b. Long-term insurance contracts

(i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as eating, smoking and exercise habits resulting in earlier or more claims than expected. The historical claims experience and corresponding reserves for group life products have been disclosed in note 5 (b)(iii).

The Company manages these risks through its underwriting and reinsurance arrangement. The Company uses an excess over loss reinsurance arrangement for its products.

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

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

In calculating the estimated cost of unpaid claims (both reported and IBNR), the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(iii) Process used to decide on assumptions

For short term insurance contracts with fixed and guaranteed terms, estimates are made in two stages. At inception of the contract, the Company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses.

These assumptions are used to calculate the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not considered adequate, the assumptions are 'unlocked' to reflect the current estimates. The sensitivity of the liabilities to changes in key assumptions are included in note 5(b)(v).

The company took the decision in 2022 to exit the Individual Life portfolio of business, thereby making payments to remaining policy holders and removing any liability from the portfolio. As a result, no provision for adverse deviation is required.

Group Life products include Family indemnity Plan (FIP), Loan Protection and Life Savings (LP and LS), Golden Harvest (GH) and Group Term Life/Directors and Employees (GTL D&E). Group Life reserves were estimated using the following approaches, involving a claim runout triangle. The same methodology was used in the prior year valuation.

- Completion Factor Method
- Claim Cost Method
- Historical Runout Method
- Number of Months Method

IBNR Reserving Methods

Data for the LP and LS products were aggregated to enhance data credibility. In all three methods, monthly in-force coverage was used as an exposure base to take growth into account in the calculations.

The Completion Factor Method is the traditional approach to setting IBNR reserves. Paid claims were arranged into a lag triangle by month incurred and month of payment. The completion factors were then calculated using standard link ratio methods. These factors were applied to recent claims to estimate the ultimate amount of claims expected to be paid. The difference between the expected ultimate claims and the actual amount paid to date is the Claims reserve. Actual data was considered when determining ultimate claim levels to help reduce the volatility which naturally occurs when using "early duration" completion factors.

The Claims Reserves estimate for more recent incurred "early duration" months is also partly based on an expectation approach (Claim Cost Method). An assumed average claim cost (expected claims per \$1,000 of coverage in force) was applied to the coverage for each month to determine the ultimate estimate for that period. This expectation approach provides an ultimate claim estimate that is independent of historic claim developments. If the portfolio's risk characteristics are stable but settlement patterns are volatile, the expectation approach provides more reliable estimates than completion factors.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. *Short-term insurance contracts (continued)*

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

The Historical Runout Method is based on the same claims data from the first method. For each evaluation date, the Company calculated the amount of claims incurred prior to that date and paid after that date was calculated. This was added to the outstanding Claims Reserves at each evaluation date. The historical runout amounts were used to estimate the runout expected for the current valuation period. This represents the third estimate of the Claims Reserves.

The Number of Months Method uses the same completion factors from the first method to estimate the number of months of average claims which are outstanding at a given time. For example, if 1% of claims incurred in a month are paid in that same month, then that implies that 99% of that month's claims are paid in later months. Similarly, if after two months, 5% of the ultimate claims have been paid, that indicates that 95% of that month's claims are still outstanding. The number of months of claims outstanding at a given time, multiplied by the average monthly claim amount, provides the fourth estimate of the Claims Reserve.

The final Claims Reserves is the weighted average of Claims Reserves estimates from the four methods. Possible reasons for adjusting these weightings would be anomalies in the data, changes in payment patterns due to operations, or other events which might otherwise skew the results.

The Company applied weightings to the different Claims Reserves estimates for individual months incurred for both FIP and LP and LS. This approach was unchanged from 2021.

For LP and LS, more weighting was given to the expectation approach for claims occurring in the most recent 6 months incurred (2022: 6 months). Otherwise, the approach was unchanged this year. For older month, more emphasis was placed on the other methods.

For FIP, the expectation approach was used for the most recent quarter only. This ensured that the resulting Claims Reserves estimate made sufficient provision for the expected level of claims arising from the most open quarter. This approach was unchanged from 2021.

The 2023 FIP reserves include a margin of safety of 15% (2022: 15%). The equivalent LPLS margin is 20% (2022: 20%).

It has been assumed that current tax legislation and rates continue unaltered.

Management reviews the assumptions and changes in assumptions outlined above on an annual basis. The sensitivity of the liabilities to changes in key assumptions are included in note 5(b)(v).

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

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

Claims experience

The following table illustrates the historical claims experience of the Group Life products.

Product	Year	Premiums (JM\$ '000s)	Claims (JM\$ '000s)	Loss Ratio	YE Claims Reserve (JM\$ '000s)	YE Res / 3yr avg mthly claims
FIP	2021	3,021,963	2,595,176	85.9%	324,535	1.89
	2022	3,150,032	2,158,820	68.5%	306,434	1.68
	2023	3,429,277	2,282,665	66.6%	287,108	1.47
LPLS	2021	443,976	304,998	68.7%	206,802	9.85
	2022	464,308	297,101	64.0%	240,606	10.34
	2023	506,495	272,495	53.8%	205,607	8.46
GH	2021	32,961	4,727	14.3%	3,500	8.92
	2022	31,023	2,804	9.0%	3,500	10.01
	2023	37,498	8,608	23.0%	3,500	7.81
GREIC	2021	--	--	0.0%	250	N/A
	2022	--	--	0.0%	250	N/A
	2023	--	--	0.0%	250	N/A
GTL D&E	2021	31,839	9,304	29.2%	750	1.06
	2022	31,808	7,428	23.4%	750	1.17
	2023	34,475	17,237	50.0%	750	0.79
CD	2021	--	--	0.0%	350	N/A
	2022	--	--	0.0%	317	N/A
	2023	--	--	0.0%	290	N/A
FIP CI Rider	2021	14,955	3,000	20.1%	3,948	21.87
	2022	19,837	2,000	10.1%	5,939	25.15
	2023	30,349	2,000	6.6%	7,651	39.35
FCIP	2021	9,583	--	0.0%	5,233	376.76
	2022	11,947	--	0.0%	5,878	N/A
	2023	13,386	--	0.0%	6,416	N/A
APP	2021	840	--	0.0%	546	N/A
	2022	2,033	--	0.0%	1,321	N/A
	2023	4,589	512	11.2%	2,471	173.59

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

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(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(iv) Change in assumptions

In managing its insurance risk, the Company made some changes to its assumptions for the insurance contracts disclosed in this Note. These changes are disclosed in note 5(b)(iii) and the impact of same in note 18 a(i).

(v) Sensitivity analysis

For liabilities under short term insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. In practice, this is unlikely to occur.

The tables below show the sensitivity of the liabilities under short term contracts to changes in assumptions:

GROUP LIFE TOTAL		
Jamaica	PPM	
	Calculated	Change from Reported
Reported Reserves	514,043,508	--
Increase interest by 1.0%	514,043,508	--
Decrease interest by 1.0%	514,043,508	--
Increase expenses by 10%	514,043,508	--
Increase mortality by 10%	565,447,859	51,404,351

FIP		
Jamaica	PPM	
	Calculated	Change from Reported
Reported Reserves	287,108,384	--
Increase interest by 1.0%	287,108,384	--
Decrease interest by 1.0%	287,108,384	--
Increase expenses by 10%	287,108,384	--
Increase mortality by 10%	315,819,222	28,710,838

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(v) Sensitivity analysis (continued)

LPLS		
Jamaica	PPM	
	Calculated	Change from Reported
Reported Reserves	205,607,272	--
Increase interest by 1.0%	205,607,272	--
Decrease interest by 1.0%	205,607,272	--
Increase expenses by 10%	205,607,272	--
Increase mortality by 10%	226,167,999	20,560,727

MISC GROUP		
	LAT	
	Calculated	Change from Reported
Reported Reserves	21,327,852	--
Increase interest by 1.0%	21,327,852	--
Decrease interest by 1.0%	21,327,852	--
Increase expenses by 10%	21,327,852	--
Increase mortality by 10%	23,460,638	2,132,785

(vi) Liability adequacy test

For the Group Life business, reported IBNR claim reserves include a margin of safety as required under Jamaican legislation.

As such, no additional reserves were required.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(vii) Gross claims development

Actual claims payments are compared with previous estimates of the undiscounted amounts of the claims in the below claims development disclosure, on a gross of insurance basis as at December 31, 2023.

The disclosure in the table below shows the group life ultimate claims estimates by accident year, evaluated at historic financial year ends, and summary of best estimate liability, effect of discounting and risk adjustment.

	TOTAL (JM \$000s)						
	Accident Year						
	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate claim costs (gross of reinsurance, undiscounted)							
at end of accident year	1,753,485	1,986,026	2,061,088	2,975,234	2,481,496	2,576,603	--
1 year later	1,744,850	2,006,495	2,139,317	2,981,397	2,427,246	--	--
2 years later	1,742,478	2,009,491	2,142,433	2,980,397	--	--	--
3 years later	1,747,202	2,012,989	2,144,945	--	--	--	--
4 years later	1,747,904	2,017,082	--	--	--	--	--
5 years later	1,751,082	--	--	--	--	--	--
Cumulative gross claims and other directly attributable expenses paid	1,750,896	2,016,896	2,144,388	2,974,260	2,387,176	2,184,202	--
Gross cumulative claims liabilities							
- accident years from 2018 to 2023	185	185	556	6,137	40,070	392,401	439,534
Gross cumulative claims liabilities - prior accident years	--	--	--	--	--	--	--
Effect of discounting	--	--	--	--	--	--	--
Effect of the risk adjustment margin for non-financial risk	--	--	--	--	--	--	74,509
Gross LIC for the contracts originated	--	--	--	--	--	--	514,043

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(viii) Reconciliation of Group life LIC

The tables below show the reserve movement.

	FIP JM\$	LPLS JM\$	2023 Other JM\$	Total
Opening Reserve (31Dec2022)	306,433,645	240,605,864	17,955,488	564,994,997
Add: Change in Ult Est for AY 2022 and Prior	(46,482,831)	(79,767,194)	(3,790,538)	(130,040,563)
Add: Ult Est for AY 2023	2,314,552,210	317,290,724	35,519,785	2,667,362,719
Less: Payments made in 2023	(2,287,394,640)	(272,522,123)	(28,356,882)	(2,588,273,645)
Closing Reserve (31 Dec 2023)	287,108,384	205,607,271	21,327,853	514,043,508
Net Increase in Liability	(19,325,261)	(34,998,592)	3,372,365	(50,951,488)

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(viii) Reconciliation of Group life LIC (continued)

Data Sources:

	FIP Ult Est in 2023	Payments in 2023
Prior	--	1,050,000
2019	1,778,169,679	1,000,000
2020	1,881,041,690	1,640,000
2021	2,647,530,154	17,540,000
2022	2,160,446,660	225,230,000
2023	2,314,552,210	2,040,934,640
Total	10,781,740,393	2,287,394,640

Data Adjustments

	LPLS Ult Est in 2023	Payments in 2023
Prior		3,290,457
2019	238,726,662	2,907,142
2020	263,346,752	7,212,305
2021	332,934,676	18,408,278
2022	265,599,209	97,436,392
2023	317,290,724	143,267,549
Total	1,417,898,023	272,522,123

Data Adjustments

	FIP JM\$	2022 LPLS JM\$	Other JM\$	Total
Opening Reserve (31 Dec 2021)	324,534,610	206,801,556	14,576,578	545,912,744
Add: Change in Ult Est for AY 2021 and Prior	(50,164,597)	(1,776,108)	(14,648,679)	(66,589,384)
Add: Ult Est for AY 2022	2,215,483,632	336,684,980	30,260,454	2,582,429,066
Less: Payments made in 2022	(2,183,420,000)	(301,104,564)	(12,232,865)	(2,496,757,429)
Closing Reserve (31 Dec 2022)	306,433,645	240,605,864	17,955,488	564,994,997
Net Increase in Liability	(18,100,965)	33,804,308	3,378,910	19,082,253

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

5 Management of insurance risk (continued)

b. Short-term insurance contracts (continued)

(viii) Reconciliation of Group life LIC (continued)

Data Sources:

	FIP	
	Ult Est in 2022	Payments in 2022
Prior	--	1,050,000
2018	1,548,432,131	--
2019	1,777,169,679	920,000
2020	1,879,691,028	10,670,000
2021	2,642,376,674	247,970,000
2022	2,215,483,632	1,922,810,000
Total	10,063,153,144	2,183,420,000

	LPLS	
	Ult Est in 2022	Payments in 2022
Prior	--	929,003
2018	199,471,638	702,062
2019	235,819,520	6,560,040
2020	264,108,652	14,032,644
2021	347,051,796	137,181,397
2022	336,684,980	141,699,418
Total	1,383,136,586	301,104,564

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities.

Introduction and overview

The Company has adopted risk management policies and has set appropriate limits and controls to manage and mitigate against financial risk. The Company has exposure to the following risks arising from its use of financial instruments and from foreign currency transactions.

- Market risk (note 6(i))
- Credit risk (note 6(ii))
- Liquidity risk (note 6(iii))
- Operational risk (note 6(iv))

(i) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The Company invests in financial instruments in the ordinary course of business. The Company's objective is to manage and control these exposures within acceptable parameters.

The Company has approximately 76% of its investments denominated in Jamaican dollars thus hedging against significant exchange rate fluctuations. The Company has only invested in fixed rate bonds and short-term deposits that allows it to mitigate the effects of interest rate fluctuations.

(a) *Interest rate risk*

Exposure to interest rate risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates.

	2023 \$	2022 \$
<i>Financial income and expenses recognised in profit or loss</i>		
Interest income on unimpaired amortised cost investments	186,542,428	70,449,255
Interest income on bank deposits	<u>11,446,631</u>	<u>7,741,233</u>
Financial income	197,989,059	78,190,488
Expected credit losses	(2,654,666)	--
Financial expenses	<u>(4,331,700)</u>	<u>(2,965,828)</u>
Net investment income	<u>191,002,693</u>	<u>75,224,660</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (Continued)

Introduction and overview (continued)

(i) Market risk (continued)

(a) Interest rate risk (continued)

Exposure to interest rate risk (continued)

The following table summarises carrying amounts of the Statement of Financial Position assets and liabilities in order to arrive at the Company's interest rate exposure:

	Up to one year \$	One to five years \$	Over five years \$	Non-interest bearing \$	Total \$
As at 31 December 2023					
Assets					
Investments	423,862,337	896,314,464	511,782,502	--	1,831,959,303
Other assets	--	--	--	97,755,566	97,755,566
Due from other related parties	--	--	--	1,725,025	1,725,025
Cash and cash equivalents	1,591,852,336	--	--	--	1,591,852,336
Total assets exposed to interest rate risk	2,015,714,673	896,314,464	511,782,502	99,480,591	3,523,292,230
Liabilities					
Insurance contracts	--	--	--	496,411,082	496,411,082
Reinsurance payable	--	--	--	21,144,273	21,144,273
Lease liabilities	--	--	--	28,977,595	28,977,595
Accounts payable	--	--	--	149,097,211	149,097,211
Due to ultimate parent company	--	--	--	23,125,939	23,125,939
Due to other related parties	--	--	--	42,238,555	42,238,555
Total liabilities exposed to interest rate risk	--	--	--	760,994,655	760,994,655
Interest rate gap	2,015,714,673	896,314,464	511,782,502	(661,514,064)	2,762,297,575

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(i) *Market risk (continued)*

(a) *Interest rate risk (continued)*

Exposure to interest rate risk (continued)

	Up to one year \$	One to five years \$	Over five years \$	Non-interest bearing \$	Total \$
As at 31 December 2022					
Assets (restated)					
Investments	1,108,498,237	413,459,578	745,665,942	--	2,267,623,757
Other assets	--	--	--	103,972,689	103,972,689
Due from other related	--	--	--	6,606,151	6,606,151
Cash and cash equivalents	552,431,366	--	--	--	552,431,366
Total assets exposed to interest rate risk	1,660,929,603	413,459,578	745,665,942	110,578,840	2,930,633,963
Liabilities (restated)					
Insurance contracts	--	--	--	541,683,429	541,683,429
Reinsurance payable	--	--	--	18,929,666	18,929,666
Lease liabilities	--	--	--	23,117,060	23,117,060
Accounts payable and unallocated premium	--	--	--	115,581,311	115,581,311
Due to ultimate parent	--	--	--	60,368,078	60,368,078
Due to other related parties	--	--	--	31,258,637	31,258,637
Total liabilities exposed to interest rate risk	--	--	--	790,938,181	790,938,181
Interest rate gap	1,660,929,603	413,459,578	745,665,942	(680,359,341)	2,139,695,782

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(i) Market risk (continued)

(a) Interest rate risk (continued)

Exposure to interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the former, as the carrying amounts of the latter are not directly affected by changes in market risks.

There is no exposure to interest rate movement as the Company did not hold any variable rate instruments as at the reporting date. In addition, the Company's assets are at carried amortised cost therefore there is no fair value risk.

(b) Currency risk

Foreign currency risk is the risk that the market value of, or cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaica dollar. The currency giving rise to this risk is primarily the United States dollar. However, there are other transactions denominated in Trinidad and Tobago and Eastern Caribbean dollars. At the reporting date, the foreign currency balances were as follows:

	JMD	TTD	2023 XCD	USD	Total
Assets:					
Cash and cash equivalents	1,591,852,336	--	--	--	1,591,852,336
Other assets	97,755,566	--	--	--	97,755,566
Investments at amortised cost	1,400,029,731	--	--	431,929,572	1,831,959,303
Due from related parties	--	--	1,725,025	--	1,725,025
Liabilities:					
Insurance contracts	(496,411,082)	--	--	--	(496,411,082)
Accounts payable & unallocated premiums	(149,097,211)	--	--	--	(149,097,211)
Due to ultimate parent Company	--	--	--	(44,270,212)	(44,270,212)
Due to related party	--	(42,238,555)	--	--	(42,238,555)
Net assets/(liabilities)	2,444,129,340	(42,238,555)	1,725,025	387,659,360	2,791,275,170

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(i) *Market risk (continued)*

(b) *Currency risk (continued)*

	JMD	TTD	2022 XCD	USD	Total
Assets:					
Cash and cash equivalents	552,431,366	--	--	--	552,431,366
Other assets	103,972,689	--	--	--	103,972,689
Investments at amortised cost	1,837,345,530	--	--	430,278,227	2,267,623,757
Due from related parties	--	--	6,606,151	--	6,606,151
Liabilities:					
Insurance contracts	(541,683,429)	--	--	--	(541,683,429)
Accounts payable & unallocated premiums	(115,581,311)	--	--	--	(115,581,311)
Due to ultimate parent Company	--	--	--	(79,297,743)	(79,297,743)
Due to related party	--	(31,258,637)	--	--	(31,258,637)
Net assets/(liabilities)	<u>1,836,484,845</u>	<u>(31,258,637)</u>	<u>6,606,151</u>	<u>350,980,484</u>	<u>2,162,812,843</u>

The exchange rates for the Jamaica dollar, in terms of the US\$, EC\$ and TT\$, as at 31 December 2023, were J\$153.59 = US\$1.00 (2022: J\$151.09 = US\$1.00); J\$56.47 = XCD\$1.00 (2022: J\$56.14 = XCD\$1.00); J\$22.50 = TT\$1.00 (2022: J\$22.32 = TT\$1.00).

Sensitivity analysis

A 5% strengthening of the US\$, EC\$ and TT\$ against the J\$ at 31 December 2023 could result in a net impact of \$18.6 million on the Company's assets and the Statement of Comprehensive Income. This analysis assumes that all other variables, in particular interest rates, remain constant.

(ii) *Credit risk*

The Company is exposed to credit risk, which is the risk that a customer or counterparty will not be able to meet its obligations.

Key areas where the Company is exposed to credit risk are:

- Loans and receivables
- Reinsurance contract assets
- Amounts due from debt securities and cash positions.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(ii) *Credit risk (continued)*

(a) *Currency risk (continued)*

Other assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. The Company does not require collateral in respect of financial assets.

At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of the financial asset in the Statement of Financial Position.

Loans on policies

During the previous year, the Company made the decision to exit the Individual Life portfolio resulting in the Policy Loans being closed off on the books.

Debt securities, and cash positions

Debt securities, mutual funds and cash positions are placed with financial institutions having sound credit rating.

Maximum exposure to credit risk before collateral held or other credit enhancements:

	31 December 2023 \$	31 December 2022 \$
Debt securities:		
Amortised cost:		
- Listed securities	431,929,572	430,278,227
- Unlisted securities	1,244,455,033	1,226,408,158
- Term deposits	155,574,698	610,937,372
- Other assets	97,755,566	103,972,689
Due from related parties	1,725,025	6,606,151
Cash and cash equivalents	1,591,852,336	552,431,366
Total assets bearing credit risk	3,523,292,230	2,930,633,963

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(ii) Credit risk (continued)

(a) Currency risk (continued)

The above table represents a worst-case scenario of credit risk exposure to the Company as at 31 December 2023, 2022 and 1 January 2022, without taking account of any collateral held or other credit enhancements attached.

The table below provides information regarding the credit risk exposure of the company by classifying financial assets according to the Standard & Poor's issued credit rating.

	A+ \$	B+ \$	NR \$	Total \$
As at 31 December 2023				
Term Deposits	--	--	155,574,698	155,574,698
Government Bonds	--	1,676,384,605	--	1,676,384,605
	--	1,676,384,605	155,574,698	1,831,959,303

	A+ \$	B+ \$	NR \$	Total \$
As at 31 December 2022				
Term Deposits	--	150,000,000	460,937,371	610,937,371
Government Bonds	--	1,656,686,386	--	1,656,686,386
	--	1,806,686,386	460,937,371	2,267,623,757

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The Company manages its liquidity via prudent cash flow management, to allow it to meet all its financial obligations when they fall due.

The table below presents the cash flow payable by the Company for managing liquidity risk by remaining contractual maturities at the date of the Statement of Financial Position. The amounts disclosed in the table are the contracted undiscounted cash flows.

The table also provides an aggregation of the liquidity analysis on a Company level. The maturity analysis is illustrated in Note 5(i) above. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(iii) Liquidity risk (continued)

Payments due by period as at 31 December 2023					
	Carrying Amount \$	Total Undiscounted Amount \$	0-1 Year \$	2-5 Years \$	Over 5 Years \$
<i>Group Life Business</i>					
Insurance liabilities	481,495,265	481,495,265	340,330,132	138,938,282	2,226,851
Other liabilities and Payables	14,915,817	14,915,817	14,915,817	--	--
	<u>496,411,082</u>	<u>496,411,082</u>	<u>355,245,949</u>	<u>138,938,282</u>	<u>2,226,851</u>
<i>Other Contractual Obligations</i>					
Other liabilities and Payables	264,583,573	264,583,573	264,583,573	--	--
Total contractual Obligations	<u>760,994,655</u>	<u>760,994,655</u>	<u>619,829,522</u>	<u>138,938,282</u>	<u>2,226,851</u>
Payments due by period as at 31 December 2022					
	Carrying Amount \$	Total Undiscounted Amount \$	0-1 Year \$	2-5 Years \$	Over 5 Years \$
<i>Group Life Business</i>					
Insurance liabilities	527,948,569	527,948,569	374,810,755	150,594,700	2,543,114
Other liabilities and Payables	13,734,860	13,734,860	13,734,860	--	--
	<u>541,683,429</u>	<u>541,683,429</u>	<u>388,545,615</u>	<u>150,594,700</u>	<u>2,543,114</u>
<i>Other Contractual Obligations</i>					
Other liabilities and Payables	249,254,752	249,254,752	249,254,752	--	--
Total contractual Obligations	<u>790,938,181</u>	<u>790,938,181</u>	<u>637,800,367</u>	<u>150,594,700</u>	<u>2,543,114</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

6 Financial risk management (continued)

Introduction and overview (continued)

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. The objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

7 Capital management

The Company's objectives when managing capital are:

- (i) To comply with capital requirements set by the regulators of the insurance industry within which the Company operates;
- (ii) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

The Company's main regulator is the Financial Services Commission (FSC) which monitors the capital requirements for the Company. The Company is in compliance with externally imposed capital requirements. These requirements are monitored by the Finance function.

Life Insurance Capital Adequacy Test (LICAT)

With the adoption of IFRS 17 in 2023, the Financial Services Commission (FSC) revised the name for the capital adequacy from Minimum Continuing Capital Requirement (MCCSR) to Life Insurance Capital Adequacy Test (LICAT). The LICAT percentage required to be held by insurance companies is 100% (2022: MCCSR was 150%). At the end of the reporting period, the LICAT percentage held by the Company was 845% (2022: MCCSR 571%).

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

8 Fair value of financial instruments

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

(i) Valuation models

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

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

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

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

There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorization from the prior year.

(ii) Financial instruments measured at fair value – fair value hierarchy

At year end, there were no financial instruments measured at fair value.

(iii) Financial instruments not measured at fair value

All of the Company's financial assets and liabilities are classified in Level 2 of the fair value hierarchy, and have carrying values that approximate their fair values, except for held to maturity securities, as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value \$	Total carrying amount \$
As at 31 December 2023					
Assets					
Investments at amortised cost	482,484,743	1,116,345,300	255,837,563	1,854,667,606	1,831,787,756
As at 31 December 2022					
Assets					
Investments at amortised cost	766,133,342	888,896,752	610,937,371	2,265,967,465	2,267,623,757

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

8 Fair value of financial instruments (continued)

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

The fair value in the table above was determined using current market rates available as at year end. In 2022 despite the carrying value being more than the fair value, management assessed that the instruments are not impaired as there has been no default or delinquency or any indication of such in payments by the Government of Jamaica.

Due to the short-term nature of the treasury bills and repurchase agreements, their carrying amount of \$255,837,563 (2022: \$610,937,371) is considered to approximate their fair value. Cash, other assets, accounts payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

9 Significant estimates and judgments

Management discusses with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties.

a. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) The methods used to measure insurance contracts

The determination of the liabilities under short-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard mortality tables adjusted where appropriate to reflect the Company's own experience or expectations (See note 5b(iii)).

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. See note 5 b(v) for the sensitivity of the value of insurance liabilities to changes in assumptions used to value these liabilities.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

9 Significant estimates and judgments (continued)

a. Insurance and reinsurance contracts

(i) The methods used to measure insurance contracts (continued)

The current valuation for LPLS was carried out incorporating historic claims paid during 2023 to determine estimates. The expected loss ratios based on historic experience was adjusted down by 10% (2022: 25% uplift). For the current year, an explicit margin of safety of 10% was included in the aggregate reserve estimate based on the expected claims method. Therefore, the resulting aggregate reserves, including margin, satisfy the IFRS 4 LAT. For IFRS 17 purposes, it was assumed that the Risk adjustment (RA) is equal to the amount of this margin (i.e. RA = 10% of Best Estimate Liability).

The reserve for FIP based on average monthly paid claims over the prior 36-month period. A reserving factor was applied to this 3-year average monthly claim amount to estimate the claims reserves.

The reserve for Group life product other than LPLS and FIP is also calculated using the Premium and Loss ratio method.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

(ii) Discount rates

The Company has elected not to adjust expected cash flows for the time value of money for PAA Liability for Incurred Claims where settlement is expected to occur within one year.

(iii) Risk adjustment for non-financial risk

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

The risk adjustments for this year-end are based on the margins previously held for statutory purposes.

(iv) Allowances for credit losses

The allowances for impairment are based upon management's best estimate of the cash flows expected to be received. In these estimates, judgments are made about the value of the counterparty's financial situation of any collateral. The finance function independently approves these work-out strategies and cash flow estimates.

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

9 Significant estimates and judgments (continued)

b. Critical judgements in applying accounting policies

(i) Determining fair values

Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Under normal circumstances, observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated as the purchase cost; where there are no indicators that the financial asset is impaired. The assumptions and judgments applied here affect the derived fair value of the instruments.

(ii) Debt Instruments at Amortised cost

The Company follows the guidance of IFRS 9 on classifying debt instruments as financial assets which are within the business model are held for collection of contractual cash flows where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This classification requires judgment. In making this judgment, the Company evaluates its business model contractual cash flows. If the Company fails to keep these investments to maturity other than for the specific circumstances - for example, selling other than an insignificant amount close to maturity - it will be required to reclassify the entire class. The investments would therefore be measured at fair value, not amortised cost.

(iii) Impairment of Non-financial assets

Judgment is required to determine whether there are indicators of impairment. If impairment is indicated then the amount is determined using the techniques described in accounting policy 4(e).

(iv) Impairment losses on financial assets

The measurement of ECL allowance for financial assets measured at amortised cost requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 4b(vi).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:

- Determining criteria for significant increase in credit risk;
- Establishing of forward-looking scenarios probability weighted based on macroeconomic trends and expectations;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determination of macroeconomics drivers and forecasting macroeconomic scenarios

The Company's current year staging assessment of its debt instruments was done in depth to examine if there was a SICR and change in credit rating for the individual instruments.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

9 Significant estimates and judgments (continued)

b. Critical judgements in applying accounting policies (continued)

(iv) Impairment losses on financial assets (continued)

Forward-looking macroeconomic variable

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECL and Lifetime ECL is a probability-weighted estimate at considers three future macroeconomic scenarios. The base case scenario assumes at a stable economic environment where current conditions, based on available macroeconomic data, will largely continue. Two adverse scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

(v) Retirement benefit plan

Estimates and judgements are used in determining the value of the Company's defined benefit plan assets and obligations. Assumptions used are disclosed in Note 11.

(vi) Income taxes

Judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or event may be uncertain in the ordinary course of business. In cases of such uncertainty, the company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(vi) Depreciation methods, useful lives and residual values

Depreciation methods, useful lives and residual values rely on judgement and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose. In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and net book value of property, plant and equipment within the next financial year.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

10 Non-financial assets and liabilities

(a) Property, plant and equipment (PPE)

	Office furniture and equipment \$	Computer equipment \$	Leasehold improvements \$	Total \$
Year ended 31 December 2023				
Opening net book value	2,650,400	10,946,389	15,473,528	29,070,317
Additions to PPE	5,838,445	6,431,052	--	12,269,497
Depreciation charge	(608,348)	(5,090,020)	(6,125,810)	(11,824,178)
Closing net book value	7,880,497	12,287,421	9,347,718	29,515,636
At 31 December 2023				
Cost	24,660,241	58,921,101	46,299,239	129,880,581
Accumulated depreciation	(16,779,744)	(46,633,680)	(36,951,521)	(100,364,945)
Net book value	7,880,497	12,287,421	9,347,718	29,515,636
Year ended 31 December 2022				
Opening net book value	3,240,187	7,836,005	21,943,757	33,019,949
Additions to PPE	--	8,704,637	--	8,704,637
Depreciation charge	(589,787)	(5,594,253)	(6,470,229)	(12,654,269)
Closing net book value	2,650,400	10,946,389	15,473,528	29,070,317
At 31 December 2022				
Cost	18,821,797	52,490,048	46,299,239	117,611,084
Accumulated depreciation	(16,171,397)	(41,543,659)	(30,825,711)	(88,540,767)
Net book value	2,650,400	10,946,389	15,473,528	29,070,317
Year ended 31 December 2021				
Opening net book value	3,737,433	7,682,354	28,629,107	40,048,894
Additions to PPE	136,625	5,843,020	444,043	6,423,688
Depreciation charge	(633,871)	(5,689,369)	(7,129,393)	(13,452,633)
Closing net book value	3,240,187	7,836,005	21,943,757	33,019,949

b. Intangible assets

	2023 \$	2022 \$
Year ended 31 December		
Opening net book value	280,092,985	299,952,676
Additions	26,334,094	22,338,766
Amortisation charge	(43,723,765)	(42,198,457)
Closing net book value	262,703,314	280,092,985
At 31 December		
Cost	476,366,696	450,032,601
Accumulated amortisation	(213,663,382)	(169,939,616)
Net book value	262,703,314	280,092,985

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

10 Non-financial assets and liabilities (continued)

c. Right of use assets

(i) Amounts recognised in the Statement of Financial Position

	Buildings	Motor	Total
	\$	Vehicles	\$
		\$	
Year ended 31 December 2023			
Balance at January 1	46,741,756	5,990,000	52,731,756
Additions	--	19,433,643	19,433,643
Balance at December 31	46,741,756	25,423,643	72,165,399
At 31 December 2023			
Accumulated depreciation at January 1	(29,024,512)	(5,990,000)	(35,014,512)
Depreciation charge for the year	(7,023,519)	(3,399,995)	(10,423,514)
Balance at December 31	(36,048,031)	(9,389,995)	(45,438,026)
Carrying amount of right-of-use asset	10,693,725	16,033,648	26,727,373
Year ended 31 December 2022			
Balance at January 1	46,741,756	14,190,000	60,931,756
Derecognition of right-of-use assets	--	(8,200,000)	(8,200,000)
Balance at December 31	46,741,756	5,990,000	52,731,756
At 31 December 2022			
Accumulated depreciation at January 1	(21,808,387)	(13,780,000)	(35,588,387)
Depreciation charge for the year	(7,216,125)	(410,000)	(7,626,125)
Eliminated on de-recognition	--	8,200,000	8,200,000
Balance at December 31	(29,024,512)	(5,990,000)	(35,014,512)
Carrying amount of right-of-use asset	17,717,244	--	17,717,244

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

10 Non-financial assets and liabilities (continued)

c. Right of use assets (continued)

(ii) Amounts recognised in the Statement of Comprehensive Income

	Notes	2023 \$	2022 \$
Depreciation charge on right-of-use assets			
Buildings		7,023,519	7,216,124
Motor vehicles		<u>3,399,995</u>	<u>410,000</u>
	10(c)	<u>10,423,514</u>	<u>7,626,124</u>
Interest expense (included in management and operating expenses)	23	1,384,008	1,193,906
Maintenance costs related to leased buildings (included in management and operating expenses)	23	<u>6,552,171</u>	<u>6,400,882</u>
		<u>7,936,179</u>	<u>7,594,788</u>

11 Pension plan assets

The following information explains the quantification of the assets and liabilities recognised in the Statement of Financial Position and the net income for the year in accordance with the provisions.

	2023 \$	2022 \$
Funded status reconciliation at end of period		
Present value of the obligation	(109,652,000)	(63,533,000)
Fair value of plan assets	<u>152,718,000</u>	<u>140,069,000</u>
Over-funded obligation	43,066,000	76,536,000
Effect of asset ceiling	<u>(5,372,000)</u>	<u>(63,889,000)</u>
Asset recognised in Statement of Financial Position	<u>37,694,000</u>	<u>12,647,000</u>
Movements in net asset		
Opening net asset	12,647,000	33,179,000
Retirement benefit expense	(572,000)	(1,383,000)
Total remeasurements included in OCI	22,511,000	(21,759,000)
Employer's contributions	<u>3,108,000</u>	<u>2,610,000</u>
Closing net asset	<u>37,694,000</u>	<u>12,647,000</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

11 Pension plan assets (continued)

The amount in the Statement of Comprehensive Income is made up as follows: -

	2023 \$	2022 \$
Expense recognised in profit or loss (P&L)		
Employer's current service cost	(1,936,000)	(3,599,000)
Interest cost on obligation	(8,010,000)	(8,306,000)
Interest income on plan assets	18,363,000	11,171,000
Interest on effect of asset ceiling	(8,305,000)	--
Administrative expenses	<u>(684,000)</u>	<u>(649,000)</u>
Components of defined benefit cost recognised in the P&L	<u>(572,000)</u>	<u>(1,383,000)</u>
Components of OCI (Remeasurements)		
Actuarial (gain)/loss on obligation	(36,906,000)	53,054,000
Actuarial loss on plan assets	(7,405,000)	(10,924,000)
Change in effect of asset ceiling	<u>66,822,000</u>	<u>(63,889,000)</u>
Components of defined benefit surplus/(cost) recorded in OCI	<u>22,511,000</u>	<u>(21,759,000)</u>
Defined benefit surplus/cost	<u>21,939,000</u>	<u>(23,142,000)</u>

The movement in the fair value of retirement benefit plan assets of the year is as follows:

Fair value of plan assets at beginning of period	140,069,000	138,816,000
Employees' contributions	3,105,000	2,662,000
Employer's contributions	3,108,000	2,610,000
Interest income	18,363,000	11,171,000
Benefits paid	(3,838,000)	(3,617,000)
Administrative expenses	(684,000)	(649,000)
Actuarial loss on plan assets	<u>(7,405,000)</u>	<u>(10,924,000)</u>
Fair value of plan assets at end of period	<u>152,718,000</u>	<u>140,069,000</u>

The movement in the obligation to plan members over the year is as follows:

Changes in the present value of the obligation		
Present value of obligation at beginning of period	63,533,000	105,636,000
Employer's current service cost	1,936,000	3,599,000
Employees' contributions	3,105,000	2,662,000
Interest cost	8,010,000	8,306,000
Benefits paid	(3,838,000)	(3,617,000)
Actuarial gain/(loss) - experience adjustments	6,792,000	(18,419,000)
Actuarial gain/(loss) - changes in financial assumptions	<u>30,114,000</u>	<u>(34,634,000)</u>
Present value of obligation at end of period	<u>109,652,000</u>	<u>63,533,000</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

11 Pension plan assets (continued)

The principal actuarial assumptions used for accounting purposes were:

The economic assumptions adopted for the current and prior Measurement Dates are shown below.			
Measurement Date:	2023		2022
(1) Discount Rate (% p.a.)	11.00		13.00
(2) Salary Increases (% p.a.)	8.00		7.50
(3) Retirement Benefit Increases (% p.a.)	6.00		5.50
(4) Price inflation (% p.a.)	6.50		5.50
The following demographic assumptions are applicable for the valuation as at 31 December 2023.			
(1) Mortality in Service and Retirement	RP-2014 Employee and Healthy Annuitant Mortality Rates projected to the Measurement Date, using the Society of Actuaries' Scale MP-2014.		
	Specimen mortality rates (number of occurrences per 1,000 members) are given below:		
	Attained Age	Males	Females
	25	0.411	0.149
	30	0.391	0.197
	35	0.460	0.261
	40	0.540	0.350
(2) Withdrawal	45	0.826	0.570
	Withdrawal rates were adopted as follows:		
	Attained Age	Males	Females
	25	12.0%	8.0%
	30	8.0%	4.0%
	35	5.0%	2.5%
	40	5.0%	2.5%
	45	2.0%	1.0%
(3) Incapacity Retirement	50	2.0%	1.0%
	55	--	--
	(3) Incapacity Retirement		
	Nil		
	(4) Retirement Rates		
100% for persons at the Normal Retirement Age.			
(5) Actuarial Value of the Fund			
Statement of Financial Position Value of the Fund.			
(6) Income Tax			
The Fund will continue to be tax exempt.			

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

11 Pension plan assets (continued)

Retirement benefit plan assets are comprised as follows:

Distribution Of Assets By Type Of Security				
	2023		2022	
	Market Value of Assets	Distribution of Assets	Market Value of Assets	Distribution of Assets
	\$'000	% Total	\$'000	% Total
J\$ Debentures	55,421	36%	46,058	33%
Investment Properties	34,923	23%	31,114	22%
Quoted Equities	31,264	20%	31,081	22%
US\$ Debentures	8,506	6%	10,043	7%
Repurchase Agreements	7,746	5%	13,213	9%
J\$ Certificates of Deposit	4,680	3%	--	0%
Unit Trusts	9,499	6%	7,630	5%
Real Estate Investment Trusts	1,692	1%	1,731	1%
Net Current Assets	(1,013)	(1)%	(801)	1%
Total	152,718	100%	140,069	100%

The expected Employer's Contribution for the 2024 Fiscal Year is \$3.11 million, based on a contribution rate of 8% of pensionable salaries.

The average duration of the defined benefit plans obligation at the end of the reporting period is 7.3 to 17.6 years (2022: 6.0 to 14.3 years).

Shown below is the impact of the change in the Defined Benefit Obligation (DBO) of a one percent (1%) change in each of the key economic assumptions is shown. In determining the impact of each assumption, the others are held constant.

Sensitivity Analysis of Key Economic Assumptions (\$'000)				
Measurement date	2023		2022	
Assumption	+1%	-1%	+1%	-1%
Discount rate	(14,129)	17,816	(6,265)	8,072
Future salary increases	5,614	(4,912)	2,568	(2,179)
Future pension increases	10,581	(9,067)	4,863	(4,163)

Liability duration

The liability duration for each category of Member as at the current and prior measurement dates is shown below.

Category of participant	Liability duration (Years)	
	2023	2022
Active members	17.6	14.3
Deferred pensioners	18.5	18.3
Retirees	7.3	6.0
All participants	16.0	12.6

The effect on the Defined Benefit Obligation of an increase of one year in the life expectancy is about \$2.87 million (2022: \$2.79 million).

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

12 Financial assets

(a) Fair value of investment securities by measurement category

	Carrying Value 2023 \$	Fair Value 2023 \$	Carrying Value 2022 \$	Fair Value 2022 \$
Amortised cost	1,831,959,303	1,854,667,606	2,267,623,757	2,265,967,465

(b) Restricted assets

Section 8(1) (b) of the Insurance Regulations 2001 requires the Company to pledge to the Financial Services Commission, financial assets with a minimum face value of \$90,000,000. The amount of \$299,692,819 (2022 - \$127,232,721) represents the fair value of these financial assets including interest receivable, pledged as at 31 December 2023.

(c) Movement in financial assets

	2023 \$	2022 \$
<i>Investments at amortised cost</i>		
Opening balance 1 January	2,267,623,757	1,815,323,882
Acquisitions	9,361,584,491	1,108,515,639
Maturities	(8,377,825,391)	(640,884,632)
Amortisation of premium	8,973,601	(9,756,698)
Impairment loss (ECL)	(5,709,202)	--
Foreign exchange gain	7,099,803	(5,574,434)
Total investments at amortised cost	3,261,747,059	2,267,623,757
Amounts due within 90 days and classified as cash and cash equivalents (Note 15)	(1,429,787,756)	--
Closing balance 31 December	<u>1,831,959,303</u>	<u>2,267,623,757</u>
All of these investment securities are fixed rate instruments.		
Current	424,323,396	1,108,498,238
Non-Current	<u>1,407,635,907</u>	<u>1,159,125,519</u>
	<u>1,831,959,303</u>	<u>2,267,623,757</u>

a. Impairment of financial assets

The Company's debt investments carried at amortised cost are subject to the expected credit loss model. These investments are considered to have low credit risk, and loss allowance recognised during the period was therefore limited to 12 months expected losses. Recent macroeconomic factors and credit ratings, and historical payment history of the investments were taken into consideration by management. The impairment loss/expected credit losses recognized in the Statement of Comprehensive Income for the current year was \$2,654,666 (2022: Nil). An adjustment of \$3,054,536 was made to opening retained earnings for expected credit losses recognized on adoption of IFRS 9 (Note 3).

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

12 Financial assets (continued)

Sensitivity Analysis on ECL

Probability weighted future scenarios were considered to incorporate forward-looking information.

The following relevant scenarios were identified:

Scenario	PD Measurement	Probability weighting	The basis for probability weighting
Catastrophic event leading to a credit rating downgrade.	1 year Cumulative Default Rates from Moody's 2022 study for the downgraded credit rating level	5.0%	Based on the assessed likelihood of a catastrophic event leading to a credit rating down grade Assessed as a 1 in 20-year event.
Upgrade in credit rating	1 year Cumulative Default Rates from Moody's 2022 study for upgraded graded credit rating level	0.1%	Deemed highly unlikely given the current Global and regional economic state
Credit rating unchanged	1 year Cumulative Default Rates from Moody's study for current credit rating level	94.9%	Residual - Likely outcome

13 Other assets

	2023 \$	2022 \$
Interest receivable	91,743,847	79,519,327
Prepayments	3,941,273	1,430,943
Other receivable	2,070,446	23,022,419
	<u>97,755,566</u>	<u>103,972,689</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

14 Related parties

a. Identity of related party

The Company has a related party relationship with its parent, other group companies, directors and key management personnel.

A number of transactions have been entered into with related parties in the normal course of business.

b. Related party transactions and balances

	2023 \$	2022 \$
(i) Transactions during the period		
Management fees	97,176,792	113,690,456
Software development charges	51,386,059	40,441,659
Acquisition of intangible assets	22,899,213	19,425,014
Reinsurance premiums	81,121,384	74,264,924
Directors' fees	<u>6,782,821</u>	<u>6,606,240</u>
	<u>259,366,269</u>	<u>254,428,293</u>
(ii) Amounts due from/to ultimate parent, and related parties		
Due from:		
Other related parties	<u>1,725,025</u>	<u>6,606,151</u>
Due to:		
Ultimate parent company- Reinsurance (Note 18)	21,144,273	18,929,666
Software upgrade (a)	23,125,939	60,368,078
Other related parties	42,238,555	31,258,637
Reinsurance payable (b)	<u>--</u>	<u>44,084,762</u>
	<u>86,508,767</u>	<u>154,641,143</u>

The amounts payable to related parties are interest-free, unsecured and are repayable within three months.

(a) This balance comprises amounts due to CMFG Life Insurance Company for remaining payment relating to on-going software upgrade. The amount is interest free, unsecured and payable within three months.

(b) In the previous year, this balance comprised amounts owed to CMFG Life Insurance Company for excess reinsurance recoverable paid to CCIJ during the year ended December 31, 2022. The amount was interest free, unsecured and paid within three months.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

14 Related parties (continued)

c. Transactions with key management personnel

There were four (2022: four) key management personnel employed with the Company during the year. The key management personnel compensation is as follows:

	2023 \$	2022 \$
Long-term employee benefits	2,639,673	2,248,968
Short-term employee benefits	<u>46,428,532</u>	<u>40,704,167</u>
	<u>49,068,205</u>	<u>42,953,135</u>

15 Cash and cash equivalents

Cash in hand and at bank	162,064,580	552,431,366
Fixed deposits (maturing in less than three months)	<u>1,429,787,756</u>	<u>--</u>
	<u>1,591,852,336</u>	<u>552,431,366</u>

16 Stated capital

Authorised:

The Company has no limit on the number of shares that it is authorised to issue.

Issued and fully paid:

10,000 ordinary shares at no par value

In issue at 31 December	<u>167,294,598</u>	<u>167,294,598</u>
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During 2016, the parent paid \$494,442,850 into the Company, which was recorded as capital contribution. This has no fixed repayment terms and is expected to be capitalised as shares.

17 Reserves

Opening Balance	6,020,142	84,189,716
Defined Benefit Pension Plan	16,883,250	(16,319,250)
Movement in Corporate Social Responsibility Fund	--	(139,393)
COVID-19 Corporate Social Responsibility Fund	<u>--</u>	<u>(61,710,931)</u>
	<u>22,903,392</u>	<u>6,020,142</u>

These reserves comprise the actuarial remeasurement of the Defined Benefit Pension Plan and the resultant deferred tax on same, as well as, in previous years, a COVID-19 Corporate Social Responsibility Fund. During 2020, the Company established a COVID-19 Corporate Social Responsibility Fund, which was used to cover the monthly premiums (up to six months) for primary insured members who had become unemployed or, in the case of self-employment, were forced to close their business due to the pandemic. The Company ended the fund as at December 31, 2022 and amounts remaining on the fund were written back to retained earnings.

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts

The Company disaggregates information to provide disclosure in respect of major lines of business. This disaggregation has been determined based on how the Company is managed. The breakdown of portfolios of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below.

	31 December 2023		31 December 2022		1 January 2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Insurance and reinsurance contracts issued						
Group Life - PAA	--	496,411,082	--	541,683,429	--	541,387,465
Individual Life - GMM	--	--	--	--	--	22,576,092
Total insurance contracts issued	--	496,411,082	--	541,683,429	--	563,963,557
Total reinsurance contracts held	--	21,144,273	--	18,929,666	--	18,093,510

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- a. *Roll-forward of net assets or liability for Group life contracts issued showing the liability for remaining coverage and the liability for incurred claims:*

	December 31 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Insurance contract liabilities as at January 1 2023	(23,311,428)	--	482,570,759	82,424,098	541,683,429
Insurance revenue	(4,056,069,211)		--	--	(4,056,069,211)
Insurance service expenses:					
Incurred claims and other expenses	--	--	2,675,238,473	327,520	2,675,565,993
Amortisation of insurance acquisition cashflows	518,137,915	--	--	--	518,137,915
Changes in liabilities for incurred claims	--	--	--	(8,242,410)	(8,242,410)
Insurance service result	(3,537,931,296)	--	2,675,238,473	(7,914,890)	(870,607,713)

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- a. *Roll-forward of net assets or liability for Group life contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)*

	December 31 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Total changes in the statement of comprehensive income	(3,537,931,296)	--	2,675,238,473	(7,914,890)	(870,607,713)
Cash flows:					
Premium received	4,061,748,213	--	--	--	4,061,748,213
Claims and other expenses paid	--	--	(2,718,274,932)		(2,718,274,932)
Insurance acquisition cash flows	(518,137,915)		--		(518,137,915)
Total cash flows	3,916,211,431	--	(2,718,274,932)	--	1,197,936,499
Net insurance contract liabilities as at December 31 2023	(17,632,427)	--	439,534,300	74,509,209	496,411,082

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- a. Roll-forward of net assets or liability for Group life contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued):

	December 31 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities as at 1 Jan 2022	(33,225,279)	28,700,000	467,201,250	78,711,494	541,387,465
Insurance revenue	(3,711,379,739)	--	--	--	(3,711,379,739)
Insurance service expenses:					
Incurred claims and other expenses	--	(28,700,000)	2,587,687,717	82,424,098	2,641,411,815
Amortisation of insurance acquisition cashflows	480,646,440	--	--	--	480,646,440
Changes in liabilities for incurred claims	--	--	--	(78,711,494)	(78,711,494)
Insurance service result	(3,230,733,299)	(28,700,000)	2,587,687,717	3,712,604	(668,032,978)
Total changes in the statement of comprehensive income	(3,230,733,299)	(28,700,000)	2,587,687,717	3,712,604	(668,032,978)
Cash flows:					
Premium received	3,721,293,590	--	--	--	3,721,293,590
Claims and other expenses paid	--	--	(2,572,318,208)	--	(2,572,318,208)
Insurance acquisition cash flows	(480,646,440)	--	--	--	(480,646,440)
Total cash flows	3,240,647,150	--	(2,572,318,208)	--	668,328,942
Net insurance contract liabilities as at 31 Dec 2022	(23,311,428)	--	482,570,759	82,424,098	541,683,429

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- b. *Roll-forward of net assets or liability for Individual life contracts showing the liability for remaining coverage and the liability for incurred claims (continued)*

The Company discontinued the Individual Life product in 2022. There are still some amounts due for payout to the policyholders and the remaining balances due are recorded in the accounts payable account (Note 20). The effect of this roll forward of net assets or liabilities for individual life for the year ended December 31, 2023 is nil.

The Company is in consultation with its legal consultants on the treatment of the payouts to be made to the policyholders who cannot be reached.

	December 31 2022		
	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows
Insurance contract liabilities as at January 1, 2022	30,902,689	--	(8,326,597)
Net insurance contract liabilities as at January 1, 2022	30,902,689	--	(8,326,597)
Insurance revenue	(32,793,974)	--	--
Insurance service expenses:			
Incurred claims and other expenses	--	--	40,260,967
Insurance service result	(32,793,974)	--	40,260,967
Insurance finance expenses	1,891,285	--	--
Total changes in the statement of comprehensive income	(30,902,689)	--	40,260,967
Cash flows:			
Claims, other expenses paid and amounts transferred to other payables	--		(31,934,370)
Net insurance contract liabilities as at December 31 2022	--	--	(31,934,370)

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- c. *Roll-forward of net assets or liability for Individual life contracts showing the liability for remaining coverage and the liability for incurred claims (continued)*

The effect of this roll forward of net assets or liabilities for individual life for the year ended December 31, 2023 is nil.

	December 31 2022			
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
Insurance contract liabilities as at: January 1 2022	19,766,757	2,809,335	–	22,576,092
Net insurance contract (assets)/liabilities as at January 1 2022	19,766,757	2,809,335	–	22,576,092
Changes that relate to current services	10,276,328	(2,809,335)	–	7,466,993
Insurance service result	10,276,328	(2,809,335)	–	7,466,993
Insurance finance expenses - P&L	1,891,285	--	–	1,891,285
Total changes in the statement of profit or loss and OCI	12,167,613	(2,809,335)	–	9,358,278
Cash flows				
Claims, other expenses paid, and amounts transferred to other payables	(31,934,370)	--	--	(31,934,370)
Net insurance contract (assets)/liabilities as at December 31 2022	(31,934,370)	--	--	(31,934,370)

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- c. *Roll-forward of net assets or liability for Reinsurance contracts showing the liability for remaining coverage and the liability for incurred claims (continued)*

	December 31 2023				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimate of the present value of future cash flows	Risk adjustment	
Reinsurance contract liabilities as at: January 1 2023	18,929,666	--	--	--	18,929,666
Net reinsurance contract liabilities as at: January 1 2023	18,929,666	--	--	--	18,929,666
Reinsurance premium	81,121,384			--	81,121,384
Net expense from reinsurance contracts held	81,121,384	--	--	--	81,121,384
Total changes in the statement of comprehensive income	81,121,384	--	--	--	81,121,384
Cash flows:					
Premium paid	(78,906,778)	--	--	--	(78,906,778)
Total cash flows	(78,906,778)	--	--	--	(78,906,778)
Reinsurance contract liabilities as at: December 31 2023	21,144,273	--	--	--	21,144,273
Net reinsurance contract liabilities as at: December 31 2023	21,144,273	--	--	--	21,144,273

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

18 Insurance contracts (continued)

- c. Roll-forward of net assets or liability for Reinsurance Contract held showing the asset for remaining coverage and amounts recoverable on incurred claims (continued)

	December 31 2022				
	Assets for remaining coverage		Amounts recoverable on incurred claims		Total
	Excluding loss-recovery component	Loss-recovery component	Estimate of the present value of future cash flows	Risk adjustment	
Reinsurance contract liabilities as at: January 1 2022	18,093,510	--	--	--	18,093,510
Net reinsurance contract assets/(liabilities) as at: January 1, 2022,	18,093,510	--	--	--	18,093,510
Reinsurance premium	74,264,924	--	--	--	74,264,924
Net expense from reinsurance contracts held	74,264,924	--	--	--	74,264,924
Total changes in the statement of comprehensive income	74,264,924	--	--	--	74,264,924
Cash flows:					
Premium paid	(73,428,768)	--	--	--	(73,428,768)
Amounts received	--	--	--	--	--
Total cash flows	(73,428,768)	--	--	--	(73,428,768)
Reinsurance contract liabilities as at: December 31, 2022,	18,929,666	--	--	--	18,929,666
Net reinsurance contract assets/(liabilities) as at: December 31, 2022	18,929,666	--	--	--	18,929,666

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

19 Lease liabilities

The Company leases properties and motor vehicles for use in its operations. The term of the leases run for the period of three (3) to five (5) years. The leases on properties have an option to renew at the end of the term.

Lease liabilities – minimum lease payments

	2023 \$	2022 \$
Not later than one year	13,188,030	8,902,306
Later than one year and not later than five years	21,170,282	17,286,481
	34,358,312	26,188,787
Future interest charges on lease liabilities	(5,380,717)	(3,071,727)
Present value of lease liabilities	28,977,595	23,117,060

The present value of lease liabilities may be analyzed as follows:

	2023 \$	2022 \$
Not later than one year - current	13,188,030	8,902,306
More than one year - non-current	15,789,565	14,214,754
	28,977,595	23,117,060

20 Accounts payable

	2023 \$	2022 \$ (Restated)
Accounts payable	74,651,125	61,089,209
Accrued expenses	74,446,086	54,492,102
	149,097,211	115,581,311

21 Insurance revenue

Contracts not measured under PAA

Amounts relating to changes in liabilities for remaining coverage:

Change in risk adjustment for non-financial risk for risk expired	--	2,809,335
Expected incurred claims and other insurance service expenses	--	29,984,639
	--	32,793,974

Contracts measured under PAA

Insurance Revenue	4,056,069,211	3,711,379,739
	4,056,069,211	3,744,173,713

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

22 Insurance service expense	2023 \$	2022 \$ (Restated)
Incurring claims and other expenses	2,583,516,686	2,470,835,988
Amortisation of insurance acquisition cash flows	652,896,301	598,748,615
Losses on onerous contracts and reversals of those losses	--	(28,700,000)
Changes in liabilities for incurred claims - past service	(50,951,488)	44,614,410
Impairment of assets for insurance acquisition cash flows	--	(1,891,285)
	<u>3,185,461,499</u>	<u>3,083,607,728</u>

There were no reinsurance recoveries on claims incurred in 2023.

23 Other operating expenses	2023 \$	2022 \$ (Restated)
Depreciation expense - PPE	5,320,880	5,694,421
Depreciation expense – right-of-use asset	4,690,581	3,431,756
Amortisation expense	43,723,765	42,198,458
Maintenance expense for leases	7,936,179	7,594,788
Directors' fees	6,782,821	6,606,240
Employee-related expense (a)	83,198,253	67,876,916
Marketing and communication expense	19,371,287	16,042,587
Utilities expense	653,808	252,453
Audit fees	19,813,933	9,999,994
Professional services expense	32,612,231	20,758,289
Management fees	43,729,556	51,160,705
Other operating expenses	<u>36,645,464</u>	<u>28,799,671</u>
	<u>304,478,758</u>	<u>260,416,278</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued) 31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

23 Other operating expenses (continued)

	2023 \$	2022 \$ (Restated)
a. <i>Employee Related Expense</i>		
Salaries and wages	65,143,523	52,475,959
Post retirement benefits	2,042,100	1,876,257
Insurance	3,033,505	2,431,906
Payroll taxes	7,026,530	5,793,407
Other employee benefits	<u>5,952,595</u>	<u>5,299,387</u>
	<u>83,198,253</u>	<u>67,876,916</u>

Employee related expenses amounted to \$188,911,113 (2022: \$153,312,434). Of this amount \$105,712,860 (2022: \$85,435,518) is included in Insurance service expenses.

24 Taxation

- a. Taxation charge is based on the profit for the year adjusted for tax purposes and is made up as follows:

	2023 \$	2022 \$
Current income tax expense	180,265,450	89,829,433
(Decrease)/increase in deferred tax asset	(231,624)	7,161,751
Increase in deferred tax liability	<u>634,000</u>	<u>306,750</u>
	<u>180,667,826</u>	<u>97,297,934</u>

	2023 \$	2022 \$
b. <i>Reconciliation of effective tax rate</i>		
Profit before IFRS 17 adoption adjustment	681,517,237	402,674,506
Adjustment for onerous contracts	<u>--</u>	<u>(28,700,000)</u>
Profit before taxation	<u>681,517,237</u>	<u>373,974,506</u>
Expected tax charge 25% (2022: 25%)	170,379,309	93,493,627
Adjusted for:		
Capital allowance less depreciation and amortisation	(2,533,048)	(2,222,975)
Capital portion of right-of-use assets	(3,912,808)	(3,095,763)
Movement on retirement benefits plan	(5,627,750)	5,133,000
Disallowed expenses and other capital adjustments	22,215,171	3,678,734
Net effect of other allowances	<u>146,952</u>	<u>311,311</u>
Actual taxation charge	<u>180,667,826</u>	<u>97,297,934</u>

CUNA Caribbean Insurance Jamaica Limited

Notes to the Financial Statements (continued)

31 December 2023

(Expressed in Jamaican dollars unless otherwise indicated)

24 Taxation (continued)

d. Taxation recoverable

	2023 \$	2022 \$
Tax withheld at source	--	12,270,634
Overpayment of estimated tax liability	--	60,871,887
	--	73,142,521

e. Taxation payable

Tax withheld at source	(38,801,774)	--
Tax payable	89,957,405	--
	51,155,631	--

25 Subsequent events

There were no events subsequent to 31 December 2023 which resulted in required adjustments to the balances reported in these financial statements or a requirement for additional disclosures.

26 Contingent liabilities

The Company had no contingent liabilities as at 31 December 2023 (2022: Nil).