



**The Guyana and Trinidad
Mutual Life Insurance
Company Limited**



**97th
ANNUAL REPORT -
2021**

Notice of Meeting

The **Ordinary General Meeting of Members** will be held at 14:00 hours on Wednesday, 8th June, 2022 via **Zoom Virtual Meeting Portal**.

AGENDA

1. To approve and if seen fit pass, a special resolution authorising and directing the holding of the Ordinary General Meeting of Members of the GTM Life Insurance Company Limited by means of a computer generated virtual real time format, where all members are in simultaneous visual attendance, due to the health and safety risks associated with large public gatherings during COVID-19 Pandemic.
2. To receive and consider the Report of the Directors, the Financial Statements for the year ended 31st December, 2021 and the Report of the Auditors thereon.
3. To elect Directors.
4. To fix remuneration of the Directors.
5. To elect Auditors and fix their remuneration.

BY ORDER OF THE BOARD



A. BEHARRY
Company Secretary/
Legal Officer

GTM Buildings

27-29 Robb & Hincks Streets
Georgetown
27th April, 2022

- N.B.** The right to vote by proxy may only be exercised by any member who does not attend the virtual meeting.

The appointed proxy must be a member of the Company.

The instrument appointing a proxy must be deposited at the Head Office of the Company not less than twenty-four hours before the time appointed for holding the meeting.

Chairman & Board of Directors

CHAIRMAN

R. L. SINGH, AA, ACIS

DIRECTORS

E. A. LUCKHOO, SC, LL.B(HONS) (LOND)

B. J. HARPER (MS.), BA

G. E. DEAN, BSc., CIMA

P. S. FRASER

MANAGING DIRECTOR

R. ST. P. YEE, BSc.(HONS), EMBA

Management Team

MANAGING DIRECTOR

R. ST. P. YEE, BSc.(Hons), EMBA

MANAGER (AG.)

D. RAMSAROOP, ALMI, ACS

COMPANY SECRETARY / LEGAL OFFICER

A. BEHARRY (MS.), LL.B, LLM

FINANCE CONTROLLER

K. NAUTH, MBA, FCCA, CPA, MSc.

BRANCH MANAGER, ST. LUCIA

G. MAXWELL (MS.), FCII, MSc., BSc.

BRANCH MANAGER, ST. VINCENT

C. CAMBRIDGE, AIAA, ACS(Hons), AIRC, Dip.Mgt (UWI)

BRANCH MANAGER, GRENADA

N. ENNIS (MS.), ACII, BSc.

Report of the Directors

The Directors have pleasure in presenting their **ANNUAL REPORT** and the **AUDITED FINANCIAL STATEMENTS** for the year ended 31 December 2021.

All amounts stated are in Guyana dollars.

INSURANCE IN FORCE

At the commencement of the year, after adjustments including adjustment for the change in currency exchange rates there were 13,497 policies in force insuring \$90,167,439,846 with annual premiums of \$1,082,228,526. During the year 1,400 policies were issued insuring \$14,219,324,200 with annual premiums of \$144,817,388. At 31 December 2021, there were 13,974 policies in force insuring \$98,973,699,432 including bonus additions, yielding annual premiums of \$1,156,942,700.

GROUP LIFE

At the commencement of the year, there were 103 group plans in force with annual premiums of \$188,939,880 insuring a total sum of \$32,101,059,678. At 31 December 2021, there were 111 group plans in force with annual premiums of \$281,299,713 insuring a total sum of \$39,817,446,156.

HEALTH INSURANCE

At the commencement of the year, there were 174 group plans and 2,963 individual plans with annual premiums of \$1,059,172,476. During the year, 22 group plans and 418 individual plans were issued with annual premiums of \$241,631,688. At 31 December 2021, there were 195 group plans and 3,089 individual plans with annual premiums of \$1,220,245,196.

ACCIPROTECT

At the commencement of the year, there were 2,126 policies insuring \$3,728,025,000 with annual premiums of \$14,143,667. At 31 December 2021, there were 2,315 policies insuring \$3,932,162,500 with annual premiums of \$14,843,669.

ACTUARIAL LIABILITIES

At 31 December 2021 Actuarial Liabilities were valued \$6,196,703,432. This represents a net movement in actuarial liabilities of \$339,154,240 over previous year. Actuarial Liabilities as at 31 December 2020 were valued at \$5,587,549,192. These liabilities are secured by assets pledged with the Regulators.

CLAIMS

Total claims paid and provided for during the year amounted to \$912,564,380. Death claims in respect of 53 policies totalled \$167,209,686 net of reinsurance; endowments matured required \$32,263,017; payments under annuity policies were \$12,348,009; disability benefits paid amounted to \$154,268; and health insurance benefits paid amounted to \$700,589,400. Since inception of the Company, the total net claims paid and provided for amounted to \$9,855,084,478.

INVESTMENTS

At the commencement of the year, the total value of investments was \$7,050,051,688. The value of investments purchased during the year amounted to \$208,801,112 while redemptions were \$186,672,524. At 31 December 2021, securities were revalued in accordance with the Company's accounting policy, which resulted in a net increase in fair value of \$2,380,531,190. The total value of investment as at December 31, 2021 was \$9,452,711,465.

DIRECTORATE

All the Directors retire as provided in the Company's Ordinance and are eligible for re-election.

CORPORATE GOVERNANCE

The Company shares a common Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited and regular meetings are held for each Company.

The Board has established a Budget and Liquidity Risk Management Committee, which on an ongoing basis, reviews the Company's liquidity requirements and monitors potential risks to the business. Other major Committees, on which members of the Board serve, are the Audit and Risk Management, Information Systems, Marketing and Public Relations, Building, Investment and Organisational and Compensation.

AUDITORS

Ram & McRae Chartered Accountants have retired and are eligible for re-election.

Independent Auditor's Report

To the Members of
The Guyana and Trinidad Mutual Life Insurance Company Limited
on the Financial Statements for the Year Ended 31 December 2021

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of The Guyana and Trinidad Mutual Life Insurance Company Limited, which comprise the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, financial statements on pages 4 to 42 present fairly, in all material respects, the financial position of the Guyana and Trinidad Mutual Life Insurance Company Limited as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Ordinance No. VI of 1925 and the Insurance Act 2016.

Basis for Opinion

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

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Ordinance No. VI of 1925 and the Insurance Act 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the management either intends to liquidate the Company or cease operations, or have 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.

Independent Auditor's Report — cont'd

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

As part of an audit in accordance with ISAs, we exercise professional judgement 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 one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 identified during our audit.

Report on Other Legal and Regulatory Requirements

As stated in Note 48 of these financial statement, the Bank of Guyana has determined that the Company is not compliant with certain provisions of the Insurance Regulations 2018 which require the Company to take corrective action over five years from November 6, 2016.

Ram & Mc Rae

CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM

157 'C' WATERLOO STREET
GEORGETOWN
GUYANA
April 27, 2022

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December, 2021

	Notes	2021 G\$	2020 G\$
REVENUE			
Insurance premiums	(5)	2,335,686,274	2,177,567,771
Reinsurance premiums ceded	(5)	(222,678,990)	(197,829,432)
		<u>2,113,007,284</u>	<u>1,979,738,339</u>
Income from investments			
"Held to maturity"		115,684,277	102,886,430
"Loans and receivables"		44,597,587	36,843,126
"Available for sale"		86,049,756	78,124,837
		<u>246,331,620</u>	<u>217,854,393</u>
Other income	(6)	26,915,281	19,334,602
Currency exchange gain/(loss)	(7)	4,966,104	(4,946,934)
	(8)	<u>2,391,220,289</u>	<u>2,211,980,400</u>
Deduct: EXPENDITURE			
Benefits:			
Claims	(9)	912,564,380	788,092,498
Surrenders	(10)	212,931,936	220,824,412
		<u>1,125,496,316</u>	<u>1,008,916,910</u>
Expenses:			
Commissions and sales expenses	(11)	207,913,994	187,284,125
Salaries and other staff costs	(12)	154,924,295	149,580,394
Management expenses	(12)	317,207,258	310,447,025
Withholding and other taxes	13(a)	4,464,550	4,897,741
		<u>684,510,097</u>	<u>652,209,285</u>
Total expenditure		<u>1,810,006,413</u>	<u>1,661,126,195</u>
Net surplus before movement in actuarial liabilities and taxation		<u>581,213,876</u>	<u>550,854,205</u>
Net movement in actuarial liabilities	(14)	(339,154,240)	(411,046,397)
Net profit/(loss) after movement in actuarial liabilities and before taxation	(14)	<u>242,059,636</u>	<u>139,807,808</u>
Taxation	13(b)	(4,331,855)	(10,526,364)
Net profit after taxation	(14)	<u>237,727,813</u>	<u>129,281,444</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on property and equipment	(17)	26,000,000	—
Fair value gain on investment	(27)	2,380,531,190	482,848,322
Other comprehensive income for the year net of taxation		<u>2,406,531,190</u>	<u>482,848,322</u>
Total comprehensive income for the year	(14)	<u>2,644,259,003</u>	<u>612,129,766</u>

"The accompanying notes form an integral part of these financial statements."

Statement of Changes in Equity

For the Year Ended 31 December, 2021

	<u>Guarantee capital</u>	<u>Investment reserve</u>	<u>Revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	G \$	G \$	G \$	G \$	G\$
Balance at 1 January 2020	100,000	4,598,731,676	317,257,293	911,208,983	5,827,297,952
Changes in equity 2020					
Total comprehensive income for the year	—	482,848,322	—	129,281,444	612,129,766
Balance at 31 December 2020	<u>100,000</u>	<u>5,081,579,998</u>	<u>317,257,293</u>	<u>1,040,490,427</u>	<u>6,439,427,718</u>
Changes in equity 2021					
Total comprehensive income for the year	—	2,380,531,190	26,000,000	237,727,813	2,644,259,003
Balance at 31 December 2021	<u><u>100,000</u></u>	<u><u>7,462,111,188</u></u>	<u><u>343,257,293</u></u>	<u><u>1,278,218,240</u></u>	<u><u>9,083,686,721</u></u>

"The accompanying notes form an integral part of these financial statements."

Statement of Financial Position

As at 31 December, 2021

	Notes	2021 G \$	2020 G \$
Assets			
Non-current assets			
Property and equipment	(15)	1,537,316,312	1,544,153,952
Other assets			
Investments			
Held to maturity	16(a)	1,181,025,166	1,261,007,590
Loans and receivables	16(b)	602,132,226	500,021,215
Available for sale	16(c)	7,669,554,073	5,289,022,883
Segregated funds' assets	(18)	933,113,325	764,747,100
Statutory deposits	(19)	223,489,483	222,658,647
		<u>12,146,630,585</u>	<u>9,581,611,387</u>
Current assets			
Unexpired reinsurance premiums (net of commission)	(20)	105,063,574	93,727,432
Premiums outstanding	(21)	97,646,577	81,211,230
Related party	(35)	100,664,866	—
Accrued and unpaid interest	(22)	40,116,115	35,699,873
Receivables and prepayments	(23)	153,542,644	137,843,925
Tax recoverable	(32)	13,496,926	17,472,316
Treasury bills	(24)	692,421,336	537,617,489
Cash on deposit	(25)	3,637,644,171	3,553,591,384
Cash at bank		1,196,757,630	1,024,935,666
Cash on hand and in transit		2,029,887	764,882
		<u>6,039,383,726</u>	<u>5,482,864,197</u>
Total assets		<u>18,186,014,311</u>	<u>15,064,475,584</u>
Equity and liabilities			
Capital and reserves			
Guarantee capital	(26)	100,000	100,000
Investment reserve	(27)	7,462,111,188	5,081,579,998
Revaluation reserve	(15)	343,257,293	317,257,293
Retained earnings	(14)	1,278,218,240	1,040,490,427
		<u>9,083,686,721</u>	<u>6,439,427,718</u>
Non-current liabilities			
Actuarial liabilities	(14)	6,196,703,432	5,857,549,192
Sundry reserve	(28)	2,744,320	3,909,300
Deposit administration fund	(29)	1,243,023,301	1,183,557,092
		<u>7,442,471,053</u>	<u>7,045,015,584</u>
Current liabilities			
Claims admitted and intimated (net of amounts recoverable from reinsurers)	(30)	296,315,593	227,349,156
Segregated funds' liabilities	(18)	933,113,325	764,747,100
Claims option deposits	(31)	3,008,362	2,990,043
Taxation	(32)	3,067,574	3,598,167
Premiums received in advance	(33)	102,433,080	76,445,896
Payables and accruals	(34)	206,795,997	219,938,965
Related party	(35)	—	128,457,592
Unearned premiums	(36)	104,656,914	98,460,929
Unexpired risk	(37)	10,465,692	9,846,093
Bank overdraft (unsecured)	(38)	—	48,198,341
		<u>1,659,856,537</u>	<u>1,580,032,282</u>
Total equity and liabilities		<u>18,186,014,311</u>	<u>15,064,475,584</u>

The financial statements were approved by the Board of Directors on 27th April, 2022.
On behalf of the Board:

Chairman: MR. R. L. SINGH, AA
Director: MR. E. A. LUCKHOO
Company Secretary: MS. A. BEHARRY

"The accompanying notes form an integral part of these financial statements."

Statement of Cash Flows

For the Year Ended 31 December, 2021

	2021 G \$	2020 G \$
Operating activities		
Profit before taxation	242,059,668	214,866,077
Adjustments for:		
Depreciation	27,651,217	29,020,739
Dividends and interest received	(246,331,620)	(217,854,393)
Loss on disposal of assets	9,784,933	—
(Gain) / loss on exchange	(4,966,104)	4,946,934
Operating profit before working capital changes	<u>28,198,094</u>	<u>30,979,357</u>
Increase /(decrease) in reserves	4,966,104	(4,946,934)
Increase /(decrease) in deposit administration fund	59,466,209	(155,031,687)
Decrease in sundry reserve	(1,164,980)	(794,339)
(Decrease)/increase in receivables & prepayments	(316,917,541)	533,138,151
Increase /(decrease) in liabilities	467,707,429	(276,969,517)
Net cash provided by operations	<u>242,255,315</u>	<u>126,375,031</u>
Taxes paid	(887,058)	(574,531)
Net cash provided by operating activities	<u>241,368,257</u>	<u>125,800,500</u>
Investing activities		
Acquisition of property and equipment	(4,598,510)	(39,353,782)
Proceeds/ (acquisition) of investments	79,982,424	(268,356,142)
(Increase) /decrease in policy and other loans	(6,279,899)	16,348,967
(Increase)/decrease in treasury bills	(154,803,847)	211,735,633
Mortgage (disbursements)/repayments	(95,831,112)	(94,358,005)
Increase in statutory deposits	(830,836)	(822,784)
Dividends and interest received	246,331,620	217,854,393
Net cash provided by investing activities	<u>63,969,840</u>	<u>43,048,280</u>
Net increase in cash and cash equivalents	<u>305,338,097</u>	<u>168,848,780</u>
Cash and cash equivalents at beginning of period	4,531,093,591	4,362,244,811
Cash and cash equivalents at end of period	<u>4,836,431,688</u>	<u>4,531,093,591</u>
Cash and cash equivalents consist of:		
Cash on deposit, at bank, on hand and in transit	4,836,431,688	4,579,291,932
Bank overdraft (unsecured)	—	(48,198,341)
	<u>4,836,431,688</u>	<u>4,531,093,591</u>

"The accompanying notes form an integral part of these financial statements."

Notes on the Accounts

1. INCORPORATION AND ACTIVITIES

The Guyana and Trinidad Mutual Life Insurance Company Limited was incorporated in Guyana by Ordinance No. 6 of 1925 on 30 May 1925. It is engaged in the underwriting of long term insurance business and associated insurance activities.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Pronouncements effective in future period for early adoption

New and Amended Standards

	Effective for annual periods beginning on or after
IAS 16 — Amendment to IAS 16 — Property, Plant and Equipment	1 January 2022
IFRS 9 — Amendment to IFRS 9 — Financial Instruments	1 January 2022
IAS 37 — Amendment to IAS 37 — Provision, contingent liabilities and contingent assets	1 January 2022
IFRS 3 — Amendments to IFRS 3 — Business combination	1 January 2022
IAS 1 — Amendments to IAS 1 — Presentation of Financial Statements	1 January 2023
IFRS 17 — Insurance Contracts	1 January 2023
IFRS 10 — Amendment to IFRS 10 — Consolidated financial statements and IAS 19 Investments in associates and joint venture	Deferred indefinitely

IAS 16 Amendments to IAS 16 — Property, Plant and Equipment

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit and loss.

IFRS 9 Amendments to IFRS 9 — Financial Instruments

The amendment, part of the Annual Improvements to IFRS Standards 2018 to 2020, clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IAS 37 Amendments to IAS 37 — Provision, contingent liabilities and contingent assets

The amendment clarify that, for the purpose of assessing whether a contract is onerous; the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Notes on the Accounts

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS— cont'd

Pronouncements effective in the future period for early adoption — cont'd

IFRS 3 Amendments to IFRS 3 — Business combination

The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitute an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The International Accounting Standard Board added this exception to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

IAS 1 Amendments to IAS 1 — Presentation of financial statements

IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least twelve months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) made clear that settlement refers to the transfer to the counterparty of cash, equity instruments, or other assets and services.

IFRS 17 Insurance Contract

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

The adoption of this standard will have a material impact on the reported profit, the classification of assets, and the overall financial statement presentation and disclosure requirements.

IFRS 10 Amendments to IFRS 10 — Consolidated financial statements and IAS 19 investment in associates and joint venture

The amendments clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, property and equipment and conform with International Financial Reporting Standards.

The principal accounting policies are set out below:

b) Revenue recognition

i) Premiums

Premiums on long-term insurance are recognised as revenue when due from policyholders. Premiums are recognised gross of commissions payable. Premiums received that relate to future periods are included in current liabilities and premiums outstanding are included in current assets.

ii) Income from investments

Interest income for all interest bearing financial instruments except for those classified as available-for-sale or designated at fair value is recognised in the statement of profit or loss and other comprehensive income on an accrual basis using the effective interest yield method.

The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

iii) Other income

Other income is recognised as it is earned. This is mainly due to fees charged for routine transactions and fees earned for the administration of pension plans.

c) Reinsurance

The Guyana and Trinidad Mutual Life Insurance Company Limited has treaty reinsurance in place for risk that it underwrites on its life products. Relevant amounts are reimbursed to the Company for claims paid in accordance with the terms of the reinsurance agreement.

Reinsurance premiums paid reflect amounts due to reinsurers for the financial year net of commissions earned by the Company for ceding business to them. Unexpired reinsurance premium net of the corresponding commission is an estimated amount of reinsurance premium relating to the future accounting period. This is shown under current assets.

d) Claims

Claims are made against the Company in respect of the various classes of insurance policies. Claims are recognised when reported to the Company, whether or not settled at the date of the financial statements.

Claims are reflected in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the date of the financial statements is disclosed net of amounts recoverable from reinsurers.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

e) **Maturities**

Some of the Company's policies mature when the contractual period has elapsed. Such amounts whether or not claimed for by the policyholder are accrued in the statement of profit or loss and other comprehensive income, and provided for as claims admitted under current liabilities.

f) **Commissions**

This represents expenses incurred in the acquisition of insurance business contracts mainly through insurance advisors and brokers. Various rates are used in the computation of commissions paid.

g) **Operating expenses**

The Guyana and Trinidad Mutual Life Insurance Company Limited and Guyana and Trinidad Mutual Fire Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

h) **Taxation**

Income tax expense represents the sum of the tax payable using varying bases for Guyana and the Caribbean Offices. For Guyana, Corporation Tax is based on its investment income from the statutory fund with expenses restricted to 12% of investment income.

i) **Property, equipment and depreciation**

Land and buildings held for use in the supply of services, or for administrative purposes are stated in the statement of financial position at cost or their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from the market based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve. Depreciation on revalued assets is charged to the statement of profit or loss and other comprehensive income.

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction work-in-progress, over their estimated useful lives as follows:-

Buildings	—	2%	(reducing balance)
Furniture and fittings	—	10%	(reducing balance)
Computer equipment	—	20%	(reducing balance)
Other equipment	—	15% - 20%	(reducing balance)

No depreciation is provided on land.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

i) Property, equipment and depreciation — cont'd

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and is written down immediately to its recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

j) Financial investments

Investments are recognised in the financial statements to comply with International Financial Reporting Standards.

The Company classifies its investment portfolio into the following categories: "held to maturity investments", "loans and receivables" and "available for sale financial assets". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities are acquired. The classification is reviewed annually.

Income on variable return securities is dealt with on a cash basis, while income on fixed return securities is recognised as it is earned.

i) Held to maturity investments

Investments held to maturity are carried at amortised cost. Any gain or loss on these investments is recognised in the statement of profit or loss and other comprehensive income when the assets are de-recognised or impaired.

ii) Loans and receivables

These comprise mortgages on properties and loans and are stated at amortised cost.

iii) Available-for-sale financial assets

These investments are initially recognised at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognised through the investment reserve account until the asset is sold or otherwise disposed, at which time previously recognised gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

k) Impairment of tangible assets

At the end of the financial period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES— cont'd

k) Impairment of tangible assets - cont'd

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

l) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, loans and bank overdrafts, receivables, payables, accruals, borrowings and cash resources.

i) Receivables and prepayments

Receivables and prepayments are recognised at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

ii) Bank borrowings

Interest bearing bank overdraft is recognised at amortised cost.

iii) Payables and accruals

Payables and accruals are recognised at amortised cost.

iv) Cash and cash equivalents

Cash and short-term funds are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

v) Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

m) Actuarial liabilities

Actuarial valuations for the Company are done at the end of each financial year. Changes in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income for the period.

In the valuation, the appointed Actuary considers the insurance portfolio of the Company at the end of the year and applies such actuarial assumptions as outlined in note 43.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES— cont'd

n) **Unearned premiums**

This provision is an estimation of premiums received in the current year on short-term insurance contracts which relate to the future period.

o) **Unexpired risk**

This is a provision for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.

p) **Claims option deposits**

Some of the Company's policies allow the policyholders the option of leaving the maturity proceeds on deposit with the Company. These are separately classified under current liabilities.

q) **Segregated funds**

Segregated funds' assets and liabilities represent funds maintained to meet specific investment objectives of certain pension schemes that bear the investment risk.

Investment income and both realised and unrealised gains and losses accrue directly to the pension schemes.

The assets of each scheme are segregated and are not subject to claims that arise out of any other business of the Company. The assets and liabilities are carried at fair values. Deposits, withdrawals, net investment income and realised gains and losses, together with the increase or decrease in market value of investments are charged or credited to the segregated funds' assets and liabilities.

The Company earns fees for the administration of these schemes.

r) **Reserves**

Gains and losses on the revaluation of "available for sale" assets are recorded in the investment reserve. Gains and losses arising out of the revaluation of property are recorded in the revaluation reserve.

s) **Foreign currencies**

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of transactions. At the date of the financial statements, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the statement of profit or loss and other comprehensive income for the period.

t) **Assets under management**

The Company provides custody and investment management services to certain pension schemes. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

u) Pension plan

A defined benefit pension scheme is operated by The Guyana and Trinidad Mutual Fire Insurance Company Limited.

The Guyana and Trinidad Mutual Life Insurance Company Limited has no employees in Guyana. All staff are employed by The Guyana and Trinidad Mutual Fire Insurance Company Limited, and employment costs are shared on a pre-determined, agreed and equitable reimbursement basis. The Company also pays the corresponding portion of pension contribution to the pension scheme.

A defined benefit pension plan is also operated for the insurance advisors of both The Guyana and Trinidad Mutual Fire and The Guyana and Trinidad Mutual Life Insurance Companies. Contributions to the scheme are paid by The Guyana and Trinidad Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by The Guyana and Trinidad Mutual Life Insurance Company Limited.

Contributions for the year were as follows:

	2021 G\$	2020 G\$
Pension scheme contribution (staff)	<u>1,399,041</u>	<u>1,286,411</u>
Pension scheme contribution (insurance advisors)	<u>9,730,792</u>	<u>6,288,610</u>

The last Actuarial valuations for both schemes were completed as at January 1, 2020. The next valuation is due January 1, 2023

v) Insurance contracts — recognition and measurement

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

Insurance contracts including those with Discretionary Participation Features (DPF) are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

- *Short-term insurance contracts*

These contracts are group life and group and individual health. These contracts protect policyholders from the consequences of events (such as death, disability or sickness) that would affect the ability of the policyholder or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or are linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Premiums on these contracts are recognised as premium revenue proportionally over the period of coverage. The estimated portion of premiums received on in-force contracts during the financial year that relates to the future period, is reported as unearned premiums among current liabilities. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are recognised as incurred in the statement of profit or loss and other comprehensive income based on the estimated liability for compensation owed to policyholders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the date of the financial statements even if they have not yet been reported to the Company. Actuarial Liabilities for incurred but not reported claims are estimated as 15% of premium on health and 10% on life.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

v) Insurance contracts — recognition and measurement – cont'd

- *Long-term insurance contracts with fixed and guaranteed terms*

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

Benefits payable to beneficiaries are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to future mortality, persistency, maintenance expenses and investment income. A margin for adverse deviations is included in the assumptions.

- *Long-term insurance contracts without fixed and guaranteed terms*

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. These liabilities however, are increased by credited interest (in the case of universal life contracts) and are decreased by policy administration fees, mortality and surrender charges and any withdrawals.

Liabilities for Universal Life policies are based on assumptions as to future mortality, persistency, maintenance expenses, investment income, and crediting interest rates. A margin for adverse deviations is included in the assumptions.

Liabilities for deferred group annuities are set equal to the accumulated account values.

- *Long-term insurance contracts with fixed and guaranteed terms and with Discretionary Participation Features.*

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

Benefits payable to beneficiaries are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, and maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

In addition, these contracts also participate in the profits of the Company. As the Company declares the bonus to be paid, it is credited to the individual policyholders.

Notes on the Accounts

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) **Available for sale financial assets**

In classifying investment securities as available for sale, the Directors have determined that these securities do not meet the criteria for loans and receivables, held to maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

ii) **Held to maturity financial assets**

The Directors have reviewed the Company's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Company's positive intention and ability to hold these assets to maturity.

iii) **Useful lives of property and equipment**

Management reviews the estimated useful lives of property and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

iv) **Other financial assets**

In determining the fair value of the investment in the absence of an active market, the directors estimate the likelihood of impairment by using discounted cash flows.

v) **Receivables**

On a regular basis, management reviews receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairments.

vi) **Actuarial liability**

This liability is computed annually by the actuaries based on data provided by management. The computation of this balance assumes that the data is not materially misstated.

vii) **Provision for claims**

Provision for claims comprised claims notified but not settled at 31 December, 2021. This provision is arrived at after taking into account all known facts up to the reporting date. While management believes that the liability carried at the reporting date is adequate any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

Notes on the Accounts

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G \$	G \$	G \$	G \$	G \$	G \$
5. PREMIUMS						
Life	1,270,207,229	221,319,096	1,048,888,133	1,194,621,753	196,518,194	998,103,559
Health	1,071,348,936	1,359,894	1,069,989,042	981,941,010	1,311,238	980,629,772
Annuities	(5,869,891)	—	(5,869,891)	1,005,008	—	1,005,008
	<u>2,335,686,274</u>	<u>222,678,990</u>	<u>2,113,007,284</u>	<u>2,177,567,771</u>	<u>197,829,432</u>	<u>1,979,738,339</u>
					2021	2020
					G \$	G \$
6. INCOME FROM INVESTMENTS						
Held to maturity						
Bonds and debentures				61,211,541		52,430,670
Fixed deposits				30,985,561		28,645,169
Treasury bills				23,487,175		21,810,591
				<u>115,684,277</u>		<u>102,886,430</u>
Loans and receivables						
Mortgages				21,009,091		12,495,318
Policy loans				18,219,741		19,029,396
Other loans				5,368,755		5,318,412
				<u>44,597,587</u>		<u>36,843,126</u>
Available for sale						
Equities				86,049,756		78,124,837
TOTAL				<u>246,331,620</u>		<u>217,854,393</u>
7. OTHER INCOME						
Miscellaneous income				<u>26,915,281</u>		<u>19,334,602</u>
8. CURRENCY EXCHANGE GAIN / (LOSS)						
Gain/(loss) on exchange				<u>4,966,104</u>		<u>(4,946,934)</u>

These differences arose as a result of translation of monetary assets and liabilities denominated in foreign currencies at the reporting date, and transaction differences for the period.

Notes on the Accounts

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
9. CLAIMS						
Life - Death claims	338,925,418	171,715,732	167,209,686	502,152,786	320,137,347	182,015,439
- Maturities	32,263,017	—	32,263,017	42,372,458	—	42,372,458
- Disability benefits	154,268	—	154,268	102,488	—	102,488
Health	700,589,400	—	700,589,400	550,886,273	—	550,886,273
Annuities	12,348,009	—	12,348,009	12,715,840	—	12,715,840
	<u>1,084,280,112</u>	<u>171,715,732</u>	<u>912,564,380</u>	<u>1,108,229,845</u>	<u>320,137,347</u>	<u>788,092,498</u>

Claims paid in the financial year

Life - Death claims	67,272,717	354,664,300	(287,391,583)	145,053,938	251,269,884	(106,215,946)
- Maturities	45,653,482	—	45,653,482	34,137,888	—	34,137,888
- Disability benefits	154,268	—	154,268	102,488	—	102,488
Health	695,126,840	—	695,126,840	564,501,876	—	564,501,876
Annuities	12,348,009	—	12,348,009	12,715,840	—	12,715,840
	<u>820,555,316</u>	<u>354,664,300</u>	<u>465,891,016</u>	<u>756,512,030</u>	<u>251,269,884</u>	<u>505,242,146</u>

2021
G\$

2020
G\$

10. SURRENDERS

Surrenders including surrender of bonuses	<u>212,931,936</u>	<u>220,824,412</u>
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11. COMMISSIONS AND SALES EXPENSES

Life	113,571,208	101,384,375
Health	94,325,268	85,879,611
Annuities	17,518	20,139
	<u>207,913,994</u>	<u>187,284,125</u>

Notes on the Accounts

	2021 G \$	2020 G \$
12. MANAGEMENT EXPENSES		
Depreciation	27,651,217	29,020,739
Actuarial fees	11,516,825	14,685,950
Directors' emoluments - note (a)	9,838,752	9,757,440
Auditor's remuneration	6,323,637	7,330,000
Operating expenses	261,876,827	249,652,896
	<u>317,207,258</u>	<u>310,447,025</u>
Salaries and other staff costs	<u>154,924,296</u>	<u>149,580,394</u>
Note (a) Directors' emoluments		
Chairman — R. L. Singh	2,683,296	2,439,360
Directors — P. S. Fraser	1,341,648	1,219,680
— E. A. Luckhoo	1,341,648	1,219,680
— B. J. Harper	1,341,648	1,219,680
— L. W. Validum (deceased 2021-04-24)	447,216	1,219,680
— G. E. Dean	1,341,648	1,219,680
Managing Director — R. St. P. Yee	1,341,648	1,219,680
	<u>9,838,752</u>	<u>9,757,440</u>
13(a). WITHHOLDING AND OTHER TAXES		
Withholding tax	2,246,153	2,459,773
Stamp tax	2,218,397	2,437,968
	<u>4,464,550</u>	<u>4,897,741</u>
13(b). TAXATION		
Corporation tax (varying rates)	<u>4,331,855</u>	<u>10,526,364</u>
Taxation on the Company has been computed based on the applicable laws relating to life insurance companies in Guyana and the Caribbean Islands in which the Company operates.		
14. ACTUARIAL LIABILITIES		
Balance at beginning	5,857,549,192	5,446,502,795
Net movement in actuarial liabilities	339,154,240	411,046,397
Balance at end	<u>6,196,703,432</u>	<u>5,857,549,192</u>
i. Actuarial liabilities are valued at the end of each financial year. Changes in the liabilities are recognised through the statement of profit or loss and other comprehensive income.		
ii. The prior year movement of \$411,046,397 in actuarial liabilities includes an adjustment of \$75,058,269 (as computed by the Actuary) which represents the reversal of negative reserves on policies as at December 31, 2020 for the St. Lucia Operations.		

Notes on the Accounts

14. ACTUARIAL LIABILITIES — cont'd

This adjustment was required by the St. Lucia Financial Services Regulatory Authority to comply with Section 95(3) of the Insurance Act, Chapter 12:08 of the revised laws of St. Lucia which disallowed negative reserves which states that, "the basis of valuation adopted... shall be such as to ensure that no policy shall be treated as an asset". Accordingly, each policy with a negative reserve value must be treated as having zero value. Hence the prior year restatement to exclude the impact of negative reserves which was previously recognised.

- iii. The current year movement in actuarial liabilities of \$339,154,240, excludes the sum of \$74,959,704 which represents negative reserves on policies not booked against required reserves as at December 31, 2021 for the St. Lucia Operations, to confirm with the requirements of the above mentioned Act.
- iv. As a result of the above mentioned adjustments, the following balances were also impacted; net profit after taxation and transfer to reserves of \$129,281,444 from previously reported balance of \$204,339,713, total comprehensive income for the year of \$612,129,766 from previously reported balance of \$687,188,035 and retained earnings of \$1,040,490,427 from previously reported balance of \$1,115,548,696.

15. PROPERTY AND EQUIPMENT

	Land G\$	Buildings G\$	Furniture & equipment G\$	Motor vehicles G\$	Total G\$
Cost/valuation					
At 1 January 2020 (15i)	749,958,151	715,133,091	154,494,731	4,862,000	1,624,447,973
Additions	—	19,454,817	13,987,817	—	33,442,634
Work in Progress	—	5,911,146	—	—	5,911,146
At 31 December 2020	749,958,151	740,499,054	168,482,548	4,862,000	1,663,801,753
Additions	—	—	1,642,936	—	1,642,936
Revaluation	6,000,000	20,000,000	—	—	26,000,000
Work in progress	—	2,955,574	—	—	2,955,574
Disposal/reallocation	—	4,887,073	(38,869,306)	—	(33,982,233)
At 31 December 2021	755,958,151	768,341,701	131,256,178	4,862,000	1,660,418,030
Comprising:					
Cost	526,787,741	654,254,818	131,256,178	4,862,000	1,317,160,737
Valuation	229,170,410	114,086,883	—	—	343,257,293
	755,958,151	768,341,701	131,256,178	4,862,000	1,660,418,030
Accumulated depreciation					
At 1 January 2020 (15i)	—	36,022,048	52,910,126	1,694,890	90,627,064
Charge for the year	—	13,852,057	14,535,258	633,422	29,020,737
At 31 December 2020	—	49,874,105	67,445,384	2,328,312	119,647,801
Charge for the year	—	14,497,849	12,646,620	506,748	27,651,217
Disposal/reallocation	—	—	(24,197,300)	—	(24,197,300)
At 31 December 2021	—	64,371,954	55,894,704	2,835,060	123,101,718
Net book value					
At 31 December 2020	749,958,151	690,624,949	101,037,164	2,533,688	1,544,153,952
At 31 December 2021	755,958,151	703,969,747	75,361,474	2,026,940	1,537,316,312

- 15 (i) There was a reclassification between the opening comparative cost and depreciation for furniture and equipment of \$63,543,957 as follows; opening comparative cost for furniture was reclassified to \$154,494,731 from previously reported opening cost balance of \$218,038,688 and the opening comparative accumulated depreciation balance of \$52,910,125 reclassified from previously reported opening balance of \$116,454,083. The opening comparative net assets balance of \$101,037,167 was unchanged due to this reclassification.

Notes on the Accounts

	2021 G \$	2020 G \$
16. INVESTMENTS		
(a) Held to maturity		
Eastern Caribbean	1,181,025,166	1,261,007,590
	<hr/>	<hr/>
(b) Loans and receivables		
Mortgages	400,063,308	304,232,196
Policy loans	202,068,919	195,789,019
	<hr/>	<hr/>
	602,132,227	500,021,215
	<hr/>	<hr/>
(c) Available for sale		
Equity investments in Guyana	7,657,603,770	5,277,072,580
Equity investments in Grenada	11,950,303	11,950,303
	<hr/>	<hr/>
	7,669,554,073	5,289,022,883
	<hr/>	<hr/>

Notes on the Accounts

16. INVESTMENTS— cont'd

(d) Details of Securities

	Year of maturity	Rate of interest	2021 G \$	2020 G \$
"Held to maturity"				
Guyana	2023	4.75%	75,000,000	105,000,000
Eastern Caribbean				
Dominica	2034	3.50%	3,575,000	3,575,000
Grenada	2022	3.85%	17,589,000	17,589,000
Grenada	2023	3.00%	28,600,000	42,900,000
St. Lucia	2022	7.40%	71,500,000	71,500,000
St. Lucia	2022	6.25%	71,857,500	71,857,500
St. Lucia	2022	7.00%	39,434,445	39,434,445
St. Lucia	2022	4.50%	126,812,039	126,812,039
St. Lucia	2023	4.50%	77,220,000	77,220,000
St. Lucia	2025	7.50%	152,993,184	152,993,184
St. Lucia	2025	6.50%	100,100,000	100,100,000
St. Lucia	2025	6.00%	111,484,637	114,038,210
St. Lucia	2025	6.00%	71,500,000	71,500,000
St. Lucia	2026	6.40%	50,193,000	50,193,000
St. Lucia	2027	6.50%	28,162,695	28,162,695
St. Lucia	2028	7.00%	7,940,425	7,940,425
St. Vincent	2021	7.00%	—	14,300,000
St. Vincent	2022	7.50%	19,767,706	21,870,664
St. Vincent	2024	4.50%	34,856,250	46,475,000
St. Vincent	2026	7.00%	35,750,000	35,750,000
St. Vincent	2026	6.75%	56,689,285	61,796,428
Total			<u>1,181,025,166</u>	<u>1,261,007,590</u>

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying values of assets and liabilities at amortised cost. However, fair values have been used for disclosure purposes.

	2021			2020		
	IFRS 13	Carrying value	Fair value	IFRS 13	Carrying value	Fair value
	LEVEL	G\$	G\$	LEVEL	G\$	G\$
Assets						
Investments						
Held to maturity	2	1,181,025,166	1,181,025,166	2	1,261,007,590	1,261,007,590
Loans and receivables	2	602,132,226	602,132,226	2	500,021,215	500,021,215
Segregated funds' assets	1&2	933,113,325	933,113,325	1&2	764,747,100	764,747,100
Statutory deposits	1	223,489,483	223,489,483	1	222,658,647	222,658,647
Related party	2	100,664,867	100,664,867	1	—	—
Treasury bills	1	692,421,336	692,421,336	1	537,617,489	537,617,489
Cash resources	1	4,836,431,688	4,836,431,688	1	4,579,291,932	4,579,291,932
Other financial assets	2	409,865,836	409,865,836	2	365,954,776	365,954,776
		<u>8,979,143,927</u>	<u>8,979,143,927</u>		<u>8,231,298,749</u>	<u>8,231,298,749</u>
Liabilities						
Actuarial liabilities	2	6,196,703,432	6,196,703,432	2	5,857,549,192	5,857,549,192
Deposit administration fund	2	1,243,023,301	1,243,023,301	2	1,183,557,092	1,183,557,092
Claims admitted and intimated (net of amounts recoverable from reinsurers)	2	296,315,593	296,315,593	2	227,349,156	227,349,156
Segregated funds' liabilities	2	933,113,325	933,113,325	2	764,747,100	764,747,100
Claims option deposits	2	3,008,362	3,008,362	2	2,990,043	2,990,043
Taxation	2	3,067,574	3,067,574	2	3,598,167	3,598,167
Other financial liabilities	1&2	427,096,003	427,096,003	1&2	456,799,524	456,799,524
Related party		—	—		128,457,592	128,457,592
		<u>9,102,327,590</u>	<u>9,102,327,590</u>		<u>8,625,047,866</u>	<u>8,625,047,866</u>

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities are determined as follows:

"Loans and receivables"

These investments are carried net of specific and other provisions for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties, and policy loans are secured by the cash values of the policies.

"Financial instruments where the carrying amounts are equal to fair value"

The carrying amounts of certain financial instruments are assumed to approximate their fair values due to their short-term nature. These includes cash resources, treasury bills and other assets and liabilities.

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS - cont'd

Valuation techniques and assumptions applied for the purposes of measuring fair value — cont'd

Assets carried at fair value

	2021 G \$	2020 G \$
Property and equipment		
Net book value	<u>1,537,316,312</u>	<u>1,544,153,952</u>

On March 31, 2021, the Company's land and buildings in Guyana were professionally revalued by the Senior Valuation Officer of the Valuation Division of the Ministry of Finance. The revaluation surplus of G\$26,000,000 is being held in revaluation reserve.

On January 15, 2016, the Company's property in Grenada was professionally revalued by the firm John Joseph & Associates Ltd. The revaluation surplus of G\$37,318,064 is being held in revaluation reserve.

On November 4, 2015, the Company's property in St. Vincent was professionally revalued by the firm Evans Properties. The revaluation surplus of G\$19,690,671 is being held in revaluation reserve.

On November 2, 2015, the Company's property in Le Choc, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. The revaluation surplus of G\$137,666,029 is held in revaluation reserve.

On October 27, 2015, the Company's property in Castries, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. An impairment of G\$73,520,376 was recognised in the statement of profit or loss and other comprehensive income for the year ended December 31, 2015. No valuation has since been carried out on the property.

All valuations were based on open market value. The valuation of property has been derived by reference to the current market value in the case of land, and the replacement cost in the case of buildings. The most significant input for these valuation approaches is the value or replacement cost per square foot which is considered to be observable. The valuation of property is classified as a level 2.

If no revaluation of land and buildings was done, the net book value of land and buildings would have been approximately G\$1,116,670,605 (2020 — \$1,123,325,807).

	2021 G \$	2020 G \$
Investments		
Available for sale		
Level 1	7,664,536,553	5,284,005,363
Level 2	5,017,520	5,017,520
	<u>7,669,554,073</u>	<u>5,289,022,883</u>

Level 1:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The previously comparative reported balance of \$ 1,724,580 was reclassified to \$5,284,005,363 to reflect this.

Level 2:

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The previously comparative reported balance of \$5,287,298,303 was reclassified to reflect this.

Notes on the Accounts

	2021 G \$	2020 G \$
18. SEGREGATED FUNDS' ASSETS/LIABILITIES		
Equity investments	453,440,094	275,800,080
Cash on deposit	479,673,231	488,947,020
	933,113,325	764,747,100
	933,113,325	764,747,100
<p>These are assets managed by the Company on behalf of certain pension schemes. The schemes bear all rewards and risks for the performance of these investments. These assets are disclosed at fair value and a corresponding liability booked.</p>		
19. STATUTORY DEPOSITS	223,489,483	222,658,647
<p>These are deposits with Insurance Regulators.</p>		
<p>In addition to the foregoing, these assets are held in trust to the order of the Insurance Regulators:</p>		
	10,867,547,729	8,817,099,864
	10,867,547,729	8,817,099,864
	10,867,547,729	8,817,099,864
20. UNEXPIRED REINSURANCE PREMIUMS		
Unexpired reinsurance premiums	105,073,231	93,738,730
Unearned reinsurance commissions	(9,657)	(11,298)
	105,063,574	93,727,432
	105,063,574	93,727,432
<p>This is an estimate of the amount of reinsurance cost paid that relates to the future accounting period.</p>		
21. PREMIUMS OUTSTANDING		
Life	24,099,557	24,420,127
Health	73,547,020	56,791,103
	97,646,577	81,211,230
	97,646,577	81,211,230
<p>These are premiums due from policyholders but were unpaid at the date of the financial statements.</p>		
22. ACCRUED AND UNPAID INTEREST		
Bonds	17,672,079	20,435,257
Deposits	14,491,020	9,453,880
Treasury bills	7,953,016	5,810,736
	40,116,115	35,699,873
	40,116,115	35,699,873
23. RECEIVABLES AND PREPAYMENTS		
Receivables	134,356,393	123,168,375
Less: Provision for bad debts	(2,744,668)	(2,744,668)
	131,611,725	120,423,707
Prepayments	21,930,919	17,420,218
	153,542,644	137,843,925
	153,542,644	137,843,925

These comprise securities pending redemption, loans to insurance advisors and staff, and other sundry receivables.

Notes on the Accounts

	2021 G\$	2020 G\$
24. TREASURY BILLS		
Guyana	157,102,037	—
Dominica	7,035,600	7,035,600
Grenada	226,930,688	224,041,593
St. Lucia	242,673,186	306,540,296
St. Vincent and the Grenadines	58,679,825	—
	<u>692,421,336</u>	<u>537,617,489</u>
25. CASH ON DEPOSIT		
Short term deposit accounts	588,601,987	544,650,697
Fixed deposits	3,049,042,184	3,008,940,687
	<u>3,637,644,171</u>	<u>3,553,591,384</u>
The interest rates on fixed deposit and short term deposit accounts are at varying rates from 0.01% to 2.75%.		
26. GUARANTEE CAPITAL	100,000	100,000
This is a deposit made by The Guyana and Trinidad Mutual Fire Insurance Company Limited upon the formation of this Company. This amount is not available for the payment of any expenses or claims incurred by the Company until all other funds are exhausted.		
27. INVESTMENT RESERVE		
Balance at beginning	5,081,579,998	4,598,731,676
Movements due to fair value revaluations	2,380,531,190	482,848,322
Balance at end	<u>7,462,111,188</u>	<u>5,081,579,998</u>
This represents accumulated fair value adjustments on the revaluation of investments.		
During the year, stock prices for investments held which are traded on the local stock exchange increased exponentially at an average rate of 45% over 2020. As such these investments are subject to market volatility and are valued using the closing quoted stock exchange price at December 31, 2021.		
28. SUNDRY RESERVE		
Balance at beginning	3,909,300	4,703,639
Movements for the year	(1,164,980)	(794,339)
Balance at end	<u>2,744,320</u>	<u>3,909,300</u>
This is a reserve created to provide for directors' pensions.		

Notes on the Accounts

	2021 G \$	2020 G \$
29. DEPOSIT ADMINISTRATION FUND		
Balance at beginning	1,183,557,092	1,338,588,779
Contributions received plus interest	169,567,092	169,770,765
Refund of contributions, charges, claims and benefits	(110,100,883)	(324,802,452)
Balance at end	<u>1,243,023,301</u>	<u>1,183,557,092</u>
<p>This fund is administered by the Company on behalf of several group pension schemes and is represented by assets included in investments, cash at bank and cash on deposit.</p>		
30. CLAIMS ADMITTED AND INTIMATED (NET OF AMOUNTS RECOVERABLE FROM REINSURERS)		
Life - Death claims	517,623,680	417,686,711
- Maturities	40,777,361	54,167,826
Health	12,625,881	7,163,321
Outstanding reinsurance recoveries	<u>571,026,922</u> (274,711,329)	<u>479,017,858</u> (251,668,702)
	<u>296,315,593</u>	<u>227,349,156</u>
31. CLAIMS OPTION DEPOSITS	<u>3,008,362</u>	<u>2,990,043</u>
<p>As per policy in note 3(p), some policyholders exercise the option of leaving their maturity proceeds with the Company on which interest is paid. These deposits are available to be withdrawn on demand.</p>		
32. TAXATION PAYABLE /(RECOVERABLE)		
Corporation tax — Payable	<u>3,067,574</u>	<u>3,598,167</u>
Corporation tax — Recoverable	<u>(13,496,926)</u>	<u>(17,472,316)</u>
33. PREMIUMS RECEIVED IN ADVANCE		
Life	100,658,345	74,486,098
Health	1,774,735	1,959,798
	<u>102,433,080</u>	<u>76,445,896</u>
<p>These are premiums received from policyholders that relate to future accounting periods.</p>		

Notes on the Accounts

	2021 G\$	2020 G\$
34. PAYABLES AND ACCRUALS		
Sundry payables	103,148,314	93,812,373
Accruals	103,647,683	126,126,592
	206,795,997	219,938,965
	206,795,997	219,938,965
35. RELATED PARTY		
Due from The Guyana and Trinidad Mutual Fire Insurance Company Limited	100,664,866	—
	100,664,866	—
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	—	(128,457,592)
	—	(128,457,592)
	—	(128,457,592)
<p>This amount represents the balance owed by/(to) The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.</p>		
36. UNEARNED PREMIUMS		
Balance at beginning	98,460,929	83,415,050
Increase in provision	6,195,985	15,045,879
	104,656,914	98,460,929
	104,656,914	98,460,929
<p>This provision is an estimate of premiums received in the current year on short-term insurance contracts which relate to the future period.</p>		
37. UNEXPIRED RISKS		
Balance at beginning	9,846,093	8,353,950
Increase in provision	619,599	1,492,143
	10,465,692	9,846,093
	10,465,692	9,846,093
<p>This is a provision made for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.</p>		
38. BANK OVERDRAFT (UNSECURED)		
Republic Bank Guyana Limited	—	48,198,341
	—	48,198,341
Balance at end	—	48,198,341

Notes on the Accounts

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The Company shares a common Chairman and Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited. In Guyana, the staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

	2021 G\$	2020 G\$
Transactions with related company		
Cost incurred and shared with The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	157,964,157	172,362,771
Cost incurred and shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	76,645,590	129,392,360
Net Balance due from The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.	100,664,866	—
Net Balance due to The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.	—	(128,457,592)
The Company's fixed assets are insured by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Insurance coverage	906,488,170	909,776,241
Premiums for the year	4,517,347	4,833,592
Key management personnel		
The Company's 8 (2020 - 8) key management personnel comprises its Managing Director and Executive Managers. The remuneration paid during the year to Executive Managers is included among the costs shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Short term benefits	15,171,931	15,467,693
Directors' emoluments — 6 Directors (2020 — 7)	9,838,752	9,757,440
Mortgages — Directors and executive managers	15,041,324	38,914,004
Interest received for the year	1,171,963	2,350,486

The above balance represents one (1) mortgage and will be fully amortised in the year 2028. The rate of interest is 6% per annum. Mortgages are secured against the borrowers' properties.

Notes on the Accounts

40. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
	G\$	G\$	G\$	G\$	G\$
At 31 December 2021					
Assets					
Cash resources	—	—	—	4,836,431,688	4,836,431,688
Investments	1,181,025,166	602,132,226	7,669,554,073	—	9,452,711,465
Segregated funds' assets	—	—	—	933,113,325	933,113,325
Treasury bills	—	—	—	692,421,336	692,421,336
Statutory deposits	—	—	—	223,489,483	223,489,483
Receivables and prepayments	—	—	—	153,542,644	153,542,644
Others	—	—	—	256,323,192	256,323,192
	<u>1,181,025,166</u>	<u>602,132,226</u>	<u>7,669,554,073</u>	<u>7,095,321,668</u>	<u>16,548,033,133</u>
Liabilities					
Actuarial liabilities	—	—	—	6,196,703,432	6,196,703,432
Deposit administration fund	—	—	—	1,243,023,301	1,243,023,301
Claims admitted and intimated*	—	—	—	296,315,593	296,315,593
Segregated funds' liabilities	—	—	—	933,113,325	933,113,325
Payables and accruals	—	—	—	206,795,997	206,795,997
Others	—	—	—	226,375,942	226,375,942
	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,102,327,590</u>	<u>9,102,327,590</u>
At 31 December 2020					
Assets					
Cash resources	—	—	—	4,579,291,932	4,579,291,932
Investments	1,261,007,590	500,021,215	5,289,022,883	—	7,050,051,688
Segregated funds' assets	—	—	—	764,747,100	764,747,100
Treasury bills	—	—	—	537,617,489	537,617,489
Statutory deposits	—	—	—	222,658,647	222,658,647
Receivables and prepayments	—	—	—	137,843,925	137,843,925
Others	—	—	—	228,110,851	228,110,851
	<u>1,261,007,590</u>	<u>500,021,215</u>	<u>5,289,022,883</u>	<u>6,470,269,944</u>	<u>13,520,321,632</u>
Liabilities					
Actuarial liabilities	—	—	—	5,857,549,192	5,857,549,192
Deposit administration fund	—	—	—	1,183,557,092	1,183,557,092
Claims admitted and intimated*	—	—	—	227,349,156	227,349,156
Segregated funds' liabilities	—	—	—	764,747,100	764,747,100
Payables and accruals	—	—	—	219,938,965	219,938,965
Others	—	—	—	371,906,361	371,906,361
	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,625,047,866</u>	<u>8,625,047,866</u>

*Net of amounts recoverable from reinsurers

Notes on the Accounts

41. INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2018.

Part XVI of the Act relates to pension plans, their registration, management and all other stipulations. The Company has not fully complied with this section for some of the plans that it manages. The Company continues to work along with clients to satisfy their requirements as stipulated by the Act.

42. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk.

(a) Market risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company's exposure to market risks or the manner in which it manages these risks.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual security, of its issuer, or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) Interest rate sensitivity analysis

The table below analyses the sensitivity of interest rates exposure for both financial assets and financial liabilities at the end of the reporting period. The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number indicates an increase in surplus where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, there would be an equal and opposite impact on surplus and the balances would be negative.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Company's surplus would have been as illustrated on the following table:

	Increase/decrease in basis points	Impact on surplus for year	
		2021	2020
		G\$M	G\$M
Cash and cash equivalents			
Local currency	+/-50	6.63	6.37
Foreign currencies	+/-50	21.86	21.11

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on surplus or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iii) Interest rate risk

The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iii) Interest rate risk — cont'd

The Company's exposures to interest rate risk on financial assets and financial liabilities are listed below:

2021

	Maturing					Total
	Average interest rate	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	
	%	G \$	G \$	G \$	G \$	
Assets						
Cash resources	1.00	3,637,644,171	—	—	1,198,787,517	4,836,431,688
Investments	5.04	692,421,336	1,173,084,741	7,940,425	7,669,554,073	9,543,000,575
Segregated funds' assets	—	—	933,113,325	—	—	933,113,325
Statutory deposits	2.00	—	223,489,483	—	—	223,489,483
Policy loans	9.07	—	202,068,919	—	—	202,068,919
Mortgages	6.00	16,070,876	92,351,853	291,640,579	—	400,063,308
Receivables and prepayments	8.00	153,542,644	—	—	—	153,542,644
Others	—	—	—	—	256,323,192	256,323,192
		<u>4,499,679,027</u>	<u>2,624,108,321</u>	<u>299,581,004</u>	<u>9,124,664,782</u>	<u>16,548,033,134</u>
Liabilities						
Actuarial liabilities	—	—	—	—	6,196,703,432	6,196,703,432
Deposit administration fund	—	—	—	—	1,243,023,301	1,243,023,301
Sundry reserve	—	—	—	—	2,744,320	2,744,320
Claims admitted and intimated*	—	—	—	—	296,315,593	296,315,593
Segregated funds' liabilities	—	—	—	—	933,113,325	933,113,325
Payables and accruals	—	—	—	—	206,795,997	206,795,997
Bank overdraft (unsecured)	—	—	—	—	—	—
Others	—	—	—	—	223,631,622	223,631,622
		<u>—</u>	<u>—</u>	<u>—</u>	<u>9,102,327,590</u>	<u>9,102,327,590</u>
Interest sensitivity gap		<u>4,499,679,027</u>	<u>2,624,108,321</u>	<u>299,581,004</u>		

2020

	Maturing					Total
	Average interest rate	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	
	%	G \$	G \$	G \$	G \$	
Assets						
Cash resources	1.00	3,553,591,384	—	—	1,025,700,548	4,579,291,932
Investments	5.30	537,617,489	1,073,590,042	187,417,548	5,289,022,883	7,087,647,962
Segregated funds' assets	—	—	764,747,100	—	—	764,747,100
Statutory deposits	2.00	—	222,658,647	—	—	222,658,647
Policy loans	9.07	—	195,789,019	—	—	195,789,019
Mortgages	6.00	14,735,795	73,781,457	215,714,944	—	304,232,196
Receivables and prepayments	8.00	137,843,925	—	—	—	137,843,925
Others	—	—	—	—	228,110,851	228,110,851
		<u>4,243,788,593</u>	<u>2,330,566,265</u>	<u>403,132,492</u>	<u>6,542,834,282</u>	<u>13,520,321,632</u>
Liabilities						
Actuarial liabilities	—	—	—	—	5,857,549,276	5,857,549,276
Deposit administration fund	—	—	—	—	1,183,557,092	1,183,557,092
Sundry reserve	—	—	—	—	3,909,300	3,909,300
Claims admitted and intimated*	—	—	—	—	227,349,156	227,349,156
Segregated funds' liabilities	—	—	—	—	764,747,100	764,747,100
Payables and accruals	—	—	—	—	219,938,965	219,938,965
Bank overdraft (unsecured)	16.25	48,198,341	—	—	—	48,198,341
Others	—	—	—	—	319,798,720	319,798,720
		<u>—</u>	<u>—</u>	<u>—</u>	<u>8,576,849,525</u>	<u>8,625,047,866</u>
Interest sensitivity gap		<u>4,243,788,593</u>	<u>2,330,566,265</u>	<u>403,132,492</u>		

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iv) Foreign currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from investments and foreign bank balances. The currencies which the Company is mainly exposed to are Pounds Sterling, United States, Trinidad and Tobago, Eastern Caribbean and Barbados Dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana Dollars are as shown below:

2021						
	£	US\$	TT\$	EC\$	B'dos \$	Total equivalent G \$
Assets	<u>1,475,065</u>	<u>3,365,036</u>	<u>—</u>	<u>57,879,068</u>	<u>482,668</u>	<u>5,291,800,017</u>
Liabilities	<u>—</u>	<u>—</u>	<u>20,614</u>	<u>19,431,381</u>	<u>46,289</u>	<u>1,394,130,717</u>
2020						
	£	US\$	TT\$	EC\$	B'dos \$	Total equivalent G \$
AAssets	<u>1,475,005</u>	<u>2,864,910</u>	<u>—</u>	<u>59,352,889</u>	<u>483,085</u>	<u>5,297,487,863</u>
Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,928,955</u>	<u>46,289</u>	<u>1,643,609,448</u>

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 3% increase or decrease in the Guyana Dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives a prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 3% against the Guyana Dollar. If the currencies were to weaken 3% against the Guyana Dollar, there would be an equal and opposite impact on the reserve and the balances would be negative.

	£ Sterling impact G\$M	US Dollars impact G\$M	TT Dollars impact G\$M	EC Dollars impact G\$M	B'dos Dollars equivalent G\$M	Total
2021 Profit/(loss)	<u>12.0</u>	<u>21.3</u>	<u>(0.02)</u>	<u>82.5</u>	<u>1.2</u>	<u>116.9</u>
2020 Profit/(loss)	<u>12.1</u>	<u>18.2</u>	<u>—</u>	<u>78.1</u>	<u>1.2</u>	<u>109.6</u>

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table details the Company's remaining contractual maturity:

	On Demand	1 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
At 31 December 2021						
Assets						
Mortgages	304,284	3,853,616	11,912,976	92,351,853	291,640,579	400,063,308
Securities	—	—	—	7,669,554,073	—	7,669,554,073
Bonds	—	—	77,220,000	921,494,761	182,310,405	1,181,025,166
Segregated funds' assets	—	—	—	933,113,325	—	933,113,325
Policy loans	—	—	—	202,068,919	—	202,068,919
Statutory deposits	—	—	—	—	223,489,483	223,489,483
Due from The Guyana and Trinidad Mutual Fire Insurance Company Limited	—	100,664,866	—	—	—	100,664,866
Outstanding premiums	97,646,577	—	—	—	—	97,646,577
Accrued interest	40,116,115	—	—	—	—	40,116,115
Unexpired reinsurance premiums	—	105,063,574	—	—	—	105,063,574
Receivables and prepayments	—	153,542,644	—	—	—	153,542,644
Tax recoverable	—	13,496,926	—	—	—	13,496,926
Treasury bills	—	—	692,421,336	—	—	692,421,336
Cash on deposit	621,502,503	71,506,991	2,944,634,677	—	—	3,637,644,171
Cash at bank	1,196,757,630	—	—	—	—	1,196,757,630
Cash on hand and in transit	2,029,887	—	—	—	—	2,029,887
	<u>1,958,356,996</u>	<u>448,128,617</u>	<u>3,726,188,989</u>	<u>9,818,582,931</u>	<u>697,440,467</u>	<u>16,648,698,000</u>
Liabilities						
Actuarial liabilities	369,628,808	9,099,233	21,647,139	188,197,365	5,608,130,887	6,196,703,432
Deposit administration fund	—	—	1,243,023,301	—	—	1,243,023,301
Sundry reserve	—	—	—	—	2,744,320	2,744,320
Claims admitted and intimated (net of recoverable from reinsurers)	296,315,593	—	—	—	—	296,315,593
Segregated funds' liabilities	—	—	—	933,113,325	—	933,113,325
Claims option deposit	3,008,362	—	—	—	—	3,008,362
Premiums received in advance	—	102,433,080	—	—	—	102,433,080
Taxation	—	3,067,574	—	—	—	3,067,080
Unearned premiums	104,656,914	—	—	—	—	104,656,914
Unexpired risk	10,465,692	—	—	—	—	10,465,692
Payables and accruals	—	206,795,997	—	—	—	206,795,997
	<u>784,075,369</u>	<u>321,395,884</u>	<u>1,264,670,440</u>	<u>1,121,310,690</u>	<u>5,610,875,207</u>	<u>9,102,327,590</u>
Net assets/(liabilities)	<u>1,174,281,627</u>	<u>126,732,733</u>	<u>2,641,518,549</u>	<u>8,697,272,241</u>	<u>(4,913,434,740)</u>	<u>7,546,370,410</u>

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) Liquidity risk — cont'd

	On Demand	1 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
At 31 December 2020						
Assets						
Mortgages	444,609	3,493,336	10,797,850	73,781,457	215,714,944	304,232,196
Securities	—	—	—	5,289,022,883	—	5,289,022,883
Bonds	—	—	91,520,000	982,070,042	187,417,548	1,261,007,590
Segregated funds' assets	—	—	—	764,747,100	—	764,747,100
Policy loans	—	—	—	195,789,019	—	195,789,019
Statutory deposits	—	—	—	—	222,658,647	222,658,647
Outstanding premiums	81,211,230	—	—	—	—	81,211,230
Accrued interest	35,699,873	—	—	—	—	35,699,873
Unexpired reinsurance premiums	—	93,727,432	—	—	—	93,727,432
Receivables and prepayments	—	137,843,925	—	—	—	137,843,925
Tax recoverable	—	17,472,316	—	—	—	17,472,316
Treasury bills	—	—	537,617,489	—	—	537,617,489
Cash on deposit	621,502,503	71,506,991	2,860,581,890	—	—	3,553,591,384
Cash at bank	1,024,935,666	—	—	—	—	1,024,935,666
Cash on hand and in transit	764,882	—	—	—	—	764,882
	<u>1,764,558,763</u>	<u>324,044,000</u>	<u>3,500,517,229</u>	<u>7,305,410,501</u>	<u>625,791,139</u>	<u>13,520,321,632</u>
Liabilities						
Actuarial liabilities	344,037,128	1,357,434	24,428,179	166,147,457	5,321,578,994	5,857,549,192
Deposit administration fund	—	—	1,183,557,092	—	—	1,183,557,092
Sundry reserve	—	—	—	—	3,909,300	3,909,300
Claims admitted and intimated (net of recoverable from reinsurers)	227,349,156	—	—	—	—	227,349,156
Segregated funds' liabilities	—	—	—	764,747,100	—	764,747,100
Claims option deposit	2,990,043	—	—	—	—	2,990,043
Premiums received in advance	—	76,445,896	—	—	—	76,445,896
Taxation	—	3,598,167	—	—	—	3,598,167
Unearned premiums	98,460,929	—	—	—	—	98,460,929
Unexpired risk	9,846,093	—	—	—	—	9,846,093
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	128,457,592	—	—	—	—	128,457,592
Bank overdraft (unsecured)	48,198,341	—	—	—	—	48,198,341
Payables and accruals	—	219,938,965	—	—	—	219,938,965
	<u>859,339,282</u>	<u>301,340,462</u>	<u>1,207,985,271</u>	<u>930,894,557</u>	<u>5,325,488,294</u>	<u>8,625,047,866</u>
Net assets/(liabilities)	<u>905,219,481</u>	<u>22,703,538</u>	<u>2,292,531,958</u>	<u>6,374,515,944</u>	<u>(4,699,697,155)</u>	<u>4,895,273,766</u>

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk

Concentration of assets and liabilities

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

The table below shows the Company's maximum exposure to credit risk:

	2021	2020
	Maximum exposure G\$	Maximum exposure G\$
Loans and receivables (i)	602,132,227	500,021,215
Unexpired reinsurance premiums (net of commission) (ii)	105,063,574	93,727,432
Outstanding premiums (iii)	97,646,577	81,211,230
Accrued interest (iv)	40,116,115	35,699,873
Receivables (v)	153,542,644	137,843,925
Investments (vi)	8,850,579,239	6,550,030,473
Segregated funds' assets (vii)	933,113,325	764,747,100
Statutory deposit (viii)	223,489,483	222,658,647
Tax recoverable (ix)	13,496,926	17,472,316
Treasury bills (x)	692,421,336	537,617,489
Cash and cash equivalents (xi)	4,836,431,688	4,579,291,932
Total credit risk exposure	<u>16,548,033,134</u>	<u>13,520,321,632</u>

The above balances are classified as follows:

Current	16,546,688,912	13,511,490,166
Past due but not impaired	1,344,222	8,831,466
	<u>16,548,033,134</u>	<u>13,520,321,632</u>

(i) Loans and receivables include the sum of G\$202,068,919 (2020 — G\$195,789,019) for loans on policies. These are fully secured against the cash values of the individual policies.

Mortgages to the sum of G\$400,063,308 (2020 — G\$304,232,196) are also included in the amount for loans and receivables and fully secured by charges on properties.

(ii) Unexpired reinsurance premiums is the estimated portion of the reinsurance cost that relates to the future accounting period. This amount would be recovered through the reversing of this provision in the next financial year.

(iii) Outstanding premiums represent premiums due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk — cont'd

- (iv) As detailed in note 22, accrued and unpaid interest represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the next financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.
- (v) Receivables comprise a number of advances and loans to staff and insurance advisors on which interest is earned. They also include amounts for securities pending redemption and amounts owing to the Company by other organisations.
- (vi) Investments in government bonds and equities are assets for which the likelihood of default are considered extremely low by the Company.
- (vii) Segregated funds' assets are assets administered by the Company on behalf of certain pension schemes. These mainly consist of equities and cash on deposits. All related risks on these investments are borne by the respective pension schemes.
- (viii) Statutory deposits represent deposits with Insurance Regulators and Commercial Banks held to the order of the Insurance Regulators. The likelihood of default is considered very low by the Company.
- (ix) Tax recoverable reflects overpayment of advance corporate tax to the Tax Authorities. The likelihood of default is considered extremely low by the Company.
- (x) Treasury bills are investments in Eastern Caribbean Governments and are such that the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Company.
- (xi) Cash and cash equivalents include balances held with commercial banks. These banks have been assessed by the Company as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Mortgages which were past due but not impaired

	2021 G\$	2020 G\$
Past due more than 1 year	1,344,222	8,831,466

Notes on the Accounts

43. 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.

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. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

(a) 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 wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, under-concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company to some extent balances death risk and survival risk across its portfolio. The Company has a retention limit of G\$3,000,000 on the vast proportion of lives insured. The Company reinsures the excess of the insured benefit over G\$3,000,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the contract holders' behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.

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

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

Reserves for future policyholders' benefits

The Policy Premium Method is used for the determination of reserves for future policyholder benefits of long-term insurance contracts. The reserves for future policyholders' benefits are determined by actuarial valuation every year and represent an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, morbidity rates, maintenance expenses and interest rates. The assumptions also include provisions for adverse deviation to recognise uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

Notes on the Accounts

43. INSURANCE RISK — cont'd

Actuarial liabilities are calculated using best estimate assumptions with margins for adverse deviation.

- (i) **Mortality assumptions**
Mortality assumptions for life business are based on Company experience and industry experience in the Caribbean. A margin is added for adverse deviation.
- (ii) **Investment yields**
Expected investment yields are based on actual investment yields.
- (iii) **Persistency**
Lapse rates are based on Company's experience where credible experience is available and industry experience is used where credible Company experience is not available. A margin for adverse deviation is added by increasing or decreasing lapse rates.
- (iv) **Expenses**
Expenses are based on best estimates of Company experience. Expenses are increased 10% as a margin for adverse deviation. Expenses per policy are assumed to increase with inflation.

Traditional Life	— \$1,775 per policy plus 2% of premium
Universal Life	— \$3,550 per policy plus 2% of premium
- (v) **Ongoing review**
Actuarial assumptions are continuously reviewed based on emerging Company and industry experience and revised if appropriate and material.
- (vi) **Margins for adverse deviation assumptions**
The basic assumptions made in establishing actuarial liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business and its small size.
- (vii) **Sensitivity Analysis**
The following shows the sensitivity of the gross /net reserves for the Ordinary Life, Individual Annuity and Single Premium Mortgage protection business to a change in the valuation assumptions as follows:

2% Increase/decrease in mortality	95.3/ 19.8 million
5% Increase in expenses	30.5 million
10% change in lapse rates	603.4 / 558.7 million
25% Basis points decrease in valuation increase rate (no change to UL crediting rate)	534.9 / 496.6 million

The above analysis are based on a change in an assumption while holding all other assumptions constant. The purpose is to provide a measure of sensitivity of the actuarial liabilities to each individual assumption. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated.

The results show that the level of actuarial liabilities is most sensitive to change in lapses and interest rates.

44. REPORTING BY CLASS OF INSURANCE

The Company's reporting is organised into three main business segments per the classes of insurance namely Life, Health and Annuities. The Company's primary reporting format is by class of insurance, and the secondary format would be by geographical segments.

Notes on the Accounts

45. ASSETS UNDER MANAGEMENT

Assets under management which are managed on behalf of certain pension schemes are listed below:

	2021 G \$	2020 G \$
Equity investments	345,450,000	294,000,000
Mutual funds	268,295,545	214,662,815
Treasury bill and mortgages	1,292,313,530	1,162,127,865
	1,906,059,075	1,670,790,680

These amounts are not reflected in the financial statements.

46. ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2021. The result of the actuarial valuation is shown under non-current liabilities in the statement of financial position and is accounted for in accordance with the Company's accounting policy. The next actuarial valuation is due at 31 December 2022.

47. PENDING LITIGATION

At the date of the statement of financial position, there was no pending litigation against the Company that required a provision in the financial statements.

48. INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018.

Part 4 of the Regulations stipulate the statutory fund's composition, limits and other requirements including investments. The areas of non-compliance are as listed.

Disposal of assets

As stated in part 4 number 29 of the Regulations; (1)"An insurer which immediately before the commencement of these Regulations has -

- (a) permissible assets in excess of the limits specified in these regulations; or
- (b) non-permissible assets, shall reduce such assets so that it is in compliance with these regulations within a period of five years from the date of commencement of these Regulations."

Category limits

As stated in part 4 number 33 of the Regulations; "the category limits of investments for statutory fund requirements shall be as set out in Schedule 3." Schedule 3 specifies a maximum of 20% of the statutory fund for shares of Corporations in Guyana. At present, 98% of the statutory fund represents investment in shares of Corporation in Guyana. Management is currently in the process of resolving this issue.

49. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on April 27, 2022.



**The Guyana and Trinidad Mutual Life
Insurance Company Limited**

Head Office:

27-29 Robb & Hincks Streets, Georgetown, Guyana

Tel: 592-225-7910-8

Fax: 592-231-7048

Email: gtmgroup@gtm-gy.com

Website: www.gtminsurance.net

A Tradition of Superior Insurance Service