Colina Holdings Bahamas Limited

Audited Consolidated Financial Statements
Year Ended December 31, 2020
With Report of Independent Auditors

KPMG
PO Box N-123
Montague Sterling Centre
13 East Bay Street
Nassau, Bahamas

Independent Auditors' Report

To the Shareholders of Colina Holdings Bahamas Limited

Opinion

We have audited the consolidated financial statements of Colina Holdings Bahamas Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information on pages 7 to 71.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (the "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.

Emphasis of Matter - comparative information

We draw attention to Note 5 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditors' Report (continued)

Key Audit Matters (continued)

Valuation of provision for future policy benefits (refer to Note 19)	
Description of key audit matter	**How the matter was addressed in our audit**
The valuation of the Group's provision for future policy benefits is complex as it is based on assumptions that require subjective judgment and uncertainties about future events. This requires special audit consideration because of the judgmental nature of the assumptions, as small changes in assumptions may have a material impact on the provision.	Our procedures over valuation of the Group's provision for future policy benefits included, but were not limited to: Understanding and evaluating the process and controls in place to determine the provision for future policy benefits; With assistance from our actuarial specialists, applying our industry knowledge and experience and assessing management's methodology for calculating the reserve for future policy benefits against standard actuarial practice; Reviewing the key assumptions made in the estimation of the provision for future policy benefits and assessing whether these had been implemented in management's valuation models, including mortality, lapse, discounting, loss development, withdrawal, investment return and expense assumptions; Testing the completeness and accuracy of the data used in the calculation of the provision for future policy benefits; and Assessing the adequacy of the disclosures in the consolidated financial statements.

Valuation of investment properties (refer to Note 14)	
Description of key audit matter	**How the matter was addressed in our audit**
The valuation of the Group's investment properties, which are held at fair value, is subject to fluctuation and is based on valuation models which include significant unobservable inputs and assumptions about future performance.	Our procedures over valuation of the Group's investment properties included, but were not limited to: Reviewing the valuation reports and models prepared by management to support the fair value of the investment properties; With assistance from our valuation specialists, evaluating the valuation methodologies and the assumptions made by management; and Assessing the adequacy of the disclosures in the consolidated financial statements.

Independent Auditors' Report (continued)

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Valuation of investment securities (refer to Note 10)</th></tr>
<tr><th>Description of key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The valuation of investment securities is a key area of audit focus due to the judgment involved in valuing the Group's investment securities and because of their significance to the Group's consolidated financial statements.</td><td>Our procedures over valuation of the Group's investment securities included, but were not limited to:
Understanding management's process for the valuation of investment securities;
Obtaining external confirmations from investment managers and custodians of the investments held by the Group;
With assistance from our valuation specialists, evaluating management's valuation methodology;
Assessing the adequacy of the disclosures in the consolidated financial statements.</td></tr>
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<table>
<tr><th colspan="2">Valuation of goodwill (refer to Note 17)</th></tr>
<tr><th>Description of key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group's goodwill is subject to annual impairment testing by assessing the recoverable amount of the cash-generating units ("CGU") to which the goodwill has been assigned. This requires judgment about future performance and relies on significant assumptions.</td><td>Our procedures over valuation of the Group's goodwill included, but were not limited to:
Assessing the appropriateness of management's impairment models, including the identification of CGUs, assessment of discounted cash flows, and the significant assumptions used in the impairment tests;
With assistance from our valuation specialists, challenging management's future cash flow projections, discount rate and long-term growth rate; and
Assessing the adequacy of the disclosures in the consolidated financial statements.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The other information is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Independent Auditors' Report (continued)

Other Information (continued)

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (continued)

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is John Lopez.

KPMG

May 31, 2021

Jacques Tremblay FCIA, MAAA, FSA
Partner

OLIVER WYMAN

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May 31, 2021

Subject: **2020 certification of actuarial liabilities**

I have valued the actuarial liabilities of Colina Holdings Bahamas Limited for its consolidated balance sheet as of December 31, 2020, for a total amount of $454,898,359 and their change in the consolidated statement of operations for the year then ended in accordance with accepted actuarial practice, the Canadian Institute of Actuaries' Standards of Practice (for Life companies), and the Canadian valuation method ("CALM"), all of which are accepted in The Bahamas, including selection of appropriate assumptions and methods.

The total actuarial liabilities reflects the gross actuarial liabilities of $471,585,838 adjusted for the reinsurance asset of $16,687,479.

In my opinion, the amount of the actuarial liabilities reported above makes appropriate provision for all future policyholder obligations, and the consolidated financial statements of Colina Holdings Bahamas Limited present fairly the results of the valuation.

Respectfully submitted,

Jacques Tremblay FCIA, MAAA, FSA,

Fellow of Canadian Institute of Actuaries, Member of the American Academy of Actuaries, Fellow of Society of Actuaries

Appointed Actuary for Colina Insurance Limited

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Financial Position

At December 31, 2020 with corresponding figures at December 31, 2019 and January 1, 2019
(Expressed in Bahamian dollars)

	Notes	2020	2019 (Restated) (See Note 5)	January 1, 2019 (Restated) (See Note 5)
ASSETS				
Cash and demand balances	9	$ 31,271,815	$ 43,963,172	$ 38,571,619
Term deposits	8,9	15,660,104	5,170,577	17,568,907
Investment securities and other financial assets	8,10	443,758,594	437,431,892	427,333,639
Receivables and other assets	11	76,410,597	86,024,451	55,424,521
Reinsurance receivables		14,962,537	8,461,647	10,811,938
Reinsurance assets	19	16,687,479	16,608,929	17,136,853
Policy loans	8,12	67,471,882	69,614,153	69,443,735
Mortgages and commercial loans	8,13	23,493,544	25,330,141	28,480,688
Investment properties	8,14	56,609,849	59,036,402	59,461,743
Equity-accounted investees	8,15	14,997,768	17,532,501	16,619,083
Property and equipment	16	15,888,712	17,028,963	18,510,305
Goodwill	17	6,418,337	6,418,337	6,418,337
Other intangible assets	18	1,764,472	1,881,027	2,344,722
Total assets		**$ 785,395,690**	**$ 794,502,192**	**$ 768,126,090**
LIABILITIES				
Provision for future policy benefits	19	$ 471,585,838	$ 475,223,871	$ 452,098,434
Policy dividends on deposit		28,323,445	28,035,994	27,901,230
Total policy liabilities		499,909,283	503,259,865	479,999,664
Repurchase agreement	20	-	7,000,000	14,000,000
Lease liabilities	21	4,048,056	4,167,356	4,936,962
Other borrowings		-	-	5,840,331
Other liabilities	22	81,601,269	82,693,723	77,755,321
Total liabilities		585,558,608	597,120,944	582,532,278
EQUITY				
Ordinary shares	24	24,729,613	24,729,613	24,729,613
Contributed capital		5,960,299	5,960,299	5,960,299
Revaluation reserve	25	3,765,161	14,317,456	13,913,302
Retained earnings		102,530,695	90,209,720	80,946,601
Total ordinary shareholders' equity		136,985,768	135,217,088	125,549,815
Preference shares	24	42,500,000	42,500,000	42,500,000
Total shareholders' equity		179,485,768	177,717,088	168,049,815
Non-controlling interests	23	20,351,314	19,664,160	17,543,997
Total equity		199,837,082	197,381,248	185,593,812
Total liabilities and equity		**$ 785,395,690**	**$ 794,502,192**	**$ 768,126,090**

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on May 31, 2021 and signed on its behalf by:

T. Hilts - Chairman

E. M. Alexiou – Executive Vice-Chairman

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Profit or Loss

For the Year Ended December 31, 2020 with corresponding figures for the Year Ended December 31, 2019
(Expressed in Bahamian dollars)

	Notes		2020		2019 (Restated) (See Note 5)
Revenues:					
Premium revenue	28	$	123,488,947	$	134,295,011
Less: Reinsurance premiums	28		(15,745,298)		(15,260,141)
Net premium revenue	28		107,743,649		119,034,870
Net investment income	14,29		16,495,617		37,955,996
Share of profit/(loss) of equity-accounted investees	15		(2,103,416)		447,692
Net commission income			3,648,966		3,803,765
Investment management and other fees			15,434,604		14,671,588
Other income and fees			4,995,773		4,320,534
Total revenues			146,215,193		180,234,445
Benefits and expenses:					
Policyholders' benefits			91,606,123		99,896,079
Less: Reinsurance recoveries	30		(12,522,738)		(11,100,680)
Net policyholders' benefits	30		79,083,385		88,795,399
Changes in provision for future policy benefits	19		(3,716,583)		23,653,361
General and administrative expenses	14,31		37,772,449		35,642,836
Commission expense			6,857,947		8,205,611
Premium and other tax expense			3,484,587		3,618,129
Finance costs and interest	32		2,141,271		2,215,090
Total benefits and expenses			125,623,056		162,130,426
Net income for the year		**$**	**20,592,137**	**$**	**18,104,019**
Net income attributable to:					
Equity shareholders of the Company	33	$	20,095,290	$	17,147,384
Non-controlling interests	23		496,847		956,635
Net income for the year		**$**	**20,592,137**	**$**	**18,104,019**
Basic earnings per ordinary share	33	**$**	**0.71**	**$**	**0.59**

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2020 with corresponding figures for the Year Ended December 31, 2019
(Expressed in Bahamian dollars)

	Notes	2020	2019 (Restated) (See Note 5)
Net income for the year		$ 20,592,137	$ 18,104,019
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Revaluation of land and building	14	1,057,086	-
Items that are or will subsequently be reclassified to profit or loss			
Reclassification during the year to profit or loss	25	(692,645)	168,898
Share of OCI of Equity-Accounted Investees	25	(431,317)	465,726
Revaluation adjustment	25	(109,950)	-
Change in available-for-sale financial assets	25,29	(10,375,469)	(230,470)
Other comprehensive (loss)/gain for the year		(10,552,295)	404,154
Total comprehensive income for the year		**$ 10,039,842**	**$ 18,508,173**
Attributable to:			
Equity shareholders of the Company		$ 9,542,995	$ 17,551,538
Non-controlling interests	23	496,847	956,635
Total comprehensive income for the year		**$ 10,039,842**	**$ 18,508,173**
Comprehensive earnings per ordinary share	33	**$ 0.29**	**$ 0.61**

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2020 with corresponding figures for the Year Ended December 31, 2019
(Expressed in Bahamian dollars)

	Notes	Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Retained Earnings	Preference Share Capital	Non-controlling Interests	Total Equity
Balance, January 1, 2019 as previously reported		$ 24,729,613	$ 5,960,299	$ 13,964,081	$ 87,543,304	$ 42,500,000	$ 23,733,667	$ 198,430,964
Impact of correction of errors	5	-	-	(50,779)	(6,596,703)	-	(6,189,670)	(12,837,152)
Restated balance at January 1, 2019		24,729,613	5,960,299	13,913,302	80,946,601	42,500,000	17,543,997	185,593,812
Net income for the year, restated	5	-	-	-	17,147,384	-	956,635	18,104,019
Share of OCI of Equity-Accounted Investees	15	-	-	465,726	-	-	-	465,726
Net loss on remeasurement of available-for-sale securities to fair value	25	-	-	(230,470)	-	-	-	(230,470)
Reclassification during the year to profit or loss	25	-	-	168,898	-	-	-	168,898
Changes in non-controlling interests	23	-	-	-	-	-	1,163,528	1,163,528
Dividends paid to ordinary shareholders	33	-	-	-	(5,440,515)	-	-	(5,440,515)
Preference share dividends	33	-	-	-	(2,443,750)	-	-	(2,443,750)
Restated balance at December 31, 2019		$ 24,729,613	$ 5,960,299	$ 14,317,456	$ 90,209,720	$ 42,500,000	$ 19,664,160	$ 197,381,248
Net income for the year		-	-	-	20,095,290	-	496,847	20,592,137
Share of OCI of Equity-Accounted Investees	15	-	-	(431,317)	-	-	-	(431,317)
Net loss on remeasurement of available-for-sale securities to fair value	25	-	-	(10,375,469)	-	-	-	(10,375,469)
Revaluation adjustment	25			(109,950)	109,950			-
Reclassification during the year to profit or loss	25	-	-	(692,645)	-	-	-	(692,645)
Revaluation of investment property	14	-	-	1,057,086	-	-	-	1,057,086
Changes in non-controlling interests	23	-	-	-	-	-	190,307	190,307
Dividends paid to ordinary shareholders	33	-	-	-	(5,440,515)	-	-	(5,440,515)
Preference share dividends	33	-	-	-	(2,443,750)	-	-	(2,443,750)
Balance, December 31, 2020		**$ 24,729,613**	**$ 5,960,299**	**$ 3,765,161**	**$ 102,530,695**	**$ 42,500,000**	**$ 20,351,314**	**$ 199,837,082**

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

For the Year Ended December 31, 2020 with corresponding figures for the Year Ended December 31, 2019
(Expressed in Bahamian dollars)

	Notes	2020	2019 (Restated) (See Note 5)
Cash flows from operating activities:			
Net income		$ 20,592,137	$ 18,104,019
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Change in unrealized losses/(gains) on fair value through profit or loss securities	29	11,034,629	(6,557,058)
(Decrease)/increase in provision for future policy benefits net of reinsurance assets		(3,716,583)	23,653,361
Changes in loss provisions for loans and receivables		2,024,544	1,208,558
Depreciation and impairment/amortization charges		2,174,630	2,140,756
Net realized (gains)/losses on fair value through profit or loss securities	29	1,302,697	(1,844,065)
Net realized (gains)/losses on sale of available-for-sale securities		(556,865)	1,690,673
Interest income		(31,261,614)	(31,008,536)
Dividend income		(1,275,222)	(2,212,107)
Net fair value losses on investment properties		3,642,388	985,000
Finance costs and interest		2,376,889	2,487,533
Operating cash flows before changes in operating assets and liabilities		6,337,630	8,648,134
Changes in operating assets and liabilities:			
(Decrease)/increase in other assets		4,613,858	(32,789,132)
(Increase)/decrease in other liabilities		(805,003)	5,073,166
Net cash provided by/(used in) operating activities		10,146,485	(19,067,832)

(Continued)

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

COLINA HOLDINGS BAHAMAS LIMITED
Consolidated Statement of Cash Flows

For the Year Ended December 31, 2020 with corresponding figures for the Year Ended December 31, 2019
(Expressed in Bahamian dollars)

	Notes	2020	2019 (Restated) (See Note 5)
Cash flows from investing activities:			
(Increase/decrease) in term deposits with original maturities greater than 90 days		(7,776,689)	12,125,573
Fair value through profit or loss securities purchased		(24,110,393)	(35,492,648)
Proceeds on disposal of fair value through profit or loss securities		22,309,034	27,933,651
Available-for-sale securities purchased		(63,054,620)	(48,308,348)
Proceeds on disposal of available-for-sale securities		36,373,347	52,249,072
Reclassification during the year to profit or loss	25	(692,645)	168,898
Net change in loans to policyholders		2,058,084	(112,998)
Repayments from loan to SBL Ltd.		1,611,642	4,417,509
Net decrease in mortgages and commercial loans		1,076,456	2,187,972
Additions to investment property		(158,749)	(729,661)
Proceeds from sale of investment property		-	170,002
Additions to other intangibles		(347,140)	-
Interest received		29,072,278	30,379,426
Dividends received		1,275,222	2,212,107
Proceeds on disposal of property and equipment, net		220,493	534,062
Additions to property and equipment		(791,177)	(729,781)
Net cash (used in)/provided by investing activities		(2,934,857)	47,004,836
Cash flows from financing activities:			
Changes in non-controlling interests		190,307	1,163,528
Interest paid on other contracts		(1,905,653)	(1,942,647)
Payments on repurchase agreement		(7,000,000)	(7,000,000)
Payments on borrowings		(235,618)	(4,353,665)
Increase in lease liabilities		605,977	41,588
Payment of lease liabilities		(960,895)	(1,083,637)
Dividends paid to ordinary shareholders		(5,440,515)	(5,440,515)
Dividends paid to preference shareholders		(2,443,750)	(2,443,750)
Net cash used in financing activities		(17,190,147)	(21,059,098)
Net (decrease)/increase in cash and cash equivalents		(9,978,519)	6,877,905
Cash and cash equivalents, beginning of year		43,963,172	37,085,267
Cash and cash equivalents, end of year	9	**$ 33,984,653**	**$ 43,963,172**

(Concluded)

Premium and other taxes paid during the period totaled $3,480,336 (2019: $3,618,129).

The accompanying notes on pages 13-71 are an integral part of these consolidated financial statements.

1. Reporting Entity

Colina Holdings Bahamas Limited ("the Company") was incorporated under the laws of the Commonwealth of The Bahamas on July 6, 1993.

The Company acts principally as a holding company of its principal subsidiaries, Colina Insurance Limited ("Colina"), a wholly-owned life and health insurer incorporated in The Bahamas; Colina General Insurance Agency & Brokers Limited ("CGIA"), a wholly-owned general insurance agent and broker; and Colina Financial Advisors Ltd. ("CFAL"), a wholly-owned financial services company.

Colina is registered to operate as a life and health insurer in The Bahamas, The Cayman Islands, and The Turks and Caicos Islands. CGIA holds a dual registration as a general insurance broker and agent for operations in The Bahamas. CFAL is licensed as a broker dealer in The Bahamas.

The ordinary shares of the Company are listed on the Bahamas International Securities Exchange. At December 31, 2020, approximately 58.1% (2019: 58.1%) of the Company's issued ordinary shares were owned by AF Holdings Ltd. ("AFH") and 41.9% (2019: 41.9%) by the Bahamian public. All significant balances and transactions with AFH and parties related to AFH are disclosed as related party transactions in these consolidated financial statements (See Note 36).

The registered office of the Company is located at Trinity Place Annex, Frederick and Shirley Streets, P.O. Box N-4805, Nassau, The Bahamas and its principal place of business is located at 308 East Bay Street, P.O. Box N-4728, Nassau, The Bahamas.

The consolidated financial statements of the Company and its subsidiaries (collectively, "the Group") for the year ended December 31, 2020 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 31, 2021.

2. Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The Group presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 37.

2.2 Basis of accounting

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment properties that are required to be remeasured at fair value. The Company, with the concurrence of The Insurance Commission of The Bahamas, uses actuarial practices generally accepted in Canada for the valuation of its provision for future policyholder benefits as no specific guidance is provided by IFRS for determining such provisions. The adoption of IFRS 4 – Insurance Contracts, permits the Group to continue with this valuation policy.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period where there has been a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

2.3 Functional currency and foreign currency transactions

The Group's functional and presentation currency is the Bahamian dollar. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated to Bahamian dollars using the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Income and expense items denominated in foreign currencies are translated at a rate of exchange that approximates the actual rate prevailing at the time of the transaction. Resulting differences are recognized in profit or loss in the reporting period in which they arise.

2.4 Use of judgement and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Valuation of long-term insurance contract liabilities and investment contract liabilities with a Discretionary Participation Feature ("DPF") and Reinsurance Assets

The liability for life insurance contracts and investment contracts with DPF is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates, and discount rates. The Group bases mortality and morbidity rates on standard industry Canadian mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The net carrying value at December 31, 2020 of long-term insurance contract liabilities with DPF is $222,266,024 (2019: $224,076,257) and of investment contract liabilities with DPF is $3,735,632 (2019: $5,496,173) (See Note 19).

(b) Accident and health insurance contract liabilities

For medical insurance contracts, estimates have to be made for the expected ultimate cost of claims reported at the consolidated statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for certain types of policies, IBNR claims form the majority of the consolidated statement of financial position liability for accident and health insurance.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence, ultimate claims costs.

The net carrying value at the reporting date of accident & health insurance contract liabilities is $13,364,519 (2019: $16,596,638) (See Note 19).

(c) Goodwill impairment testing

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The carrying value of goodwill is $6,418,337 (2019: $6,418,337) (See Note 17).

(d) Revaluation of property and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. In addition, it measures certain land and buildings at revalued amounts with changes in fair value being recognized in the revaluation reserve. The Group assesses its property holdings through the use of independent valuation specialists on a periodic basis, performing management assessments in the intervening years. For investment properties, a valuation methodology based on a discounted cash flow ("DCF") model was used, as there is a lack of comparable market data due to the nature of the properties. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Key assumptions used to determine the fair value of the properties and sensitivity analysis are discussed in Note 14.

2.5 Changes in accounting policies

A number of new standards are effective from January 1, 2020 but none has a material effect on the Group's consolidated financial statements. They include: a) Amendments to IAS 1, Presentation of Financial Statements, b) IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material and c) Amendments to IFRS 3, 'Business combinations' – Definition of a business and d) Interest rate benchmark reform amendments to IFRS 9, IAS 39 and IFRS 7.

2.6 New standards and interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- IFRS 9 – Financial Instruments
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard and requires entities to identify and account for portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together. The IASB has issued a temporary exemption for the effective date of implementation of IFRS 9 for insurance companies which meet certain qualifying criteria. This exemption allows the application of IFRS 9 to be deferred until the adoption of IFRS 17 – Insurance Contracts, which is effective for periods commencing on or after January 1, 2023. At December 31, 2020, the Group's and its major subsidiary, Colina Insurance Limited, meet these qualifying criteria based on the following and have therefore deferred implementation of IFRS 9.

Effective January 1, 2018, the Group has adopted the amendments to IFRS 4. The detail, nature and effects of the changes are explained below:

Amendments to IFRS 4 – Insurance Contracts provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, Financial Instruments (effective January 1, 2018), and IFRS 17 – Insurance Contracts (effective January 1, 2023).

IFRS 9 is generally effective for annual reporting periods beginning on or after January 1, 2018. In September 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 4 - Insurance contracts ("IFRS 4"), which provide optional relief to eligible insurers in respect of IFRS 9. The options permit (a) entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 – Insurance contracts ("IFRS 17") a temporary exemption to defer the implementation of IFRS 9, or alternatively (b) give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9. Entities that apply either of the options will be required to adopt IFRS 9 on January 1, 2023, which aligns with the effective date of IFRS 17.

The Group evaluated its liabilities at December 31, 2015, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. At December 31, 2015, the provision for future policy benefits totaled $387,181,176. Of this amount, 98% were liabilities that arose from contracts within the scope of IFRS 4. Total liabilities at December 31, 2015 amounted to $541,082,433 and 93% of these liabilities arose because the Group issues insurance contracts and fulfil obligations arising from insurance contracts. The Group has determined that it does not engage in significant activity unconnected with insurance as over 90% of its revenues are derived from insurance-related activity.

Additionally, the Group has not previously applied any version of IFRS 9. Therefore, the Group is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018 (IFRS 9 effective date), the Group has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The Group will continue to apply IAS 39 – Financial instruments: Recognition and measurement ("IAS 39") until January 1, 2023. See Note 10, Investment securities and other financial assets for additional disclosures which enable comparison between the Group and entities that applied IFRS 9 at January 1, 2018.

At December 31, 2020, the Group's corporate bonds, mutual funds, unquoted and quoted investments are classified as Available-for-Sale ("AFS") in accordance with IAS 39. The AFS financial assets are recorded at fair value on the Group's statements of financial position with changes in their fair value recorded in other comprehensive income.

Management has not yet assessed the full impact of the relevant adoption of these standards and interpretations in future periods against the consolidated financial statements of the Group.

The accounting policies adopted are consistent with those of the previous financial year except as discussed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Summary of Significant Accounting Policies

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

3.1 Principles of consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of equity in the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

Where the Company has control, subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests consist of the amount of those interests at the date of the original business combination (See Note 3.2) and the non-controlling interest's share of changes in equity since the date of the combination. Changes in the Group's ownership interest of consolidated subsidiaries that don't result in loss of control are accounted for directly in equity.

All material inter-company balances and transactions are eliminated on consolidation. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2 Business combinations

Business combinations are accounted for using the acquisition method. The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and any resulting gain or loss is recognized through profit or loss. It is then considered in the determination of goodwill.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.3 Equity-accounted investees

The Group's equity-accounted investees are accounted for using the equity method of accounting. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. As goodwill relating to an associate forms part of the carrying amount of an equity-accounted investee and is not separately recognized, it is neither amortized nor individually tested for impairment.

After application of the equity method, the Group assesses at each reporting date whether there is any objective evidence that the entire carrying amount of the equity-accounted investee is impaired by comparing its carrying value to its recoverable amount. Any impairment losses are recognized immediately in the consolidated statement of profit or loss.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income reflect the share of the profit or loss and OCI of associates, respectively. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over an associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

3.4 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise: cash on hand; demand deposits; term deposits with original maturities of 90 days or less; net of bank overdrafts.

3.5 Financial assets

Classification

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

Financial assets at fair value through profit or loss ("FVPL")

Financial assets at FVPL has two sub categories - namely, financial assets held for trading, and those designated at fair value through profit or loss at inception. Investments typically purchased with the intention to sell in the near future are classified as held for trading. For investments designated at initial recognition as at FVPL, the following criteria must be met:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets and liabilities or recognizing gains and losses on a different basis; or

The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at FVPL or available-for-sale. Balances that are included in this classification include: certain investment securities designated as loans and receivables at initial recognition, mortgages and commercial loans, policy loans, receivables arising from insurance contracts, and term deposits with maturities of greater than 90 days.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Recognition

Regular way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus, in the case of all financial assets not carried at FVPL, transaction costs that are directly attributable to their acquisition.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Measurement

AFS financial assets and financial assets at FVPL are carried at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets classified in the FVPL category are included in the consolidated statement of profit or loss in the period in which they arise. Unrealized gains and losses arising from changes in the fair value of financial assets classified as AFS are recognized in the revaluation reserve in the consolidated statement of changes in equity. When financial assets classified as AFS are sold or impaired, the difference between cost or amortized cost and estimated fair value is removed from the revaluation reserve and charged to the consolidated statement of profit or loss.

Loans and receivables are measured at amortised cost.

3.6 Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties and certain items of property and equipment at fair value at each reporting date. Fair value is defined under accounting guidance currently applicable to the Group to be the prices that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or;
- In the absence of a principal market, in the most advantageous and accessible market for the asset or liability.

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

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

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

There have been no material changes in the Group's valuation techniques in the period represented in these consolidated financial statements.

3.7 Impairment of financial assets

Financial assets carried at amortized cost

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

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, though the decrease cannot yet be identified with the individual financial assets in the group, including:
  - adverse changes in the payment status of issuers or debtors in the group; or
  - local economic conditions that correlate with defaults on the assets in the group.

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

Financial assets carried at fair value

The Group assesses at each reporting date whether there is objective evidence that an AFS financial asset is impaired, including in the case of equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost. If any evidence exists for AFS financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognized in profit or loss – is removed from equity and recognized in the consolidated statement of profit or loss. The impairment loss is reversed through the consolidated statement of profit or loss if in a subsequent period the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

3.8 Investment properties

Investment properties comprise freehold land and buildings, residential rental properties, and commercial properties that are held for long-term yields and capital appreciation. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, such properties are measured at estimated fair value based on open market value determined periodically by external appraisers with management valuations in intervening periods. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party, or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the consolidated statement of profit or loss.

Rental income from investment property is recognized in net investment income on a straight-line basis over the term of the lease.

3.9 Property and equipment

Property and equipment, with the exception of certain Land improvements and Buildings, are carried at cost less accumulated depreciation and any accumulated impairment losses. Land improvements and buildings are carried at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. Depreciation is charged using the straight-line method to allocate the cost of the assets over their estimated useful lives, as follows:

- Furniture, fixtures and equipment — 5 to 10 years
- Computer hardware — 3 to 5 years
- Motor vehicles — 4 to 5 years
- Leasehold improvements — 5 to 15 years, or shorter lease term
- Land improvements and buildings — 5 to 40 years

Land is not depreciated. The assets' useful lives are reviewed at each reporting date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of profit or loss.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity. After revaluation the depreciable amount of revalued buildings is based on its revalued amount.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

3.10 Goodwill and other intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses related to goodwill cannot be reversed in future periods. Goodwill is allocated to Cash Generating Units ("CGUs") for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For goodwill arising from the purchase of insurance related business, goodwill is allocated to CGUs identified according to the nature and type of insurance contract by major block of business.

For each CGU, the impairment charge is calculated by comparing the present value of the in force and projected new business at time of purchase and currently to determine how much the value has decreased relative to the original amount of goodwill recorded.

The Group's policy for goodwill arising on the acquisition of an associate is described in Note 3.2.

Other intangible assets

Other intangible assets include acquired computer software licenses which are capitalized on the basis of the costs incurred to acquire and implement the specific software. These costs are amortized using the straight-line method over the estimated useful life, not exceeding a period of three years and are included in general and administrative expenses in the consolidated statement of profit or loss. At each reporting date, the Group reviews the carrying amounts of its intangible 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.

Other intangible assets included in equity-accounted investees

These intangible assets include customer relationships, non-competitive agreement, trade name, and software and are carried at cost less accumulated amortization. Intangible assets included in equity-accounted investees are amortized on a straight-line basis as follows:

Customer relationships	10 years
Non-competitive agreement	2 years
Trade name	5 to 9 years
Software	3 years

The carrying amount of intangible assets included in equity-accounted investees is reviewed at each reporting date to assess whether it is recorded in excess of its recoverable amount. Where the carrying value exceeds this estimated value the asset is written down to the recoverable amount.

3.11 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. Significant insurance risk is defined as the probability of paying significantly more on the occurrence of an insured event than if the insured event did not occur.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

A number of insurance and investment contracts contain a Discretionary Participation Feature ("DPF"). This feature entitles the contract holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Group, and;
- that are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract;
  - realized and/or unrealized investment returns on a specified pool of assets held by the Group; or
  - the profit or loss of the Group, fund or other entity that issues the contract.

The amount and timing of the distribution to individual contract holders is at the discretion of the Group, subject to the advice of the Appointed Actuary.

Insurance contracts and investment contracts with and without DPF are classified into three main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

Short duration life insurance contracts protect the Group's customers from the financial consequences of events (such as death, sickness, or disability). Benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Group. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims IBNR.

Individual health insurance premiums are recognized as revenue when received. Group life and health insurance premiums are recognized as revenue over the related contract periods.

Long-term insurance and other contracts

Long-term insurance and other contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commissions. Benefits are recorded as an expense when they are incurred.

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

Long-term insurance and other contracts are further classified into the following sub-categories:

- with fixed and guaranteed terms;
- with fixed and guaranteed terms and with DPF;
- without fixed and guaranteed terms; and

- without fixed and guaranteed terms and with DPF.

The contracts containing DPF participate in the profits of the Colina. As Colina declares the amount to be paid, it is credited to the individual policyholders and a liability for these declared amounts included in the provision for future policy benefits.

Long-term investment contracts with DPF

The fair value of these contracts is determined with reference to the fair value of the underlying financial assets and they are recorded at inception at their fair value.

3.12 Provision for future policy benefits

The provision for future policy benefits represents the amount required, in addition to future premiums and investment income, to provide for estimated future benefit payments, taxes (other than income taxes), commissions and policy administration expenses for all insurance and annuity policies in force with the Group. The Group's Appointed Actuary is responsible for determining the provision for future policy benefits.

The provision for future policy benefits is determined using accepted actuarial practices established by the Canadian Institute of Actuaries ("CIA"), which are accepted in The Bahamas. In accordance with these standards, the actuarial liabilities have been determined by the Appointed Actuary using the Canadian Asset Liability Method ("CALM") and the CIA Standards of Practice (Practice – Specific Standards For Insurers), Section 2300, Life and Health Insurance ("SOP").

CALM involves the projection of future interest rate scenarios in order to determine the amount of assets needed to provide for all future obligations. The method consists of four basic steps:

1. Determination of the period over which these projections are performed.
2. Projection of liability cash flows.
3. Projection of asset cash flows.
4. Performance of interest rate scenario testing under a variety of plausible economic conditions.

The Group maintains specific assets to back the policy liabilities by lines of business. The projection of liability and asset cash flows recognizes these specific assets. The projection period is chosen so as to include all insured events in the valuation process.

The actuarial liabilities for very small blocks of business have been set up as 100% of their annual premiums. IBNR reserves for group life, accident and health are computed as a percentage of related premiums based on experience studies. These bases are in accordance with CALM and SOP.

3.13 Repurchase agreements

Repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. The Group continues to recognize the securities in their entirety in the consolidated statement of financial position because it retains substantially all of the risks and rewards of ownership. The consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement. Such transferred assets are included in "pledged financial assets at fair value through profit or loss" in Investment Securities and Other Financial Assets in Note 10.

3.14 Commission expense

Commission expenses comprise commissions earned by the Group's salespersons in respect of insurance and investment products sold. Commission expenses are recognized when payable.

3.15 Pension business

The pension business consists of third party pension plans with fund accumulations at rates of interest determined by the Group. There are no future interest or annuity rate guarantees. The liability established for future pension benefits for each of these plans is equal to the fund balance at the valuation date. Such third party pension liabilities are included in 'other liabilities,' see Note 22.

3.16 Policy dividends on deposit

Policy dividends on deposit comprise dividends declared on policies but not withdrawn from the Group, together with accrued interest. Policy dividends are recognized as a liability when declared and are expensed through policyholders' benefits on the consolidated statement of profit or loss.

3.17 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Where any subsidiary purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs.

Dividends on ordinary and preference shares are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

3.18 Revenue recognition

Non-insurance revenue comprises net investment income, commission income, investment management and other fees, and other income and fees. Revenue from contracts with customers is recognized when or as the underlying services are provided to the customer in a manner that depicts the Group's satisfaction of the performance obligations in the contract. Revenue is based on the transaction price in the contract with the customer, which is the amount of consideration which the Group is or expects to be entitled to for providing the underlying services.

Interest income for financial assets that are not classified as at FVPL is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive payment is established – this is the ex-dividend date for equity securities. Commission income is earned on the completion of the sale and is recognized at a point in time, being the effective date of writing the policy. Interest income on financing of premiums to customers is recognized using the effective interest method over the financing period. The Group earns revenue from corporate advisory services, investment management services, pension management services, registrar and transfer agent services, and administrative services only ("ASO") insurance contracts. These other income and fees are recognized based on the consideration specified in the contract which is allocated to the performance obligations of the contract. The Group recognizes revenues related to these contracts either at a point in time or over time as the services specified have been transferred or provided. Investment management and other fee income is recorded on an accrual basis when the related trade is executed or over time as the service is provided.

The Group's policy for recognition of revenue from operating leases is described in Note 3.24. For the revenue recognition policies surrounding insurance contracts, see Note 3.11.

3.19 Reinsurance

In the normal course of business, the Group seeks to limit its exposure to loss on any single insured and to recover benefits paid, by ceding premiums to reinsurers under excess coverage contracts. Contracts entered into that meet the classification requirements of insurance contracts are classified as reinsurance contracts held. Amounts recoverable from reinsurers are estimated in a manner consistent with the policy liability associated with the reinsured and in accordance with the terms of each reinsurance contract and are classified as reinsurance assets on the consolidated balance sheet.

Reinsurance liabilities are primarily premiums due for reinsurance contracts and are recognized as an expense when due.

An impairment review of recoverable amounts is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the consolidated statement of profit or loss.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for non-life insurance contracts. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

3.20 Defined contribution pension plan

The Group's subsidiaries operate separate defined contribution pension plans. Contributions are made to the plans on a mandatory and voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's portion of the contributions is charged to the consolidated statement of profit or loss as employee/salespersons' benefits expense in the year to which they relate.

3.21 Share-based payments

The Group's subsidiaries operate separate Employee Share Ownership Plans ("ESOP"). Under these plans, eligible employees and salespersons can purchase common shares of the Company on the open market through regular payroll deductions up to a maximum of 10% of eligible earnings. Employee and salespersons' contributions are matched by the Company at rates ranging between 20% to 100% of eligible earnings. The Group's matching contribution fully vests to the employee or salesperson after a period of 1-4 years, subject to the individual plan requirements. These share-based payments to employees and salespersons are measured at the fair value of the equity instruments at the grant date. The cost of matching employee and salespersons' contributions amounted to $34,186 in 2020 (2019: $31,343) and is included in employee/salespersons' benefits expense.

3.22 Taxation

The Group is subject to tax on taxable gross premium income at the flat rate of 3% (2019: 3%). Premium taxes are included in premium and other tax expense in the consolidated statement of profit or loss. The Group is also subject to Value Added Tax ("VAT") on taxable supplies at the standard rate of 12.0%. The Group is eligible, however, for input tax credits to reduce its VAT liability based on an apportionment formula based on its proportion of standard rated taxable supplies to non-taxable supplies. VAT incurred by the Group in excess of input tax credits received are apportioned to the Group's general and administrative expenses. There are no other corporate, income or capital gains taxes levied on the Group in The Bahamas or in any other jurisdictions in which the Group operates. There are no uncertain tax liabilities requiring accrual in the consolidated statement of financial position (2019: Nil).

3.23 Segregated fund

With the acquisition of Imperial Life in 2005, certain contracts were acquired which allow unit holders to invest in a segregated fund managed by the Group for their benefit. Substantially all risks and rewards of ownership accrue to the unit holders and, consequently, the assets held in the segregated fund account are excluded from the assets in the Group's general funds and are therefore not included in the consolidated statement of financial position. As of December 31, 2020, these assets amounted to $50.8 million (2019: $50.5 million). The Group has entered into a sub-investment management agreement with Colina Financial Advisors Ltd. to manage a significant portion of these assets.

3.24 Leases

Policy applicable from January 1, 2019

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets ("ROU" assets) representing the right to use the underlying assets.

i) Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from external financial sources and make certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made of the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property and equipment' and lease liabilities in "loans and borrowing" in the statement of financial position.

iii) Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the main lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the main lease, not with reference to the underlying asset. If a main lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "rental income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

3.25 Bank borrowings

Bank borrowings are initially recognized at fair value, which is the cost of the consideration received, net of issue costs and any discount or premium on settlement. Subsequent to initial recognition, they are measured at amortized cost, using the effective interest rate method.

Borrowing costs are recognized as an expense when incurred.

3.26 Other financial liabilities and insurance, trade and other payables

These items are recognized when due and measured on initial recognition at the fair value of the consideration paid. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

Financial liabilities and insurance, trade and other payables are derecognized when the obligation under the liability is discharged, cancelled or expired. When the existing liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

3.27 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation at the reporting date and are discounted to present value.

4. Responsibilities of the Appointed Actuary and Independent Auditors

The Appointed Actuary is appointed by the Board of Directors and is responsible for carrying out an annual valuation of the Group's policy liabilities in accordance with accepted actuarial practice and reporting thereon to the Board of Directors. In performing the valuation, the Appointed Actuary makes assumptions as to the future rates of interest, asset default, mortality, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies taking into consideration the circumstances of the Group and the policies in force. The Appointed Actuary's report outlines the scope of the valuation and the actuary's opinion.

The Independent Auditors have been appointed by the shareholders and are responsible for conducting an independent and objective audit of the consolidated financial statements in accordance with International Standards on Auditing. They report to the shareholders regarding the fairness of the presentation of the Group's consolidated financial statements in accordance with IFRS.

5. Restatement of Prior Year Balances - Correction of Errors

During 2020, the Group reviewed its accounting treatment for the matters discussed below which have resulted in a restatement of prior year balances.

Investment in CFAL Global Equity Fund ("CGEF")

The Company initially invested in the CGEF in 2008 and its financial statements were consolidated with those of the Company as the Group determined that it had substantive control over CGEF due to its ownership of the issued and outstanding shares and other substantive rights that gave the Group control. In subsequent years, the Company's ownership interest in the CGEF was diluted as third parties invested in CGEF. Management has determined that since 2010, the Company has not controlled CGEF, and therefore its financial statements should not have been consolidated with those of the Company since that date. As of December 31, 2020, the Company owns 28.3% (2019: 28.0%) of the issued shares of CGEF. The Group has determined that although its holding is over 20%, its investment is passive in nature and the variability of returns resulting from the Group's ownership interest does not result in significant influence over the investee. Further, at no point following the loss of control did the Group have significant influence over the investee. Accordingly, this investment should be accounted for as an equity security and therefore, the consolidated financial statements have been restated to deconsolidate the CGEF and to account for the investment in CGEF as an equity security at fair value through profit and loss. The decision to classify the investment as an equity security at fair value through profit and loss reflects management's intentions at the time the investment was made, rather than application of hindsight in determining the most appropriate classification for the investment.

Revaluation reserve movements in Investment in Associates

In prior years, the movements in the revaluation reserve in the equity of the underlying entities accounted for as Equity-Invested Associates were being included in the Group's equity pick up in its consolidated statement of profit or loss. This accounting treatment was not in accordance with IFRS, which requires the revaluation reserve in the equity of the underlying associate to be accounted for in equity through other comprehensive income ("OCI") and not in profit or loss. The Group has restated its consolidated financial statements to correctly account for its share of the changes in the OCI of equity-accounted investees through the Group's consolidated revaluation reserve account in equity. These amounts are or will be subsequently reclassified to profit or loss.

Reclassification of assets previously presented on a net basis with the provision for future policy benefits

In prior years, the reinsurance assets were presented as a net adjustment to the gross liability for the provision for future policy benefits. This accounting treatment was not in accordance with IFRS which requires reinsurance assets to be presented as assets on the consolidated statement of financial position. The Group has restated its consolidated financial statements to reflect the reinsurance asset separately from the provision for future policy benefits.

Reclassification of reinsurance receivables previously presented within receivables and other assets

In prior years, reinsurance receivables were presented within receivables and other assets. The nature of the reinsurance receivables under IFRS requires presentation as a separate line item. Therefore, the Group has restated its consolidated financial statements to present the reinsurance receivables due from reinsurers as a separate line item on the consolidated statement of financial position.

Reclassification of offsetting adjustments between surrender benefits and premium revenue

In the 2019 consolidated financial statements, surrender benefits paid on certain policy types were duplicated in error with offsetting credits recorded in premium revenue. As a result, both premium revenue and policyholders' benefits were overstated by the same amount. The Group has restated its consolidated statement of profit or loss to correct this overstatement.

Impairment of Goodwill allocated to Life Insurance business

In prior years, the Goodwill that resulted from historical life insurance business acquisitions was tested for impairment by comparison of discounted cash flows generated by those acquired blocks of business against the goodwill specifically identified for those acquisitions. This accounting treatment was not in accordance with IFRS, which requires the cash flows of the cash generating unit to which the goodwill can be attributed to be compared to the net assets of the cash generating unit. Management has determined that the goodwill attributable to the life insurance business would have been fully impaired prior to January 1, 2019 based on information available at that date. Accordingly, the goodwill has been restated to account for the impairment of the goodwill attributable to the life cash generating unit with the effect of the impairment adjusting opening retained earnings. This restatement had no impact on the consolidated statement of profit or loss and comprehensive income, or the consolidated statement of cash flows for the year ended December 31, 2019.

(Expressed in Bahamian dollars)

The 2019 consolidated statements of financial position, profit or loss, profit or loss and other comprehensive income, and statement of changes in equity have been restated to show the impact of the correction of the above errors. A summary of the balances affected by these prior period adjustments is summarized below:

Impact of Corrections on the Consolidated Statement of Financial Position
As at January 1, 2019 and December 31, 2019:

	January 1, 2019						
		Impact of Correction of Errors					
	As previously reported	CGEF	Inv. In Assoc.	Reins. Asset	Goodwill	Reclass-ifications	As restated
ASSETS							
Cash and demand balances	$ 43,474,899	$ (4,903,280)	-	-	-	-	$ 38,571,619
Investment securities and other financial assets	429,020,638	(1,686,999)	-	-	-	-	427,333,639
Reinsurance assets	-	-	-	17,136,853	-	-	17,136,853
Reinsurance receivables	-	-	-	-	-	10,811,938	10,811,938
Receivables and other assets	66,264,018	(27,559)	-	-	-	(10,811,938)	55,424,521
Goodwill	13,065,819	-	-	-	(6,647,482)	-	6,418,337
Total assets	**$ 764,254,557**	**(6,617,838)**	**-**	**17,136,853**	**(6,647,482)**	**-**	**$ 768,126,090**
LIABILITIES							
Provision for future policy benefits	$ 434,961,581	-	-	$ 17,136,853	-	-	$ 452,098,434
Other liabilities	78,183,489	(428,168)	-	-	-	-	77,755,321
EQUITY							-
Revaluation reserve	13,964,081	-	(50,779)	-	-	-	13,913,302
Retained earnings	87,543,304	-	50,779	-	(6,647,482)	-	80,946,601
Non-controlling interests	23,733,667	(6,189,670)	-	-	-	-	17,543,997
Total liabilities and equity	**$ 764,254,557**	**(6,617,838)**	**-**	**17,136,853**	**(6,647,482)**	**-**	**$ 768,126,090**

	As at December 31, 2019						
		Impact of Correction of Errors					
	As previously reported	CGEF	Inv. In Assoc.	Reins. Assets	Goodwill	Reclass-ifications	As restated
ASSETS							
Cash and demand balances	$ 44,330,366	(367,194)	-	-	-	-	$ 43,963,172
Investment securities and other financial assets	445,753,030	(8,321,138)	-	-	-	-	437,431,892
Reinsurance assets	-	-	-	16,608,929	-	-	16,608,929
Reinsurance receivables	-	-	-	-	-	8,461,647	8,461,647
Receivables and other assets	94,542,220	(56,122)	-	-	-	(8,461,647)	86,024,451
Goodwill	13,065,819	-	-	-	(6,647,482)	-	6,418,337
Total assets	**$ 793,285,199**	**(8,744,454)**	**-**	**16,608,929**	**(6,647,482)**	**-**	**$ 794,502,192**
LIABILITIES							
Provision for future policy benefits	$ 458,614,942	-	-	16,608,929		-	$ 475,223,871
Other liabilities	83,020,960	(327,237)	-	-		-	82,693,723
EQUITY							
Revaluation reserve	13,902,509	-	414,947	-		-	14,317,456
Retained earnings	97,272,149	-	(414,947)	-	(6,647,482)	-	90,209,720
Non-controlling interests	28,081,377	(8,417,217)	-	-		-	19,664,160
Total liabilities and equity	**$ 793,285,199**	**(8,744,454)**	**-**	**16,608,929**	**(6,647,482)**	**-**	**$ 794,502,192**

(Expressed in Bahamian dollars)

Impact of Corrections on the Consolidated Statement of Profit and Loss and Comprehensive Income For the year ended December 31, 2019:

	For the 12 months ended December 31, 2019					
		Impact of Correction of Errors				
	As previously reported	CGEF	Inv. In Assoc.	Reins. Assets	Reclass-ifications	As restated
Revenues:						
Premium revenue	$ 135,458,195	-	-	-	(1,163,184)	$ 134,295,011
Net investment income	38,931,291	(975,295)	-	-	-	37,955,996
Share of profit/(loss) of equity-accounted investees	913,418	-	(465,726)	-	-	447,692
Total revenues	**$ 182,838,650**	**(975,295)**	**(465,726)**	**-**	**(1,163,184)**	**$ 180,234,445**
Benefits and expenses:						
Policyholders' benefits	$ 101,059,263	-	-	-	(1,163,184)	$ 99,896,079
General and administrative expenses	35,800,898	(158,062)	-	-	-	35,642,836
Finance costs and interest	2,143,907	71,183	-	-	-	2,215,090
Total benefits and expenses	**$ 163,380,489**	**(86,879)**	**-**	**-**	**(1,163,184)**	**$ 162,130,426**
Net income for the year	**$ 19,458,161**	**(888,416)**	**(465,726)**	**-**	**-**	**$ 18,104,019**
Other comprehensive income/(loss):						
Reclassification during the year to profit or loss	168,898	-	-	-	-	168,898
Share of OCI of Equity-Accounted Investees	-	-	465,726	-	-	465,726
Change in available-for-sale financial assets	(230,470)	-	-	-	-	(230,470)
Total comprehensive income for the year	**$ 19,396,589**	**$ (888,416)**	**$ -**	**$ -**	**$ -**	**$ 18,508,173**
Attributable to:						
Equity shareholders of the Company	17,551,538	-	-	-	-	17,551,538
Non-controlling interests	1,845,051	(888,416)	-	-	-	956,635
Total comprehensive income for the year shareholders of the Company	**$ 19,396,589**	**$ (888,416)**	**$ -**	**$ -**	**$ -**	**$ 18,508,173**
Basic earnings per ordinary share	**$ 0.61**	**-**	**$ (0.02)**	**-**	**-**	**$ 0.59**
Comprehensive earnings per ordinary share	**$ 0.61**	**-**	**$ -**	**-**	**-**	**$ 0.61**

(Expressed in Bahamian dollars)

Impact of Corrections on the Consolidated Statement of Cash Flows
For the year ended December 31, 2019:

	For the 12 months ended December 31, 2019					
		Impact of Correction of Errors				
	As previously reported	CGEF	Inv. In Assoc.	Reins. Assets	Reclass-ifications	As restated
Cash flows from operating activities:						
Net income	$ 19,458,161	(888,416)	(465,726)	-	-	$ 18,104,019
Change in unrealized losses/(gains) on fair value through profit or loss securities	(7,332,021)	774,963	-	-	-	(6,557,058)
Changes in loss provisions for loans and receivables	1,386,402	(177,844)	-	-	-	1,208,558
Interest income	(31,871,860)	863,323	-	-	-	(31,008,536)
Dividend income	(2,342,082)	129,975	-	-	-	(2,212,107)
Finance costs and interest	2,143,907	343,626	-	-	-	2,487,533
Operating cash flows before changes in operating assets and liabilities	8,068,232	1,045,627	(465,726)	-	-	8,648,134
Changes in operating assets and liabilities:						
(Decrease)/increase in other assets	(33,454,308)	665,176	-	-	-	(32,789,132)
(Increase)/decrease in other liabilities	4,972,235	100,931	-	-	-	5,073,166
Net cash provided by/(used in) operating activities	(20,413,841)	1,811,734	(465,726)	-	-	(19,067,832)
Cash flows from investing activities:	-	-	-	-	-	-
Fair value through profit or loss securities purchased	(49,359,084)	13,866,436	-	-	-	(35,492,648)
Proceeds on disposal of fair value through profit or loss securities	35,915,912	(7,982,261)	-	-	-	27,933,651
Proceeds on disposal of available-for-sale securities	52,274,072	(25,000)	-	-	-	52,249,072
Interest received	31,235,792	(856,366)	-	-	-	30,379,426
Dividends received	2,342,082	(129,975)	-	-	-	2,212,107
Net cash (used in)/provided by investing activities	42,132,001	4,872,834	-	-	-	47,004,836
Cash flows from financing activities:						
Changes in non-controlling interests	2,502,659	(1,339,131)	-	-	-	1,163,528
Net cash used in financing activities	(19,376,341)	(1,339,131)	-	-	-	(21,059,098)
Net (decrease)/increase in cash and cash equivalents	2,341,819	5,345,437	(465,726)	-	-	6,877,905
Cash and cash equivalents, beginning of year	41,988,547	(4,903,280)	-	-	-	37,085,267
Cash and cash equivalents, end of year	44,330,366	442,157	(465,726)	-	-	43,963,172

(Expressed in Bahamian dollars)

6. Subsidiaries

Subsidiaries of the Company as of December 31, 2020 are as follows:

Name	Place of Incorporation	Shareholding
Life and Health Insurance Company		
Colina Insurance Limited ("Colina")	The Bahamas	100%
Mortgage Company		
Colina Mortgage Corporation Ltd. ("CMCO")	The Bahamas	100%
Investment Property Holding Companies		
Bay St. Holdings Ltd.	The Bahamas	100%
Colina Real Estate Fund Ltd. ("CREFL")	The Bahamas	84%
ColImpco One Ltd.	The Bahamas	100%
Dax Limited	The Bahamas	100%
Goodman's Bay Development Company Limited ("GBDC")	The Bahamas	86%
IMPCO Properties (Bahamas) Limited	The Bahamas	100%
IMPCO Real Estate Holdings (Bahamas) Limited	The Bahamas	100%
NCP Holdings Ltd.	The Bahamas	100%
P.I. Investments Ltd.	The Bahamas	100%
Wednesday Holding Company Ltd.	The Bahamas	100%
Investment Holding Companies		
August Property Holdings Ltd.	The Bahamas	100%
Colina MTS Limited	The Bahamas	100%
CPCH Bahamas Limited	The Bahamas	100%
Fairway Close Development Company Ltd.	The Bahamas	100%
Partner Investment Ltd.	The Bahamas	100%
PRO Health Holdings Ltd.	The Bahamas	100%
Sharp Investment Ltd.	The Bahamas	100%
Investment Funds		
CFAL Global Bond Fund Ltd. ("CGBF")	The Bahamas	90%
Ikonic Fund SAC Limited	The Bahamas	93%
General Insurance Agency		
Colina General Insurance Agents & Brokers Limited ("CGIA")	The Bahamas	100%
Indigo Insurance (Bahamas) Limited ("Indigo") (formerly Mint Insurance Company (Bahamas) Ltd.	The Bahamas	100%
Investment Brokerage and Advisory Services		
Colina Financial Advisors Ltd. ("CFAL")	The Bahamas	100%
CFAL Securities Ltd.	The Bahamas	100%

(Expressed in Bahamian dollars)

7. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has three reportable operating segments as follows:

- Life Division - offers a wide range of whole life and term insurance, pension, annuity, and savings and investment products.
- Group and Health Division – offers a wide range of individual medical and group life and health medical insurance.
- Other – includes the Group's participation in International Reinsurance Managers, LLC ("IRM") reinsurance facilities and the operations of its other subsidiary and associated companies.

Segment performance is evaluated based on profit or loss, which in certain respects is measured differently from profit or loss in the consolidated financial statements.

Intersegment transactions have occurred between operating segments at an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results would then include those transfers between business segments which would then be eliminated on consolidation.

The segment results for the period ended December 31 are as follows:

	2020			
	Life	Health	Other	Total
INCOME				
Net premium revenue	$ 47,151,713	$ 51,399,099	9,192,837.00	$ 107,743,649
Net investment income and share of income from equity-accounted investees	14,215,133	401,721	(224,653)	14,392,201
Net commission income	-	-	3,648,966	3,648,966
Investment management and other fees	-	7,243,261	8,191,343	15,434,604
Other income and fees	157,613	2,761,251	2,076,909	4,995,773
Total revenues	61,524,459	61,805,332	22,885,402	146,215,193
POLICYHOLDER BENEFITS	38,214,139	29,922,054	7,230,609	75,366,802
EXPENSES	20,168,135	16,313,259	13,774,860	50,256,254
NET INCOME	$ 3,142,185	$ 15,570,019	$ 1,879,933	$ 20,592,137
TOTAL ASSETS	$ 642,029,169	$ 94,878,467	$ 48,488,054	$ 785,395,690
TOTAL LIABILITIES	$ 537,009,137	$ 35,038,404	$ 13,511,067	$ 585,558,608

(Expressed in Bahamian dollars)

	2019 (Restated - See Note 5)			
	Life	**Health**	**Other**	**Total**
INCOME				
Net premium revenue	$ 51,243,355	$ 52,905,793	$ 14,885,722	$ 119,034,870
Net investment income and share of income from equity-accounted investees	35,144,484	537,104	2,722,100	38,403,688
Net commission income	-	-	3,803,765	3,803,765
Investment management and other fees	-	7,848,371	6,823,217	14,671,588
Other income and fees	848,352	1,985,683	1,486,499	4,320,534
Total revenues	87,236,191	63,276,951	29,721,303	180,234,445
POLICYHOLDER BENEFITS	58,572,964	38,747,117	15,128,679	112,448,760
EXPENSES	21,460,156	17,081,834	11,139,676	49,681,666
NET INCOME	$ 7,203,071	$ 7,448,000	$ 3,452,948	$ 18,104,019
TOTAL ASSETS	$ 633,280,524	$ 107,318,085	$ 53,903,583	$ 794,502,192
TOTAL LIABILITIES	$ 538,274,566	$ 41,163,453	$ 17,682,925	$ 597,120,944

8. Invested Assets

The following represent the Company's total invested assets which are comprised of the following:

	2020	**2019 (Restated) (See Note 5)**
Term deposits	$ 15,660,104	$ 5,170,577
Investment securities and other financial assets	443,758,594	437,431,892
Mortgages and commercial loans	23,493,544	25,330,141
Policy loans	67,471,882	69,614,153
Investment properties	56,609,849	59,036,402
Equity-accounted investees	14,997,768	17,532,501
Total invested assets	$ 621,991,741	$ 614,115,666

Invested assets comprise 78.7% of total assets at December 31, 2020 (2019: 76.7%).

9. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	2020	**2019 (Restated) (See Note 5)**
Term deposits	$ 15,660,104	$ 5,170,577
Less: Deposits with original maturities of greater than 90 days	(12,947,266)	(5,170,577)
Short-term deposits (cash equivalents)	2,712,838	-
Cash and demand balances	31,271,815	43,963,172
Total cash and cash equivalents	$ 33,984,653	$ 43,963,172

As of the reporting date, there were no short-term deposits (2019: nil). The weighted-average interest rate on deposits with original maturities greater than 90 days is 2.3% (2019: 2.9%) per annum.

Included in deposits with original maturities of greater than 90 days are restricted balances held in favour of regulatory bodies in the Turks & Caicos Islands and the Cayman Islands totaling $2,885,095 (2019: $2,284,829). No restricted amounts are included in cash and demand balances (2019: Nil).

(Expressed in Bahamian dollars)

10. Investment Securities and other Financial Assets

Investment securities and other financial assets comprise equity and debt securities classified into the following categories:

	2020	2019 (Restated) (See Note 5)
Equity securities		
Fair value through profit or loss	$ 10,882,575	$ 11,220,326
Available-for-sale	15,923,100	16,406,315
Total equity securities	26,805,675	27,626,641
Non-pledged debt securities		
Fair value through profit or loss	84,736,070	87,716,499
Available-for-sale	288,066,809	270,720,925
Loans and receivables	44,150,040	44,150,040
Total debt securities (non-pledged)	416,952,919	402,587,464
Pledged debt securities (See Note 20)		
Fair value through profit or loss	-	7,217,787
Total debt securities (pledged)	-	7,217,787
Total pledged and non-pledged debt securities	416,952,919	409,805,251
Total investment securities and other financial assets	$ 443,758,594	$ 437,431,892

Included in financial assets at fair value through profit or loss are financial instruments in the Bahamas Investment Fund (See Note 35).

Included in investment securities and other financial assets are government debt securities which are mainly comprised of fixed rate and variable rate bonds tied to the Bahamian $ Prime Rate issued by The Bahamas Government. These securities have interest rates ranging from 4.1% to 8.6% per annum (2019: from 1.4% to 8.6% per annum) and scheduled maturities between 2021 and 2065 (2019: between 2020 and 2065).

Included in debt securities classified as 'available-for-sale' is $2,185,000 (2019: $2,185,000) representing a restricted balance which is held in favour of the CILStatutory Trust (the "Trust"). The Trust was established in accordance with the Insurance Act, 2005 and Insurance (General) Regulations 2010 (as amended). The aforementioned legislation requires that a minimum of $2,000,000 in assets be deposited in favour of the Insurance Commission of The Bahamas by registered insurers in respect of any entities which propose to carry on life and/or health insurance business.

The movements in the categories of investment securities are as follows:

	FVPL	Available-for-sale	Loans and receivables	Total
At December 31, 2018	$ 90,931,489	$ 293,089,149	$ 45,000,000	$ 429,020,638
Restatement for deconsolidation of CGEF (Note 5)	(736,997)	(950,000)	-	(1,686,997)
January 1, 2019 as restated	90,194,492	292,139,149	45,000,000	427,333,641
Additions	35,492,648	48,308,346	-	83,800,994
Disposals and maturities	(27,933,651)	(52,249,072)	-	(80,182,723)
Net fair value gains/(losses)	8,401,123	(1,071,183)	(849,960)	6,479,980
At December 31, 2019 as restated	106,154,612	287,127,240	44,150,040	437,431,892
Additions	24,110,393	63,054,620	-	87,165,013
Disposals and maturities	(22,309,034)	(36,373,347)	-	(58,682,381)
Net fair value losses	(12,337,326)	(9,818,604)	-	(22,155,930)
At December 31, 2020	$ 95,618,645	$ 303,989,909	$ 44,150,040	$ 443,758,594

(Expressed in Bahamian dollars)

Realized net fair value gains/(losses) are included in net investment income in the consolidated statement of income.

The following table shows an analysis of financial instruments by level within the fair value hierarchy:

At December 31, 2020	**Level 1**	**Level 2**	**Total Fair Value**
Financial assets designated at fair value through profit or loss:			
Equity securities	$ 4,932,918	$ 2,061,272	$ 6,994,190
Shares in investment funds	-	3,888,385	3,888,385
Government securities	-	70,155,143	70,155,143
Preferred shares	-	489,283	489,283
Other debt securities	-	14,091,644	14,091,644
Total	$ 4,932,918	$ 90,685,727	$ 95,618,645
Available-for-sale financial assets:			
Equity securities	$ 7,790,252	$ 3,287,350	$ 11,077,602
Shares in investment funds	-	4,845,498	4,845,498
Government securities	-	252,559,506	252,559,506
Preferred shares	-	13,908,312	13,908,312
Other debt securities	-	21,598,991	21,598,991
Total	$ 7,790,252	$ 296,199,657	$ 303,989,909
Loans and receivables:			
Sovereign debt	-	34,681,500	34,681,500
Total	$ -	$ 34,681,500	$ 34,681,500

The Group did not have any financial instruments classified as Level 3 as at December 31, 2020.

At December 31, 2019 (Restated - See Note 5)	**Level 1**	**Level 2**	**Total Fair Value**
Financial assets designated at fair value through profit or loss:			
Non-Pledged Securities			
Equity securities	$ 5,017,972	$ 2,659,484	$ 7,677,456
Shares in investment funds	-	3,542,871	3,542,871
Government securities	-	77,847,455	77,847,455
Preferred shares	-	1,492,856	1,492,856
Other debt securities	-	8,376,187	8,376,187
Sub-total	5,017,972	93,918,853	98,936,825
Pledged Securities (See Note 20)			
Government securities	$ -	$ 4,484,236	$ 4,484,236
Other debt securities	-	2,733,551	2,733,551
Sub-total	-	7,217,787	7,217,787
Total	$ 5,017,972	$ 101,136,640	$ 106,154,612
Available-for-sale financial assets:			
Equity securities	$ 7,415,223	$ 4,344,363	$ 11,759,586
Shares in investment funds	-	4,646,728	4,646,728
Government securities	-	245,529,817	245,529,817
Preferred shares	-	13,952,275	13,952,275
Other debt securities	-	11,238,834	11,238,834
Total	$ 7,415,223	$ 279,712,017	$ 287,127,240
Loans and receivables:			
Sovereign debt	$ -	$ 44,150,040	$ 44,150,040
Total	$ -	$ 44,150,040	$ 44,150,040

The Group did not have any financial instruments classified as Level 3 as at December 31, 2019.

The following table presents the fair value and the amount of change in the fair value of the Company's financial assets as at and for the year ended December 31, 2020 and 2019 showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

	2020				
Financial Assets (in B$000s)		**SPPI Financial Assets**		**Non-SPPI Financial Assets**	
	Total Carrying Value	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
Term deposits	$ 15,660,104	$ -	$ -	$ 15,660,104	$ -
Equity securities	18,071,792	-	-	18,071,792	-
Shares in investment funds	8,733,883	-	-	8,733,883	-
Government securities	322,714,649	-	-	322,714,649	-
Preferred shares	14,397,595	-	-	14,397,595	-
Other debt securities	35,690,635	-	-	35,690,635	-
Sovereign debt	44,150,040	44,150,040	-	-	-

	2019 (Restated - See Note 5)				
Financial Assets (in B$000s)		**SPPI Financial Assets**		**Non-SPPI Financial Assets**	
	Total Carrying Value	**Fair Value**	**Change in Fair Value**	**Fair Value**	**Change in Fair Value**
Term deposits	$ 5,170,577	$ -	$ -	$ 5,170,577	$ -
Equity securities	19,437,042	-	-	19,437,042	-
Shares in investment funds	8,189,599	-	-	8,189,599	-
Government securities	327,861,508	-	-	327,861,508	-
Preferred shares	15,445,131	-	-	15,445,131	-
Other debt securities	22,348,572	-	-	22,348,572	-
Sovereign debt	44,150,040	44,150,040	-	-	-

11. Receivables and Other Assets

Receivables and other assets are comprised of the following:

	2020	**2019 (Restated) (See Note 5)**
Financial assets		
Premiums receivable	$ 4,479,283	$ 3,922,815
Less: Provision on premiums receivable	(1,645,708)	(1,811,421)
Net balances receivable on ASO plans	47,577,328	54,212,503
Agents' balances	932,242	1,034,629
Less: Provision on agents' balances	(910,241)	(1,020,301)
Accrued interest income	5,535,363	4,802,016
Loan to SBL Ltd. (See Note 36)	-	1,611,642
Receivables from related parties (See Note 36)	135,502	83,048
Participation in IRM reinsurance facilities	1,157,902	3,356,062
Non-financial assets		
Properties assumed under mortgage defaults	1,753,400	1,785,400
Land held for development	4,468,501	4,468,501
Prepayments and other assets	12,927,025	13,579,557
Total receivables and other assets	$ 76,410,597	$ 86,024,451

(Expressed in Bahamian dollars)

Administrative Services Only (ASO) receivables

Included in receivables and other assets are net amounts due from / (due to) groups to whom the Group provides administrative services only ("ASO").

Participation in IRM reinsurance facilities

The Group participates in reinsurance facilities managed by International Reinsurance Managers, LLC ("IRM"), an underwriting management company domiciled in the United States of America which provides group health reinsurance services to small and medium sized insurance companies in the Caribbean and Latin America. The Group's participation in these facilities varies from 10% to 50% for differing underwriting years and its interest is included above. The underlying assets of the reinsurance facilities are principally comprised of US Treasury money market instruments.

12. Policy Loans

Policy loans are comprised of:

		2020		2019
Policy loans	$	63,704,638	$	65,762,722
Accrued interest on policy loans		3,805,332		3,903,562
Subtotal		67,509,970		69,666,284
Less: Provisions		(38,088)		(52,131)
Policy loans, net	$	67,471,882	$	69,614,153

Policy loans are secured by the cash surrender values of the policies on which the loans are made with the exception of $38,088 (2019: $52,131) in policy overloans. Policy overloans represent policy loans in excess of the cash surrender values of the policies on which the loans are made. These overloans are not secured by cash surrender values, however, the related policies remain in force. The policy overloans have been fully provided for at December 31, 2020. Interest is accrued on a monthly basis and the loans are settled on termination of the policy, if not repaid while the policy remains in force. The approximate annual effective interest rate on policy loans is 11.8% (2019: 11.6%).

13. Mortgages and Commercial Loans

Mortgages and commercial loans are comprised of the following:

		2020		2019
Mortgages and commercial loans	$	31,451,977	$	32,528,433
Accrued interest		12,779,484		11,225,265
Subtotal		44,231,461		43,753,698
Less: Provisions		(20,737,917)		(18,423,557)
Mortgages and commercial loans, net	$	23,493,544	$	25,330,141

(Expressed in Bahamian dollars)

Mortgages and commercial loans are classified into the following categories:

		2020		2019
Residential mortgages	$	16,766,285	$	18,072,645
Commercial mortgages		11,982,584		11,756,601
Commercial paper		2,703,108		2,699,187
Subtotal		31,451,977		32,528,433
Accrued interest		12,779,484		11,225,265
Total	$	44,231,461	$	43,753,698

The totals above represent the Group's gross exposure on mortgages and commercial loans. It is the Group's policy not to lend more than 75% of collateralized values.

Included in residential mortgages at December 31, 2019 are loans to employees and salespersons amounting to $2,169,790 (2019: $$2,291,855).

Provisions on mortgages and commercial loans are as follows:

		2020		2019
Residential mortgages	$	3,708,856	$	3,780,582
Commercial mortgages		5,689,591		5,289,286
Accrued interest		11,339,470		9,353,689
Total provisions on mortgages and commercial loans	$	20,737,917	$	18,423,557

The movement in loan loss provisions is as follows:

		2020		2019
Balance, beginning of year	$	18,423,557	$	16,959,752
Increase in provisions		2,667,132		2,332,490
Provisions written back to income		(352,772)		(868,685)
Balance, end of year	$	20,737,917	$	18,423,557

As of the reporting date, the approximate weighted average interest rates on mortgages and commercial loans are as follows:

	2020	2019
Residential mortgages	7.55%	7.54%
Commercial mortgages	9.21%	9.19%
Commercial paper	7.90%	7.90%

(Expressed in Bahamian dollars)

14. Investment Properties

The Group's investment properties consist of land holdings, residential rental properties, and commercial office rental properties and are carried at fair value. All investment properties have been classified as Level 3 in the fair value measurement hierarchy and there were no transfers from or to Level 3 during the period. Movements in investment properties classified by category are as follows:

	Land	Residential	Commercial Office	Total
At December 31, 2018	$ 3,140,000	$ 630,000	$ 55,691,743	$ 59,461,743
Additions	-	-	729,661	729,661
Disposals	-	-	(170,002)	(170,002)
Net loss from fair value adjustments	-	-	(985,000)	(985,000)
At December 31, 2019	$ 3,140,000	$ 630,000	$ 55,266,402	$ 59,036,402
Additions	-	-	158,749	158,749
Gain from fair value adjustments through revaluation reserve (See Note 25)	-	-	1,057,086	1,057,086
Loss from fair value adjustments (See Note 29)	-	-	(3,642,388)	(3,642,388)
At December 31, 2020	$ 3,140,000	$ 630,000	$ 52,839,849	$ 56,609,849

A revaluation gain of $1,057,086 (2019: nil) was recognized through the revaluation reserve for an investment property which was originally owner-occupied and transferred from property and equipment to investment property. Net gains/(losses) on all other investment properties from fair value adjustments are included in net investment income on the consolidated statement of profit or loss (See Note 29).

In accordance with the Group's policy for the valuation of investment property holdings in intervening periods, the fair values of all properties at December 31, 2020 were based on valuations performed by management using the Discounted Cash Flow Method (DCF) and the Sales Comparison Method (SC). (2019: DCF and SC).

Significant unobservable inputs used in the valuations in 2020 were as follows:

Property Classification	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and land lots	SC	Sales price / acre	$10,000 - $375,000 ($59,663)
Residential	SC	Sales price / sq.ft.	$330 ($330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a. Discount rate Rent growth p.a. Expense inflation p.a. Capitalization rate for terminal value Vacancy rate	$10 - $78 9.8%-11.0% 1.0% - 3.0% 2.0% - 3.0% 8.5% - 9.8% 5.5% - 21.8%
	SC	Sales price / sq. ft.	$6 ($6)

(Expressed in Bahamian dollars)

Significant unobservable inputs used in the valuations in 2019 were as follows:

Property Classification	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and land lots	SC	Sales price / acre	\$10,000 - \$375,000 (\$11,700)
Residential	SC	Sales price / sq.ft.	\$330 (\$330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a. Discount rate Rent growth p.a. Expense inflation p.a. Capitalization rate for terminal value Vacancy rate	\$10 - \$78 9.3%-10.5% 1.0% - 3.0% 3.0% 8.0% - 9.3% 5% - 32.0%
	SC	Sales price / sq. ft.	\$12 (\$12)
	IA	Capitalization rate Estimated rental rate / sq.ft./ p.a.	9.0% \$19 -\$29

Under the IA method, the projected net annual income net of estimated building expenses is determined and is divided by the capitalization rate. The capitalization rate is the expected rate of return used on similar investments.

The RC method bases the cost of replacing the subject property with a structure providing similar utility. The cost estimate may not be necessarily based on similar materials if considered appropriate by the appraiser based on current construction standards.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. A market-derived discount rate is applied to establish the present value of the income streams associated with the property. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of the inflows and outflows are determined by events such as lease renewals, and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of property. Periodic cash flows are typically estimated as gross rental income less vacancy, non-recoverable expenses, maintenance and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Under the SC method, fair value is determined by a comparison of recent property sales similar to the subject property. The prices for these properties provide the basis for estimating the value of the subject by comparison. Appropriate adjustments are made for the differences in the properties as they compare to the subject property. The adjusted process yields various indicators of value which are analyzed and correlated to provide a value estimate for the subject property.

Significant increases (decreases) in estimated rental values and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the property. Significant increase (decrease) in long-term vacancy rates and discount rates in isolation would result in a significantly lower (higher) fair value. Increases/(decreases) in the capitalization rate would result in a significantly lower (higher) fair value.

(Expressed in Bahamian dollars)

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate and an opposite change in the long term vacancy rate.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment property for repair, maintenance and enhancement.

Investment properties, with carrying values totaling approximately $12.1 million (2019: $13.0 million), have been mortgaged in support of loans advanced to subsidiary companies by the Group. The referenced loans have been eliminated on consolidation. Rental income from investment properties totaled $4,867,991 (2019: $4,876,411), (See Note 29). Direct expenses related to generating rental income from investment properties, amounting to $1,763,993 (2019: $1,666,110), are included in general and administrative expenses.

15. Equity-accounted investees

Equity-accounted investees are comprised of:

		2020		2019
Walk-In Holdings Limited	$	3,902,448	$	4,126,881
SBL Ltd.		11,095,320		13,405,620
Total	$	14,997,768	$	17,532,501

Gains and losses from the Group's equity-accounted investees are comprised of the following:

		2020		2019 (Restated) (See Note 5)
Share of profit / (loss) of equity-accounted investees				
Walk-In Holdings Limited	$	(221,601)	$	321,664
SBL Ltd.		(1,881,815)		126,028
Total share of profit / (loss) of equity-accounted investees	$	(2,103,416)	$	447,692

Gains and losses recognized in revaluation reserve from the Group's equity-accounted investees are comprised of the following:

		2020		2019 (Restated) (See Note 5)
Share of OCI of equity-accounted investees				
Walk-In Holdings Limited	$	(2,831)	$	(2,831)
SBL Ltd.		(428,486)		468,557
Total share of OCI of equity-accounted investees	$	(431,317)	$	465,726

Walk-In Holdings Limited

In November 2007, the Group, through its wholly-owned subsidiary, PRO Health Holdings Ltd., acquired interest in Walk-In Holdings Limited ("WIHL"), a privately-held company incorporated in The Bahamas at a cost of $3,402,631.The Group now owns 31% (2019: 31%) of WIHL WIHL owns and operates medical clinics in The Bahamas.

(Expressed in Bahamian dollars)

The investment in WIHL is comprised of the following:

	2020	2019
Total assets	$ 11,723,893	$ 11,319,651
Total liabilities	(372,424)	(370,681)
Net assets of WIHL	$ 11,351,469	$ 10,948,970
Company's share of WIHL's net assets	$ 3,169,747	$ 3,394,180
Goodwill	732,701	732,701
Total investment in WIHL	$ 3,902,448	$ 4,126,881

Management estimates that the carrying value of the investment in WIHL approximates its fair value at the reporting date.

The Group's share of WIHL's comprehensive net income is as follows:

	12 Months Ended Dec. 31, 2020	12 Months Ended Dec. 31, 2019 (Restated) (See Note 5)
Total revenue	$ 5,999,133	$ 8,468,449
Net Income before OCI for the period	$ (723,975)	$ 1,037,625
Other comprehensive income for the period	9,133	9,133
Total comprehensive income for the period	$ (714,842)	$ 1,046,758
Share of WIHL's net profit/(loss)	$ (221,601)	$ 318,834
Share of WIHL's OCI through revaluation reserve	$ (2,831)	$ (2,831)

SBL Ltd.

In July 2009, the Company and Colina, purchased 7% and 12% of SBL Ltd. ("SBL") at a cost of $3 million and $5 million respectively. In considering the classification of its 19% equity holding in SBL, the Group has classified its investment in SBL as an equity-accounted investee as two of the ten Board members of SBL are also Directors of the Company. In May 2009, SBL acquired the issued and outstanding shares of Ansbacher (Bahamas) Limited ("ABL") and in July 2009, merged ABL subsequently with Sentinel Bank & Trust Limited ("SBT") with the surviving entity retaining the name Ansbacher (Bahamas) Limited. ABL's principal activities comprise private and specialist banking, wealth protection and management, and fiduciary services.

During 2013, the Company and Colina made additional capital contributions of $124,473 and $213,382 respectively in SBL Ltd. The funds were used by SBL's subsidiary, ABL to partially fund the acquisition of Finter Bank and Trust (Bahamas) Limited. CHBL and Colina's percentage ownership in SBL Ltd. after the capital contribution remained at 7% and 12% respectively.

The Company made additional investments in SBL and ABL during 2015. However, these additional investments did not impact the Company's consolidated percentage ownership in SBL nor its classification as an equity-accounted investee. In June 2015, the Company facilitated a $15 million loan to SBL using proceeds received from bank borrowings. This loan was fully repaid in August 2020 (See Notes 11 and 36). In December 2015, the Company purchased 1 Series B Preference Share of ABL with a par value of $0.01 and Share Premium of $4,999,999.99 for a total investment of $5 million. The Preference Share was issued at the rate of 7% per annum and is cumulative and non-voting and is included in Investment Securities in the available-for-sale classification.

(Expressed in Bahamian dollars)

The investment in SBL is comprised of the following:

	2020	2019
Total assets	$ 558,636,632	$ 462,994,238
Total liabilities	(495,240,202)	(388,040,228)
Net assets of SBL	$ 63,396,430	$ 74,954,010
Company's share of SBL's net assets	$ 10,434,766	$ 12,290,281
Intangible assets	660,554	1,115,339
Total investment in SBL	$ 11,095,320	$ 13,405,620

Management estimates that the carrying value of the investment in SBL approximates its fair value at the reporting date.

The Group's share of SBL's comprehensive net income is as follows:

	12 Months Ended Dec. 31, 2020	12 Months Ended Dec. 31, 2019 (Restated) (See Note 5)
Total revenue	$ 25,524,688	$ 26,857,666
Net Income before OCI for the period	$ (9,904,290)	$ 5,342,095
Other comprehensive income for the period	(2,255,189)	2,466,090
Total comprehensive income for the period	$ (12,159,479)	$ 7,808,185
Share of SBL's net profit/(loss)	$ (1,881,815)	$ 126,028
Share of SBL's OCI through revaluation reserve	$ (428,486)	$ 468,557

The following table shows an analysis of goodwill and other intangible assets included in equity-accounted investees for the years ending December 31, 2020 and 2019:

	Goodwill	Other Intangibles Assets	Total
Balance as of December 31 , 2018	$ 732,701	$ 1,570,124	$ 2,302,825
Amortization	-	(454,785)	(454,785)
Balance as of December 31 , 2019	732,701	1,115,339	1,848,040
Amortization	-	(454,785)	(454,785)
Balance as of December 31 , 2020	$ 732,701	$ 660,554	$ 1,393,255

The gross carrying value and accumulated amortization by major category of other intangible assets is shown below.

	2020 Other Intangible Assets Gross Carrying Value	Accumulated Amortization	Total
Customer relationships	$ 2,648,770	$ (1,988,216)	$ 660,554
Software	585,696	(585,696)	-
Total Other Intangible Assets	$ 3,234,466	$ (2,573,912)	$ 660,554

(Expressed in Bahamian dollars)

	2019		
	Other Intangible Assets		
	Gross Carrying Value	Accumulated Amortization	Total
Customer relationships	$ 2,648,770	$ (1,564,351)	$ 1,084,419
Software	585,696	(554,776)	30,920
Total Other Intangible Assets	$ 3,234,466	$ (2,119,127)	$ 1,115,339

The useful life of intangible assets with finite lives ranges from 2 to 10 years, with a weighted average amortization period of 9 years. Expected amortization of the intangible assets is shown below:

	Other intangibles included in Equity-accounted Investees
2021	$ 443,420
2022	217,134
2023	-
2024 and thereafter	-
	$ 660,554

16. Property and Equipment

	Land, land improvements and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost / revalued amounts:					
At January 1, 2019	$ 26,399,256	$ 1,596,701	$ 5,120,190	$ 46,156	$ 33,162,303
Additions	44,187	-	646,241	39,353	729,781
Disposals	(234,011)	-	(365,710)	(6,250)	(605,971)
At December 31, 2019	$ 26,209,432	$ 1,596,701	$ 5,400,721	$ 79,259	$ 33,286,113
Additions	462,274	16,511	311,882	510	791,177
Disposals	(136,458)	-	(86,310)	-	(222,768)
At December 31, 2020	$ 26,535,248	$ 1,613,212	$ 5,626,293	$ 79,769	$ 33,854,522
Accumulated depreciation:					
At January 1, 2019	$ 9,436,617	$ 1,180,918	$ 3,993,151	$ 41,312	$ 14,651,998
Disposals	(53,222)	-	(12,437)	(6,250)	(71,909)
Depreciation charge	1,345,949	118,715	204,759	7,638	1,677,061
At December 31, 2019	$ 10,729,344	$ 1,299,633	$ 4,185,473	$ 42,700	$ 16,257,150
Transfers	-	-	(1,346)	1,346	-
Disposals	(2,275)	-	-	-	(2,275)
Depreciation charge	1,245,132	101,304	354,266	10,233	1,710,935
At December 31, 2020	$ 11,972,201	$ 1,400,937	$ 4,538,393	$ 54,279	$ 17,965,810
Net book value:					
At December 31, 2020	$ 14,563,047	$ 212,275	$ 1,087,900	$ 25,490	$ 15,888,712
At December 31, 2019	$ 15,480,088	$ 297,068	$ 1,215,248	$ 36,559	$ 17,028,963

(Expressed in Bahamian dollars)

Property, plant and equipment includes ROU assets with a net book value of $3,170,087 (2019: $3,493,177) related to leased properties that do not meet the definition of investment property:

		2020		2019
Gross	$	6,357,587	$	6,069,032
Accumulated depreciation		(3,187,500)		(2,575,855)
Total ROU assets	$	3,170,087	$	3,493,177

The revalued amounts of land, land improvements and buildings is comprised of the following:

		2020		2019
Land and land improvements	$	5,110,001	$	5,110,001
ROU assets (gross)		6,357,587		6,069,032
Buildings		15,067,660		15,030,399
Total cost/revalued amount	$	26,535,248	$	26,209,432

Properties are stated at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. The revalued amount is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity.

If land, land improvements and buildings were stated on a historical cost basis, the carrying amount would be approximately $8.3 million (2019: $8.9 million).

17. Goodwill

		2020		2019 (Restated) (See Note 5)
Cost	$	17,244,032	$	17,244,032
Accumulated impairment charges		(10,825,695)		(10,825,695)
Net book amount	$	6,418,337	$	6,418,337
Balance, beginning of year	$	6,418,337	$	6,418,337
Impairment charge		-		-
Balance, end of year	$	6,418,337	$	6,418,337

(Expressed in Bahamian dollars)

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	2020			
	Life	Health	Other	Total
Insurance acquisitions	$ -	$ 3,420,840	$ -	$ 3,420,840
CFAL	-	-	1,007,167	1,007,167
CGIA	-	-	1,990,330	1,990,330
Total	$ -	$ 3,420,840	$ 2,997,497	$ 6,418,337

	2019 (Restated - See Note 5)			
	Life	Health	Other	Total
Insurance acquisitions	$ -	$ 3,420,840	$ -	$ 3,420,840
CFAL	-	-	1,007,167	1,007,167
CGIA	-	-	1,990,330	1,990,330
Total	$ -	$ 3,420,840	$ 2,997,497	$ 6,418,337

Goodwill is comprised of goodwill that was acquired as a result of insurance company mergers and acquisitions by Colina and goodwill resulting from the acquisition of CFAL and CGIA by CHBL.

The recoverable amount of goodwill related to insurance acquisitions was based on its value in use determined by the present value of projected net cash flows of the respective CGUs.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2020	2019
Discount rate	9.5% to 13.0%	9.25% to 13.0%
Growth rate on terminal value	2.0% to 3.0%	2.0% to 3.0%
Growth rate on revenues	2.0% to 4.0%	3.8% to 4.0%
Growth rate on expenses	2.0% to 7.5%	3.5% to 7.5%

For the insurance and subsidiary acquisitions, three and five years of cash flows, respectively, were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on estimates by management.

18. Other Intangible Assets

	2020	2019
Cost	$ 10,731,159	$ 10,384,019
Accumulated amortization	(8,966,687)	(8,502,992)
Net book amount	$ 1,764,472	$ 1,881,027
Balance, beginning of year	$ 1,881,027	$ 2,344,722
Additions during the period	347,140	-
Amortization charge	(463,695)	(463,695)
Balance, end of year	$ 1,764,472	$ 1,881,027

Upon acquisition of CFAL in September 2013, the excess of the purchase price over total net assets acquired totaled $5,879,167 and was recognized as goodwill. At the time of acquisition, the analysis to identify intangible assets for allocation purposes of purchase price over net assets acquired had not been completed.

(Expressed in Bahamian dollars)

During 2014, an independent valuation exercise was performed in order to determine this allocation at the valuation date of October 1, 2013. As a result of this, an amount of $4,872,000 was allocated to intangible assets.

The gross carrying value and accumulated amortization by major category of other intangible assets from acquisitions as of December 31, 2020 is shown below:

	Other Intangible Assets		
	Gross Carrying Value	Accumulated Amortization	Total
Customer relationships	$ 4,572,000	$ (3,259,668)	$ 1,312,332
Trade name	300,000	(195,000)	105,000
Development costs	347,140	-	347,140
Total Other Intangible Assets	$ 5,219,140	$ (3,454,668)	$ 1,764,472

Expected amortization of other intangible assets is shown below:

	Expected Amortization Other Intangible Assets
2021	$ 533,122
2022	533,122
2023	533,122
2024 and thereafter	165,106
	$ 1,764,472

19. Provision for Future Policy Benefits and Reinsurance Assets

The provision for future policy benefits is calculated using expected future policy lapse rates, mortality, morbidity, investment yield and policy maintenance expense assumptions and any other relevant contingency. The reinsurance assets are presented separately on the Statement of Financial Position.

The provisions for adverse deviation recognize uncertainty in establishing these best estimates and allow for possible deterioration in experience. As the best estimate assumption is realized, the provisions for adverse deviations will be released in future income to the extent that they are no longer required to cover adverse experience.

The assumptions used in determining the provision for future policy benefits are reviewed regularly, compared to emerging experience and updated when appropriate. The assumptions that are most sensitive to change are investment yields, expenses, policy lapse rates, and mortality and morbidity.

The impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus, potential treatments, the distribution of vaccines and on actions taken by governments, businesses and individuals. Explicit estimates have been included in the Provision for Future Policy Benefits to provide for short-term additional claims due to COVID-19. Given the circumstances, it is difficult to reliably predict the potential impact of this disease on the Company's future policy benefits.

Margins for Adverse Deviation Assumptions

The basic assumptions made in establishing provisions for future policy benefits are best estimates for a range of possible outcomes. To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the provisions 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 provisions and decrease the income that would be recognized on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions which take into account the risk profiles of the business. The Closed Participating Fund ("Closed Par Fund"), discussed below, has the lowest margins, as the risk is passed back to the policyholders by dividend distributions.

Investment yields

The computation of provisions takes into account projected net investment income on assets supporting policy liabilities and income expected to be earned or forgone on reinvestment or financing of mismatched cash flows. Uncertainties exist with respect to projections of interest rates and the magnitude of losses from asset defaults. The Company accounts for such uncertainties by incorporating provisions for losses into projections of investment income. A margin for adverse deviation is calculated by interest rate scenario testing under the CALM methodology. The margin in the most adverse scenario can be interpreted as deducting 35 basis points from the current (Prime) rates immediately and assuming future interest rates remain at that level in the long term. If future interest rates were to differ by 100 basis points from that assumed in the valuation, without changing the policyholder dividend scale, the liability would increase by $62.6 million (2019: $68.9 million) or decrease by $48.3 million (2019: $52.5 million).

Expenses

The administration expense assumption is based on an expense study conducted by the Company. The expenses are allocated by line of business using allocation factors developed by the Company. Such expense studies are conducted annually, and are subject to changes in the Company's cost structure as well as the rate of inflation. Best estimate expenses are assumed to increase with inflation range of 1.73% to 2.5% throughout the years. Expenses are increased by a range of 0% to 6.25%, where the Closed Par Fund has no margin. If future expenses are to differ by 10% from that assumed, the liability would increase by $6.1 million (2019: $6.4 million) or decrease by $6.1 million (2019: $6.4 million).

Policy lapse rates

Policyholders may allow their policies to lapse by choosing not to continue to pay premiums. The Company bases its estimate of future lapse rates on previous experience for a block of policies. A margin for adverse deviation is added by increasing or decreasing lapse rates, whichever is adverse, by a range of 5% to 20%. If future margins on lapse rates are to differ by 10% from that assumed, the liability would increase by $8.1 million (2019: $8.8 million) or decrease by $7.7 million (2019: $8.3 million).

Mortality and Morbidity

Assumptions for life business are based on Company and industry experience. A margin is added for adverse deviation in the range of 4.0 to 11.25 per 1000 divided by the expectation of life for mortality, and between 15% and 20% for morbidity. The Closed Par Fund has the lowest margin added. If future mortality and morbidity are to differ by 10% from that assumed, the liability would increase by $3.6 million (2019: $3.5 million) or decrease by $3.4 million (2019: $3.2 million).

(Expressed in Bahamian dollars)

Medical claims costs

The principal assumption underlying the estimate of the medical claims reserve is the Company's past claims development experience and loss ratios. If the average claim costs were to increase by 10%, gross liabilities would increase by $0.8 million (2019: $1.0 million), with the net liabilities increasing by $0.7 million (2019: $0.9 million). If the average claim costs were to decrease by 10%, gross liabilities would decrease by $0.8 million (2019: $1.0 million), with the net liabilities decreasing by $0.7 million (2019: $1.0 million).

Analysis of provision for future policy benefits

The following is a summary of the provision for future policy benefits by product line:

	2020		
	Gross Reserve	Reinsurance Asset	Net Reserve
Life insurance	$ 435,992,410	$ 15,025,750	$ 420,966,660
Annuities	16,831,548	-	16,831,548
Accident and health	15,026,248	1,661,729	13,364,519
Colina Investment Plan (See Note 35)	3,735,632	-	3,735,632
Total provision for future policy benefits	$ 471,585,838	$ 16,687,479	$ 454,898,359

	2019 (Restated - See Note 5)		
	Gross Reserve	Reinsurance Asset	Net Reserve
Life insurance	$ 432,630,373	$ 15,007,606	$ 417,622,767
Annuities	18,899,364	-	18,899,364
Accident and health	18,197,961	1,601,323	16,596,638
Colina Investment Plan (See Note 35)	5,496,173	-	5,496,173
Total provision for future policy benefits	$ 475,223,871	$ 16,608,929	$ 458,614,942

The following is a summary of the provision for future policy benefits by contract category:

	2020		
	Gross Reserve	Reinsurance Asset	Net Reserve
Short-term insurance contracts	$ 16,803,149	$ 1,661,729	$ 15,141,420
Long-term insurance and other contracts			
-with fixed and guaranteed terms	210,577,593	14,537,845	196,039,748
-with fixed and guaranteed terms and with DPF	207,580,418	(848,886)	208,429,304
-without fixed and guaranteed terms	17,715,535	-	17,715,535
-without fixed and guaranteed terms and with DPF	15,173,511	1,336,791	13,836,720
Long-term investment contracts with DPF	3,735,632	-	3,735,632
Total provision for future policy benefits	$ 471,585,838	$ 16,687,479	$ 454,898,359

(Expressed in Bahamian dollars)

	2019 (Restated - See Note 5)		
	Gross Reserve	Reinsurance Asset	Net Reserve
Short-term insurance contracts	$ 19,808,962	$ 1,601,322	$ 18,207,640
Long-term insurance and other contracts			
-with fixed and guaranteed terms	205,699,259	14,538,354	191,160,905
-with fixed and guaranteed terms and with DPF	208,604,083	(979,734)	209,583,817
-without fixed and guaranteed terms	19,673,967	-	19,673,967
-without fixed and guaranteed terms and with DPF	15,941,427	1,448,987	14,492,440
Long-term investment contracts with DPF	5,496,173	$ -	5,496,173
Total provision for future policy benefits	$ 475,223,871	$ 16,608,929	$ 458,614,942

Provision for Unpaid Claims and Reinsurers' Share of Provision for Unpaid Claims

The movement in the provision for unpaid claims for included in short-term insurance contracts comprises:

	2020		
	Gross	Reinsurers' Share	Net
Provision, beginning of year	$ 9,277,341	$ 467,141	$ 8,810,200
Claims incurred	29,194,193	1,513,301	27,680,892
Claims paid	(31,000,019)	(1,466,917)	(29,533,102)
Provision, end of year	$ 7,471,515	$ 513,525	$ 6,957,990
Breakdown of the provision			
Notified claims	$ 1,374,655	$ -	$ 1,374,655
Incurred but not reported (IBNR) on medical, dental & vision	6,096,860	513,525	5,583,335
Provision, end of year	$ 7,471,515	$ 513,525	$ 6,957,990

The IBNR on medical, dental & vision from the table above is included in the net reserve on short-term insurance contracts as follows:

	2020
IBNR on medical, dental & vision	$ 5,583,335
Group life and other IBNR	3,058,409
IBNR on reinsurance facilities	6,499,676
Net reserve on short-term insurance contracts	$ 15,141,420

Short-term insurance contracts

The following table shows the estimate of claims by calendar year, net of reinsurance for the past 3 years for the medical, dental and vision lines of business. The table shows how the estimate of total incurred claims for each calendar year varies based on the when the estimate is made:

(in B$000s)	Year Claim is Incurred 2018	2019	2020	Total
Estimate of net claims				
End of year incurred	$ 34,602	$ 32,875	$ 28,064	$ 95,541
One year later	34,094	32,509		
Two years later	34,308			
Current (December 31, 2020) Estimate of ultimate claims	**$ 34,308**	**$ 32,509**	**$ 28,064**	**$ 94,881**
Cumulative payments (through December 31, 2020	**(34,277)**	**(32,119)**	**(23,433)**	**(89,829)**
Current (December 31, 2020) Amount included in the provision for unpaid claims net of reinsurers' share of provision for unpaid claims	**$ 31**	**$ 390**	**$ 4,631**	**$ 5,052**

The following table shows how the amount presented in the table above is included in the total provision for unpaid claims and reinsurers' share of provision for unpaid claims:

(in B$000s)	**2020**
Amount included in the provision for unpaid claims net of reinsurer's share of provision for unpaid claims	$ 5,052
Other provisions	1,906
Total	$ 6,958

Analysis of change in provision for future policy benefits

	Gross Reserve	Reinsurance Asset	Net Reserve
Balance, January 1, 2019 (Restated - See Note 5)	$ 452,098,436	$ 17,136,855	$ 434,961,581
Normal changes in policy liabilities	17,833,037	676,001	17,157,036
Changes in assumptions and refinement of estimates	5,292,398	(1,203,927)	6,496,325
Balance, December 31, 2019	$ 475,223,871	$ 16,608,929	$ 458,614,942
Normal changes in policy liabilities	21,740,849	583,843	21,157,006
Changes in assumptions and refinement of estimates	(25,378,882)	(505,293)	(24,873,589)
Balance, end of year	$ 471,585,838	$ 16,687,479	$ 454,898,359

(Expressed in Bahamian dollars)

Closed Participating Fund

In the provision for future policy benefits as of December 31, 2020 are actuarial reserves totaling $33.0 million (2019: $33.5 million) relating to Colina's commitment to maintain and operate a Closed Participating Fund ("Closed Par Fund") covering the individual participating business (both life and annuity) of the Canada Life portfolio of business acquired on January 1, 2004. The objective of this Closed Par Fund is to finance the participating policyholders' reasonable expectations that Colina will: (i) pay the benefits guaranteed by each participating policy according to its terms; (ii) pay dividends according to the current dividend scale provided that current experience continues; and (iii) make an equitable adjustment to the dividend scale in future years to reflect any deviations from the current experience, in accordance with the insurer's dividend policy as well as applicable actuarial standards. Future profits that may emerge within the Closed Par Fund are for the sole benefit of the participating policyholders.

The Appointed Actuary's valuation of the Closed Par Fund as of December 31, 2020 shows that it had the following asset mix:

	2020	2019
Government securities	65.0%	62.0%
Policy loans	21.5%	20.7%
Equity securities	9.4%	9.5%
Mortgage loans	1.9%	2.8%
Cash and equivalents	1.1%	1.8%
Corporate bonds	1.1%	3.2%
Total	100.0%	100.0%

20. Repurchase Agreement

On December 7, 2015, Colina entered into a structured repurchase transaction with Deutsche Bank AG (DB), acting through its London Branch. On the initial exchange, DB funded Colina with an amount totaling US$35 million at an annual fixed rate of 4.85% in exchange for delivery by Colina to DB of assets with face amounts totaling US$47.5 million (the Pledged Bonds). The Pledged Bonds by Colina in respect of this transaction are bonds held by Colina through its interests in its subsidiary CFAL Global Bond Fund Ltd. (CGBF). Colina owns 100% of the issued shares in Class C of the CGBF and by agreement dated December 7, 2015, has been granted all rights and obligations over all assets and liabilities in Class C of the CGBF.

The repurchase agreement required the funded amount by DB to Colina of US$35 million to be repaid in 5 equal principal repayment instalments of US$7 million. The Company met its scheduled repayments for the fiscal years ended December 2016 through 2019, and was scheduled to continue the scheduled repayments until December 10, 2020.

The table below shows the amount of collateral that was given in respect of the repurchase agreement:

	2020	2019
Payables under sale and repurchase agreements	$ -	$ 7,000,000
Carrying amount of collateral provided in respect of above	$ -	$ 7,217,787

The repurchase transaction was scheduled to terminate on December 10, 2020, however, on May 13, 2020, the Company exercised its rights for early termination. Early termination fees totaling $150,000 are included in administrative expenses. All collateral pledged was returned to the Company and the Company has reclassified these unencumbered assets in investment securities at fair value through profit or loss.

(Expressed in Bahamian dollars)

21. Lease Liabilities

Lease liabilities

The Group has lease contracts for property and other real estate used in its operations. Leases generally have lease terms between 3 and 20 years, inclusive of renewable clauses that are likely to be exercised. Where lease terms are for periods of 12 months or less or are for low value, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemption.

The carrying amounts of ROU assets recognized and the movements during the period are included in Note 16 with Property and Equipment.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020	2019
At the beginning of the year	$ 4,167,356	$ 4,936,962
Additions	605,977	41,588
Accretion of interest	235,618	272,443
Payments	(871,983)	(899,367)
Lease terminations	(88,912)	(184,270)
As at December 31,	$ 4,048,056	$ 4,167,356
Current	$ 807,869	$ 642,901
Non-current	3,240,187	3,524,455
Total	$ 4,048,056	$ 4,167,356

The following are the amounts recognized in profit or loss:

	2020	2019
Depreciation expense ROU assets (See Note 16)	$ 613,919	$ 698,277
Interest expense on lease liabilities (See Note 32)	235,618	272,443
Total amount recognized in profit or loss	$ 849,537	$ 970,720

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

22. Other Liabilities

	2020	2019 (Restated) (See Note 5)
Third party pension liabilities	$ 28,316,950	$ 28,034,042
Benefits payable to policyholders	15,623,058	15,786,004
Accrued expenses and other liabilities	33,672,687	35,188,889
Reinsurance payables	3,988,574	3,684,788
Total other liabilities	$ 81,601,269	$ 82,693,723

Interest on third party pension plans are at rates between 4.1% to 4.5% (2019: 4.1% to 4.5%).

23. Non-controlling Interests

	2020			
	GBDC	CGBF	CREFL	Total
% ownership by NCI as at December 31, 2020	14.0%	12.8%	14.9%	
(in B$000s)				
Total assets	$ 36,694	$ 125,052	$ 12,534	
Total liabilities	483	83	1,953	
Net assets	$ 36,211	$ 124,969	$ 10,581	
Net assets attributable to NCI	$ 4,935	$ 13,832	$ 1,584	$ 20,351
Total revenues	$ 1,352	$ (3,600)	$ 660	
Net profit / (loss)	$ 835	$ (3,845)	$ (544)	
Other comprehensive income / (loss)	13	-	(5)	
Total comprehensive income / (loss)	$ 848	$ (3,845)	$ (549)	
Profit / (loss) allocated to NCI	$ 119	$ 461	$ (83)	$ 497

	2019 (Restated - See Note 5)			
	GBDC	CGBF	CREFL	Total
% ownership by NCI as at December 31, 2019	14.0%	10.0%	16.1%	
(in B$000s)				
Total assets	$ 39,781	$ 136,061	$ 13,579	
Total liabilities	1,718	8,659	2,440	
Net assets	$ 38,063	$ 127,402	$ 11,139	
Net assets attributable to NCI	$ 5,329	$ 12,546	$ 1,789	$ 19,664
Total revenues	$ 3,289	$ 13,199	$ 647	
Net profit	$ 2,881	$ 13,025	$ 247	
Other comprehensive income / (loss)	15	-	(849)	
Total comprehensive income / (loss)	$ 2,896	$ 13,025	$ (602)	
Profit / (loss) allocated to NCI	$ 407	$ 643	$ (93)	$ 957

(Expressed in Bahamian dollars)

24. Share Capital

		2020		2019
Authorized:				
45,000,000 Class "A" Preference Shares of B$1.00 each (2019: 45,000,000)	$	45,000,000	$	45,000,000
30,000,000 Class "B" Preference Shares of B$0.01 each (2019: 30,000,000)	$	300,000	$	300,000
35,000,000 Class "A" Ordinary Shares of B$1.00 each (2019: 35,000,000)	$	35,000,000	$	35,000,000
40,000,000 Class "B" Ordinary Shares of B$0.01 each (2019: 40,000,000)	$	400,000	$	400,000
Issued and fully paid:				
42,500,000 Class "A" Preference Shares of B$1.00 each (2019: 42,500,000)	$	42,500,000	$	42,500,000
24,729,613 Class "A" Ordinary Shares of B$1.00 each (2019: 24,729,613)	$	24,729,613	$	24,729,613

The Class "A" Preference Shares were authorized for issue on September 30, 2005, as non-voting and redeemable at the discretion of the Board of Directors at any time after September 30, 2006, upon 90 days' notice. The shares were issued with dividends payable quarterly at the Bahamian $ Prime rate plus 2.25% per annum on the par value outstanding to shareholders of record on the record date.
The Company gave notice to the Class "A" Preference Shareholders on October 29, 2008 of its intention to retire all issued and fully paid Class "A" Preference Shares. Preference Shareholders of record on that date were provided with the first right of refusal to subscribe for an equivalent amount of Par Value of Class "A" Preference Shares which were issued at a dividend rate payable quarterly at the Bahamian $ Prime rate plus 1.5% per annum. On January 31, 2009, all issued and fully paid Class "A" Preference Shares issued and fully paid on that date were issued at the new dividend rate. The Class "A" Preference Shares rank in priority to the ordinary shares in a winding up with respect to repayment of capital and any cumulative dividends in arrears. During 2015, an additional 2,000,000 of Class "A" Preference Shares were issued.

At the Extraordinary Annual General Meeting of the Company held June 3, 2015, the shareholders approved resolutions to authorize an additional 30,000,000 of Class "B" Preference Share capital with a par value of $0.01 each and an additional 40,000,000 of Class "B" Ordinary voting share capital with a par value of $0.01. At December 31, 2020, none of the Class "B" ordinary or preference share capital were issued.

25. Revaluation Reserve

The revaluation reserve is comprised of the net gain/(loss) on remeasurement of available-for-sale securities to fair value and revaluation adjustments related to land and buildings. Also included in the revaluation reserve are unrealized gains related to the purchase of additional equity in a subsidiary company subsequent to the date control was first established.

	Available-for-Sale	Subsidiary Acquisitions	Land and Building	Equity-Accounted Investees	Total
Balance as of December 31 , 2018	$ 6,416,920	$ 2,291,925	$ 5,255,236	$ -	$ 13,964,081
Restatement of Equity-Accounted Investee balances (See Note 5)	-	-	-	(50,779)	(50,779)
Balance as of January 1, 2019, as restated	6,416,920	2,291,925	5,255,236	(50,779)	13,913,302
Net fair revaluation gains of Equity-Accounted Investees (See Note 15)	-	-	-	465,726	465,726
Net fair value losses during the year	(230,470)	-	-	-	(230,470)
Transfers to net income	168,898	-	-	-	168,898
Balance as of December 31 , 2019	6,355,348	2,291,925	5,255,236	414,947	14,317,456
Revaluation adjustment	(109,950)	-	-	-	(109,950)
Net fair revaluation losses of Equity-Accounted Investees (See Note 15)	-	-	-	(431,317)	(431,317)
Net fair value losses during the year	(10,375,469)	-	-	-	(10,375,469)
Revaluation of investment property (Note 14)	-	-	1,057,086	-	1,057,086
Transfers to net income	(692,645)	-	-	-	(692,645)
Balance as of December 31 , 2020	$ (4,822,716)	$ 2,291,925	$ 6,312,322	$ (16,370)	$ 3,765,161

(Expressed in Bahamian dollars)

26. Contingent Liabilities and Commitments

The Group has the following contingent liabilities and commitments as of the year-end reporting date:

Legal proceedings and regulations

The Group operates in the insurance and financial services industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Group is also subject to insurance solvency regulations in all the jurisdictions in which it operates and has complied with all regulations. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

Contingent liabilities

The Group may have contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material loss will arise from the contingent liabilities. Other than as disclosed in Note 10, as at December 31, 2020, the Group did not provide any guarantees to third parties in the ordinary course of business. (2019: Nil).

The Group, is from time to time, in connection with its normal operations, named as a defendant in actions for damages and costs allegedly sustained by the plaintiffs. The Board of Directors is of the opinion, based upon the advice of counsel, that the final outcome of such actions will not have a material adverse effect on the financial position of the Group.

Commitments

Lending: The Company had no commitments to extend credit for mortgages and commercial loans at December 31, 2020 (2019: Nil).

Purchase of property and equipment: The Company had no commitments for the purchase of capital equipment or services at December 31, 2020 (2019: Nil).

27. Future Minimum Lease Payments Receivable

The Group derives rental income from certain of its investment properties under non-cancellable rental agreements. See also Note 29. The future minimum lease payments due to be received under these agreements as of December 31, 2020 are as follows:

	At December 31, 2020	At December 31, 2019
Less than one year	$ 1,418,795	$ 1,620,813
One to two years	1,001,620	1,226,792
Two to three years	1,028,429	888,477
Three to four years	823,897	875,074
Four to five years	829,879	888,767
More than five years	1,793,995	2,383,415
Total	$ 6,896,615	$ 7,883,338

(Expressed in Bahamian dollars)

28. Net Premium Revenue

Net premium revenue is comprised of the following:

	2020	2019 (Restated) (See Note 5)
Life and health insurance premiums	$ 113,587,814	$ 119,356,141
Less: Reinsurance premiums	(15,745,298)	(15,260,141)
Subtotal	97,842,516	104,096,000
Premiums from IRM reinsurance facilities (See Note 11)	9,901,133	14,938,870
Net premium revenue	$ 107,743,649	$ 119,034,870

Net premium revenues are classified in the following categories:

	2020	2019 (Restated) (See Note 5)
Short-term insurance contracts	$ 67,791,651	$ 74,078,830
Long-term insurance and other contracts		
-with fixed and guaranteed terms	32,557,239	33,829,562
-with fixed and guaranteed terms and with DPF	16,975,544	17,925,099
-without fixed and guaranteed terms	29,296	2,016,624
-without fixed and guaranteed terms and with DPF	5,513,059	5,622,527
Long-term investment contracts with DPF	622,158	822,369
Total premium revenue arising from contracts issued	123,488,947	134,295,011
Premiums ceded to reinsurers	(15,745,298)	(15,260,141)
Net premium revenue	$ 107,743,649	$ 119,034,870

(Expressed in Bahamian dollars)

29. Net Investment Income

Net investment income is classified as follows:

	2020	2019 (Restated) (See Note 5)
Term deposits	$ 157,780	$ 139,233
Investment securities		
Interest income	22,246,872	20,787,409
Dividend income	1,275,222	2,212,107
Net fair value losses/(gains) included in profit and loss	(11,780,461)	6,710,450
Net fair value losses included in the revaluation reserve (See Note 25)	(10,375,469)	(230,470)
Net investment return on managed assets	1,523,944	29,618,729
Mortgages and commercial loans	361,397	1,021,753
Policy loans	7,631,945	7,527,660
Rental income (See Note 14)	4,867,991	4,876,411
Fair value losses on investment properties (See Note 14)	(3,642,388)	(985,000)
Other fees and income	(4,590,741)	(4,334,027)
Total return on invested assets	6,120,148	37,725,526
Less: Fair value losses in the revaluation reserve (See Note 25)	10,375,469	230,470
Total net investment income recognized in income	$ 16,495,617	$ 37,955,996

Included in net investment income are impairment charges from investment securities totaling $150,000 (2019: $938,750).

30. Net Policyholders' Benefits

Net policyholders' benefits are comprised of the following:

	2020	2019 (Restated) (See Note 5)
Life and health policyholder benefits	$ 81,508,403	$ 88,295,289
Less: Reinsurance recoveries	(12,522,738)	(11,100,680)
Subtotal	68,985,665	77,194,609
Benefits paid on IRM reinsurance facilities (See Note 10)	10,097,720	11,600,790
Total net policyholders' benefits	$ 79,083,385	$ 88,795,399

Included in life and health policyholder benefits is $872,999 related to interest on policy dividends on deposit (2019: $826,841).

(Expressed in Bahamian dollars)

Policyholders' benefits for the year by contract classification were as follows:

	2020	2019 (Restated) (See Note 5)
Short-term insurance contracts	$ 40,989,348	$ 54,782,141
Long-term insurance and other contracts		
-with fixed and guaranteed terms	16,918,882	14,983,937
-with fixed and guaranteed terms and with DPF	25,553,311	22,622,015
-without fixed and guaranteed terms	1,885,211	1,930,648
-without fixed and guaranteed terms and with DPF	3,523,643	3,197,646
Long-term investment contracts with DPF	2,735,728	2,379,692
Total policyholders' benefits	91,606,123	99,896,079
Reinsurance recoveries	(12,522,738)	(11,100,680)
Net policyholders' benefits	$ 79,083,385	$ 88,795,399

31. General and Administrative Expenses

General and administrative expenses are comprised of:

	2020	2019 (Restated) (See Note 5)
Salaries and employee/salesperson benefits	$ 17,851,216	$ 17,665,314
Fees, insurance and licences	5,204,951	6,128,784
IRM reinsurance facilities expenses (See Note 11)	1,712,213	1,643,596
Advertising and communications expense	3,584,001	3,896,312
Depreciation and amortization(See Notes 16 and 18)	2,174,630	2,140,756
Premises and maintenance	2,949,672	3,553,881
Underwriting fees	716,505	746,366
Consulting and Other expenses/(write-offs)	3,579,261	(132,173)
Total general and administrative expenses	$ 37,772,449	$ 35,642,836

32. Finance Costs and Interest

Finance costs and interest are comprised of:

	2020	2019
Interest on third party pension liabilities	$ 1,200,893	$ 1,181,803
Interest on liabilities due to ASO groups	527,139	562,058
Interest on lease liabilities (See Note 21)	235,618	272,443
Other interest costs	177,621	198,786
Total finance costs and interest	$ 2,141,271	$ 2,215,090

(Expressed in Bahamian dollars)

33. Earnings Per Share and Dividends Per Share

Basic earnings per ordinary share is calculated by dividing net income attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued and outstanding during the year, excluding ordinary shares of the Company acquired by Colina and held as treasury shares. There were no treasury shares held by the Company as at December 31, 2020.

	2020	2019 (Restated) (See Note 5)
Net income attributable to equity shareholders	$ 20,095,290	$ 17,147,384
Net income attributable to ordinary shareholders	$ 17,651,540	$ 14,703,634
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Basic earnings per ordinary share	$ 0.71	$ 0.59

	2020	2019 (Restated) (See Note 5)
Comprehensive income attributable to equity shareholders	$ 9,542,995	$ 17,551,538
Comprehensive income attributable to ordinary shareholders	$ 7,099,245	$ 15,107,788
Weighted average number of ordinary shares outstanding	24,729,613	24,729,613
Comprehensive Basic earnings per ordinary share	$ 0.29	$ 0.61

Dividends to the Company's shareholders are recognized as a liability in the period in which they are declared by the Board of Directors. Dividends paid by the Company to the Class "A" ordinary shareholders in 2020 totalled $5,440,515 ($0.22 per share) (2019: $5,440,515 ($0.22 per share)).

Dividends paid by the Company to the Class "A" preference shareholders during 2020 totalled $2,443,750 (2019: $2,443,750).

The Company does not have any dilutive shares.

34. Pension Plan

The Group's subsidiaries operate various defined contribution plans for eligible administrative employees and salespersons which are administered by CFAL. Under the respective plans, eligible staff and salespersons contribute between 5% to 7.5% of pensionable earnings with the subsidiary Companies contributing between 5% to 7.5%. The subsidiary Group's matching contributions vest with the employee/salesperson on various scales but fully vest after five to ten years. Pension expense for the year was $814,753 and is included in salaries and employee/salespersons' benefits expense (2019: $825,395).

35. Unit Linked Funds and Investment Plans

Certain policy contracts allow the policyholder to invest in units in a notional fund called the Bahamas Investment Fund (the "BIF"). The value of the units is linked to the performance of the underlying assets of the BIF. These assets may be varied by the Company from time to time and neither the policyholder nor any other person who may be entitled to benefit has any legal or beneficial interest in the BIF or the units or any underlying assets, which are solely the property of the Group.

Certain policy contracts, obtained through the acquisition of the former Colina in 2002, allow the policyholder to acquire units in a notional investment fund known as the Colina Investment Plan (the "CIP"). The value of the units is based on the performance of the underlying assets of the CIP. These assets may be varied from time to time.

(Expressed in Bahamian dollars)

Depending on the issue date of their policy, the Group may have guaranteed investors in the CIP a minimum rate of return of either 4% or 4.5% per annum, payable at maturity. The liabilities in relation to these guarantees are included in the provision for future policy benefits.

Issuance of new CIP policies was discontinued in January 2001.

The underlying assets of the BIF and CIP that are included in their respective categories in the reporting at December 31, 2020 are as follows:

	Bahamas Investment Fund		Colina Investment Plan	
	2020	**2019**	**2020**	**2019**
Equities - listed	$ 3,125,110	$ 3,668,204	$ 1,386,638	$ 2,599,280
Equities - unquoted	-	66,894	-	15,000
Preferred shares - unquoted	489,283	492,855	262,642	264,428
Government securities	6,426,300	6,178,114	2,469,900	2,794,018
Debt securities - unquoted	464,287	475,001	21,429	28,572
Policy loans	-	-	355,595	559,949
Cash	309,988	1,016,554	170,074	189,226
Due from/(to) general fund	121,646	(303,939)	(930,646)	(954,300)
Total assets	$ 10,936,614	$ 11,593,683	$ 3,735,632	$ 5,496,173

36. Related Party Balances and Transactions

Related parties are entities or individuals where there is effective control or significant influence by the Company, its directors, AFH or its shareholders. All significant balances and transactions with related parties, are disclosed in these consolidated financial statements as being with related parties.

Year-end balances arising from sales/purchases of products and /or services

The following related party amounts are included in the consolidated statement of financial position as at December 31:

	AFH	Other affiliates	Other related parties	Key Management/ Directors	Total 2020	Total 2019
Assets						
Investment securities	$ -	$ 376,656	$ 5,000,000	$ -	$ 5,376,656	$ 5,285,986
ROU assets	$ -	$ 2,022,195	$ 29,198	$ -	$ 2,051,393	$ 2,426,512
Mortgages and and commercial loans, net	$ -	$ -	$ -	$ 300,669	$ 300,669	$ 327,721
Cash and bank balances	$ -	$ -	$ 207,120	$ -	$ 207,120	$ 406,015
Receivables and other assets	$ 24,930	$ 78,981	$ 31,591	$ -	$ 135,502	$ 1,694,690
Liabilities						
Loans and other borrowings	$ -	$ 2,662,964	$ 37,110	$ -	$ 2,700,074	$ 3,067,109
Other liabilities	$ -	$ 18,099	$ 2,511	$ -	$ 20,610	$ 54,832

Included in "Investment securities" and "Receivables and other assets" in 2020 is the $5 million investment in ABL Preference Shares (2019: $5 million) (See Note 11).

Loans advanced to related parties included in mortgages and commercial loans carry interest rates of 5.5% p.a. (2019: 5.5% p.a.).

(Expressed in Bahamian dollars)

Transactions with related parties

The following transactions were carried out with related parties:

	AFH	Other affiliates	Other related parties	Total 2020	Total 2019
Revenues					
Group medical insurance	$ 31,930	$ 864,813	$ 991,485	$ 1,888,228	$ 1,907,243
Investment management and other fees	-	374,347	21,030	395,377	386,295
Rental income	-	-	72,000	72,000	72,000
Interest and other income	-	-	802,898	802,898	1,152,479
Total	$ 31,930	$ 1,239,160	$ 1,887,413	$ 3,158,503	$ 3,518,017
Expenses					
Management and consulting fees	$ 113,363	$ -	$ -	$ 113,363	$ 108,803
Legal fees	-	316,262	-	316,262	272,602
Administration, Registrar and Transfer Agent fees	-	115,876	-	115,876	118,590
Property management fees	-	61,920	-	61,920	61,920
Advertising and marketing	-	122,899	-	122,899	156,386
Property rental	-	655,891	34,203	690,094	716,022
Medical lab expenses	-	-	478,043	478,043	399,481
Interest and financing costs	-	2,850	168,519	171,369	400,047
Other	932,400	521,460	27,235	1,481,095	838,893
Total	$ 1,045,763	$ 1,797,158	$ 708,000	$ 3,550,921	$ 3,072,744

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including any director (whether executive or otherwise) of the Group. Compensation for key management personnel for the year ended December 31, 2020 was $4,217,100 (2019: $3,540,547).

Directors' fees

Fees paid to Directors for services rendered on the Company's Board and Board Committees for the year ended December 31, 2020 totaled $287,290 (2019: $281,168).

37. Risk Management

Governance Framework

The primary objective of the Company's Corporate Governance framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place. The Group has a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

Regulatory Framework

Regulators are primarily interested in protecting the rights of the policyholders and have established guidelines and regulations by which the Group is required to comply to ensure that the Group is satisfactorily managing affairs for their benefit. The operations of the Group are subject also to regulatory requirements in the foreign jurisdictions in which it operates. The Group's regulators are interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from changes in the economic environment. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as they arise.

Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim.

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

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

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

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 such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below indicates the concentration of insured benefits across four bands of insured benefits per coverage insured rounded to the nearest thousand.

		2020 (in $000s)		2019 (in $000s)
$0 to $49,999	$	349,287	$	387,496
$50,000 to $99,999		768,845		834,808
$100,000 to $149,999		1,909,142		2,020,140
$150,000 and over		3,172,972		3,155,745
Total	$	6,200,246	$	6,398,189

The Group manages 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. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group limits the amount of loss on any one policy by reinsuring certain levels of risk in various areas of exposure with other insurers.

(Expressed in Bahamian dollars)

Generally, the Group has retention limits on insurance policies as follows:

		2020		2019
Individual life	$	50,000	$	50,000
Individual accidental death and dismemberment	$	50,000	$	50,000
Individual personal accident	$	50,000	$	50,000
Group accidental death and dismemberment	$	50,000	$	50,000
Individual and Group Medical	$	250,000	$	250,000

Reinsurance ceded does not discharge the Group's liability as the primary insurer and failure of reinsurers to honour their obligations could result in losses to the Group.

Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, credit risk and liquidity risk.

These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. The risk that the Group primarily faces due to the nature of its investments and liabilities is interest rate risk.

The Group manages these positions within an asset liability management ("ALM") framework that has been developed to maximize long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match cash flows from assets to the liability cash flows arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

Interest rate risk

The Group is vulnerable to periods of declining interest rates given that most of its investments in government bonds have floating interest rates tied to the Bahamian $ Prime rate. The Group manages this risk by attempting to retain a level of assets to liabilities with similar principal values, effective interest rates and maturity dates.

The Group monitors interest rate risk by calculating the duration of the investment portfolio and the liabilities issued. The duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates. The duration of the liabilities is determined by projecting expected cash flows from the contracts using best estimates of mortality, morbidity and terminations. No future discretionary supplemental benefits are assumed to accrue. The duration of the assets is calculated in a consistent manner. Any gap between the duration of the assets and the duration of the liabilities is minimized by means of buying and selling securities of different durations. The Group's sensitivity to interest rate risk is included in Note 19.

Credit risk

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. From this perspective, the Group's credit risk exposure is primarily concentrated in its deposits placed with other financial institutions, loans to policyholders and other clients, and amounts due from reinsurers and insurance contract holders.

The Group's deposits are primarily placed with well-known high quality financial institutions. Loans to policyholders are generally collateralized by cash surrender values of the respective policies. Mortgage loans are adequately secured by properly registered legal charges on real property. With respect to the Group's unsecured commercial paper loans and other material unsecured receivables, management is satisfied that the debtors concerned are both financially able and willing to meet their obligations to the Group except in those instances where impairment provisions have been made.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. Management assesses the Group's reinsurance placement policy by assessing the creditworthiness of all reinsurers by reviewing credit grades provided by rating agencies and other publicly available financial information. The Group's main reinsurer is Munich Reinsurance Company Canada Branch (Life).

The table following provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's internal assessments of the credit ratings of counterparties. The table also includes an aging analysis of financial assets, providing information regarding the Group's exposures on amounts current, and past due:

December 31, 2020 (in $000s)	Balances with no scheduled repayment dates	Current: Investment Grade	Current: Non-Graded	Current: Unit Linked	Past due but not impaired: 30 - 90 days	Past due but not impaired: >90 days	Total
Financial assets							
Term deposits	$ -	$ 15,660	$ -	$ -	$ -	$ -	$ 15,660
FVPL securities	-	1,809	83,305	10,505	-	-	95,619
AFS securities	-	6,404	293,445	4,141	-	-	303,990
Loans and receivables	-	-	44,150	-	-	-	44,150
Mortgages and commercial loans	-	-	9,121	-	2,554	11,819	23,494
Policy loans	67,116	-	-	356	-	-	67,472
Cash and demand balances	30,792	-	-	480	-	-	31,272
Premiums receivable	-	-	2,057	-	689	88	2,834
Reinsurance receivables	-	-	1,377	-	5,842	7,744	14,963
Loan to SBL Ltd.	-	-	-	-	-	-	-
Other financial assets	1,316	5,535	47,577	-	-	-	54,428
Total financial assets	$ 99,224	$ 29,408	$ 481,032	$ 15,482	$ 9,085	$ 19,651	$ 653,882

December 31, 2019 (Restated - See Note 5) (in $000s)	Balances with no scheduled repayment dates	Current: Investment Grade	Current: Non-Graded	Current: Unit Linked	Past due but not impaired: 30 - 90 days	Past due but not impaired: >90 days	Total
Financial assets							
Term deposits	$ -	$ 5,171	$ -	$ -	$ -	$ -	$ 5,171
FVPL securities	-	(1,606)	96,880	10,881	-	-	106,155
AFS securities	-	688	280,738	5,701	-	-	287,127
Loans and receivables	-	-	44,150	-	-	-	44,150
Mortgages and commercial loans	-	-	10,486	-	2,014	12,830	25,330
Policy loans	69,054	-	-	560	-	-	69,614
Cash and demand balances	42,757	-	-	1,206	-	-	43,963
Premiums receivable	-	-	1,589	-	495	27	2,111
Reinsurance receivables	-	-	1,579	-	4,144	2,739	8,462
Loan to SBL Ltd.	-	-	1,612	-	-	-	1,612
Other financial assets	3,453	4,809	54,213	-	-	-	62,475
Total financial assets	$ 115,264	$ 9,062	$ 491,247	$ 18,348	$ 6,653	$ 15,596	$ 656,170

Management's internal credit rating assessment allows for Government Securities and listed equity securities to be included in the 'Investment Grade' classification.

Liquidity risk

The Group is exposed to daily calls on its available cash resources, mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover maturities, claims and surrenders at unexpected levels of demand.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual obligations (undiscounted cash flow basis):

December 31, 2020 (in $000s)	**Up to a year**	**1-5 years**	**Over 5 years**	**No Term**	**Not Classified**	**Total**
Insurance and Investment Contracts						
Short-term insurance contracts	$ 5,044	$ 539	$ 100	$ -	$ 10,462	$ 16,145
Long-term insurance and other contracts						
-with fixed and guaranteed terms	(9,221)	(9,653)	718,774	-	12,851	712,751
-with fixed and guaranteed terms, with DPF	11,214	50,658	544,291	-	16,900	623,063
-without fixed and guaranteed terms	1,834	6,589	16,324	-	346	25,093
-without fixed and guaranteed terms, with DPF	2,435	7,093	11,495	-	(1,345)	19,678
Long-term investment contracts with DPF	-	-	-	-	3,736	3,736
Financial Liabilities						
Policy dividends on deposit	-	-	-	28,323	-	28,323
Repurchase agreement	-	-	-	-	-	-
Lease liabilities	808	2,563	677	-	-	4,048
Other financial liabilities	-	-	-	81,601	-	81,601
Total	$ 12,114	$ 57,789	$ 1,291,661	$ 109,925	$ 42,950	$ 1,514,439

December 31, 2019 (Restated - See Note 5) (in $000s)	**Up to a year**	**1-5 years**	**Over 5 years**	**No Term**	**Not Classified**	**Total**
Insurance and Investment Contracts						
Short-term insurance contracts	$ 6,253	$ 49	$ 104	$ -	$ 12,891	$ 19,297
Long-term insurance and other contracts						
-with fixed and guaranteed terms	(9,999)	(14,490)	683,798	-	9,675	668,984
-with fixed and guaranteed terms, with DPF	10,632	49,028	556,291	-	4,178	620,129
-without fixed and guaranteed terms	1,917	6,856	17,637	-	348	26,758
-without fixed and guaranteed terms, with DPF	2,576	7,064	11,344	-	(1,255)	19,729
Long-term investment contracts with DPF	-	-	-	-	5,496	5,496
Financial Liabilities						
Policy dividends on deposit	-	-	-	28,036	-	28,036
Repurchase agreement	7,000	-	-	-	-	7,000
Lease liabilities	643	3,028	496	-	-	4,167
Other financial liabilities	-	-	-	82,694	-	82,694
Total	$ 19,022	$ 51,535	$ 1,269,670	$ 110,731	$ 31,333	$ 1,482,291

Due to system limitations, certain balances were not able to be classified and have been included in the caption 'not classified'.

The table below summarizes the expected recovery or settlement of assets:

December 31, 2020 (in $000s)	**Current**	**Non-Current**	**Unit Linked**	**Total**
Term deposits	$ 15,660	$ -	$ -	$ 15,660
Investment securities				
FVPL securities	-	85,114	10,505	95,619
AFS securities	-	299,849	4,141	303,990
Loans and receivables	-	44,150	-	44,150
Mortgages and commercial loans	11,675	11,819	-	23,494
Policy loans	-	67,116	356	67,472
Investment properties	-	56,610	-	56,610
Equity-accounted investees	-	14,998	-	14,998
Cash and demand balances	30,792	-	480	31,272
Reinsurance assets	-	16,687	-	16,687
Reinsurance receivables	230	14,733	-	14,963
Receivables and other assets	76,411	-	-	76,411
Property and equipment	-	15,889	-	15,889
Goodwill	-	6,418	-	6,418
Other intangible assets	-	1,764	-	1,764
Total Assets	$ 134,768	$ 635,147	$ 15,482	$ 785,397

December 31, 2019 (Restated - See Note 5) (in $000s)	Current	Non-Current	Unit Linked	Total
Term deposits	$ 5,171	$ -	$ -	$ 5,171
Investment securities				
FVPL securities	-	95,274	10,881	106,155
AFS securities	-	281,426	5,701	287,127
Loans and receivables	-	44,150	-	44,150
Mortgages and commercial loans	2,684	22,646	-	25,330
Policy loans	-	69,054	560	69,614
Investment properties	-	59,036	-	59,036
Equity-accounted investees	-	17,533	-	17,533
Cash and demand balances	42,757	-	1,206	43,963
Reinsurance assets		16,609	-	16,609
Reinsurance receivables	1,579	6,883	-	8,462
Receivables and other assets	86,024	-	-	86,024
Property and equipment	-	17,029	-	17,029
Goodwill	-	6,418	-	6,418
Other intangible assets	-	1,881	-	1,881
Total Assets	$ 138,215	$ 637,939	$ 18,348	$ 794,502

Price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group has a relatively small investment in local equities which are exposed to market price risk arising from uncertainties about the future values of the investment. A sensitivity analysis has therefore not been presented. Securities reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors and/or respective Board Committees review and approve equity investment decisions meeting thresholds established in each respective subsidiary's Investment guidelines.

Settlement Risk

The Group's trading activities may give rise to settlement risk. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities, or other assets as contractually agreed.

For those transactions, the Group mitigates settlement risk by the simultaneous commencement of the payment and the delivery parts of the transaction.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems. Internal processes include activities relating to accounting, reporting, operations, compliance and personnel management. Such risk manifests itself in various breakdowns, errors and business interruptions and can potentially result in financial losses and other damage to the Group.

The Group regularly assesses new systems which will better enable the Group to monitor and control its exposure to operational risk in order to keep operational risk at appropriate levels.

Capital Management

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or return of capital to the shareholders.

Subsidiary Capital Requirements

The Company and its subsidiaries fully complied with all externally imposed capital requirements during the reported financial period and no changes were made to the Company's capital base, objectives, policies and processes from the prior year. The following is a summary of capital requirements by principal subsidiary:

Colina

Externally imposed capital requirements for Colina in The Bahamas are set and regulated by the Insurance Commission of The Bahamas. These requirements are put in place to ensure sufficient solvency margins. At December 31, 2020, Colina exceeded both the statutory margin requirement and the minimum ratio requirement of qualifying to admissible assets. Further objectives are set by management and the Board to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders' value. For the purposes of assessing its capital position, Colina uses the capital on its consolidated statement of financial position excluding goodwill and with limitations placed on all but the strongest forms of capital.

In addition to the solvency margins as required by statute, Colina measures its solvency ratio using Canadian reserving methodologies and solvency standards as measured by the Minimum Continuing Capital and Surplus Requirement ("MCCSR"). The Canadian Insurance regulator has set a MCCSR supervisory target of 150%. At December 31, 2020, Colina's MCCSR exceeded the target.

Colina is registered as a Class "A" external insurer in the Cayman Islands and capital requirements for its Cayman business is set and regulated by the Cayman Islands Monetary Authority. Colina is registered as an domestic long-term insurer under Section 5. (1)(a) of the Insurance Ordinance (CAP 16.06) to carry on business from within the Turks and Caicos Islands. Capital requirements for Colina's business in the Turks and Caicos Islands are set and regulated by the Turks and Caicos Islands Financial Services Commission. At December 31, 2020, Colina was in compliance with the capital requirements in both jurisdictions.

CFAL

CFAL is required to have a minimum capital of $25,000 calculated as per the Securities Act and was well in excess of the minimum requirement throughout 2020.

CGIA

Externally imposed capital requirements are set by the Insurance Commission of The Bahamas ("the Commission"). These requirements are put in place to ensure sufficient solvency margins. The Commission generally requires companies registered as an insurance broker to maintain, at all times, a minimum paid up share capital and minimum net assets of not less than $50,000 or the maximum deductible amount of the company's professional indemnity insurance, whichever is greater.

CGIA manages its capital structure to support its business. No changes were made in the objectives, policies or procedures during the year from January 1, 2020 to December 31, 2020. CGIA has been in compliance throughout the year ended December 31, 2020 with the capital requirements as determined by the Commission.

Coronavirus (COVID-19)

Since the start of January 2020, the outbreak of the Novel Coronavirus (COVID-19) has significantly impacted global commercial activity and has caused widespread business disruption. The Group has responded to the business disruptions caused by the pandemic as follows:

Business continuity and risk management plans

The Group activated its business continuity and risk management plans immediately at the onset of the pandemic. These plans included alternative business operating practices to allow for business to continue and clients to be serviced through online and remote means.

Impact on the valuation of assets and liabilities

Due to the uncertainty of the economic impact of the pandemic, there has been significant market volatility which has negatively impacted market values and thus the fair values of certain of the Group's recognized assets. The Group has considered the potential impacts of the current economic volatility in the determination of estimates used to assess the valuation of its assets and liabilities and believe that the amounts presented in its consolidated financial statements appropriately consider current available information. Management will continue to monitor the economic environment and will continue to factor these changes in its assessments.

Ongoing assessments

Management continues to monitor developments related to the pandemic and continues to coordinate its operational response based on existing business continuity plans and on guidance from global and health organizations, government, and general pandemic response best practices to secure the health and safety of its clients and employees.

The Directors and management believe that the Group has a very strong capital base, sufficient liquidity and the ability to continue to meet its obligations even under significant stress.

38. Other Subsequent Events

Dividends declared for Ordinary and Preference Shareholders

The Board of Directors, by resolution dated April 1, 2021, authorized the payment of preference share dividends for the Class "A" Preference Shareholders of the Company for the quarter ended March 31, 2021.

The Board further approved, by resolutions dated April 15, 2021, the payment of preference share dividends for the Class "A" Preference Shareholders of the Company for the quarter ended June 30, 2021 and an ordinary dividend of $0.16 per share for all issued and outstanding Class "A" Ordinary Shareholders of record on June 30, 2021.