



FINANCIAL STATEMENTS

CG United Insurance Ltd. (Jamaica Branch)
For the year ended December 31, 2024
With Independent Auditor's Report
(Expressed in Jamaican Dollars)

CG United Insurance Ltd. (Jamaica Branch)

Financial Statements

Year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CG United Insurance (Jamaica Branch)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CG United Insurance (Jamaica Branch) ("the Branch"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in head office equity and statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the Branch as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Branch'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 Branch or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CG United Insurance (Jamaica Branch)

Report on the Audit of the Financial Statements (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of CG United Insurance (Jamaica Branch)

Report on the Audit of the Financial Statements (*continued*)

Auditor's Responsibilities for the Audit of the 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.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Chartered Accountants
Kingston, Jamaica

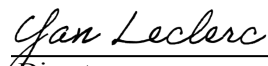
30 April 2025

CG United Insurance Ltd. (Jamaica Branch)
Statement of Financial Position
(In Thousands of Jamaican Dollars)


	At December 31	
	2024	2023
	\$	\$
Assets		
Cash and cash equivalents (Note 3)	514,996	747,125
Financial assets (Note 4,11)	2,323,684	1,747,679
Accounts receivable and accrued interest	34,045	24,866
Other assets	74,121	35,666
Reinsurance contract assets (Note 9,11)	336,498	755,907
Property, plant and equipment (Note 10)	28,499	35,912
Tax recoverable	—	41,347
Deferred tax assets (Note 17)	—	31,076
Total assets	3,311,843	3,419,578
Liabilities		
Lease liabilities (Note 14)	31,788	28,349
Other liabilities	15,069	30,730
Insurance contract liabilities (Note 8,11)	1,014,462	1,244,805
Income tax liabilities	63,543	—
Total liabilities	1,124,862	1,303,884
Head office equity		
Head office account (Note 12)	1,855,392	1,855,392
Retained earnings (Note 12)	331,589	260,302
Total head office equity	2,186,981	2,115,694
Total head office equity and liabilities	3,311,843	3,419,578

See accompanying notes to financial statements.

On behalf of the Board:


Director

Date: April 30, 2025


Director

Date: April 30, 2025

CG United Insurance Ltd. (Jamaica Branch)
Statement of Comprehensive Income
(Thousands of Jamaican Dollars)

	Year Ended December 31	
	2024	2023
	\$	\$
Insurance contract revenue (Note 5,8)	3,017,288	2,410,200
Insurance service expense (Note 5,8)	(722,560)	(558,835)
Net expenses from reinsurance contract held (Note 5,9)	(1,991,887)	(1,649,367)
Insurance service result	302,841	201,998
Net investment income (Note 4,6)	164,154	161,930
Insurance finance expense (Note 5,6,8)	(13,704)	(1,337)
Reinsurance finance income (Note 5,6,9)	10,903	294
Net financial result	464,194	362,885
Other operating income	4,417	13,482
Other operating expenses (Note 15)	(261,367)	(156,679)
Income before tax	207,244	219,688
Income tax (Note 17)	(135,957)	63,972
Total comprehensive income for the year	71,287	283,660

See accompanying notes to financial statements.

CG United Insurance Ltd. (Jamaica Branch)
Statement of Changes in Head Office Equity
For the year ended December 31, 2024
(In Thousands of Jamaican Dollars)

	Head Office Account	(Accumulated Deficit) / Retained Earnings (Note 12)	Head Office Equity
	\$	\$	\$
Balance as at December 31, 2022	1,855,392	(23,358)	1,832,034
Total comprehensive income	—	283,660	283,660
Balance as at December 31, 2023	1,855,392	260,302	2,115,694
Total comprehensive income	—	71,287	71,287
Balance as at December 31, 2024	1,855,392	331,589	2,186,981

See accompanying notes to financial statements.

CG United Insurance Ltd. (Jamaica Branch)

Statements of Cash Flows

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

	2024	2023
	\$	\$
Operating activities		
Net income	71,287	283,660
Adjustments for:		
Depreciation and amortisation (Note 10)	12,326	10,646
Deferred tax asset (Note 17)	31,076	(31,076)
Interest income (Note 4)	(164,160)	(161,930)
Finance costs (Note 14)	2,909	2,982
Finance lease adjustment (Note 14)	9,915	—
Operating cash flow before changes in operating working capital	(36,647)	104,282
Change in operating working capital (Note 16)	239,840	165,902
Cash flows provided by operating activities	203,193	270,184
Investing activities		
Proceeds from sale of financial assets	241,226	—
Purchase of financial assets	(817,231)	(1,641,334)
Interest received	154,981	138,107
Purchase of property, plant and equipment (Note 10)	(1,283)	(3,086)
Proceeds from sale of property, plant and equipment	—	290
Cash flows used in investing activities	(422,307)	(1,506,023)
Financing activities		
Payments on principal portion of lease liabilities (Note 14)	(13,015)	(11,258)
Cash flows used in financing activities	(13,015)	(11,258)
Net change in cash and cash equivalents	(232,129)	(1,247,097)
Cash and cash equivalents at beginning of year	747,125	1,994,222
Cash and cash equivalents at end of year	514,996	747,125

See accompanying notes to financial statements.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements
For the year ended December 31, 2024
(In Thousands of Jamaican Dollars)

Notes to Financial Statements

1. General

CG United Insurance Ltd. (the “Immediate Parent or Head Office”) is incorporated under the laws of Barbados and its principal activities are primary insurance, reinsurance, and management services.

The principal activities of CG United Insurance Ltd. (Jamaica Branch) (the “Company or Branch”) are to act as a primary insurer for property, motor, liability, marine aviation and transport. The Branch was advised of approval of its license to operate as an insurer on December 5, 2018 and hence full operations of the Branch commenced. The license is effective from November 1, 2018. These financial statements cover the Jamaica Branch of the Company.

The Company was subject to a Sale and Purchase Agreement between Massy (Barbados) Ltd. and Coralisle Group Ltd. (the “Group”) executed on September 2, 2021. On May 4, 2022, the Group acquired 100% of the issued and outstanding shares in the Company. The Group is fully owned by Edmund Gibbons Limited (the “Ultimate Parent”). Both, the Group and the Ultimate Parent are entities domiciled in Bermuda. The registered office and principal place of business of the Group is Jardine House, 33-35 Reid Street, Hamilton, Bermuda.

On May 6, 2022, the Company rebranded under the Group and changed its name from Massy United Insurance Ltd. to CG United Insurance Ltd.

The Board of Directors have authorised the issue of the financial statements and have the power to amend the financial statements after the date of issue.

The financial statements, including all notes, were authorized for issue by the Board of Directors on April 30, 2025.

2. Summary of Material Accounting Policies

The Branch follows the same accounting policies as the Company.

Basis of Preparation

The preparation of Financial Statements in conformity with IFRS Accounting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results may differ from these estimates. The most significant estimation processes relate to assumptions used in measuring insurance and investment contract liabilities, assessing assets for impairment and fair valuation of certain invested assets. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. The material accounting policies used and the most significant judgments made by management in applying these accounting policies in the preparation of these financial statements are summarized below.

The Company presents its Statement of Financial Position broadly in order of liquidity. The following balances are generally classified as current:

- cash and cash equivalents, financial assets, accounts receivable and accrued interest, reinsurance contract assets, tax recoverable and other assets.
- insurance contract liabilities, accounts payable, and other liabilities.

The following balances are generally classified as non-current:

- property, plant and equipment (including right-of-use assets) and deferred tax assets.
- lease liabilities.

Prior year changes in the presentation of financial statements

Certain comparative information has been reclassified and/or updated to conform to the current year presentation and to enhance comparability.

Basis of Measurement

The financial statements have been compiled on the going-concern basis and prepared on the historical cost basis, except for:

- financial assets carried at amortised cost.
- Insurance contract liabilities and reinsurance contract assets are measured on a discounted risk adjusted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

Fair Value Measurement

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. The Company determines fair value by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximise the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These investments are included in Level 1.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data. Most debt securities are classified within Level 2.

Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Company considers all cash on hand, time deposits with an original maturity of three months or less and money market funds which can be redeemed without penalty, net of overdrafts as equivalent to cash.

Financial Assets

The Company has financial assets held at amortised cost.

Initial Recognition and Measurement

Management determines the classification at initial recognition and it is dependent on the nature of the assets and the purpose for which the assets were acquired. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15").

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Financial Assets Carried at Amortised Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Comprehensive Income or Loss when the asset is de-recognised, modified or impaired. Financial assets classified as investments at amortised cost include term deposits.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to the Statement of Comprehensive Income or Loss.

For the years ended December 31, 2024 and December 31, 2023, the Branch had no financial assets classified at fair value through OCI.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Comprehensive Income or Loss as a component of net investment income.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as investment income in the Statement of Comprehensive Income or Loss when the right of payment has been established.

For the years ended December 31, 2024 and 2023, the Branch had no financial assets classified at fair value through profit or loss.

Impairment of Financial Assets

The Company assesses all debt instruments not held at fair value through profit or loss to determine if an allowance for expected credit losses (ECLs) is required. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk, and so allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default ("EAD") and Loss Given Defaults ("LGD").
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Under the general approach, ECL is categorized into one of three stages. Under stage 1 of the general approach, each financial asset or financial asset grouping will be measured for ECL that results from default events that are possible within the 12 months subsequent to the current fiscal period (12-month ECL) (“12mECL”). Under stages 2 and 3 of the general approach, the financial asset or financial asset group must recognise an ECL allowance for possible default events that may take place over the remaining life of the instrument (LTECL). The categorization of an individual asset or asset group into stage 1, stage 2 or stage 3 is determined by whether there was a significant increase in credit risk since the initial recognition to the reporting date, with the exception of an asset that is categorized as low credit risk.

The stage 1 ECL classification is used for low credit risk assets or assets that have shown significant improvement in credit quality and is reclassified from stage 2 or has had no significant change in credit risk since initial recognition.

The stage 2 ECL classification is used for assets for which there has been a significant decrease in credit quality since initial recognition, or stage 3 assets that have shown significant improvement in credit quality. The stage 3 ECL is reserved for assets considered to be credit impaired.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Further, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

All financial liabilities are recorded in the Statement of Financial Position at amortised cost using the effective interest method. Financial liabilities include accounts payable and accrued liabilities, included in other liabilities, which are all current liabilities. The carrying value of the Company’s financial liabilities approximates their fair value.

Derecognition and modification of financial liabilities

The Company derecognises a financial liability when:

- its contractual obligations are discharged or cancelled, or expire; or

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

- its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Comprehensive Income or Loss.

Insurance and Investment Contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts held by the Company under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Contracts under which the Company does not accept significant insurance risk are classified as either investment contracts or considered service contracts and are accounted for in accordance with IFRS 9 *Financial Instruments* or IFRS 15 *Revenue from Contracts with Customers*, respectively. The Company does not have such contracts at the moment.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can be reclassified as insurance contracts if insurance risk subsequently becomes significant. All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, and reinsurance contracts held, unless specifically stated otherwise.

Level of Aggregation

The Company identifies portfolios of insurance contracts. The Company aggregates all insurance contracts issued into one portfolio and all reinsurance contracts held into one portfolio based on similar risk and are managed together. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

At this time, facts and circumstances do not indicate the possibility of any onerous contracts. Therefore, all contracts are classified in the remaining contracts group.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Contract Boundaries

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

- A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

Summary of Measurement Models

Direct Contracts

Property and Casualty Contracts: The Company issues Property, Motor, Marine and Liability insurance. These contracts are accounted for under the Premium Allocation Approach (“PAA”).

Reinsurance Contracts: Reinsurance contracts are accounted for under the Premium Allocation Approach.

Contract Separation

Embedded derivatives:

When an embedded derivative is not closely related to the host insurance contract, it should be accounted for applying IFRS 9 as if it was a standalone derivative and measured at FVTPL. Where IFRS 9 considers the embedded derivative as closely related to the host insurance contract then the embedded derivative is not separated and is accounted for applying IFRS 17 together with the host insurance contract. No clauses were identified by the Company in any contract which would indicate the presence of an embedded derivative requiring separation.

Investment components:

Distinct investment components are accounted for applying IFRS 9. In assessing whether an investment component is distinct, the Company considers whether the investment and insurance components are not highly interrelated and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts). No clauses were identified in the contracts which would indicate an obligation for the Company to repay a policyholder in all circumstances. Therefore, no investment components requiring separation were identified.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Distinct goods or Non-Insurance Services:

IFRS 17 paragraph 12 requires that any promise to transfer goods or non-insurance services to a policyholder must be unbundled from the host insurance contract by applying IFRS 15 Paragraph 7.

As with investment components and embedded derivatives, an assessment for the presence of goods and services will be required as each new treaty is issued under IFRS 17. Where goods and services are non-distinct (i.e. highly interrelated to the insurance component in the contract), they are not unbundled, and the entire contract is accounted for under IFRS 17.

Each of the insurance contracts underwritten and issued by the Company were reviewed for the inclusion of any distinct goods or services, which would require separation under paragraph 12 of IFRS 17. No clauses were identified in any contract which would indicate the presence of an embedded derivative requiring separation.

Initial Recognition & Measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- The beginning of the coverage period;
- The date when the first payment from the policyholder is due or received, if there is no due date; and
- When the Company determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, less deferred acquisition costs.

Groups of reinsurance contracts issued are initially recognised from the earliest of the following:

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

For reinsurance contracts held, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the amount of ceded premium paid.

Subsequent Measurement

For insurance contracts issued, subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received, and decreased by deferred acquisition costs and the amount recognised as insurance revenue for the coverage period.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

For reinsurance contracts held, subsequently, the carrying amount of the liability for remaining coverage is increased by ceding premiums paid in the period and decreased by the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the liability for remaining coverage for insurance contracts issued and the remaining coverage for reinsurance contract held for the effect of the time value of money and the effect of financial risk as the Company expects that the time between providing each part of the coverage and the related premium due date is not more than a year.

Insurance Acquisition Costs

Commission and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised. All other costs such as allocated acquisition expenses and premium tax are recognised as expenses when incurred.

Onerous Contracts Initial Recognition Parameter

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfillment cash flows are adjusted for the time value of money and the effect of financial risk if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Liabilities for Incurred Claims

The Company employs a hybrid approach, including the Bornhuetter-Ferguson method with the Incurred (Paid) Loss Development method, to estimate liabilities for incurred claims. The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims. The fulfillment cash flows are estimated using the input of assessment for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and include an explicit adjustment for non-financial risk (the risk adjustment). In addition, the fulfillment cash flows include internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The fulfillment cash flows are discounted unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

The discount rate is based on the risk free rate, plus an illiquidity premium. The Company has estimated the risk adjustment using a Cost of Capital approach. The risk adjustment is only applied to fulfillment cash flows related to past service.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

The discount rates applied for discounting of future cash flows are listed below:

Discounting period	2024	2023
1 year	4.70 %	6.02 %
3 years	4.91 %	4.97 %
5 years	5.17 %	4.72 %

Derecognition and Contract Modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows

On the derecognition of a contract from within a group of contracts:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the liabilities for incurred claims.

Presentation

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. All insurance finance income or expenses are included in profit or loss.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued, comprising of an allocation of reinsurance premiums paid and amounts recoverable from reinsurers.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, Plant and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis at rates estimated to write off the assets over their estimated useful lives. The estimated useful lives of assets are reviewed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. Depreciation rates are adjusted, if appropriate.

The current rates of depreciation are:

Computer hardware	4 to 10 years
Furniture and office equipment	4 to 10 years
Leasehold improvements	10 years
Motor vehicles	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Leases

The Company 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, a lease is present.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

If ownership of the leased asset transfers to the Company at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to periodic review for impairment. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset as follows:

Right of use asset	2 - 7 years
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Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Short-Term Leases

The Company applies the short-term lease recognition exemption under IFRS 16 to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Fees and Commission Income

Fees and commission income primarily represent fees earned from reinsurance commission income. Fees and commission income are recorded on an accrual basis when services are rendered.

Investment Income

Interest on cash and cash equivalents and debt securities are recorded on an accrual basis using the effective annual interest rate method. Dividend income is recognised when the right to receive the dividend is established.

Defined Contribution Plan

Contributions to the defined contribution plan are recognised as an expense in net income or loss in the Statement of Comprehensive Income or Loss as incurred. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient funds to pay all employees the benefits relating to employee service in current and prior periods.

Provisions and Contingent Liabilities

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company, in conjunction with internal counsel, makes its best estimate of the likelihood or outcome of these actions and considers this in the Company's accrued liabilities based on information as of the date the financial statements are available to be issued. The Company does not disclose information usually required by IAS 37 on the grounds to not prejudice seriously the outcome of any litigation but does not believe that adverse decisions in any pending or threatened proceedings will have a material impact on the financial condition or future results of operations.

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign Currency Transactions

Transactions involving currencies other than the Jamaican Dollars are translated at rates of exchange in effect on the transaction dates. Foreign exchange gains and losses are included in the Statement of Comprehensive Income .

New Standards, Interpretations and Amendments to Published Standards

Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) that are mandatory for annual reporting periods beginning on or after January 1, 2024. Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

The following tables summarize all new and future pronouncements issued by IASB in 2024.

New Pronouncements	Standard	Effective date	First time applied	Applicability
International Tax Reform - Pillar Two Model Rules - Amendments	IAS12	Dec 31, 2024	May 2023	Not applicable
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments	IAS1	Jan 01, 2024	Dec 2024	Not applicable
Lease Liability in a Sale and Leaseback - Amendments	IFRS16	Jan 01, 2024	Dec 2024	Not applicable
Disclosures: Supplier Finance Arrangements - Amendments	IFRS7 & IAS7	Jan 01, 2024	Dec 2024	Not applicable
Future Pronouncements	Standard	Effective date	First time applied	Applicability
Lack of exchangeability - Amendments	IAS21	Jan 01, 2025	Dec 2025	Not applicable
Classification and Measurement of Financial Instruments - Amendments	IFRS9 & IFRS7	Jan 01, 2026	Dec 2026	Not applicable
Annual Improvements to IFRS Accounting Standards - Volume 11	Vol 11	Jan 01, 2026	Dec 2026	Not applicable
Presentation and Disclosure in Financial Statements	IFRS18	Jan 01, 2027	Dec 2027	Yes
Subsidiaries without Public Accountability	IFRS19	Jan 01, 2027	Dec 2027	Not applicable
Sale or Construction of Assets between an investors and its Associate or Joint Venture - Amendments	IFRS10 & IAS28	Date postponed		

Applicable New Accounting Standards

In 2024, the IASB issued IFRS 18 (Presentation and Disclosure in Financial Statements), which replaces IAS 1. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

Narrow scope amendments have been made to IAS 7 Statement of Cash Flows and some requirements previously included within IAS 1 have been moved to IAS 8, which has been renamed IAS 8 Basis of Preparation of Financial Statements.

IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Company has not adopted this change in standard for the year ended 2024, however plan to adopt this within the timeline mandated by IASB.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

3. Cash and cash equivalents

Cash and cash equivalents comprise only of cash and bank balances. The Company does not hold any short-term deposits to be classified as cash equivalents. Cash is held at CIBC Caribbean Bank (Jamaica) Limited, formerly FirstCaribbean International Bank (Jamaica) Limited.

4. Financial assets

At the Statement of Financial Position date, financial assets are classified as follows:

	2024		2023	
	Carrying Value	Cost	Carrying Value	Cost
	\$	\$	\$	\$
Amortised cost	2,323,684	2,323,684	1,747,679	1,747,679

Investments held at amortised cost include fixed maturity deposits which are held for more than three months from the date of acquisition and have the following maturities and interest rates:

	Interest Rates		Interest Rates	
	2024		2023	
Three months - one year	8.3 %	9.3 %	7.5 %	9.0 %

Included in the accounts receivable and accrued interest amounts in the Statement of Financial Position is accrued interest totaling \$33,002 (2023 - \$23,823).

There were no ECLs recognised on financial assets held at amortised cost for the years ended December 31, 2024 and 2023. These assets are comprised of short term deposits which are short-term in nature and management views the credit risk to these instruments as remote due to their low duration to maturity.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Fair Value Hierarchy

The following table presents the Branch's fair value hierarchy for those assets measured at fair value and for which fair values are disclosed as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Fair value for assets at amortised cost	\$	\$	\$	\$
Financial assets at Amortised cost	—	2,323,684	—	2,323,684

The following table presents the Branch's fair value hierarchy for those assets or liabilities measured at fair value and for which fair values are disclosed as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Fair value for assets at amortised costs	\$	\$	\$	\$
Financial assets at Amortised cost	—	1,747,679	—	1,747,679

The Branch's financial assets in Level 2 are short-term deposits.

There were no reclassifications of investments between Level 1, Level 2, or Level 3 during the year ended December 31, 2024.

Investment Income and Expense

Investment income and expense comprises the following:

	2024	2023
	\$	\$
Dividend and interest income	164,160	161,930
Management fees	(6)	—
	<u>164,154</u>	<u>161,930</u>

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

5. Insurance Service and Finance Results

The following table presents an analysis of the insurance revenues and expenses recognised in the period.

	2024	2023
	\$	\$
Insurance contract revenue measured under PAA	3,017,288	2,410,200
Expenses from reinsurance contracts held		
Allocation of reinsurance premium paid	(2,225,758)	(1,777,731)
Claims recovered from the reinsurer	285,362	10,754
Adjustments to liabilities for incurred claims	(51,491)	117,610
	(1,991,887)	(1,649,367)
Expenses from insurance contracts held		
Incurred claims and other incurred insurance service expenses	(553,247)	(167,117)
Changes relating to past service - adjustment to liabilities for claims incurred	155,740	(73,528)
Insurance acquisition expenses	(325,053)	(318,190)
	(722,560)	(558,835)
Finance expenses from insurance contracts issued		
Interest accreted	(12,710)	(1,006)
Effect of changes in interest rates and other financial assumptions	(994)	(331)
	(13,704)	(1,337)
Finance income from reinsurance contracts issued		
Interest accreted	7,846	261
Effect of changes in interest rates and other financial assumptions	3,057	33
	10,903	294
Total insurance service and finance result	300,040	200,955

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

6. Insurance and Investment Results

The following table presents an analysis of the investment income and net insurance finance results recognised in the period.

	2024	2023
	\$	\$
Finance expenses from insurance contracts issued		
Interest accreted	(12,710)	(1,006)
Effect of changes in interest rates and other financial assumptions	(994)	(331)
	(13,704)	(1,337)
Finance income from reinsurance contracts issued		
Interest accreted	7,846	261
Effect of changes in interest rates and other financial assumptions	3,057	33
	10,903	294
Net finance loss from insurance and reinsurance contracts	(2,801)	(1,043)
Summary of the amounts recognized in statement of comprehensive income		
Insurance service result	302,841	201,998
Net investment income	164,154	161,930
Net financial result	464,194	362,885

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

7. Claims development

The claims development table below presents actual claims payments compared with previous years reserves for the claims, net of reinsurance, as at December 31, 2024.

Reporting year/period ended:	2019	2020	2021	2022	2023	2024	Total
	\$	\$	\$	\$	\$	\$	\$
At end of reporting year	—	9,138	21,608	43,135	73,024	107,433	
One year later	—	15,461	20,770	73,020	70,096		
Two years later	6,467	12,257	30,248	99,776	—		
Three years later	5,439	12,221	40,350	—	—		
Four years later	5,439	12,328	—	—	—		
Five years later	5,439						
Current estimate of net cumulative claims	5,439	12,328	40,350	99,776	70,096	107,433	335,422
Cumulative payments to date	5,439	10,735	38,487	78,700	33,745	48,167	215,273
Net liabilities for accident years 2019 - 2024	—	1,593	1,863	21,076	36,351	59,266	120,149
Effect of the risk adjustment margin for non-financial risk							3,998
Effect of discounting							(8,396)
Net liabilities for incurred claims							<u>115,751</u>

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

8. Reconciliation of insurance contract liabilities

The roll-forward of liabilities for insurance contracts showing liabilities for remaining coverage and liabilities for incurred claims are disclosed in the tables below:

	2024				
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	Total
	\$	\$	\$	\$	\$
Opening insurance contract liabilities	1,022,051	—	214,866	7,888	1,244,805
Changes in the statement of comprehensive income					
Insurance revenue					
Insurance contract revenue measured under PAA	(3,017,288)	—	—	—	(3,017,288)
Insurance service expenses					
Incurred claims and other insurance service expenses	325,053	—	553,247	—	878,300
Adjustments to liabilities for incurred claims	—	—	(153,518)	(2,222)	(155,740)
Insurance service result	(2,692,235)	—	399,729	(2,222)	(2,294,728)
Insurance finance expenses from insurance contracts	—	—	13,704	—	13,704
Total changes in the Statement of Comprehensive Income	(2,692,235)	—	413,433	(2,222)	(2,281,024)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	2,561,003	—	—	—	2,561,003
Claims and other insurance service expenses paid (including investment components)	(82,090)	—	(428,232)	—	(510,322)
Total cash flows	2,478,913	—	(428,232)	—	2,050,681
Closing insurance contract liabilities	808,729	—	200,067	5,666	1,014,462

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

	2023				
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	Total
	\$	\$	\$	\$	\$
Opening insurance contract liabilities	841,780	—	15,844	10,939	868,563
Changes in the statement of comprehensive income					
Insurance revenue					
Insurance contract revenue measured under PAA	(2,410,200)	—	—	—	(2,410,200)
Insurance service expenses					
Incurred claims and other insurance service expenses	318,190	—	167,117	—	485,307
Adjustments to liabilities for incurred claims	—	—	76,579	(3,051)	73,528
Insurance service result	(2,092,010)	—	243,696	(3,051)	(1,851,365)
Insurance finance expenses from insurance contracts	—	—	1,337	—	1,337
Total changes in the statement of comprehensive income	(2,092,010)	—	245,033	(3,051)	(1,850,028)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	2,727,559	—	—	—	2,727,559
Claims and other insurance service expenses paid (including investment components)	(455,278)	—	(46,011)	—	(501,289)
Total cash flows	2,272,281	—	(46,011)	—	2,226,270
Closing insurance contract liabilities	1,022,051	—	214,866	7,888	1,244,805

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

9. Reconciliation of reinsurance contract assets

The roll-forward of the net asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on insurance ceded to reinsurers are disclosed in the tables below:

	2024				
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	Total
	\$	\$	\$	\$	\$
Opening reinsurance contract assets	625,337	—	126,125	4,445	755,907
Changes in the statement of comprehensive income					
Insurance revenue					
Allocation of reinsurance premiums paid	(2,225,758)	—	—	—	(2,225,758)
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	285,362	—	285,362
Insurance service expenses					
Changes in recoveries for past claims	—	—	(48,714)	(2,777)	(51,491)
Finance income from reinsurance contracts recognised in profit or loss	—	—	10,903	—	10,903
Insurance service result	(2,225,758)	—	247,551	(2,777)	(1,980,984)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	2,232,307	—	—	—	2,232,307
Amounts received from reinsurers relating to incurred claims	(385,370)	—	(285,362)	—	(670,732)
Total cash flows	1,846,937	—	(285,362)	—	1,561,575
Closing reinsurance contract assets	246,516	—	88,314	1,668	336,498

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

	2023				Total
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	
	\$	\$	\$	\$	\$
Opening reinsurance contract assets	193,810	—	4,049	8,618	206,477
Changes in the statement of comprehensive income					
Insurance revenue					
Allocation of reinsurance premiums paid	(1,777,731)	—	—	—	(1,777,731)
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	10,754	—	10,754
Insurance service expenses					
Changes in recoveries for past claims	—	—	121,783	(4,173)	117,610
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	294	—	294
Insurance service result	(1,777,731)	—	132,831	(4,173)	(1,649,073)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	2,486,210	—	—	—	2,486,210
Amounts received from reinsurers relating to incurred claims	(276,952)	—	(10,755)	—	(287,707)
Total cash flows	2,209,258	—	(10,755)	—	2,198,503
Closing reinsurance contract assets	625,337	—	126,125	4,445	755,907

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

10. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2024, comprises the following:

	2023	Additions	Disposals	2024
Cost	\$	\$	\$	\$
Right-of-use assets	52,326	3,630	—	55,956
Furniture and office equipment	11,775	1,283	—	13,058
Motor vehicles	8,133	—	—	8,133
	72,234	4,913	—	77,147
Accumulated depreciation	\$	\$	\$	\$
Right-of-use assets	28,194	8,444	—	36,638
Furniture and office equipment	5,959	2,256	—	8,215
Motor vehicles	2,169	1,626	—	3,795
	36,322	12,326	—	48,648
Net book value	35,912			28,499

Property, plant and equipment as at December 31, 2023, comprises the following:

	2022	Additions	Disposals	2023
Cost	\$	\$	\$	\$
Right-of-use assets	52,326	—	—	52,326
Furniture and office equipment	9,029	3,086	(340)	11,775
Motor vehicles	8,133	—	—	8,133
	69,488	3,086	(340)	72,234
Accumulated depreciation	\$	\$	\$	\$
Right-of-use assets	21,131	7,063	—	28,194
Furniture and office equipment	4,053	1,956	(50)	5,959
Motor vehicles	542	1,627	—	2,169
	25,726	10,646	(50)	36,322
Net book value	43,762			35,912

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

11. Risk Management and Financial Instruments

The activities of the Branch involve the use of insurance contracts and financial instruments. As such, the Branch is exposed to insurance risks and financial risks. This note presents information about the Branch's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the Branch's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Branch's risk management framework. The Board has established an Investment Management Committee, Risk Oversight Committee and Audit Committee, which along with the Group CEO are responsible for developing and monitoring the Branch's risk management policies. The committees and Group CEO report regularly to the Board of Directors on their activities.

The risk management policies are established to identify and analyze the risks faced by the Branch, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities. The Branch, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Investment Management Committee, Risk Oversight Committee and Audit Committee of the Immediate Parent are standing committees of the Board of Directors and assist the Board in fulfilling its oversight responsibilities relating to the financial reporting process, internal accounting and financial controls, audit and risk review process, risk assessment and risk management and compliance with legal and regulatory requirements. The Investment Management Committee, Risk Oversight Committee and Audit Committee meet at least four times per annum and report to the Board of Directors on their performance with regards to their respective terms of reference.

The principles used by the Branch in managing its insurance risks are set out below.

Insurance Risk

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

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

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

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Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Branch insures the risks of individuals and companies located in Jamaica.

There is a concentration of industry risk which is managed through its underwriting strategy and reinsurance arrangements. The Branch actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The Branch predominantly funds its net insurance liabilities (net of reinsurance recoveries) through its cash and in the normal course of its operations. In the event of a catastrophe, the net insurance liabilities may require funding through the disposal of the Branch's portfolio of investments.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date).

The majority of the insurance risk to which the Branch is exposed is of a short-tail nature, as policies generally cover a 12-month period. The duration of claims liability varies as presented below:

	2024	2023
Net short-term insurance liabilities – property risk	1 year, 2 months	1 year, 1 month
Net short-term insurance liabilities – casualty risk	2 years, 1 month	1 year, 5 months

The Branch provides coverage for motor vehicle, motor cycle, property, marine and general liability risks in Jamaica with the following per risk treaty limits:

	Treaty Limit Per Risk (in millions of US dollars)	
	2024	2023
	\$	\$
Property	13	13
Motor liability	30	30
General liability	5	5
Marine	1	1
Engineering	13	13
Bonds	3	3
Professional indemnity and directors & officers liability	3	3

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Contract Risk

Insurance contract risk is the risk that a loss arises from the following reasons:

- Fluctuation in the timing, frequency and severity of claims relative to expectations;
- Inadequate reinsurance protection, and;
- Large unexpected losses arising from a single event such as a catastrophe.

Insured events can occur at any time during the coverage period and can generate losses of variable amounts. An objective of the Branch is to ensure that sufficient claims liabilities are established to cover future insurance claim payments related to past insured events. The Branch's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Branch. The Branch establishes claims liabilities to cover the estimated liability for the payment of all losses, including loss adjustment expenses incurred with respect to insurance contracts underwritten by the Branch. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Company's best estimates of its expected ultimate cost of resolution and administration of claims.

The composition of the Branch's insurance risk, as well as the methods employed to mitigate risks, are described below.

Risk Related to the Timing, Frequency and Severity of Claims

The occurrence of claims being unforeseeable, the Branch is exposed to the risk that the number and the severity of claims would exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Branch's risk exposure. Furthermore, the Branch enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business.

Catastrophe Risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as large fires, hurricanes or windstorms. Catastrophes can have a significant impact on the underwriting income of an insurer.

The Branch has limited its exposure to catastrophe risk by imposing maximum claim amounts on certain contracts, as well as by using reinsurance arrangements. The Branch purchases a combination of proportional and non-proportional reinsurance to manage catastrophe exposure. Retention limits for the excess of loss reinsurance vary by product line.

Reinsurance Protection

In the normal course of business, the Branch limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the Company's liability as

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

the primary insurer. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the Branch would also be liable for the reinsured amount.

The Branch reinsures its property risks under a property quota share treaty under the following terms:

	2024	2023
	US\$	US\$
Property quota share		
Limit per risk	12,500	12,500
Event limit	85,750	74,813
% ceded	70 %	75 %

For larger individual property risks the Branch obtains the additional coverage by way of prearranged facilities and facultative reinsurance. The Branch also purchases property catastrophe reinsurance. The coverage and cost is shared by all property and casualty companies in the Group. A Company related through common control provides cover to reduce the treaty deductible from US\$12,760 (2023 - US\$10,000) on the first event and from US\$10,000 (2023 - US\$7,363) for the second event to the below:

	2024	2023
	US\$	US\$
First event - Per event exposures in excess of	4,500	4,500
Second event - Per event exposures in excess of	4,500	4,500
Limited to a maximum of	260,000	270,000
Optional third event - Limited to a maximum of	30,000	30,000

The third event cover provides reinsurance protection for losses impacting the layer US\$10,000 in excess of US\$10,000 and US\$30,000 in excess of US\$20,000.

The Branch's motor and general liability exposure is limited through the purchase of excess of loss reinsurance which covers the maximum limits insured on any one risk in all jurisdictions.

	2024	2023
	US\$	US\$
Motor		
Loss limit per occurrence	1,000	750

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

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Exposure to Insurance Risk

Key Assumptions

The principal assumption underlying the unpaid claim estimates is that the Branch's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence: changes in market factors such as public attitude to claiming: economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The claims liabilities to certain assumptions are presented in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivity Factor	Description of Sensitivity Factor Applied			
Average number of claims (frequency)	The impact of a change in number of claims by 10%			
Average claim costs (severity)	The impact of a change in average claim cost by 10%			
	Number of Claims +10%	Number of Claims -10%	Claim Costs +10%	Claim Costs -10%
	Increase (Decrease)			
At December 31, 2024				
Impact on profit*	(11,575)	11,575	(11,575)	11,575
Impact on head office equity*	(11,575)	11,575	(11,575)	11,575

*Net of reinsurance

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Notes to Financial Statements (continued)

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Financial Risk

The Branch has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies of the Company are discussed below:

Credit Risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Branch. The Branch's maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts. The Branch is exposed to credit risk in the following areas:

Cash and Investments

Investment asset allocation is determined by the Branch's Investment Committee who manages the distribution of the assets to achieve the Company's investment objectives and to mitigate credit risks. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Board of Directors and Investment Committee.

Expected credit loss on financial assets

The Branch assesses the possible default events within 12 months for the calculation of the 12 month ECL. The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Purchased or originated credit impaired financial assets ("POCI") are financial assets that are credit impaired at initial recognition. These financial assets are always measured on the basis of lifetime expected credit loss.

There were no ECLs recognised on financial assets recognised at amortised cost for the years ended December 31, 2024 and 2023.

The financial assets recognised at amortised cost are issued by CIBC Caribbean Bank (Jamaica) Limited, formerly FirstCaribbean International Bank (Jamaica) Limited, with a Moody's rating of Aa2.

Expected credit loss on insurance balances receivables

As at December 31, 2024, an estimated credit loss of \$6,234 (2023 - \$13,847) was assessed on the total insurance balances receivables of \$598,386 (2023 - \$494,173).

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

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Geographical Concentration

Financial assets at amortised cost which includes fixed deposits are domiciled in the country of Jamaica.

Insurance Balances Receivable

The Branch's exposure to credit risk on its insurance balances receivable is influenced by the financial stability of entities and individuals that purchase insurance products. This credit risk is controlled by monitoring the aging of all amounts outstanding on an ongoing basis and monitoring the customers' financial health by reference to the media and discussions with the customers. A provision is made for non-recovery if considered necessary.

Collateral is not held against any of the outstanding balances; however the Company has the right to cancel the policy for non-payment. Based on the Company's current aging analysis, all premiums receivable over 30 days are considered to be past due but not impaired. Customer accounts that become past due over 90 days are considered for impairment by management. Cancellation or extension of the terms of the credit is considered on a case by case basis

Reinsurance Contract Assets

Reinsurance contracts do not relieve the Branch from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Branch; consequently, allowances are established for amounts deemed uncollectible. The Branch evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of its reinsurers to minimize the exposure to significant losses from reinsurer insolvencies.

The Branch reviews the creditworthiness of reinsurers on an annual basis and generally enters and maintains contracts with reinsurers that (1) have been rated as A- or higher by the AM Best credit rating agency and (2) have in excess of US\$500 million in capital and surplus. Current financial statements of the reinsurers are reviewed annually. Based on the individual reinsurance agreements, the Branch may have the right to offset amounts due to reinsurers against any amounts due from reinsurers.

Amounts due from reinsurers are assessed regularly for any indication of impairment. At December 31, 2024 and 2023, losses recoverable from reinsurers were due from reinsurers who generally have an A.M. Best rating of at least A-. Management considers that there is no significant credit risk associated with any of the Branch's reinsurers.

Related-Party Receivables

Amounts due from related parties are assessed and monitored for any indication of impairment. At December 31, 2024 and 2023, all amounts are considered collectible.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Liquidity Risk

Liquidity risk is the risk that the Branch will not be able to meet its financial obligations as they become due. The Branch is exposed to daily calls on its available cash resources for the payment of claims, policy benefits and operating expenses. In order to manage the Branch's liquidity risk, management seeks to maintain levels of cash and short-term deposits sufficient to meet its liabilities when due, under normal and stressed conditions without incurring unacceptable losses or risking damage to the Branch's reputation.

The following table summarizes the contractual recovery or settlement of other assets held (within 12 months from the Statement of Financial Position date) and the maturity profile of the Branch's liabilities relating to financial instruments and insurance contracts:

	2024				2023			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial assets	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	514,996	—	—	514,996	747,125	—	—	747,125
Financial assets	2,323,684	—	—	2,323,684	1,747,679	—	—	1,747,679
Accounts receivable and accrued interest	34,045	—	—	34,045	24,866	—	—	24,866
Tax recoverable	—	—	—	—	41,347	—	—	41,347
Other assets	74,121	—	—	74,121	35,666	—	—	35,666
Reinsurance contract assets	336,498	—	—	336,498	755,907	—	—	755,907
	3,283,344	—	—	3,283,344	3,352,590	—	—	3,352,590

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Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

	2024				2023			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Lease liabilities	9,875	21,913	—	31,788	9,016	19,333	—	28,349
Other liabilities	15,069	—	—	15,069	30,730	—	—	30,730
Insurance contract liabilities	1,014,462	—	—	1,014,462	1,244,805	—	—	1,244,805
Income tax liabilities	63,543	—	—	63,543	—	—	—	—
	1,102,949	21,913	—	1,124,862	1,284,551	19,333	—	1,303,884
Liquidity margin / (shortfall)	2,180,395	(21,913)	—	2,158,482	2,068,039	(19,333)	—	2,048,706

Market Risk

Market risk is the risk that changes in market prices such as equity prices, interest rates and foreign exchange rates will affect the Branch's income or the value of its holdings of financial instruments. The objective of the Branch's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest-Rate Risk

The Branch's interest-bearing assets are of a fixed rate nature and therefore changes in the market interest rates would not impact the carrying value or future income from the instrument. The coupon rates and maturity dates associated with the fixed interest debt securities held by the Branch is disclosed in Note 4.

Foreign Currency Risk

The majority of the Branch's financial assets and liabilities are denominated in Jamaican Dollars therefore the Branch is not normally exposed to significant currency risk.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

12. Capital Management and Statutory Requirements

The Branch's capital base is structured to exceed regulatory targets and desired capital ratios, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. The objective is to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Branch to take advantage of opportunities for expansion.

	December 31	
	2024	2023
	\$	\$
Head office account (Note 12)	1,855,392	1,855,392
Retained earnings	331,589	260,302
	2,186,981	2,115,694

13. Related-Party Transactions

There are no transactions or balances with related parties other than transactions and balances with the Head office. Included in other liabilities is an amount of \$155,511 (2023 - \$155,064) due to the Head Office.

14. Leases

The following tables provide information for leases where the Branch is a lessee:

	2024	2023
	\$	\$
Opening balance	28,349	36,625
Non-cash additions	3,630	—
Non-cash adjustments	9,915	—
Accretion of interest	2,909	2,982
Payments	(13,015)	(11,258)
As at December 31	31,788	28,349
Current	9,875	9,016
Non-current	21,913	19,333

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

The following are the amounts recognized in the Statement of Comprehensive Income:

	2024	2023
	\$	\$
Depreciation expense on right-of-use assets	8,444	7,063
Interest expense on lease liabilities	2,909	2,982
Total amount recognized in Statement of Comprehensive Income	11,353	10,045

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

15. Other Operating Expenses

	2024	2023
	\$	\$
Staff salaries and benefits	58,885	33,395
Property	3,214	(8,781)
Amortisation	11,876	10,646
IT	2,552	3,723
Professional fees	11,601	3,243
Office	131,358	105,320
Travel	8,416	1,200
Finance charges	3,906	3,423
Memberships & subscriptions	3,998	3,787
Donations	111	15
Communication	2,278	708
Miscellaneous expenses	23,172	—
Total expenses	261,367	156,679

16. Change in Operating Working Capital

	2024	2023
	\$	\$
Decrease (increase) in:		
Accounts receivable	—	408,912
Reinsurance contract assets	419,409	(549,430)
Other assets	(38,455)	(23,620)
Income tax recoverable	41,347	(41,347)
Increase (decrease) in:		
Other liabilities	(15,661)	(4,855)
Insurance contract liabilities	(230,343)	376,242
Income tax liabilities	63,543	—
	239,840	165,902

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

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17. Income Tax

Income tax expense comprises of:

	2024	2023
	\$	\$
Current tax	104,881	(32,896)
Deferred tax	31,076	(31,076)
	<u>135,957</u>	<u>(63,972)</u>

The roll forward of deferred tax assets, presented in other assets in the Statement of Financial Position, is disclosed below:

	2024	2023
	\$	\$
Balance - opening	31,076	—
Deferred tax charge for the year - through statement of income	(31,076)	31,076
Balance - end of year	<u>—</u>	<u>31,076</u>

The composition of the deferred tax asset is:

	2024	2023
	\$	\$
Unutilitised tax losses	—	31,076

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the financial statement date in Jamaica where the Branch operates and generates taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

For the year ended December 31, 2024

(In Thousands of Jamaican Dollars)

Tax losses of the Company which are available for set off against future income tax are as follows:

Year	Brought Forward	Adjustments	Brought Forward Sub Total	Utilised	Incurred	Carried Forward	Expiry date
2021	72,370	20,828	93,198	93,198	—	—	2025 - 2026
2023	—	114,963	114,963	114,963	—	—	2027 - 2028
	72,370	135,791	208,161	208,161	—	—	

These losses are as computed by the Branch have not yet been disputed by the Tax Administration Jamaica. Tax Losses can be carried forward without time limit.

The tax on the Branch's income before tax differs from the theoretical amount that would arise using the basic rate of corporation tax as follows:

	2024	2023
	\$	\$
Income before taxation	207,244	219,688
Tax calculated at a tax rate of 33.33% (2023 - 33.33%)	69,074	73,222
Income not subject to tax	(18,011)	(93,331)
Movement in deferred tax not recognised	—	(31,076)
Impact of tax losses utilized in the current year	(38,319)	—
Items not deductible for tax	123,213	27,063
Over provision of current tax in prior year	—	(39,850)
	135,957	(63,972)

CG United Insurance Ltd. (Jamaica Branch)

Notes to Financial Statements (continued)

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18. Subsequent Events

The Branch has completed its subsequent events evaluation for the period subsequent to the Statement of Financial Position through April 30, 2025, the date the financial statements were available to be issued.

There were no subsequent events requiring disclosure or recognition in the audited financial statements.