How does the insurance industry drive change from opportunity?

Trinidad and Tobago 2021 insurance statistics

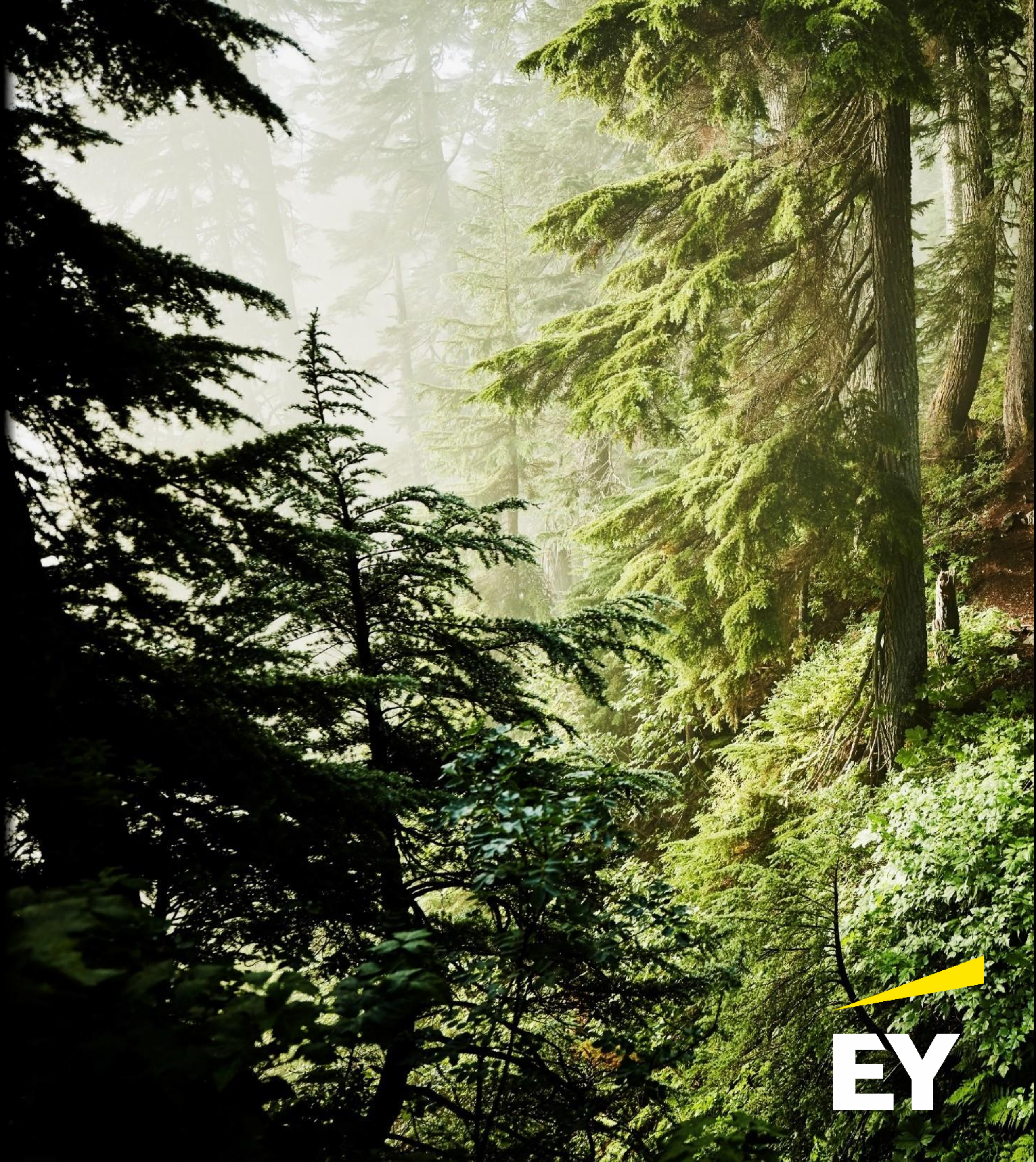

Table of contents and purpose of report

About this report

This report is based on data collected from the Insurance Act Annual Statements submitted to the Central Bank of Trinidad and Tobago by the members of the Association of Trinidad and Tobago Insurance Companies ("ATTIC") listed at Appendix 2.

It is intended to provide an analysis and overview of the key financial metrics of the active insurance companies in Trinidad and Tobago, and of the insurance sector, as a whole. It is recommended that it serve only as a starting point on key trends and not as an absolute measure of performance. Ernst & Young Services Limited ("EY") wishes to emphasize that the data used in this publication is based solely on information provided. EY did not verify the accuracy, reliability or completeness of the information provided and have no responsibility for doing so.

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This report is taken from the insurance returns of 24 insurance companies in Trinidad and Tobago

Data from the insurance returns submitted to EY are updated and analysed on an annual basis and improvements and changes to the underlying database and analyses, are made based on feedback from members of ATTIC or based on the thinking of our insurance team.

100

Total returns collated

Data covers the Trinidad and Tobago business for 24 companies

24

Companies

For firms that operate outside of Trinidad and Tobago, the Trinidad and Tobago business only is collated

The database which is proprietary to EY, can be used in Excel and the Power BI visualisation tool

40,000+

Data points

Please reach out to Maleeka Manmohansingh or any member of the EY Caribbean team, if you would like to arrange a viewing of the data in Power BI

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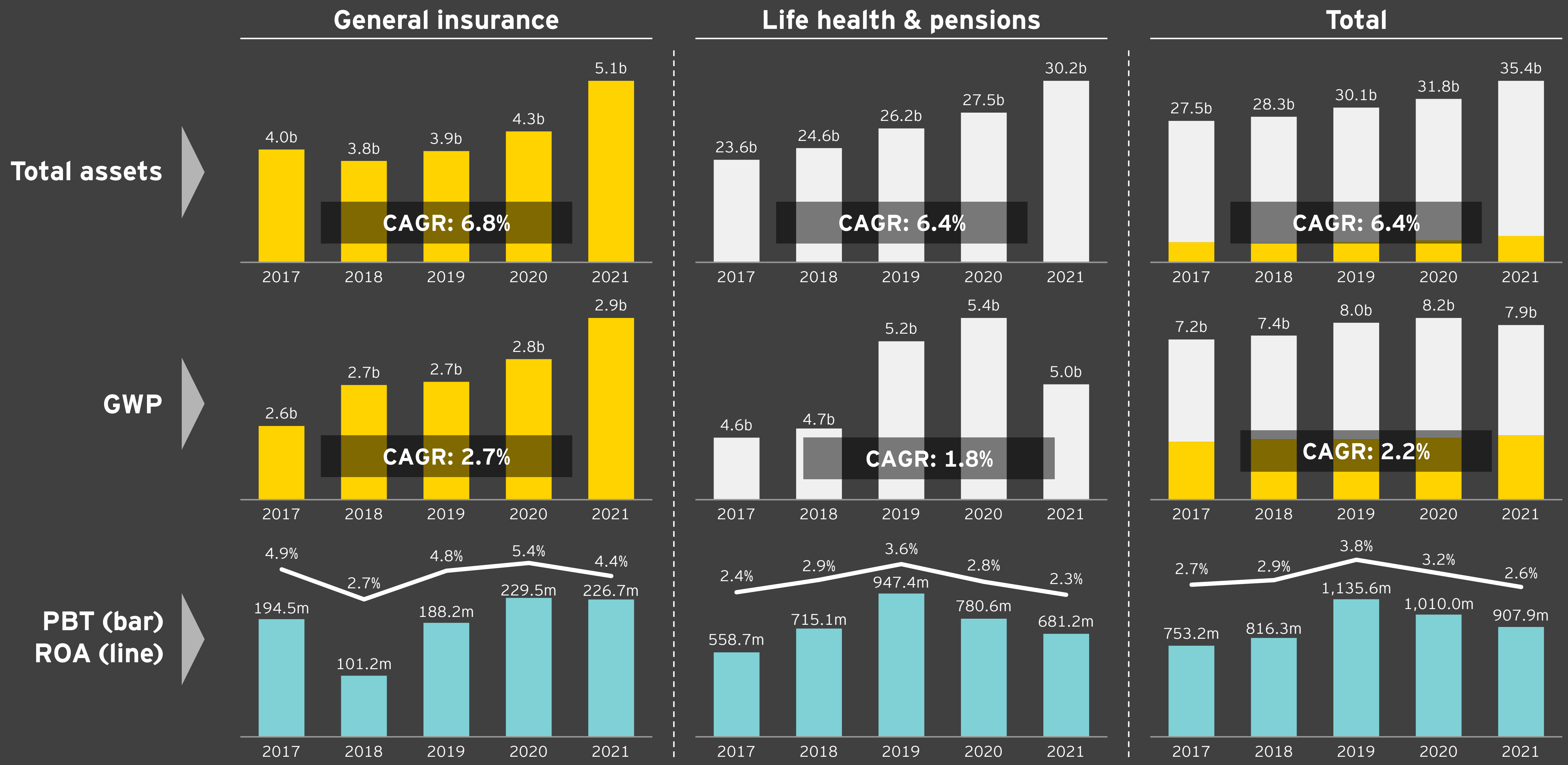
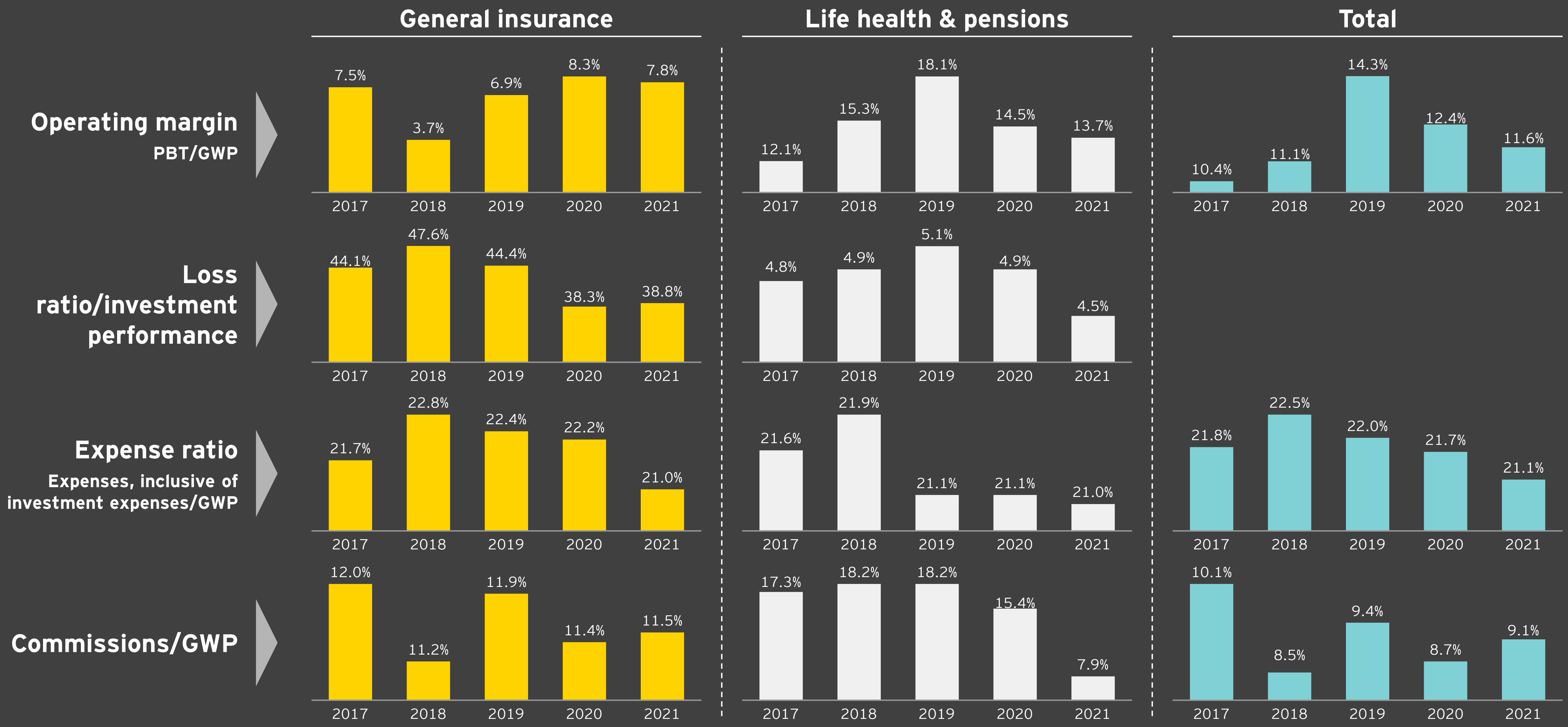
Industry overview

KPIs measuring size, growth and productivity: 2017 - 2021



KPIs measuring performance: 2017 - 2021



EY

Macro economic indicators

$149.6b

2021 GDP at constant 2012 prices (down from $151.2b in 2020)

-1.0%

2020-2021 GDP growth

6.7%

20-year treasury yield October 2022 (up from 6.5% in 2021)

BBB-

TT credit rating as at July 2022. Outlook moved from negative in July 2021 to stable.

-7.6%

TTSE index growth rate (down from 8.9% in 2021)

1USD=6.78TTD

2021 average exchange rate

0.01%

Change in US exchange rate (up from 0.00% in 2020)

2.1%

2020-2021 inflation rate representing a slight increase from 0.6% 2019-2020

3.5%

Repo rate (end of period 2021)

410.4k

Local sales of cement (tonnes) representing a decrease of 13% from 2020

21.8m bbls

2021 Crude oil production (compared to 20.7m bbls in 2020)

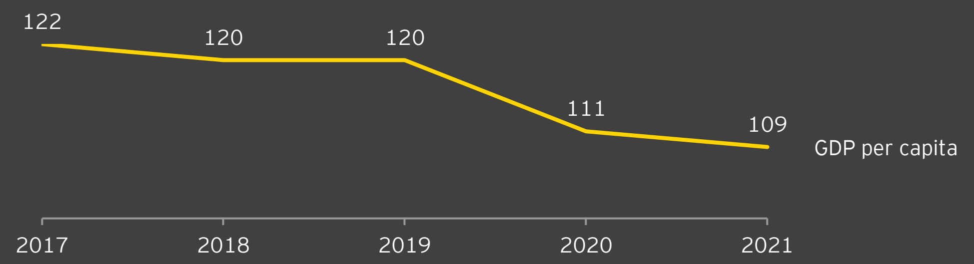
2,579 mmcf/d

2021 natural gas production (compared to 3,044 mmcf/d in 2020)

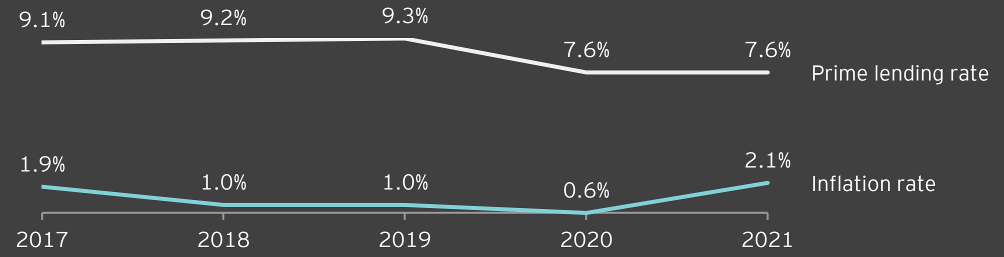
8.9k

New motor vehicles sold representing a decrease of 8% from 2020

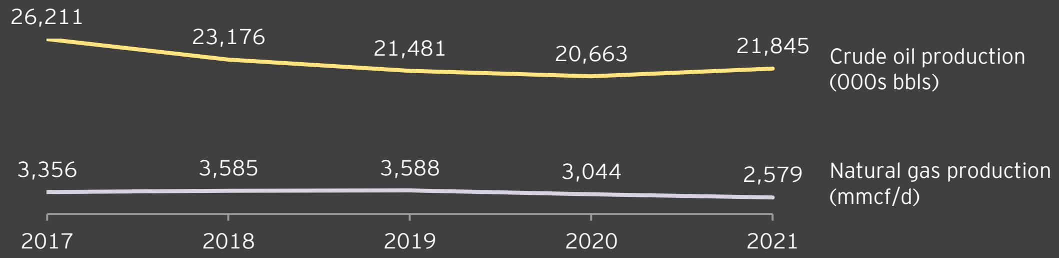
GDP per capita (TT$000's)



Inflation and interest rates (%)



Oil and gas production



Source: CBTT, CSO, S&P Global

2

EY point of view

Role of purpose: can insurance solutions go beyond traditional risk transfer to explicitly address risk mitigation?

Whether due to the effects of climate change, poor planning codes or deteriorating infrastructure, stronger and more frequent events are impacting the property insurance segment in Trinidad and Tobago.

For example, the floods in Trinidad in 2018 were largely limited to a few neighbourhoods. Contrasting this to the November 2022 floods, in which five major watercourses were compromised impacting several communities along the east-west corridor resulting in over 30 flood incidents, over 51 landslides and 4 reports of damage structures across 12 administrative districts, as reported by the Ministry of Rural Development and Local Government. The report also indicated that approximately 100,000 people were affected.

The effects may not seem detrimental to general insurers - they can re-price annually, or rearrange portfolios annually, to avoid loss exposure, or even demand disaster relief from the public sector. These events may even increase the demand for property insurance, even at higher prices.

But insurers that adopt this strategy, run the risk of disrupting their own business model:

- if they make insurance unaffordable for customers, or restrict profit pools in their portfolios, some premium and profit pools will shrink, and possibly disappear.
- as the frequency and severity of events increase, so too will capital requirements and reinsurance
- insurers risk, impacting their own market valuations negatively

Additionally, models, which are mostly based on historical data, are unlikely to accurately project future risk.

A better response perhaps is that insurers should use their understanding of risk to help mitigate and adapt – and thus protect a greater share of the global economy.

A lack of responsiveness can damage the industry's reputation and its credibility in society.

Losses are increasing; whilst access to coverage is reducing

US$270b Bloomberg, 2022	Global economic losses from natural catastrophes in 2021, with only US$111b insured.
250% Reuters, 2022	Percentage increase of insured losses from natural catastrophes in the last 30 years.
74% Reuters, 2022	Insurers who feel that climate change made it hard to insure some areas Efma and Capgemini Report 2021
31% Reuters, 2022	Increase in non-renewals of California homeowners' insurance policies, between 2019 and 2020.

Role of advocacy and cooperation: can insurance companies act together to increase profits?

The insurance industry consistently makes up 4.4%-5.4% of the GDP of Trinidad and Tobago*, compared to 45% for the petrochemical sector.

But as demonstrated by significant disruptions of the past year – epic storms, pandemic outbreaks, geopolitical strife, social unrest of the past year - the insurance industry is essential, not only to foster global economic health and increased financial wellness, but also to protect what people value most.

Yet, macroeconomic and structural challenges – stagnant interest rates and now inflation and fierce competition threaten the industry.

There is, therefore, little reason for insurers to shy away from lobbying for regulations and protections to be implemented, which protect the industry.

After all, together with the banks the segment employs ~60,000 people* - 10.6% of the labour force.

Other partnerships are also possible. Top automotive dealers, airlines, retailers and others are looking to enhance their customer relationships by embedding more insurance offerings, in multiple ways. For forward-looking insurers, there is no shortage of potential partnerships to explore. The same is true of big tech platforms; even if they decide not to take on any risk, they will be embedding insurance products in more transactions and thus will need partners.

Data sharing (next page) is one way to do this.

* Defined as GWP/GDP
** Financing, insurance, real estate and business services. Source: CSO

Insurance is, at its core, a social good. It is about a community of people pooling their monies to help their more unfortunate members in their hour of need. This safety net affords individuals the peace of mind they need to buy a home, go on vacation or open a business. Put differently: insurance allows people to trade the risk of a disastrous loss in the future for the certainty of an affordable loss now. It is a trade that enables the very fabric of contemporary society.

Lemonade prospectus

Role of strong technology and data capabilities go beyond connectivity, reporting, process simplification and claims management, to product development

Beyond enabling connectivity and scalability, digitizing the core of the business and migrating to the cloud are necessary to compete successfully with new product development and improve business models (not to mention meet new reporting and accounting standards efficiently).

Rising consumer interest in insurance coverage and more personalized solutions, especially relative to health and financial well-being, is a powerful catalyst for insurance, and insurers are applying technology to drive product innovation.

However, insurers will also face increased competition because consumers can more easily receive offers from multiple insurers.

For insurers, analytics and insights generated from their own data and drawn from their ecosystems can help transform the customer experience through:

- Personalized solutions based on clear visibility into customer needs
- Scaling usage-based insurance, product bundling and subscription models
- "Right-timing" offers to customers as their needs change over time
- Access to ancillary services from "certified" providers

Most insurers struggle to develop and launch products that new buyers can easily access and afford.

Data sharing by consumers will give insurers an edge in tailoring their offerings to suit consumer needs and objectives at specific times in their lives.

Global consumer interest in insurance products

77% products that pay for hospitalisation expenses

74% life insurance features that allow access to funds in case of emergencies

66% income protection in case of job loss

66% Customised rates in exchange for more personal health data

Source: Global EY Insurance Consumer Survey 2021

Ask us about…

EY's Major Sustainability Solutions

- Green Infrastructure & Economy
- Renewables
- eMobility
- Sustainable Finance
- Sustainable Sourcing

Our sustainability services span from setting sustainability strategy to nonfinancial reporting and disclosures

Sustainability strategy

Contributing long-term stakeholder value by embracing opportunities and managing risks resulting from social, environmental and economic factors

- Sustainability strategy
- Sustainability goal setting
- Sustainability governance
- Sustainability performance

Environment, health and safety (EHS)

EHS assessment and transformation services, supporting clients build effective functions to ensure compliance, drive effective risk management and improve productivity and culture.

- EHS advisory
- EHS performance improvement
- EHS culture transformation

Climate risk and decarbonization

Helping clients manage climate risks and operate in new markets and regulatory environments related to low carbon transformation and energy transition

- Climate risk assessment and scenario modeling
- Decarbonization strategy development, implementation, and reporting
- Energy transition
- eMobility

Green infrastructure

Assisting clients in successfully developing, acquiring or divesting large scale green infrastructure projects

- Planning and analysis
- Grants, tax credits and incentives
- Financial and tax advisory and diligence
- Procurement / transaction /divestiture Construction advisory

Renewables

Supporting clients with accelerating the transition to renewable energy

- Corporate renewable energy strategy
- Economic and risk analysis
- PPA / VPPA procurement and auctions
- Project and counterparty diligence
- PPA commercial negotiation
- Position tracking

Sustainable products and circular economy

Developing new business models and product innovations to profit from the transformation to a more circular economy

- Circular economy hotspot opportunity assessments
- Circular economy strategy for operations, products, and business models
- Innovating new business models and products

Digital services

Supporting clients with EHS and sustainability digital solutions and data analytics

- Digital strategy
- EHS&S software selection support
- EHS&S software implementation
- EHS&S solution sustainment

Sustainability tax

Providing clients assistance with strategically navigating and executing on sustainability tax opportunities

- Policy
- Incentives and funding
- Planning and compliance

Sustainable finance

Supporting financial services clients that incentivizes integration of long-term ESG criteria into business decisions

- Sustainability strategy & disclosures
- Identify & manage ESG-related risks
- Develop products & service propositions that target sustainable investment

Sustainable supply chain

Managing sustainability risks and opportunities throughout the supply chain of goods and services:

- Human rights advisory, including modern slavery
- Sustainable supply chain and logistics
- Sustainable procurement and sourcing

Social capital

Supporting clients with improving culture and enabling initiatives to drive social impact

- DEI
- Talent
- Training
- Culture of innovation
- Social impact goal setting and measurement

Nonfinancial reporting and disclosure

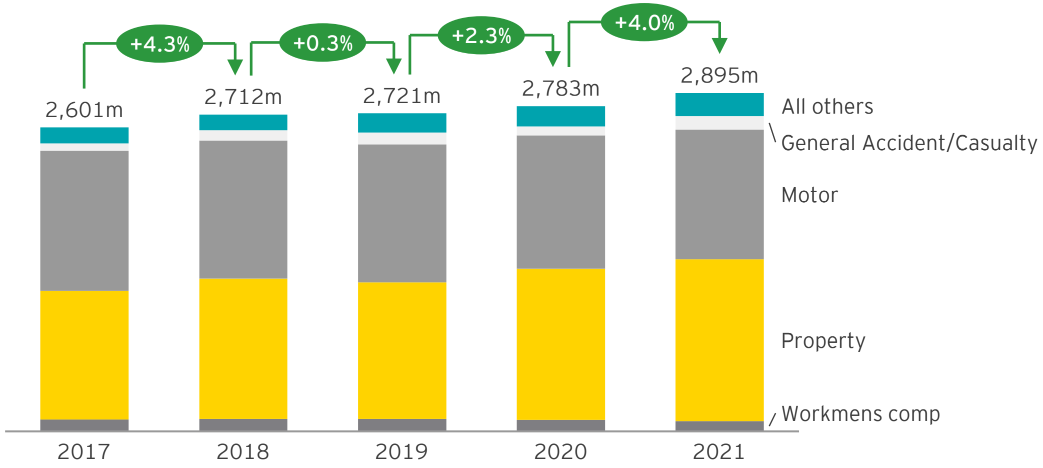
Assisting clients with transparency and accountability to stakeholders, and assurance to management and those tasked with governance over the quality of the information

- Reporting strategy and advisory
- Assurance readiness
- Attestation

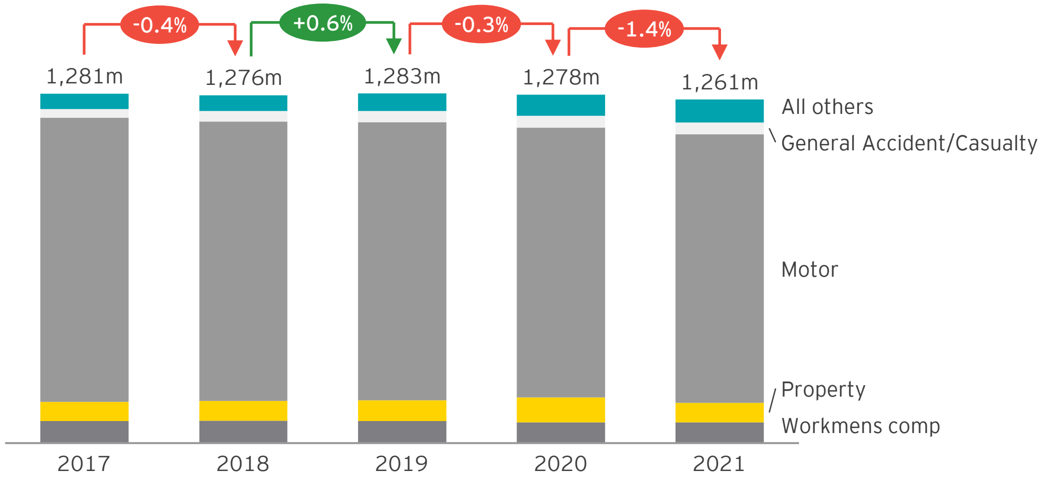
3 General insurance

General insurance premiums saw growth across all lines of business in 2021

GWP by line of business



NEP by line of business



After near flat growth in 2019, general insurance premiums grew in 2020 (2.3%) and 2021 (4.0%).

In contrast, GDP decreased by 7.7% in 2020 and 1% in 2021.
As a percentage of GDP therefore, the penetration rate increased.

On a net basis, however, NEP declined in each year, except 2019. This may be explained by:

1. higher reinsurance costs and
2. the shift in GWP from Motor, (which declined from 46% of GWP in 2017 to 38% of GWP in 2021), to Property, (which increased from 42% of GWP in 2017 to 47% of GWP in 2021), as Property carries higher reinsurance protection (93%-95%, compared to 11%-13% for Motor).

A look at motor policies in force at each year end shows that the number of policies did not decline significantly over the five-year period, which may indicate lower pricing per policy, or a shift in demand to cheaper third-party policies, which began prior to the Pandemic.

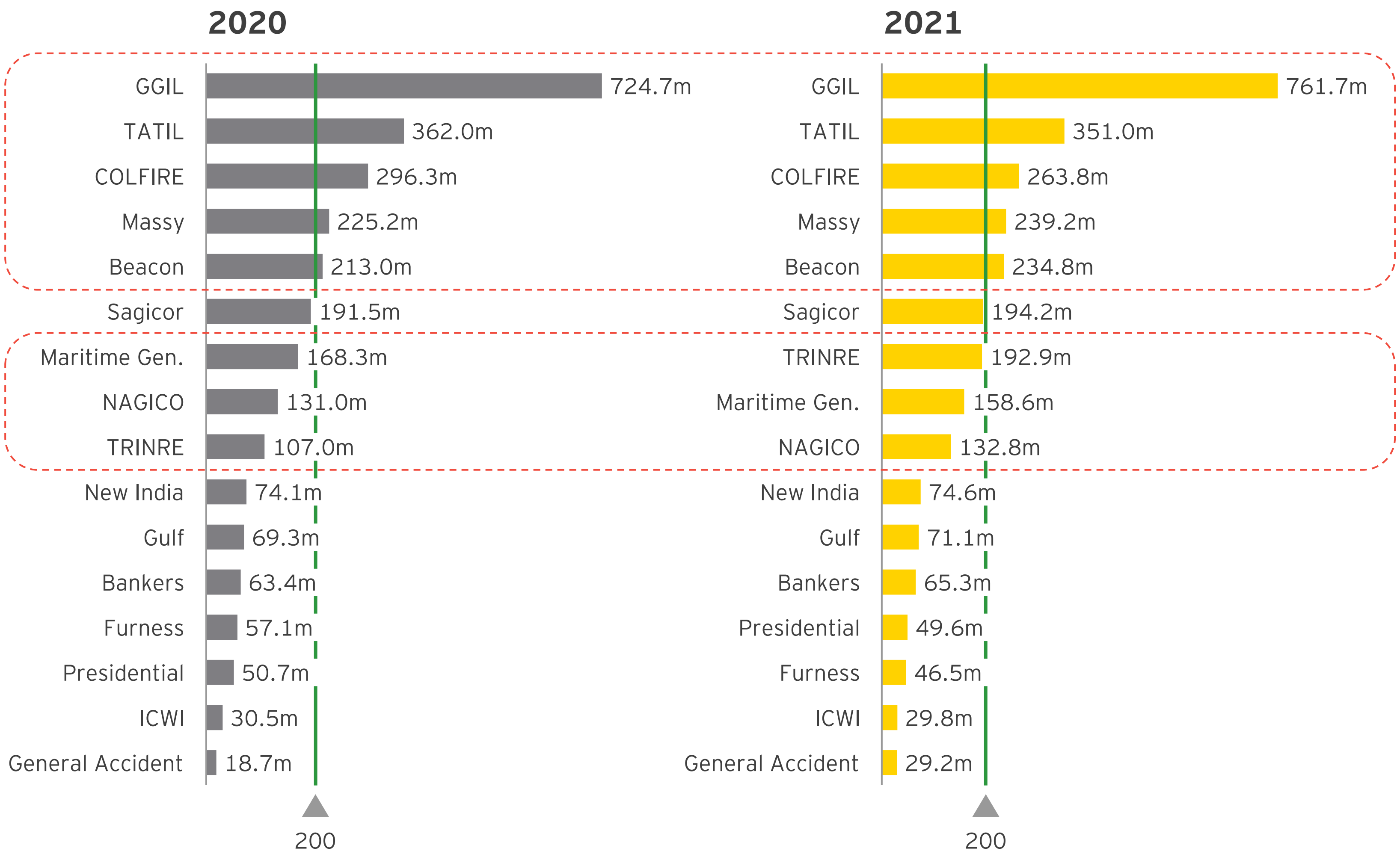
However, year end policy data, may not be sufficient to explain trends.

Given that motor insurance, can be discretionary on a short-term basis, the decline in Motor GWP also be explained by lower demand, particularly in 2020 and 2021 during the Pandemic when policyholders may have reduced or delayed their cover. New car sales also fell during the Pandemic, (due to the closure of retail operations).

Property insurance, on the other hand, which can be tied to mortgage obligations is less discretionary.

The composition and competitive landscape of the general insurance segment remained largely unchanged, with some movement among the mid-sized firms

GWP by company



The general insurance segment is fragmented into two tiers:

- a group of five companies which each earn GWP in excess of $200m controlling 64% of the market in both 2021 and 2020
- a group of eleven companies which each earn GWP less than $200m and which have occasionally shifted market share over the past five years

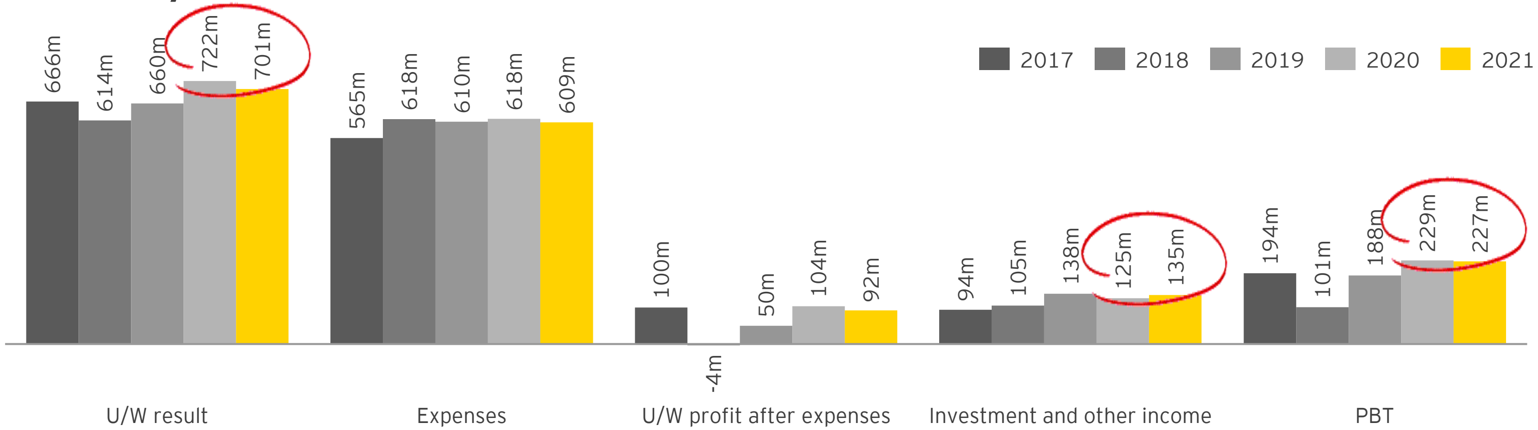
Of the top five companies:

- all but TATIL and Colfire, form part of regional companies. However, on November 25, 2021, TATIL was selected as the preferred acquiror of Colfire.**
- all but Colfire, write a significant amount of property business – see page 18.

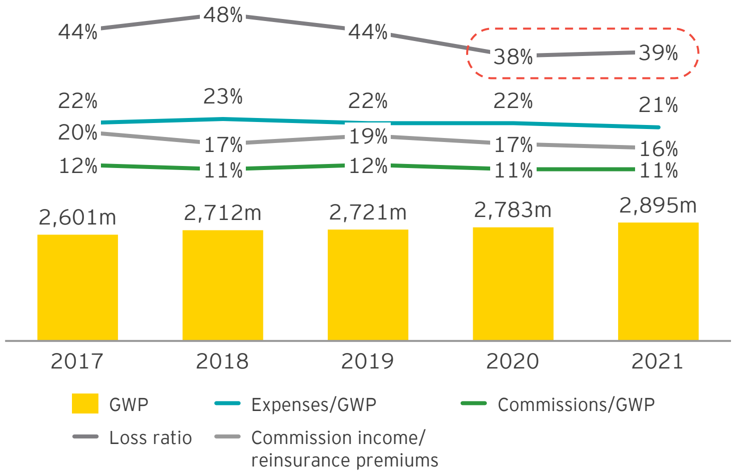
On the other hand, of the smaller companies only three (Gulf, ICWI and Nagico) form part of large regional companies. This may affect their access to capital which in turn may be limiting their ability to write more business.

Higher loss ratios resulted in lower profits for the general segment in 2021, despite a 7% increase in investment income and 2% decline in management expenses

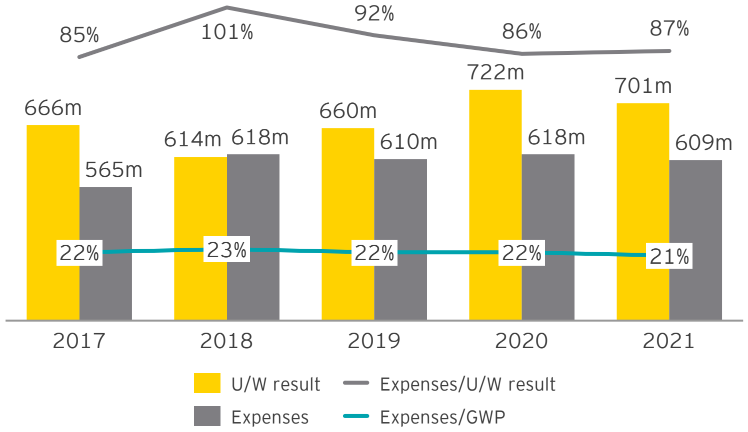
PBT analysis



U/W result performance indicators



U/W result & management expenses

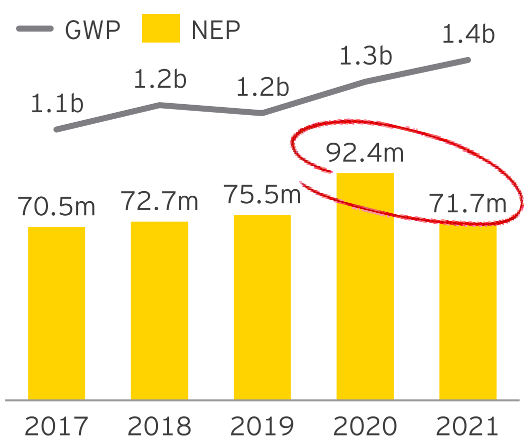


- General insurance PBT remained relatively flat, after leaping by 22% in 2020, and 86% in 2019, from a reduction in 2018.
- It is notable however that it was a 7% increase in investment and other income that drove performance, while U/W performance declined.
- U/W performance declined slightly (by 3%), largely on the back of a 1% decline in NEP (explained earlier) and a 1% increase in loss ratios, particularly on the property and workmen's compensation sub-segments.
- While the upturn in 2020 U/W profit was positive, the Pandemic related shut-downs were primarily to credit for a positive 2020, as no significant change in expenses, was observed.
- At the same time, the rolling back of restrictions in 2021 was primarily to blame for a poor 2021, which could not compensate for the reduction in expenses.
- Insurance is cyclical by nature, however and it is likely that the flooding in November 2022, will mean a reversion to 2018 levels for 2022.
- This will have an inevitable impact on premiums going forward.

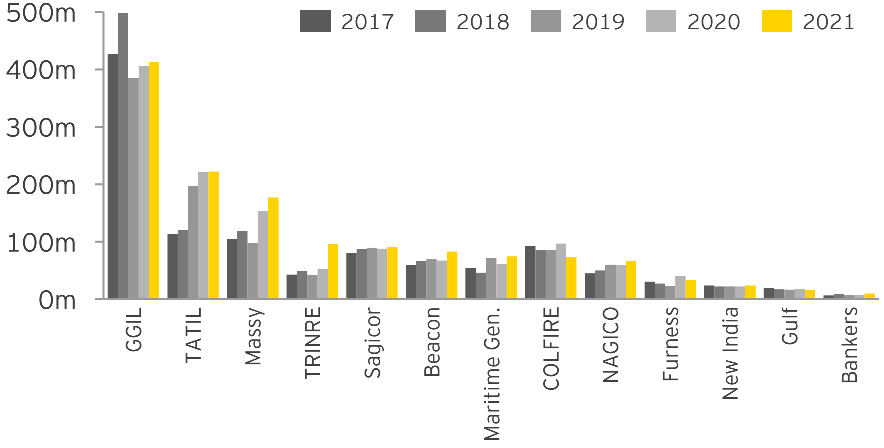
Notes:
* Previous reporting of U/W profit excluded expenses for two companies, and investment income for one company that was not attributed to any particular line of business or reported within U/W profit
** From 2021, expenses were not segregated by line of business, in the returns; hence reports submitted to ATTIC are utilised

Higher loss ratios and a 22% decline in NEP resulted in lower profits for the property sub-segment, in 2021, despite a 14% decline in management expenses.

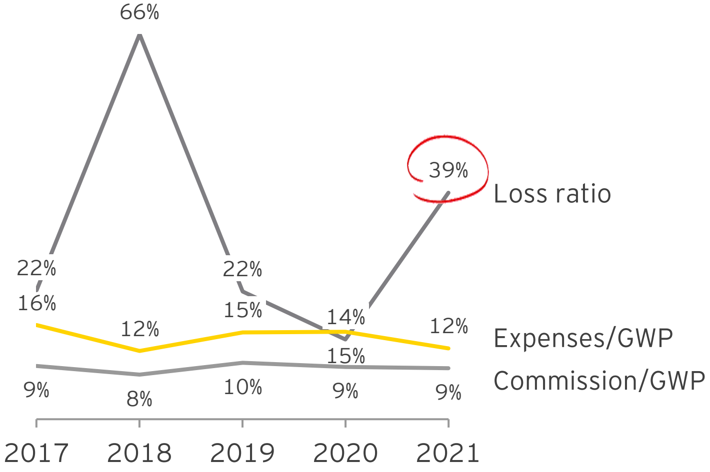
GWP and NEP



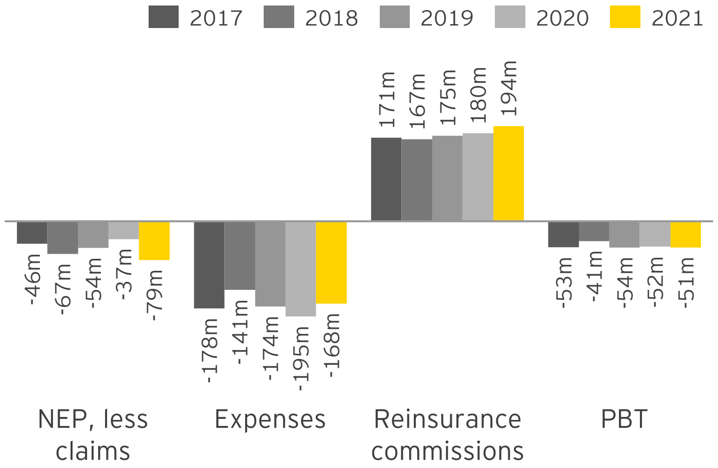
GWP by company



U/W result performance indicators



PBT analysis

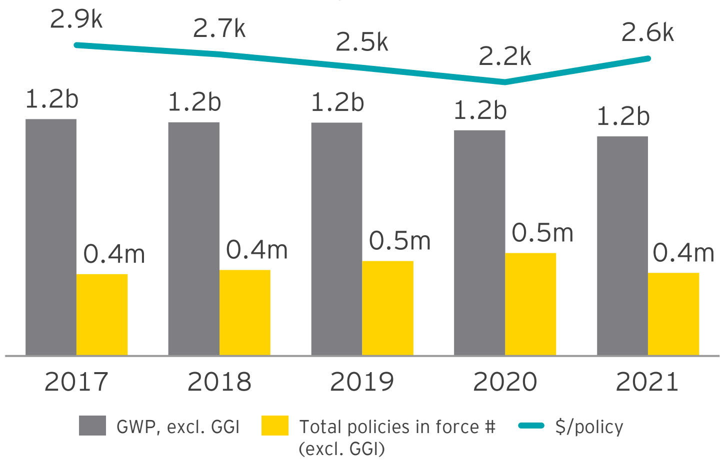


- The property line showed some disruption over the period with all companies except Colfire, Furness and Gulf, showing GWP growth.
- Despite GWP increasing consistently by 7% in 2021, NEP declined by 22%, reflective of higher reinsurance costs and greater amounts of reinsurance coverage.
- Notwithstanding the increased reinsurance coverage, loss ratios increased to 39% from 22% in 2020; albeit much of this was attributed to one company.
- On the other hand, reinsurance commission income increased by 8% and expenses declined by 14% from $195m to $168m, representing a decline from 15% of GWP to 12% of GWP.
- However, this was not sufficient to produce a profit for the segment which for 2021 produced a $51m loss.

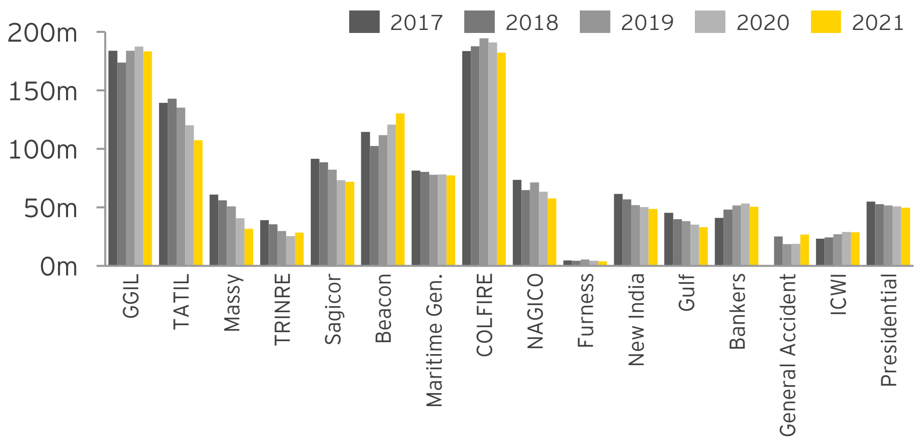
The challenge for the property segment in the last five years has been unpredictability of loss ratios, which are significant driver of performance, and which in turn affect the availability and price of reinsurance; and there is real cause for concern that the ongoing risk of further natural disasters could prevent profits rebounding.

A slight decline in GWP coupled with a significant increase in expenses accounted for a 24% decline in U/W profit in the motor segment

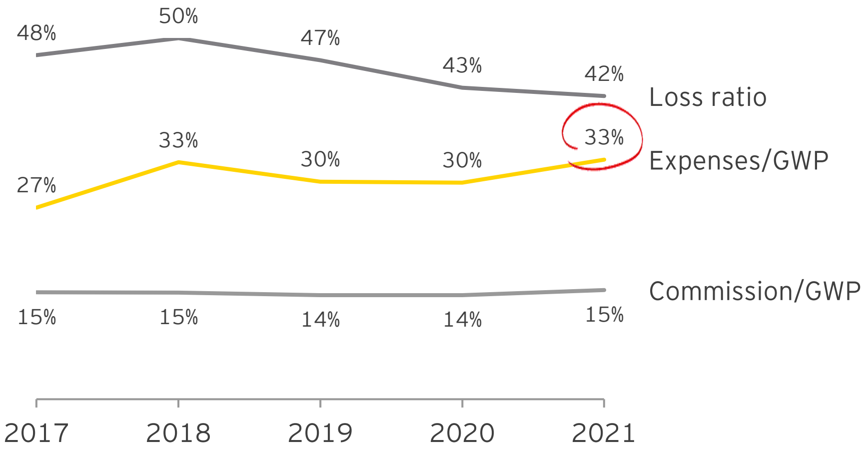
GWP and U/W margins



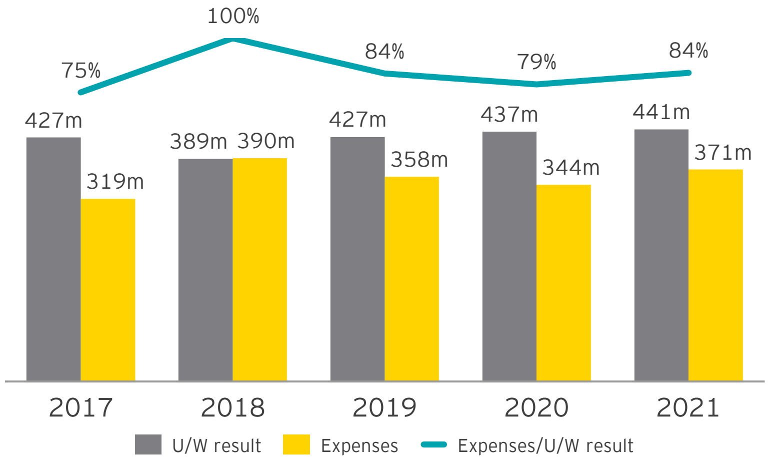
GWP by company



U/W result performance indicators



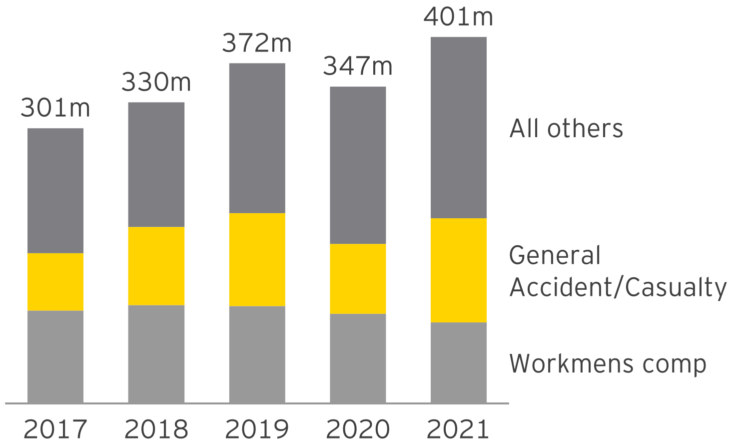
U/W result and management expenses



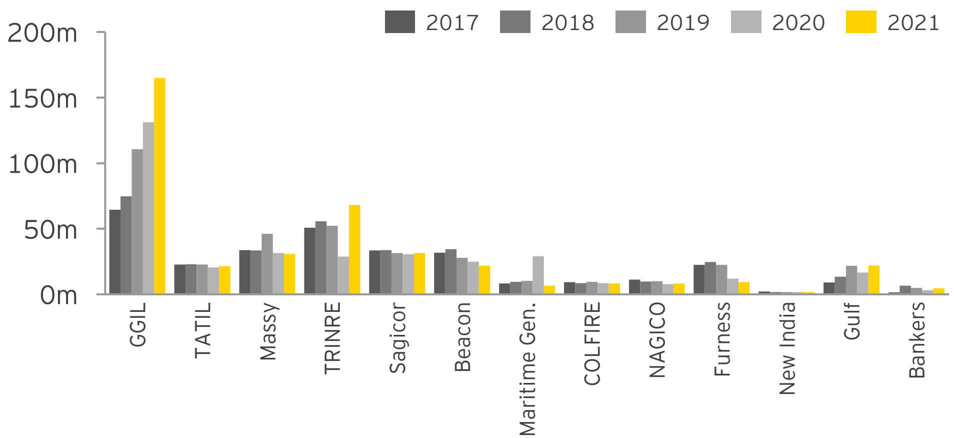
- Other than workmen's compensation, the Motor sub-segment is the only sub-segment which experienced a decline in GWP, a trend which has persisted for the past five years, and which impacted almost all companies.
- Prior to 2020, the reason appeared to be lower pricing per policy; however, in 2021, the decline appeared to relate to lower policy numbers.
- The challenge for the motor segment in the last five years has been the increase in expense ratios, which increased as a % of GWP (from 27% in 2017 to 33% in 2021); and as a % of the U/W result from 75% of the U/W result in 2017 to 84% of the U/W result in 2021. (See page 21 for more on expense ratios).
- On the other hand there has been a reported overall decline in the loss ratios, primarily from 2018-2021.

Within the other lines of business, some new players have emerged

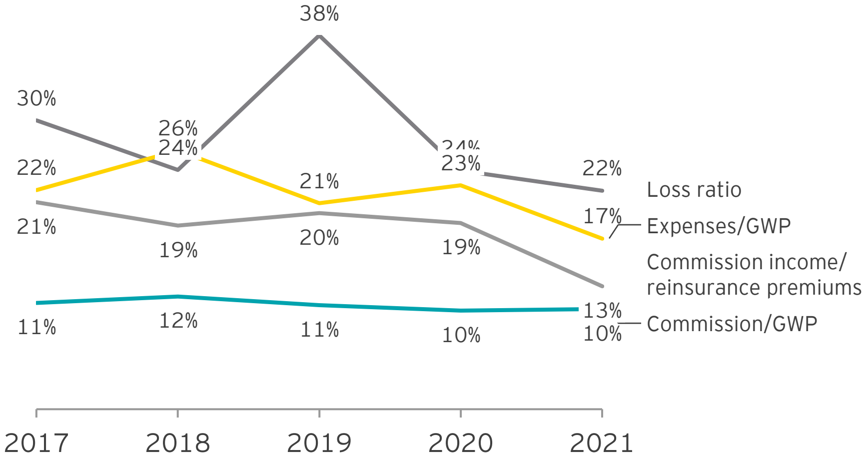
GWP by sub-segment



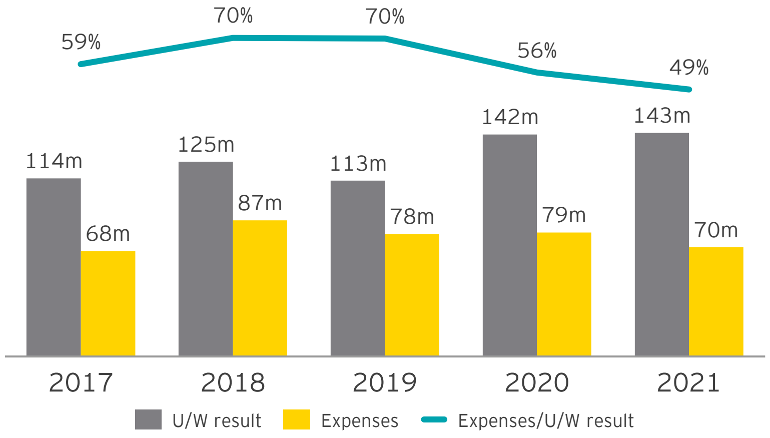
GWP by company



U/W result performance indicators



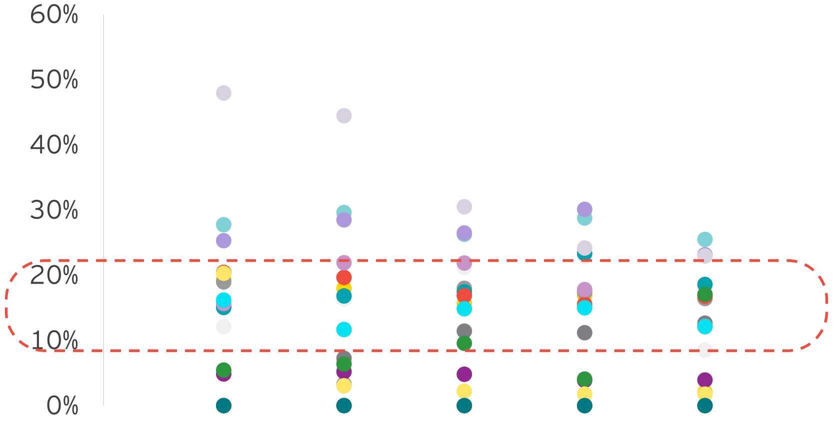
U/W result and management expenses



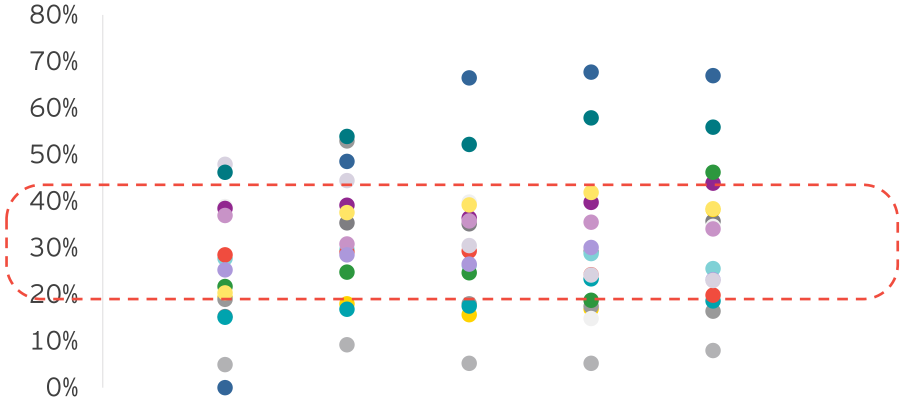
- Other lines include workmen's compensation, general accident, marine, aviation and transport insurance, and other insurance, which make up 12%-14% of the general insurance segment.
- Albeit much smaller than the property and motor lines, these other lines are notable for their low loss ratios, and consequently, high profitability.
- These lines also demonstrated the most significant increase in GWP in 2021 (16% increase over 2020).

Expense ratios, and the composition of expenses, have been consistent over the past five years

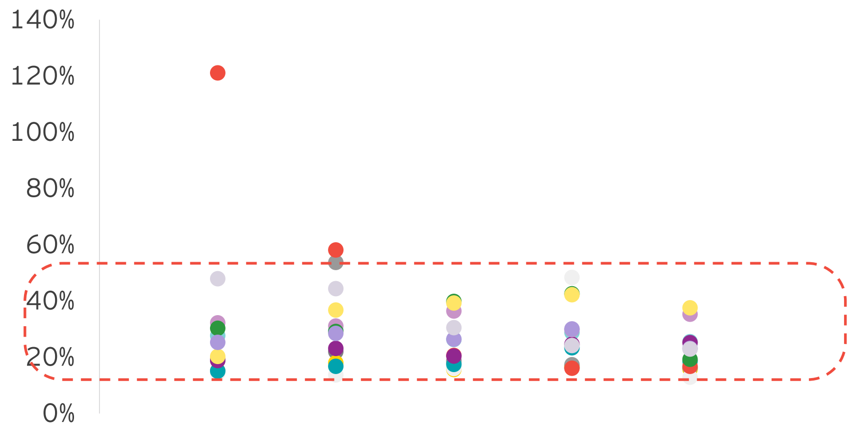
Expenses/GWP by company – property



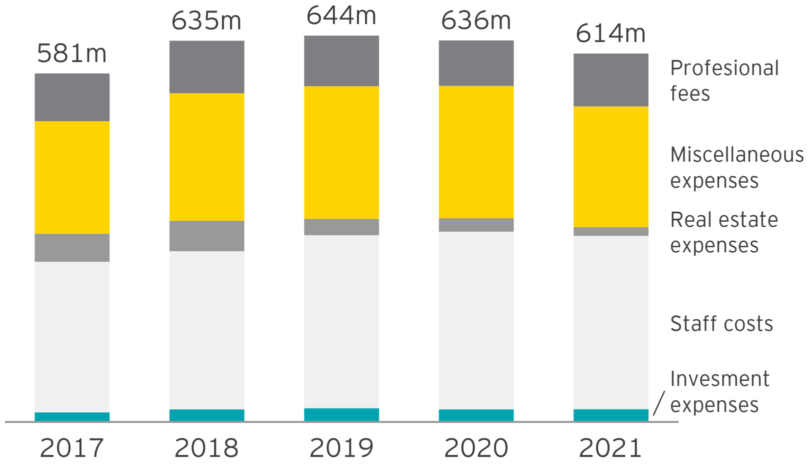
Expenses/GWP by company – motor



Expenses/GWP – all other



Expenses by type



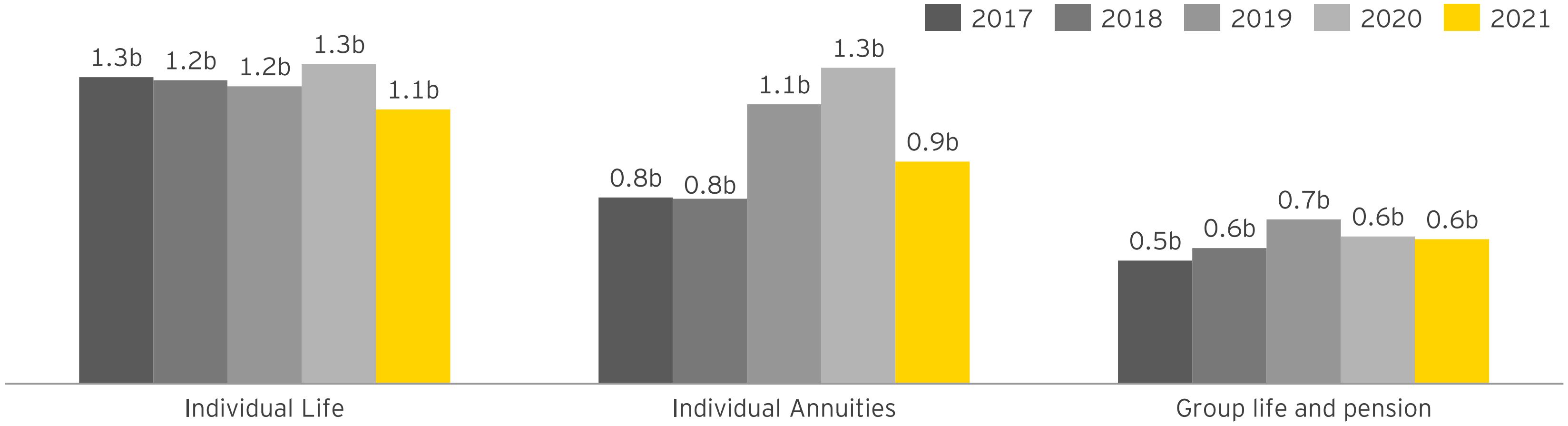
- Overall key indicators of performance show that expenses as a portion of GWP seemed to cluster around
  - 10% -20%, for the property line,
  - 20%-40% for the motor line and
  - are as high as 50% for all other lines
- Consistently, staff costs and miscellaneous expenses accounted for the main components of expenses.

4

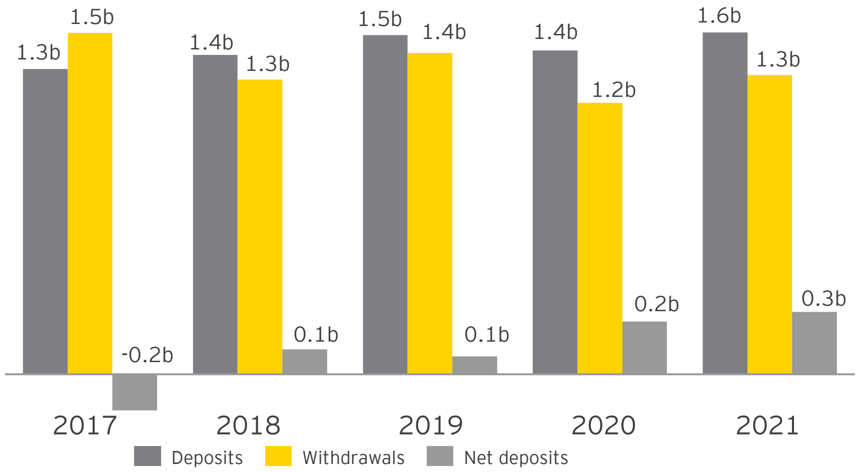
Life health & pensions

LH&P premiums fell for the first time in the past 5 years, with declines seen across all lines

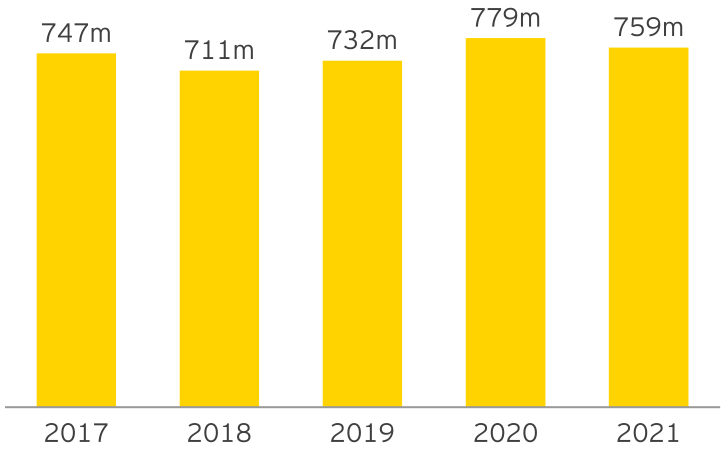
GWP – traditional life and pensions



Net UL deposits



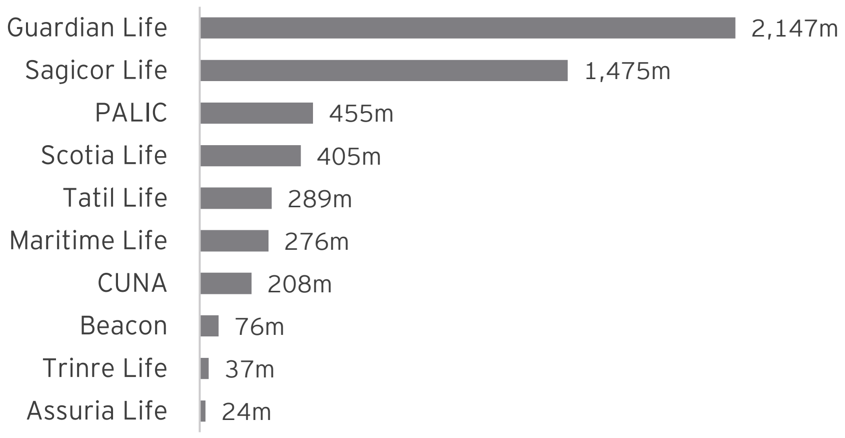
GWP - health



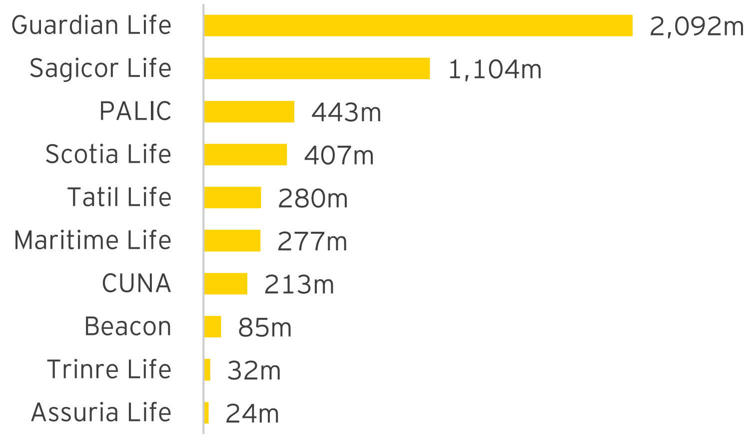
- 2021 was a challenging year in which GWP declined across all subsegments.
- The largest decline was seen in the individual annuities line, (30% decline); although this is largely reflective of GWP rebounding to normal levels, after the impact of high single premiums in the individual annuities line in 2019 and 2020.
- Individual life GWP declined by 14% which may have resulted from the delayed impact of policyholders discontinuing their policies in 2020, as they could no longer afford the premiums.
- In keeping with prior years UL deposits (life and pensions), accounted for approximately 50% -60% of total GWP, and it appears that the increase in withdrawals in 2020 did not last into 2021.
- Health insurance premiums remained largely flat, however it remains to be seen whether the impact of the Pandemic may affect this in the future.

The composition and competitive landscape of the LH&P insurance segment remained largely unchanged, with some movement among the mid-sized firms

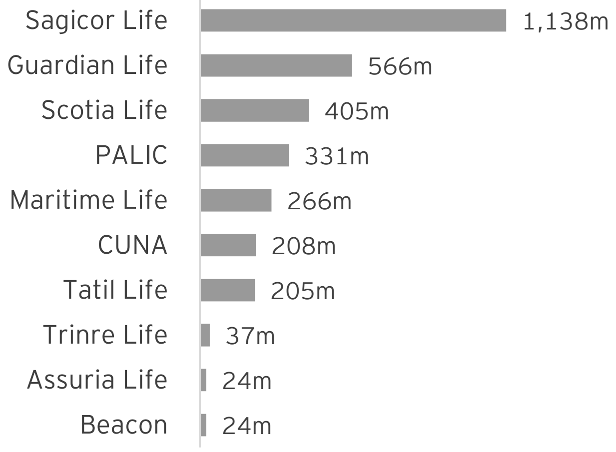
LH&P market share, incl. UL - 2020



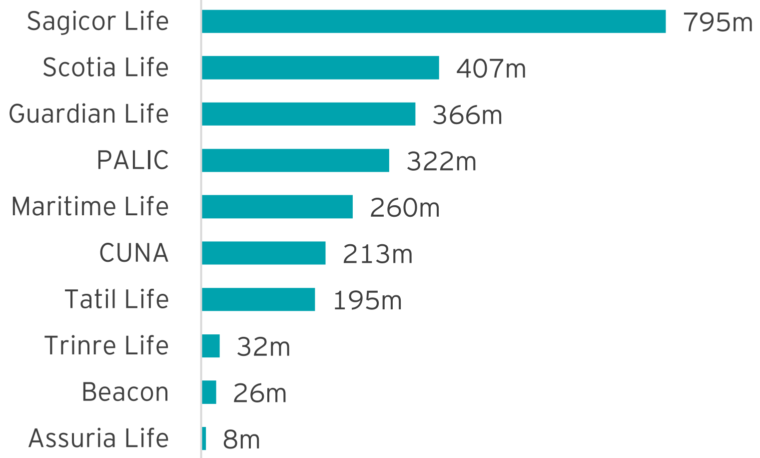
LH&P market share, incl. UL - 2021



L&P market share, excl. UL - 2020



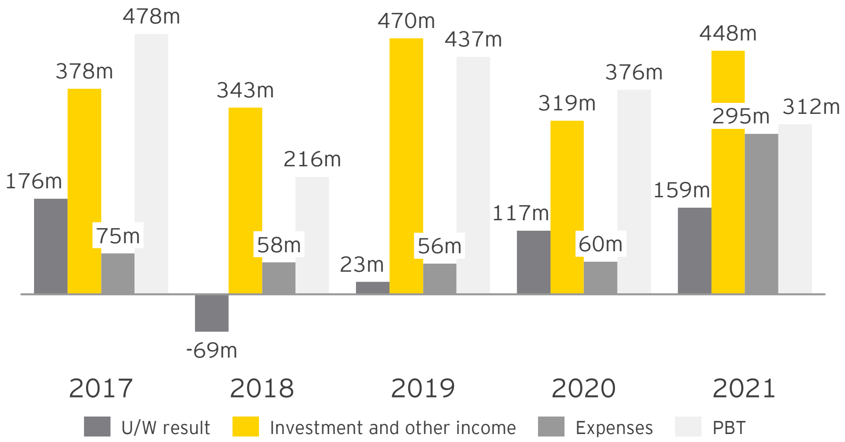
L&P market share, excl. UL - 2021



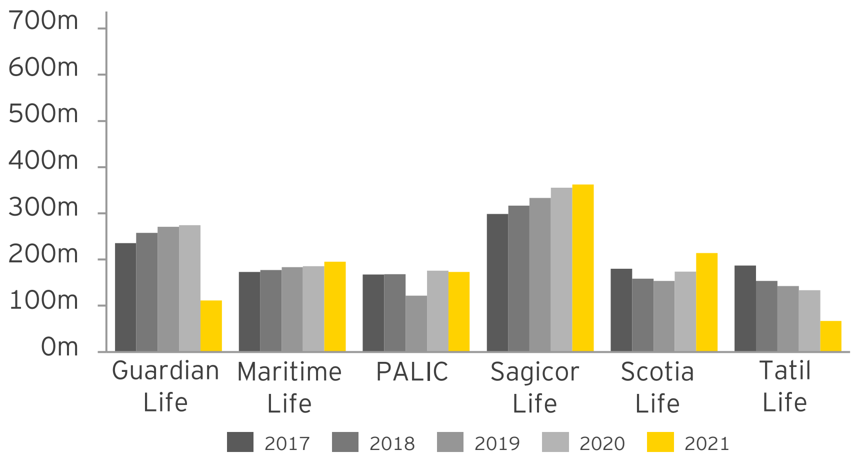
- The life insurance segment is highly consolidated, with two participants, Guardian Life and Sagicor, dominating the landscape.
- It is notable that whilst Guardian Life dominates in the UL funds, Sagicor is the largest player, on the traditional lines (that is excluding the UL products).

The traditional individual life (excl. UL), which is the largest line of business (excl. UL funds) continued to see decline in profitability (since 2019 and 2020)

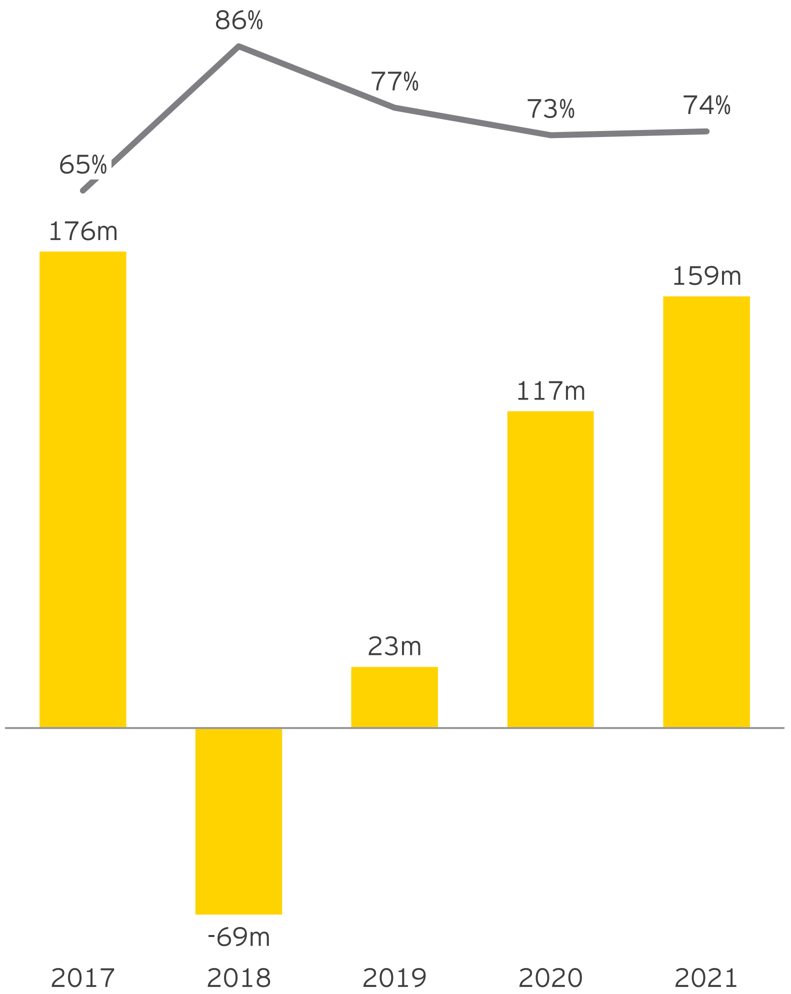
Individual life - PBT



Individual life - GWP by company



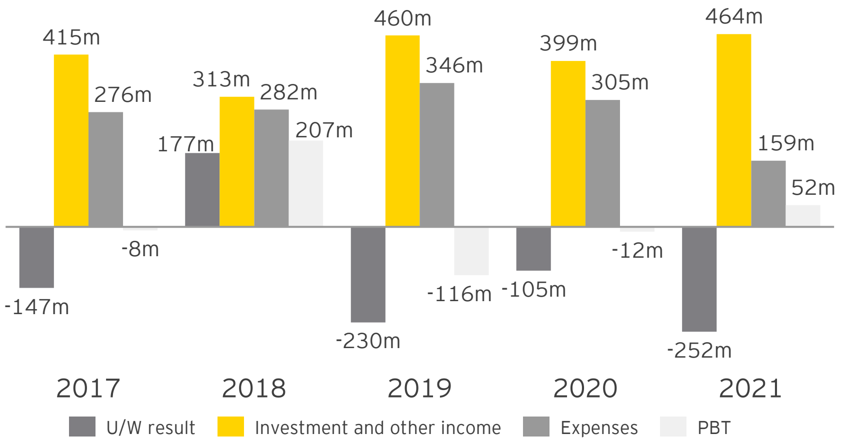
Individual life - U/W result loss ratio



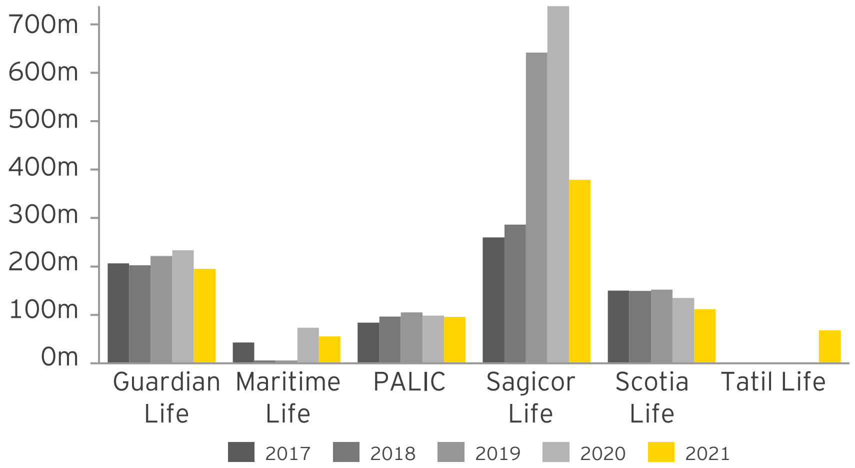
- The individual life line of business experienced a decline in PBT, in 2018, 2020, and 2021.
- In 2018, an unusually large loss ratio was the main driver of the decline, which the industry recovered from only slightly in 2019. However in that year, 2019, the industry experienced its highest level of investment returns.
- In 2020, U/W profit increased, however investment returns declined, resulting in an overall decline in profits, in 2020.
- U/W profits continued to increase in 2021, as did investment income, but expenses increased significantly in this year, resulting in an overall decline in profits.

Performance on traditional, individual annuities (excl. UL), were volatile over the period largely as result of large single premiums

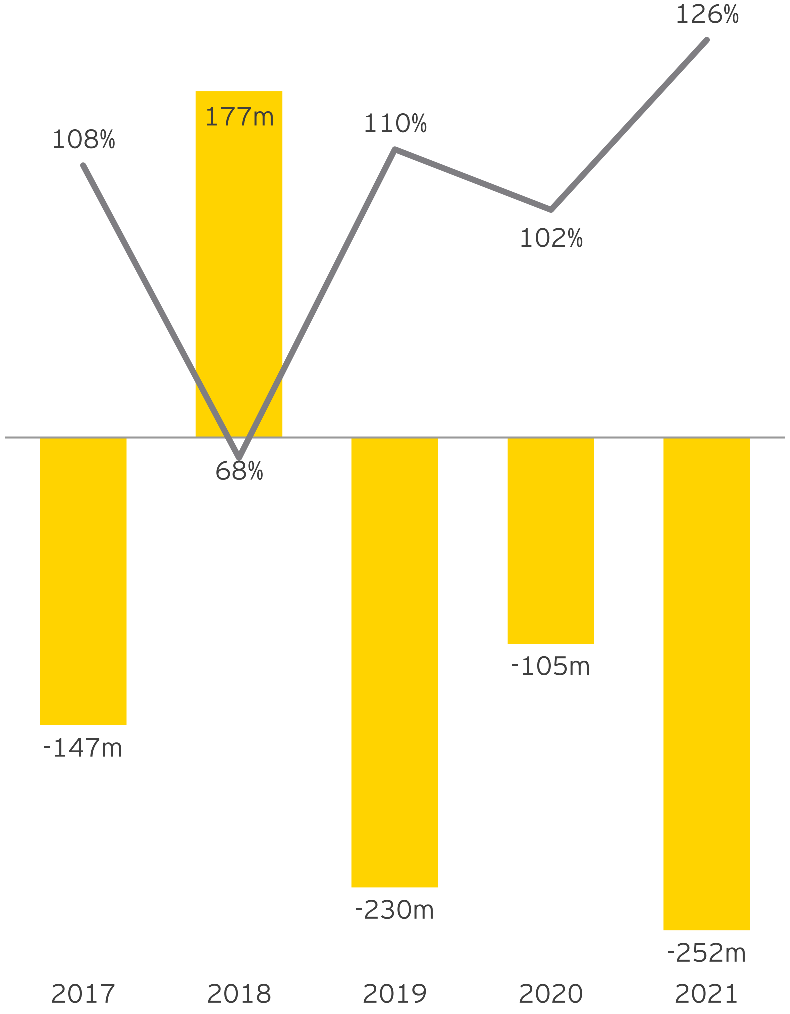
Individual annuities - PBT



Individual annuities - GWP by company



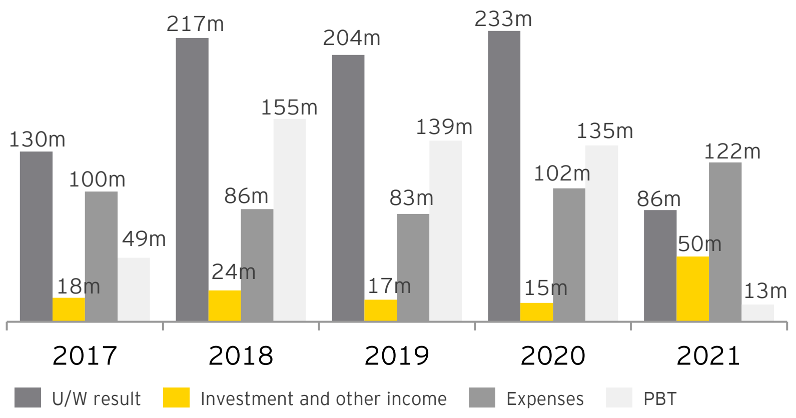
Individual annuities - U/W result loss ratio



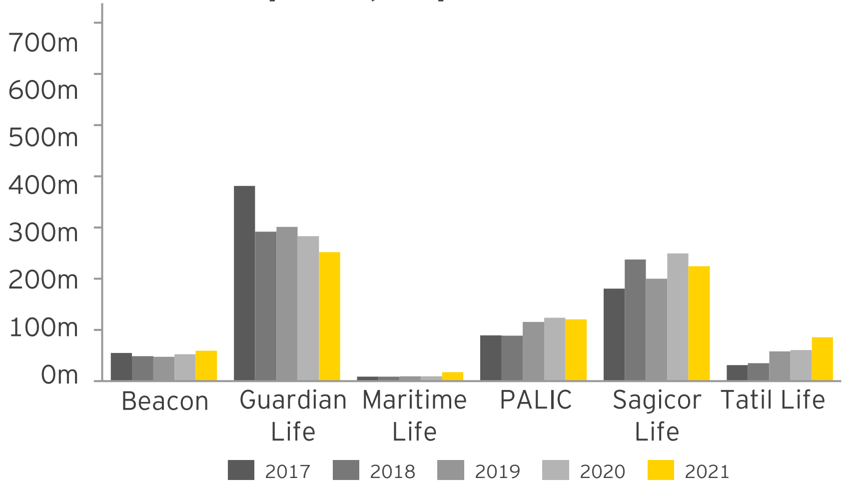
- The individual annuities line of business experienced U/W losses (NEP, less claims, less net commissions) in 2017, 2019, 2020 and 2021, with the main driver for losses being loss ratios, which exceeded 100% in each of these years, which may be due to changes in reserving, rather than actual claims paid.
- However, in 2021 the impact of U/W losses was offset by the highest level of investment income on the period and low reported expenses, albeit the latter may be due to a change in reporting rather than actual expense reductions.

Health (Group and Individual) saw a sharp reduction in profitability in 2021

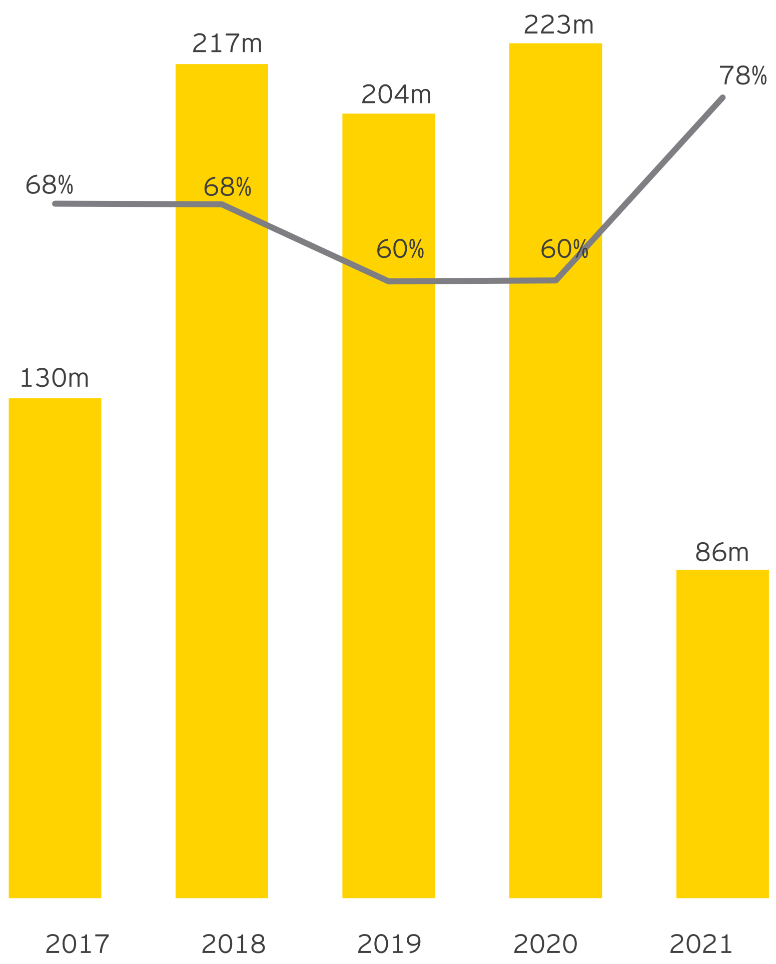
Health - PBT



Health- GWP by company



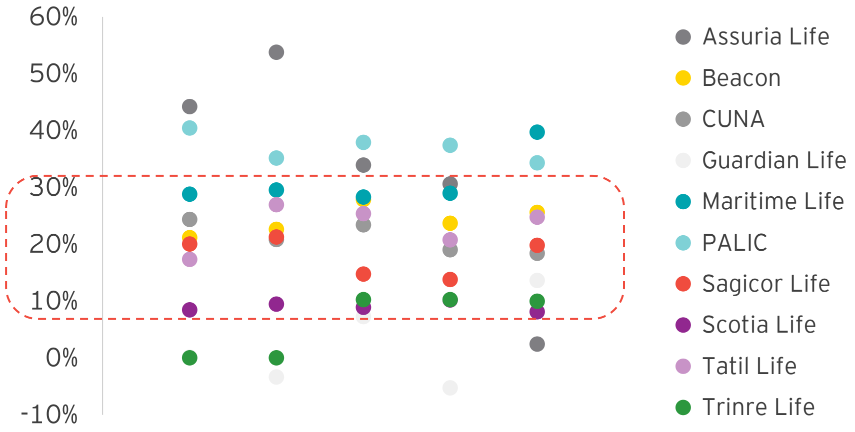
Health - U/W result loss ratio



- The Health line of business (Group and individual health combined) experienced reduced U/W profit (NEP, less claims, less net commissions) in 2021, with the main driver for losses being loss ratios, which rose to 78% - the highest for the period.

Expense ratios, and the composition of expenses, have been consistent over the past five years

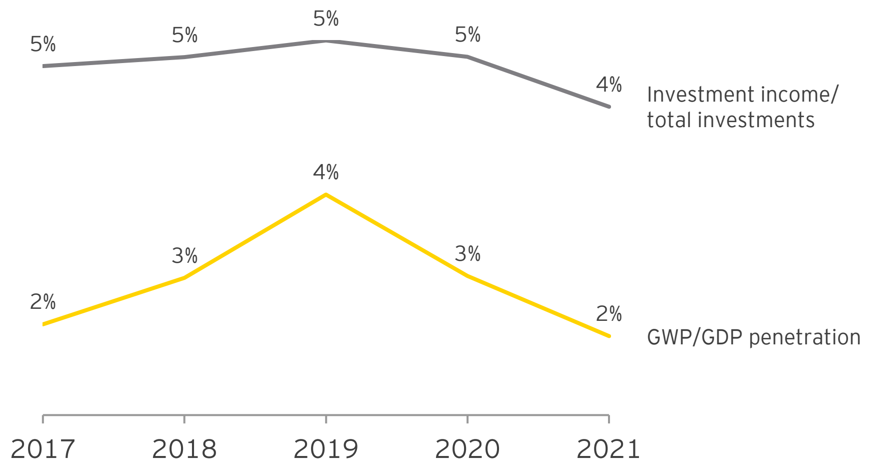
Expenses/GWP by company incl. UL



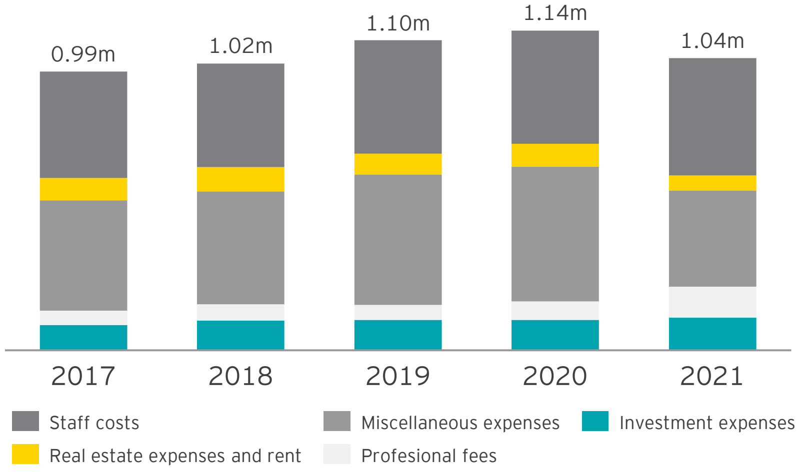
Expenses/GWP by company excl. UL expenses & GWP

- Overall key indicators of performance show that expenses as a portion of GWP seemed to cluster around 10% -30%, when UL deposits are both included and excluded as part of premium income (and UL expenses, in expenses).
- Consistently, staff costs and miscellaneous expenses accounted for the main components of expenses.

ROI



Expenses by type



5 Appendices

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Appendix 1: KPIs and abbreviations

Ratio/calculation	Segment	Calculation
U/W result	General	NEP, less net claims, less premium taxes, commissions expense and other acquisition costs, plus reinsurance commission income
PBT	All	U/W profit plus investment and other income, forex gains, portfolio transfer, other expenses, taxation
U/W profit	All	U/W result, less management expenses*
Loss ratio	General	Net claims/NEP
ROA	All	PBT/total assets
ROI	Life, health and pensions	Gross investment income/(investments and cash (including fixed deposits))

Abbreviation	Meaning
Returns	General and Long-Term Insurers Annual Returns submitted to the CBTT
$	Trinidad and Tobago dollar
b	Billions
m	Millions
CBTT	The Central Bank of Trinidad and Tobago
GDP	Gross Domestic Product
GWP	Gross written premiums
NEP	Net earned premiums
PBT	Profit Before Tax
U/W	Underwriting

Appendix 2: Insurance companies included in analyses

General insurance Companies	
Bankers	Bankers Insurance Company of Trinidad and Tobago Limited
COLFIRE	Colonial Fire and General Insurance Company Limited
Furness	Furness Anchorage General Insurance Limited
General Accident	General Accident Insurance Company (Trinidad and Tobago) Limited (formerly Motor One Insurance Company Limited)
GGIL	Guardian General Insurance Limited
GULF	Gulf Insurance Company Limited
ICWI	Insurance Company of the West Indies (data unavailable for this publication)
Maritime General	Maritime General Insurance Company Limited
Massy	Massy United Insurance Limited
NAGICO	Nagico Insurance (Trinidad and Tobago) Limited
New India	The New India Assurance Company (Trinidad & Tobago) Limited
Presidential	Presidential Insurance Company Limited
Sagicor	Sagicor General Insurance Inc.
TATIL	Trinidad and Tobago Insurance Limited

Long term insurance companies	
Assuria	Assuria Life Trinidad and Tobago Limited
Beacon	Beacon Insurance Company Limited
CUNA	CUNA Caribbean Insurance Society Limited
GLOC	Guardian Life of the Caribbean Limited
Maritime	Maritime Life (Caribbean) Limited
PALIG	Pan American Life Insurance Company of Trinidad and Tobago Limited
Sagicor	Sagicor Life Inc.
Scotia	ScotiaLife Trinidad And Tobago Limited
TATIL	Tatil Life Assurance Limited

Long term and general insurance companies	
Beacon	Beacon Insurance Company Limited
TRINRE	Trinre Insurance Company Limited

LIMITATIONS

While every effort was made to ensure consistency among the companies, certain variations do exist which directly impact the comparability of the data from company to company. The following are some key areas where variations and/or gaps may exist and thus should be carefully considered before drawing any conclusions.

Accounting policies

While in most cases, International Accounting Standards (IFRS) are used for statutory financial reporting purposes, the companies may adopt different accounting policies which will not always be consistent with each other.

Companies have adopted different accounting policies with respect to the valuation of investments and the recognition of investment gains and losses in their financial statements.

The Act accounting policy is in compliance with the Insurance Act (1980) and will not be comparable to IFRS accounting policy. Therefore, results from individual companies' annual reports and ratios may be different from that illustrated in this magazine.

Allocation methods

Insurance companies are required by the Insurance Act to report their expenses by line of business. Most insurance companies use varying allocation methods to assign the expenses at their discretion. As such, the allocated expense reported by each line of business may not be a true reflection of the actual cost incurred specifically to that line of business.

Valuation of liabilities

The Life insurance companies employ different actuarial methods for the valuation of insurance liabilities and there are also differences in the degree of conservatism and prudence used in the valuation assumptions. The same would apply to General insurers with respect to the establishment of reserves, where varying levels of conservatism result in significantly different results.

Use of estimates

The preparation of financial statements, used to produce the Insurance Act's accounts, in conformity with International Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Acknowledgements

We take this opportunity to thank those who have displayed dedication and commitment to the production of this year's edition of the Premium magazine.

The quality of this report reflects the hard work of the team and to all of you, we express our sincerest thanks. Special mention must be made to the efforts of Maleeka Manmohansingh, Matthew Wong Sang, Terrence Dear, Fiona O'Brien and Janine Navarro.

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We bring critical questions into focus, which lead to bolder strategies, simplified operations and sustainable growth. Our sharp understanding of the state of play allows us to shift discussion from reacting to change, to helping shape it. Ultimately, we work with clients not just to stay competitive, but to change investing for the better.

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