FINANCIAL STATEMENTS

British Caymanian Insurance Company Limited
Year Ended December 31, 2023
With Independent Auditor's Report

British Caymanian Insurance Company Limited

Financial Statements

Year ended December 31, 2023

Table of contents

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Independent Auditor's Report

To the Shareholder of
British Caymanian Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British Caymanian Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2023 and 2022, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Emphasis of Matter

Without qualifying the above conclusion, we draw your attention to the change in accounting principles relating to the Insurance contracts, described in Note 2 to the financial statements presenting the impacts of IFRS 17 "Insurance Contracts" first time application from January 1, 2023.

Responsibilities of Management and the Board of Directors **for the Financial Statements**

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

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Ernst + Young Ltd.

Grand Cayman, Cayman Islands
May 1, 2024

British Caymanian Insurance Company Limited
Statement of Financial Position
(In Thousands of Cayman Islands Dollars)

	December 31	
	2023	Restated 2022
	$	$
Assets		
Cash and cash equivalents (Note 3,12)	**7,205**	16,366
Financial assets (Note 4,12,14)	**29,643**	27,309
Accounts receivable and accrued interest (Note 12)	**10**	—
Other assets	**161**	209
Amounts due from related companies (Note 12,14)	**626**	1,188
Reinsurance contract assets (Note 9,12)	**18,135**	15,134
Property, plant and equipment (Note 11)	**73**	118
Intangible assets (Note 10)	**149**	314
Total assets	**56,002**	60,638
Liabilities		
Other liabilities	**502**	283
Amounts due to related companies (Note 12,14)	**1,315**	15,005
Insurance contract liabilities (Note 8,12)	**25,098**	20,158
Total liabilities	**26,915**	35,446
Shareholder's equity		
Share capital (Note 13)	**3,000**	3,000
Contributed surplus (Note 13)	**26,550**	26,550
Accumulated deficit	**(463)**	(4,358)
Total equity	**29,087**	25,192
Total liabilities and equity	**56,002**	60,638

See accompanying notes to financial statements.

On behalf of the Board:

Yan LeClerc

Director Date: May 1, 2024

Director Date: May 1, 2024

British Caymanian Insurance Company Limited
Statement of Comprehensive Income (Loss)
(In Thousands of Cayman Islands Dollars)

	Year Ended December 31	
	2023	**Restated 2022**
	$	**$**
Insurance contract revenue (Note 5,6,8,14)	**60,274**	48,527
Insurance service expense (Note 5,6,8,14)	**(15,744)**	(11,287)
Net expenses from reinsurance contract held (Note 5,6,9,14)	**(37,805)**	(31,194)
Insurance service result	**6,725**	6,046
Interest income (expense) (Note 4,6,14)	**2,323**	(2,994)
Investment expense (Note 4,6)	**(8)**	(8)
Insurance finance (expense) income (Note 5,6)	**(301)**	104
Reinsurance finance income (expense) (Note 5,6,9)	**73**	(21)
Net financial result	**8,812**	3,127
Other operating expenses (Note 14,16)	**(4,917)**	(4,042)
Total comprehensive income (loss) for the year	**3,895**	(915)

See accompanying notes to financial statements.

British Caymanian Insurance Company Limited
Statement of Changes in Shareholders' Equity
(In Thousands of Cayman Islands Dollars)

	Share Capital	Contributed Surplus	Accumulated Deficit	Total Equity
	$	**$**	**$**	**$**
Balance as at December 31, 2021	3,000	26,550	(3,461)	**26,089**
Impact of transition to IFRS 17	—	—	18	**18**
Net loss	—	—	(915)	**(915)**
Restated balance as at December 31, 2022	**3,000**	**26,550**	**(4,358)**	**25,192**
Net income	—	—	3,895	**3,895**
Balance as at December 31, 2023	**3,000**	**26,550**	**(463)**	**29,087**

See accompanying notes to financial statements.

British Caymanian Insurance Company Limited
Statement of Cash Flows
(In Thousands of Cayman Islands Dollars)

	Year Ended December 31	
	2023	**Restated 2022**
	$	**$**
Operating activities		
Net income (loss)	**3,895**	(915)
Adjustments for:		
Depreciation and amortisation (Note 10,11)	**222**	262
Dividend and interest income (Note 4)	**(43)**	(69)
Net change in unrealised (gains) losses on financial assets (Note 4)	**(2,788)**	1,734
Realized losses on sale of financial assets (Note 4)	**508**	1,329
Operating cash flow before changes in operating working capital	**1,794**	2,341
Change in operating working capital (Note 17)	**2,196**	(1,465)
Cash flows provided by operating activities	**3,990**	876
Investing activities		
Proceeds from sale of financial assets (Note 4)	**3,457**	4,067
Purchase of financial assets (Note 4)	**(3,511)**	(8,347)
Interest and dividends received (Note 4)	**43**	69
Purchase of property, plant and equipment (Note 11)	**(12)**	(22)
Repayments (to) from related companies (Note 14)	**(13,128)**	5,042
Cash flows used in provided by investing activities	**(13,151)**	809
Financing activities		
Dividends paid to owners	—	(6,875)
Cash flows (used in) financing activities	—	(6,875)
Net change in cash and cash equivalents	**(9,161)**	(5,190)
Cash and cash equivalents at beginning of year	**16,366**	21,556
Cash and cash equivalents at end of year	**7,205**	16,366

See accompanying notes to financial statements.

Notes to Financial Statements

1. General

British Caymanian Insurance Company Limited (the Company), is incorporated in the Cayman Islands and operates as an insurance company. It was granted a Class A license under the Cayman Islands Insurance Act (Revised) on December 24, 1984.

The Company is a wholly owned subsidiary of British Caymanian Holdings Limited (the Parent), an entity domiciled in the Cayman Islands. The registered office and principal place of business of the Company and the Parent is BritCay House, P.O. Box 74, George Town, Grand Cayman, Cayman Islands, B.W. I.

The Company's parent is 75% owned by Coralisle Group Ltd. (The Group), an entity domiciled in Bermuda, whose principal activity is to act as a holding company. The Group is fully owned by Edmund Gibbons Limited (the Ultimate Parent), an entity domiciled in Bermuda.

The Company writes property and casualty insurance risks in the Cayman Islands.

The financial statements, including all notes, were authorized for issue by the Board of Directors on April 15, 2024.

2. Summary of Significant Accounting Policies

Basis of Preparation

The preparation of Financial Statements in conformity with International Financial Reporting 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.

Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. The significant 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, amounts due from related companies, reinsurance contract assets, and

- amounts due to related companies, 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 intangible assets; and
- provision for employee future benefits.

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.

The Company adopted the IFRS 17 standard as at January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17. The related changes to significant accounting policies and quantitative impact on equity are stated in the New Standards, Interpretations and Amendments to Published Standards section of this note.

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 at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value.
- 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:

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments.

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 the following classifications for measurement of financial assets: (i) financial assets at fair value through profit or loss, (ii) financial assets held at amortised cost, and (iii) financial assets at fair value through other comprehensive income.

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").

In order for a financial asset to be classified and measured at amortised cost or fair value through Other Comprehensive Income (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 market place (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 Fair Value Through Profit or Loss (FVTPL)

Financial assets at fair value through profit or loss 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 fair value through profit or loss, 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 fair value through profit or loss 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.

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. As the Company records all debt instruments at FVTPL, it has not created an allowance for ECL.

The Company has reviewed the ECL for the trade receivables that it is holding at amortised costs and determined that any ECL provision would be immaterial and therefore has not recorded any impairment provision in the results of the Company.

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
- 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.

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.

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 under IFRS 9 as if it was a standalone derivative and measured under 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.

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.

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.

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 the amount recognised as insurance revenue for coverage period.

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 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 fulfilment cash flows related to past service.

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.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

Computer hardware	5 years
Furniture and office equipment	5 - 15 years
Leasehold improvements	5 - 10 years
Motor vehicles	5 years

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

Intangible Assets

Finite-life intangible assets are amortised on a straight-line basis over their useful life. The Company has classified software costs as intangible assets if they are not an integral part of the computer equipment. Finite-life intangible assets are recorded at cost less accumulated amortisation. Amortisation is provided for on a straight line basis over the following estimated useful lives.

Computer Software	5-7 years
Portfolio acquisition cost	10 years

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 assetImpairment 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.

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. For the financial years ended December 31, 2023 and 2022, the Company did not have a lease agreement requiring the recognition of lease liabilities and right-of-use assets.

Short-Term Leases

The Company applies the short-term lease recognition exemption 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 expenses 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. Dividend income is recognised when the right to receive the dividend is established.

Rental income from investment properties is reported in the Statement of Comprehensive Income or Loss linearly according to the term of the lease.

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.

Retiree Health Benefits

Company employees are part of the Coralisle Retirees Pension and Health Insurance benefits (Coralisle Plan) whereby, the retirees will be reimbursed by the Company for a portion or the entirety of their Medical Plan premiums if they meet certain criteria. This plan is sponsored by the Parent Company. There is no contractual agreement or stated policy with the Parent Company for charging the Company its share of net defined benefit cost and therefore, the portion of premium paid for the eligible retiree is included in expenses.

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.

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, 2023.

Effective January 1, 2023, the Company adopted the following new accounting standards:

IFRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has adopted this standard as of January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17.
The key changes to the Company's accounting policies resulting from its adoption of IFRS 17 are summarized below.

Changes to Classification and Measurement

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

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

- the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced by applying the requirements in paragraphs 32–52; or
- the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at that date applying paragraph 34) is one year or less.

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA") as a result of the coverage period being one year or less for P&C contracts.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.
- Management opted to include insurance acquisition costs in the measurement of the liability for remaining coverage.

The Company has elected to expense its insurance acquisition cash flows.

Changes to Presentation and Disclosure

For presentation in the Statement of Financial Position, the Company has a set of insurance contracts in a liability position and a set of reinsurance contracts held in an asset position. The portfolios are established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions that were previously in the Statement of Comprehensive Income were:

- Gross premiums written.
- Net premiums written.
- Direct claims incurred-gross.
- Net claims incurred.

These have been replaced by:

- Insurance contract revenue.
- Insurance service expenses.
- Net expenses from reinsurance contracts held.
- Insurance finance income or expenses.
- Reinsurance finance income or expenses.

Transition

Under the full retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before 1 January 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied, which are included in the measurement of the insurance contracts;
- measured owner-occupied properties and the Company's own shares held that were underlying items of direct participating contracts at fair value; and
- recognised any resulting net difference in equity.

The resulting adjustments impact on retained earnings as of the transition date, January 1, 2022, is a an increase of $18 (December 31, 2022 $132).

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:

(In Thousands of Cayman Islands Dollars)

- expectations at contract inception about policyholders' shares of the returns on underlying items at contract inception required for identifying direct participating contracts;
- assumptions about discount rates, because the Company had not been subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
- assumptions about the risk adjustment for non-financial risk, because the Company had not been subject to any accounting or regulatory framework that required an explicit margin for non-financial risk before 2022.

3. Cash and cash equivalents

Cash and cash equivalents represent current accounts and demand deposits balances held as follows:

	2023	2022
	$	$
Unrelated banks in Cayman Islands	**6,913**	15,892
Unrelated banks in Switzerland	**292**	474
	7,205	16,366

4. Financial assets

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

	2023		2022	
	Carrying Value	Amortised Cost	Carrying Value	Amortised Cost
	$	$	$	$
At fair value through profit or loss	**29,643**	**29,280**	27,309	29,734
	29,643	**29,280**	27,309	29,734

For all securities, regardless of classification, the Company's largest concentration in any one investee, or group of investees, is 100.0% (2022 - 97.0%).

The investee, PIMCO, is a large asset management firm through which the Company holds a number of managed funds which encompass a diversified asset mix of equities, fixed income and alternative investments.

At Fair Value Through Profit or Loss (FVTPL)

	2023		2022	
	Value	Cost	Value	Cost
	$	$	$	$
Managed funds	**29,643**	**29,280**	27,309	29,734
	29,643	**29,280**	27,309	29,734

(In Thousands of Cayman Islands Dollars)

The managed funds owned by the Company invest in a number of different types of investments which include: large cap, small cap and emerging market equity, sovereign bonds, investment grade corporate bonds, high yield bonds, asset backed securities, and alternative investments which can include private equity and real estate.

These investments are subject to the conditions and restrictions as further defined in the terms of the offering of each fund, which are usually contained in a formal offering memoranda. Such offering memoranda generally define the nature and types of investments in which a managed fund can invest and provide for specified procedures regarding further investment in and redemption from the particular fund. The investment portfolio is monitored by the Investment Committee and is subject to investment guidelines approved by the Board of Directors.

Fair Value Hierarchy

The following table presents the Company'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
Financial assets measured at fair value	**$**	**$**	**$**	**$**
Managed funds	24,697	—	4,946	29,643
Total	**24,697**	**—**	**4,946**	**29,643**

The following table presents the Company's fair value hierarchy for those assets or liabilities measured at fair value and for which fair values are disclosed as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**$**	**$**	**$**	**$**
Managed funds	24,917	—	2,392	27,309
Total	**24,917**	**—**	**2,392**	**27,309**

(a) Financial Assets in Level 1

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. 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. Investments included in Level 1 comprise primarily domestic and foreign quoted equity shares and managed funds.

(In Thousands of Cayman Islands Dollars)

(b) Financial Assets in Level 2 and 3

The fair value of investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques include market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices and reference data including market research publications. In limited circumstances, non-binding broker quotes are used. If all significant inputs required to determine the fair value of an investment are observable, the investment is included in Level 2.

Fair values of the Company's interests in unquoted managed fund investments are based upon the Net Asset Values of the underlying investment funds as reported by the investment managers or their independent administrators. The Company's ability to redeem its managed fund investments at the reported net asset value per share (or its equivalent) determines whether the managed fund investment is categorized within Level 2 or Level 3 of the fair value hierarchy. If the managed fund can be redeemed within a time period of 3 months with no gates or other redemption restrictions it is classified within Level 2. Otherwise, the managed fund is classified within Level 3.

There were no reclassifications of investments between Level 1, Level 2, or Level 3 during the year ended December 31, 2023 and 2022.

(c) Financial Assets in Level 3

The Level 3 financial assets are primarily composed of funds valued on a Net Asset Value (NAV) basis. The most significant input in the valuation is the NAV of the underlying fund. Generally, an increase in the NAV of each underlying fund will have an increase in the fair value of the financial assets.

The following table provides a summary of the changes in fair value of the Company's Level 3 financial assets (and liabilities) for the year ended December 31, 2023:

	Managed Funds	**Common Equity**	**Total**
	$	**$**	**$**
Beginning balance as at January 1, 2023	**2,392**	—	**2,392**
Movement in unrealised gains	**603**	—	**603**
Purchases	**1,951**	—	**1,951**
Ending balance as at December 31, 2023	**4,946**	—	**4,946**
Total gains for the year included in income on Level 3 assets (recognized in investment income)	**603**	—	**603**

(In Thousands of Cayman Islands Dollars)

The following table provides a summary of the changes in fair value of the Company's Level 3 financial assets (and liabilities) for the year ended December 31, 2022:

	Managed Funds	Common Equity	Total
	$	$	$
Beginning balance as at January 1, 2022	2,505	4	2,509
Movement in unrealised (losses) / gain	(113)	417	304
Realised losses	—	(421)	(421)
Ending balance as at December 31, 2022	2,392	—	2,392
Total losses for the year included in income on Level 3 assets (recognized in investment income)	(113)	(4)	(117)

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

Investment Income and Expense

Net investment income (loss) and expense comprises the following:

	2023	2022
	$	$
Dividend and interest income	**43**	44
Intercompany and related party interest	—	25
Realised loss on sale of investments	**(508)**	(1,329)
Net unrealised gain (loss) on investments	**2,788**	(1,734)
Management fees	**(8)**	(8)
	2,315	(3,002)

(In Thousands of Cayman Islands Dollars)

5. Insurance service results

The following tables present an analysis of the insurance revenues and expenses recognised in the period.

	2023	2022
	$	**$**
Insurance revenue measured under PAA	**60,274**	48,527
Income (expenses) from reinsurance contracts held		
Allocation of reinsurance premium paid	**(38,854)**	(29,886)
Claims recovered from the reinsurer	**676**	24
Adjustments to liabilities for incurred claims	**373**	(1,332)
	(37,805)	(31,194)
Income (expenses) from insurance contracts issued		
Incurred claims and other incurred insurance service expenses	**(8,849)**	(6,554)
incurred	**1,958**	2,967
Insurance acquisition expenses	**(8,853)**	(7,700)
	(15,744)	(11,287)
Finance income (expenses) from insurance contracts issued		
Interest accreted	**(294)**	(47)
Effect of changes in interest rates and other financial assumptions	**(7)**	151
	(301)	104
Finance income (expenses) from reinsurance contracts issued		
Interest accreted	**72**	18
Effect of changes in interest rates and other financial assumptions	**1**	(39)
	73	(21)
Total insurance service and finance result	**6,497**	6,129

(In Thousands of Cayman Islands Dollars)

6. Total Investment Income and Net Insurance Financial Results

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

	2023	2022
	$	**$**
Finance (expenses) income from insurance contracts issued		
Interest accreted	**(294)**	(47)
Effect of changes in interest rates and other financial assumptions	**(7)**	151
	(301)	104
Finance income (expenses) from reinsurance contracts issued		
Interest accreted	**72**	18
Effect of changes in interest rates and other financial assumptions	**1**	(39)
	73	(21)
Net finance (expense) income from insurance and reinsurance contracts	**(228)**	83
Summary of the amounts recognized in statement of comprehensive		
Insurance service result	**6,725**	6,046
Net investment income (loss)	**2,315**	(3,002)
Net finance (expense) income from insurance and reinsurance contracts	**(228)**	83
Net insurance and investment result	**8,812**	3,127

(In Thousands of Cayman Islands Dollars, except share amounts)

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, 2023.

Reporting year/period ended:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	$	$	$	$	$	$	$	$	$	$	$	$
At end of reporting year/period	3,133	2,689	2,573	3,318	2,737	3,181	2,910	2,095	3,971	4,191	4,709	
One year later	3,591	3,079	2,667	3,917	2,859	3,509	2,930	2,141	4,261	4,579	—	
Two years later	3,721	3,290	2,668	4,047	2,815	3,462	2,914	2,149	4,684	—	—	
Three years later	3,652	3,648	2,717	4,180	2,814	3,516	2,970	2,310	—	—	—	
Four years later	3,725	3,558	2,862	4,238	2,814	3,531	2,963	—	—	—	—	
Five years later	3,811	3,580	2,848	4,504	2,804	3,543	—	—	—	—	—	
Six years later	3,811	3,582	2,874	4,561	2,804	—	—	—	—	—	—	
Seven years later	3,811	3,582	2,885	4,576	—	—	—	—	—	—	—	
Eight years later	3,811	3,567	2,884	—	—	—	—	—	—	—	—	
Nine years later	3,838	3,567	—	—	—	—	—	—	—	—	—	
Ten years later	3,856	—	—	—	—	—	—	—	—	—		
Current estimate of net cumulative claims	3,856	3,567	2,884	4,576	2,804	3,543	2,963	2,310	4,684	4,579	4,709	40,475
Cumulative payments to date	3,815	3,567	2,884	4,430	2,804	3,508	2,940	2,259	3,687	3,880	2,685	36,459
Net liabilities for accident years 2013 - 2023	41	—	—	146	—	35	23	51	997	699	2,024	4,016
Net liabilities for prior accident year												—
Effect of discounting												1,229
Effect of the risk adjustment margin for non-financial risk												177
Net LIC for the contracts originated												5,422

(In Thousands of Cayman Islands 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:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**14,993**	**—**	**4,886**	**279**	**20,158**
Changes in the statement of comprehensive income (loss)					
Insurance revenue					
Insurance contract revenue measured under PAA	(60,274)	—	—	—	**(60,274)**
Insurance service expenses					
Incurred claims and other insurance service expenses	8,853	—	8,849	—	**17,702**
Adjustments to liabilities for incurred claims	—	—	(1,906)	(52)	**(1,958)**
Insurance service result	**(51,421)**	**—**	**6,943**	**(52)**	**(44,530)**
Insurance finance expenses from insurance contracts recognized in statement of comprehensive income or loss	—	—	301	—	**301**
Total changes in the statement of comprehensive income (loss)	**(51,421)**	**—**	**7,244**	**(52)**	**(44,229)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	63,048	—	—	—	63,048
Claims and other insurance service expenses paid (including investment components)	(8,631)	—	(5,248)	—	(13,879)
Total cash flows	**54,417**	**—**	**(5,248)**	**—**	**49,169**
Closing insurance contract liabilities	**17,989**	**—**	**6,882**	**227**	**25,098**

(In Thousands of Cayman Islands Dollars)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**13,675**	**—**	**5,843**	**115**	**19,633**
Changes in the statement of Comprehensive income					
Insurance revenue					
Insurance contract revenue measured under PAA	(48,527)	—	—	—	**(48,527)**
Incurred claims and other insurance service expenses	7,700	—	6,430	124	**14,254**
Adjustments to liabilities for incurred claims	—	—	(3,007)	40	**(2,967)**
Insurance service result	**(40,827)**	**—**	**3,423**	**164**	**(37,240)**
Insurance finance income from insurance contracts recognized in profit or loss	—	—	(104)	—	**(104)**
Total changes in the statement of comprehensive income (loss)	**(40,827)**	**—**	**3,319**	**164**	**(37,344)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	49,484	—	—	—	49,484
Claims and other insurance service expenses paid (including investment components)	(7,339)	—	(4,276)	—	(11,615)
Total cash flows	**42,145**	**—**	**(4,276)**	**—**	**37,869**
Closing insurance contract liabilities	**14,993**	**—**	**4,886**	**279**	**20,158**

(In Thousands of Cayman Islands 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:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	**13,894**	—	**1,174**	**66**	**15,134**
(loss)					
Insurance revenue					
Allocation of reinsurance premiums paid	(38,854)	—	—	—	**(38,854)**
reinsurance service expenses	—	—	1,670	—	**1,670**
Insurance service expenses					
Changes in recoveries for past claims	—	—	(605)	(16)	**(621)**
contracts recognised in profit or loss	—	—	73	—	**73**
Insurance service result	**(38,854)**	—	**1,138**	**(16)**	**(37,732)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	52,614	—	—	—	**52,614**
Amounts received from reinsurers relating to incurred claims	(11,206)	—	(676)	—	**(11,882)**
Total cash flows	**41,408**	—	**(676)**	—	**40,732**
Closing reinsurance contract assets	**16,448**	—	**1,637**	**50**	**18,135**

(In Thousands of Cayman Islands Dollars)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	**10,881**	**—**	**2,543**	**50**	**13,474**
Changes in the statement of comprehensive income (loss)					
Insurance revenue					
Allocation of reinsurance premiums paid	(29,886)	—	—	—	**(29,886)**
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	308	4	**312**
Insurance service expenses					
Changes in recoveries for past claims	—	—	(1,632)	12	**(1,620)**
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	(21)	—	**(21)**
Insurance service result	**(29,886)**	**—**	**(1,345)**	**16**	**(31,215)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Amounts received from reinsurers relating to incurred claims	(8,427)	—	(24)	—	(8,451)
Total cash flows	**32,899**	**—**	**(24)**	**—**	**32,875**
Closing reinsurance contract assets	**13,894**	**—**	**1,174**	**66**	**15,134**

(In Thousands of Cayman Islands Dollars)

10. Intangible Assets

Intangible assets as at December 31, 2023, are detailed below:

	2022	Additions	Disposals	2023
Cost	**$**	**$**	**$**	**$**
Computer software	567	—	—	**567**
Portfolio acquisition cost	1,433	—	—	**1,433**
	2,000	—	—	**2,000**

	2022	Amortisation	Disposals	2023
Accumulated amortisation	*$*	*$*	*$*	***$***
Computer software	540	22	—	**562**
Portfolio acquisition cost	1,146	143	—	**1,289**
	1,686	165	—	**1,851**
Net book value	314			**149**

(In Thousands of Cayman Islands Dollars)

Intangible assets as at December 31, 2022 are detailed below:

	2021	Additions	Disposals	2022
Cost	**$**	**$**	**$**	**$**
Computer software	567	—	—	567
Portfolio acquisition cost	1,433	—	—	1,433
	2,000	—	—	2,000

	2021	Amortisation	Disposals	2022
Accumulated amortisation	**$**	**$**	**$**	**$**
Computer software	499	41	—	540
Portfolio acquisition cost	1,003	143	—	1,146
	1,502	184	—	1,686
Net book value	498			314

Until December 31, 2014, management considered the portfolio acquisition cost as having an indefinite useful life. Consequently, the asset was not amortised, but was tested annually for impairment. Due to a change in circumstances, effective January 1, 2015, management determined that the asset's useful life had changed from indefinite to finite.

Included in intangible assets are fully amortised assets of $523 (2022 – $422) which are still in use.

No impairment was recorded as of December 31, 2023 and 2022.

(In Thousands of Cayman Islands Dollars)

11. Property, Plant and Equipment

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

	2022	Additions	Disposals	2023
Cost	$	$	$	$
Leasehold improvements	444	—	—	**444**
Computer hardware	557	—	—	**557**
Furniture and office equipment	453	12	—	**465**
Motor vehicles	41	—	—	**41**
	1,495	12	—	**1,507**

	2022	Depreciation	Disposals	2023
Accumulated depreciation	$	$	$	$
Leasehold improvements	424	4	—	**428**
Computer hardware	492	32	—	**524**
Furniture and office equipment	421	20	—	**441**
Motor vehicles	40	1	—	**41**
	1,377	57	—	**1,434**
Net book value	118			**73**

Property, plant and equipment as at December 31, 2022, comprises the following:

	2021	Additions	Disposals	2022
Cost	$	$	$	$
Leasehold improvements	436	8	—	444
Computer hardware	550	7	—	557
Furniture and office equipment	446	7	—	453
Motor vehicles	41	—	—	41
	1,473	22	—	1,495

	2021	Depreciation	Disposals	2022
Accumulated depreciation	$	$	$	$
Leasehold improvements	422	2	—	424
Computer hardware	446	46	—	492
Furniture and office equipment	393	28	—	421
Motor vehicles	38	2	—	40
	1,299	78	—	1,377
Net book value	174			118

Included in property, plant and equipment are fully amortised assets of $1,318 (2022 – $1,226) which are still in use.

12. Risk Management and Financial Instruments

The activities of the Company involve the use of insurance contracts and financial instruments. As such, the Company is exposed to insurance risks and financial risks. This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the Company'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 Company'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 Company'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 Company, 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 Company's activities. The Company, 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 Group 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 Company 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 Company 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.

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 Company insures the risks of individuals and companies located in Cayman Islands.

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

The Company 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 Company'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 Company 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:

	2023	2022
Net short-term insurance liabilities – property risk	**10 months**	6 months
Net short-term insurance liabilities – casualty risk	**1 year, 4 months**	2 years, 1 month to 2 years, 8 months

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

	Treaty Limit Per Risk (in millions of Cayman Islands Dollars)	
	2023	**2022**
	$	**$**
Property	**6**	6
Motor liability	**10**	10
General liability	**5**	5
Marine	**1**	1
Engineering	**9**	9
Professional indemnity and directors & officers liability	**2**	—

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 Company is to ensure that sufficient claims liabilities are established to cover future insurance claim payments related to past insured events. The Company's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Company. The Company 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 Company. 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 Company'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 Company 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 Company's risk exposure. Furthermore, the Company 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 Company has limited its exposure to catastrophe risk by imposing maximum claim amounts on certain contracts, as well as by using reinsurance arrangements. The Company 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 Company 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 the primary insurer. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the Company would also be liable for the reinsured amount.

(In Thousands of Cayman Islands Dollars)

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

	2023	2022
Property quota share	**$**	**$**
Limit per risk	**6,000**	6,000
Event limit	**615,000**	590,000
% ceded	**73 %**	83 %

In addition to the property quota share treaty, for any one risk event, there is a property per risk excess of loss treaty which further reduces the Company's net loss to $316 (2022 - $205).

For larger individual property risks the Company obtains the additional coverage by way of prearranged facilities and facultative reinsurance. The Company 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$10,000 (2022 - US$7,000) on the first event and from US$7,363 (2022 - US$3,500) for the second event to the below:

	2023	2022
	US$	**US$**
First event - Per event exposures in excess of	**3,000**	2,000
Second event - Per event exposures in excess of	**3,000**	2,000
Limited to a maximum of	**270,000**	170,000
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 Company'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.

	2023	2022
Motor	**$**	**$**
Loss limit per occurrence	**750**	500

The Company purchased an excess of loss reinsurance treaty in prior years which specifically limits marine losses.

	2023	2022
Marine	**US$**	**US$**
Loss limit per risk	—	125

(In Thousands of Cayman Islands Dollars)

Exposure to Insurance Risk

Key Assumptions

The principal assumption underlying the unpaid claim estimates is that the Company'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, 2023				
Impact on profit*	(524)	524	(524)	524
Impact on shareholders' equity*	(524)	524	(524)	524

*Net of reinsurance

Financial Risk

The Company 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 Company. The Company's maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts. The Company is exposed to credit risk in the following areas:

Cash and Investments

Investment asset allocation is determined by the Company'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.

Insurance Balances Receivable

The Company'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 60 days are placed on-hold and those that are over 90 days past due are considered for impairment by management. Cancellation or extension of the terms of the credit is considered on a case by case basis.

As at December 31, 2023, approximately $6,672 (2022 – $4,761) of insurance balances receivable due to the Company were from three major client groups, agents or brokers. Management is of the opinion that this concentration will not have a significant impact on the Company's financial condition.

Reinsurance Contract Assets

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company 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.

With the exception of Coralisle Re Ltd., a related company, the Company 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 Company 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, 2023, $3,449 (2022 - $2,670) was 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 Company's reinsurers.

Related-Party Receivables

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company 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 Company'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 Company'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 Company's liabilities relating to financial instruments and insurance contracts:

(In Thousands of Cayman Islands Dollars)

	2023			2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Financial assets	**$**	**$**	**$**	**$**	**$**	**$**
Cash and cash equivalents	**7,205**	—	**7,205**	16,366		16,366
Financial assets	**29,643**	—	**29,643**	27,309	—	27,309
Accounts receivable and accrued interest	**10**	—	**10**	—	—	—
Other assets	**161**	—	**161**	209	—	209
Amounts due from related companies	**626**	—	**626**	1,188	—	1,188
Reinsurance contract assets	**18,135**	—	**18,135**	15,134		15,134
	55,780	—	**55,780**	60,206	—	60,206

	2023			2022		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Financial liabilities	**$**	**$**	**$**	**$**	**$**	**$**
Lease liabilities	—	—	—	—	—	—
Other liabilities	**502**	—	**502**	283	—	283
Amounts due to related companies	**1,315**	—	**1,315**	15,005	—	15,005
Insurance contract liabilities	**25,098**	—	**25,098**	20,158	—	20,158
	26,915	—	**26,915**	35,446	—	35,446
Liquidity margin	**28,865**	—	**28,865**	24,760	—	24,760

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 Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest-Rate Risk

The Company invests in fixed interest debt securities, and managed funds, the fair values of which are affected by changes in interest rates.The coupon rates and maturity dates associated with the fixed interest debt securities held by the Company is disclosed in Note 4. Details of interest rate risk on related party balances are disclosed in Note 14.

Foreign Currency Risk

The majority of the Company's financial assets and liabilities are denominated in Cayman Islands Dollars or US dollars. Given that the Cayman Islands dollar is pegged to the US dollar, the Company is not normally exposed to significant currency risk.

Equity Price Risk

The Company is subject to equity price risk due to daily changes in the market value of securities in its fund and equity portfolios. Equity price risk is actively managed in order to mitigate anticipated unfavorable market movements where this lies outside the risk appetite of the Company's Investment Committee. Diversified portfolios of assets are held in order to reduce exposure to individual equities. At the balance sheet date management estimates that a 10% increase in prices for common equities and equity based managed funds held, with all other variables held constant, would increase net income by approximately $501 (2022 – $157). A 10% decrease in equity prices would have a corresponding decrease in net income.

Level 3 Sensitivity Analysis

At December 31, 2023, the Company classified assets at fair value on a recurring basis using Level 3 inputs (Note 4). Level 3 fair value measurements are based on valuation techniques that use at least one significant input that is unobservable. These measurements are made when there is limited, or any, market activity for the asset. The Company's investment manager uses a variety of inputs, some of which may be unobservable, to value these Level 3 assets. Any change in these inputs might result in a change to the fair value measurement.

Limitations of Sensitivity Analysis

The sensitivity information included in this note demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions such as instances when risk free interest rates fall towards zero.

(In Thousands of Cayman Islands Dollars, except share amounts)

13. Capital Management and Statutory Requirements

The Company'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 Board of Directors is responsible for devising the Company's capital plan with management responsible for the implementation of the plan. The plan is designed 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 Company to take advantage of opportunities for expansion.

The Cayman Islands Monetary Authority (CIMA) has statutory powers to use its discretion to require the Company to conduct its operations in accordance with general or specific conditions which may be imposed by CIMA or may be agreed between CIMA and the Company. The Company is required to maintain capital in excess of the greater of approximately $375 and an amount of $5,306 (2022 - $4,422) based on a formula set out in local legislation. The formula prescribes minimum capital requirements for the Company's assets and liabilities based on the relative risk of the balances and also provides a margin for catastrophe. As at December 31, 2023, and December 31, 2022 the Company has met this requirement:

The company capital base consists of:

	2023	**2022**
	$	**$**
Authorized, issued and fully paid:		
Ordinary shares 3,000,000 (2022 - 3,000,000) at a par value of $1.00 per share.	**3,000**	3,000
Contributed surplus	**26,550**	26,550
	29,550	29,550

(In Thousands of Cayman Islands Dollars)

14. Related-Party Transactions

Year-end Balances

The amounts due to and from companies related through common control are due on demand. As of December 31, 2023 and 2022, no provisions are held against amounts due from related parties.

	2023	2022
Due (to) from related parties	**$**	**$**
Coralisle Medical Insurance Company Ltd. (CMI)	—	(8,604)
Coralisle Group Ltd. (The Group)	**403**	1,022
British Caymanian Insurance Agencies Limited (BCIA)	**(1,315)**	(6,401)
British Caymanian Holdings Limited (BCH)	**206**	166
Coralisle United Insurance Ltd. (United)	**17**	—
	(689)	(13,817)
Total due from related parties	**626**	1,188
Total due to related parties	**(1,315)**	(15,005)
	(689)	(13,817)

	2023	2022
Net interest income	**$**	$
Gibbons Management Services Limited	—	29
Coralisle Insurance Company Ltd.	—	(4)
	—	25

For the year ended December 31, 2022 the balance with Gibbons Services Management Limited and Coralisle Insurance Company Ltd. were bearing interest at 5% and 3% respectively. The Company did not have balances with these related parties for the year ended December 31, 2023.

Balances with all other related parties are non-interest bearing.

(In Thousands of Cayman Islands Dollars)

Income and Expenses

The Group's subsidiaries insure the commercial and health risks of several related parties. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company. Below is the summary of income and expenses involving related parties:

	2023	2022
Income (Expense)	**$**	**$**
Insurance contract revenue (1)	**3,730**	3,346
Insurance service expense (1, 2, 3)	**(1,932)**	(1,073)
Staff salaries and benefits (4)	**(394)**	(314)
Management fee expense (5)	**(1,989)**	(1,591)
Rent	**(445)**	(440)
IT (6)	**(59)**	(95)
Insurance (7)	**(117)**	(107)
Other	**(21)**	(25)
	(1,227)	(299)

(1) The Company writes insurance for certain of its directors, key management and companies related through common control. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company.

(2) The Company purchases reinsurance to reduce the treaty deductible from a company related through common control.

(3) The Company uses the services of related companies in the settlement of its claims.

(4) The Company purchases pension and health insurance coverage for its employees from companies related through common control on normal commercial terms and conditions.

(5) The Company has an agreement with a company related through common control for the provision of functions and services necessary and incidental to the successful overall management of the Company. For the services provided, the Company is charged a fee.

(6) Included in computer expenses are fees paid to CG for use of their computer software and costs paid to companies under common control.

(7) The Company purchases insurance coverage from itself and a company related through common control.

(In Thousands of Cayman Islands Dollars)

Key Management Compensation

Compensation to key management employees deemed to be related parties under IAS 24 was as follows:

	2023	**2022**
	$	**$**
Short term employee benefits	**282**	358
Defined contribution pension and medical insurance	**24**	35
	306	393

15. Minimum Lease Commitments

The Parent's leases for office buildings expire at various dates between 2024 and 2026. Minimum annual lease and occupancy charge commitments as of December 31, 2023, are as follows:

	2023	**2022**
	$	**$**
Within 1 year	**1,106**	1,091
One to five years	**1,542**	2,648
	2,648	3,739

These future lease payments will be fully recharged between the Company and Britcay Agency depending on the applicable usage area per entity in any given year. For the year ending December 31, 2023, the lease payments were recharged between the Company and Britcay Agency at 45% and 55% respectively (2022 – 45% and 55% respectively).

(In Thousands of Cayman Islands Dollars)

16. Other Operating Expenses

	2023	2022
	$	**$**
Staff salaries and benefits	**2,736**	2,435
Property	**208**	185
Depreciation and amortisation	**79**	112
IT	**786**	732
Professional fees	**448**	190
Office	**41**	32
Travel	**107**	120
Finance charges	**461**	201
Memberships & subscriptions	**23**	10
Donations	**—**	4
Communication	**28**	21
Total expenses	**4,917**	4,042

Staff Related Expenses

The Company maintains a defined contribution benefit plan for all full-time employees. The monthly contributions by the employees and the Company are each based on 5% of the employees' salaries. As a result of the coronavirus outbreak (COVID-19) in 2022, both the Company and employees were permitted by Act to suspend pension contributions for a defined period. The Company's portion of the contributions vests immediately. The Company paid contributions for the year amounting to $101 (2022 - $58) which are included in staff costs in general and administrative expenses in the Statement of Comprehensive Income (Loss).

17. Change in Operating Working Capital

	2023	2022
	$	$
Decrease (increase) in:		
Accounts receivable and accrued interest	**(10)**	(1,153)
Reinsurance contract assets	**(3,001)**	(1,660)
Other assets	**48**	1,195
Increase (decrease) in:		
Insurance contract liabilities	**4,940**	525
Other liabilities	**219**	(372)
	2,196	(1,465)

18. Subsequent Events

The Company has completed its subsequent events evaluation for the period subsequent to the Statement of Financial Position through May 1, 2024, the date the financial statements were available to be issued.

Effective January 1, 2024, and pursuant to the Open Insurance Portfolio Transfer Agreement dated 13 April 2023, approved by CIMA on December 20, 2023, the Company assumes the open insurance policy portfolio and claim liabilities of CG United Insurance Ltd. Cayman Islands operations, in exchange for consideration of US$100 cash.

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