The Premium

Volume 1 – 2017

An in-depth look at the insurance industry in Trinidad and Tobago

Data analytics and industry ratios

Are you a disruptor or are you going to be disrupted? – a look at the digital world and how it is affecting the insurance industry

General insurance headwinds

Obstacles do not block the path, they shape it – an overview of challenges facing the Life insurance industry

EY

Building a better working world

Welcome

Remarks from the President of ATTIC

Written by
Paul Traboulay
President — ATTIC

The production of the Premium represents the re-ignition of a collaborative effort between the Association of Trinidad and Tobago Insurance Companies (ATTIC) and Ernst & Young (EY) that actually began in 1997 but which went into hiatus in 2004. It is with great pride and a sense that the circumstances of our domestic insurance sector, and indeed the wider national and regional economies are at a watershed moment, that we congratulate EY for their commitment in jointly producing this report. We hope that it provides succinct, accurate and timely information about the state of the industry which will allow all stakeholders to make data driven decisions as we look to the future as an industry.

The Trinidad and Tobago (T&T) economy has experienced declines in Gross Domestic Product in the last three years as a result of lower economic activity in both the petroleum and non-petroleum sectors. This contraction in real economic activity is reflected in a slowdown in construction activity, which together with a softer premium environment and the direct placement of property and motor business overseas have contributed to the slowed growth in General insurance premium volumes.

> *"The industry must recognise shifting customer expectations whether shaped by global trends such as direct online selling, cyber insurance, cryptocurrency and enabling technologies including block chain and cloud based environments – innovations which present both opportunities and challenges to insurers."*

On the other hand, while the growth in Life insurance premiums has been sustained by the growth in savings and investment products, the protracted low-yield environment has had a negative impact on insurers' capital positions, particularly for companies with products offering long-term guaranteed returns.

Another significant fallout of the contraction in economic activities is the availability of foreign exchange. This is of particular concern to the industry as companies must meet their payment obligations to reinsurers in order to maintain their reinsurance programmes. The industry is statutorily required to ensure that its risk portfolio is adequately reinsured and as the experience of the past two months has evidenced, the maintenance of proper reinsurance programmes is essential for national recovery in the event of the loss from any major catastrophe such as earthquakes, hurricanes or other major disasters.

The increase in fraudulent activity remains a key issue for the industry. We continue to collaborate with the Trinidad and Tobago Police Service (TTPS) and the Transport Commission to arrest this issue.

Against a background of stops and starts over the years, the Insurance Bill 2016 ('the Bill') has been given a place of prominence in the legislative agenda and it is hoped that it will be soon enacted. The Bill, in adopting a more risk based approach to managing insurance companies, will involve a significant shift in capital adequacy requirements which companies must meet.

We are thankful for the opportunity extended to ATTIC to comment and make recommendations on the Bill, some of which were taken into consideration in the final draft version by the Joint Select Committee of Parliament for the Insurance Bill.

Overall, the industry has implemented the administrative infrastructure to treat with the reporting requirements of the Tax Information Exchange Agreements Bill. We remain committed to providing solutions on how compliance requirements emerging under this piece of legislation as well as under AML/CFT legislation can be process optimised. On the latter matter, representation has been made to the Central Bank for the exemption of General insurance, health and term life classes of business which request was favourably received and the Central Bank will recommend the appropriate legislative amendments. Other significant areas in legislation which must be treated with urgency include:

i. The revision of the system for taxing Life companies, taxes on pension payments and the portability of pension plans are issues we are hoping to resolve through the Ministry of Finance and the Board of Inland Revenue and

ii. The amendment to the Motor Insurance (Third Party Risk) Act and the Motor Vehicles Accident Fund. We have already submitted our proposals and recommendations in these areas to the relevant institutions.

Although the insurance industry has been a significant contributor to the sustainable economic development of the country, the following are examples of areas in which the strength of the industry could be leveraged:

i. National Disaster Management - the unpredictability of weather systems influenced by climate change and the increase in seismic activities present higher risks of catastrophic events. The insurance industry has a significant role in promoting risk mitigation strategies to limit potential loss and nation rebuilding in the event of a national disaster.

ii. Public/Private Partnership - some projects that lend themselves to this strategy include Highway Housing development and flood control which in addition to the obvious benefits, would add to the growth in the local capital markets.

The industry must recognise shifting customer expectations whether shaped by global trends such as direct online selling, cyber insurance, cryptocurrency and enabling technologies including block chain and cloud based environments - innovations which present both opportunities and challenges to insurers. It is therefore important that the industry and its key stakeholders, including the regulatory authorities and distribution channels, maintain a focus on transforming and modernising its processes to meet these challenges and take advantage of the opportunities presented.

Over the next two years, the industry will continue to work with stakeholders to enhance industry relevance, ensure adherence to local and international best practices in meeting industry standards and promote financial literacy programmes and public education.

About Paul Traboulay

Mr. Traboulay is the Group Chief Operating Officer at Guardian Group. Prior to this appointment, he served as the Group Chief Risk Officer at Guardian Group as well as a number of other positions including the Chief Operating Officer at Guardian General Insurance Limited and Group Strategic Programme Director.

Mr. Traboulay has over 25 years of experience in the local and regional insurance industry having served at an executive Board level in the broking, life, health and pensions and general insurance industry.

He is a former General Manager of Risk Management Services Limited and former Managing Director of Trinidad and Tobago Insurance and Tatil Life Assurance Company Limited. He has served on the Board of ATTIC for the past 13 years.

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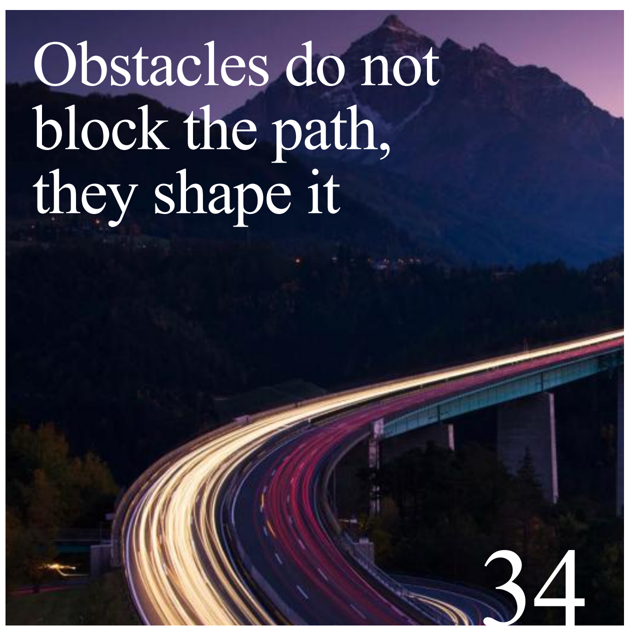

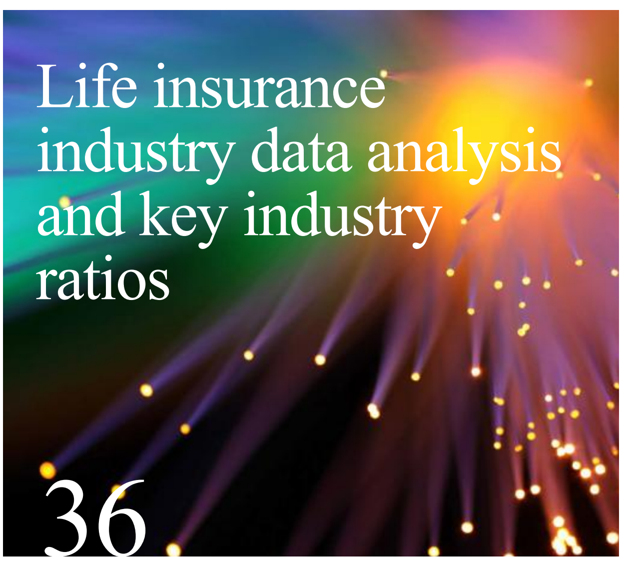

The Premium
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The intended purpose of this publication is to provide an analysis and overview of the Trinidad & Tobago insurance industry for a five year period 2012 to 2016 using information from the annual statutory returns “Insurance Act Accounts (Act Accounts)” submitted by each company for each year. It should be noted that information pertaining solely to Trinidad & Tobago business was presented in this magazine.

The publication profiles 13 companies in the General insurance sector and 9 companies in the Life insurance sector (see Appendix for company listing).

We (EY) wish to emphasize that the data used in calculating the various ratios and other market statistics is based solely on the information provided in each company's Act Accounts. EY submitted questions to confirm certain discrepancies and/or gaps in the data but did not receive clarification or responses for all inquiries.

We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.

We recommend that the data in this publication be used as a general guide and not as an absolute measure of operating performance.

EY accepts no responsibility or liability for actions taken on the basis of information included in this publication.

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Our regional practice services clients of varied scales and scopes from large regional listed companies to smaller privately held entities. In Trinidad we serve many companies in the Financial Services Industry inclusive of banks, insurance companies, asset management companies, pension and savings plans and funds. We understand the intricacies and the significant issues facing the industry, and have acquired a depth of experience that is unsurpassed. Our global firm invests heavily in research into the Financial Services Industry and provides frequent thought leadership to our clients.

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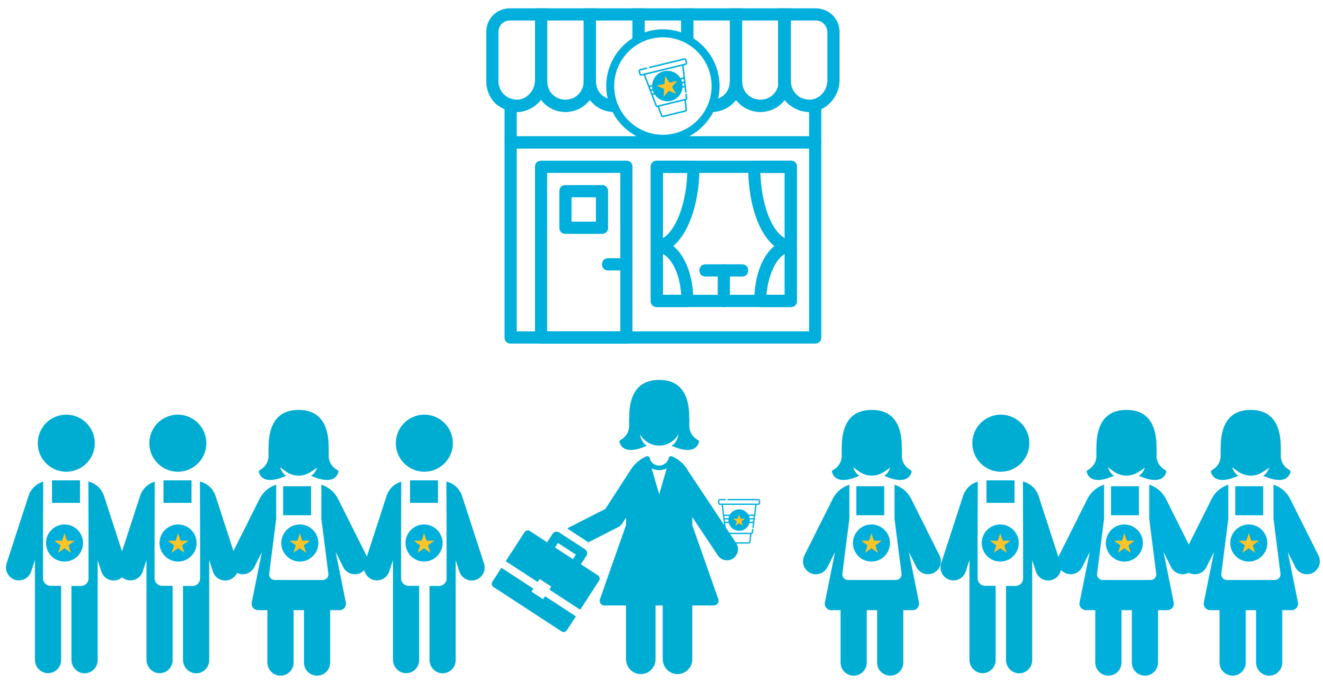
A strong team means a strong business



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General Insurance Headwinds

From ATTIC's perspective

The General insurance sector of the local insurance industry faces large losses as we continue to drive along a T&T highway littered with various economic, regulatory and man-made obstacles and blind corners. Insurance has been in T&T for almost 200 years but, if we are to survive another 20 years, we must work and lobby as a unified body to ensure our industry successfully manoeuvres the various upcoming obstacles.

Motor and Property business, which are the traditional drivers of the General insurance sector, continue to account for around 80% of gross written premiums with other classes representing the remaining 20%. Property business gross written premiums, encompassing home owners and commercial risks, peaked in 2014 and have since experienced a steady decline year on year. Gross written premiums in the Motor business continue to grow, albeit at a declining pace. T&T is currently in the midst of an economic correction which we expect will have a downward drag on the future size of market premiums in the General insurance sector. This, coupled with a continuation of the downward trend in premium rates, which we have been experiencing for more than five years, may push our sector closer to its breaking point. Continued compression of our industry's gross premiums is also expected to be significantly impacted by competition from the local broker market. This is being facilitated through the direct export of gross premiums into overseas markets, on non-complex risk which can readily be underwritten by our local insurance market.

"The 2017 hurricane season was the most devastating within the Caribbean for a number of decades with the now infamous acronym H.I.M. (Hurricanes Harvey, Irma, and Maria) indelibly etched into the minds of all Caribbean citizens."

The General sector's underwriting profits, whilst currently in the black, have only slightly increased. Over the last few years we have experienced an increasing number of multi-million dollar fire losses resulting from the "total" destruction of commercial property. Of significant concern in those incidents was the inability of our fire services to suppress any of those fires due to a recurring theme of either lack of sufficient water pressure or no water in the hydrants. This situation is untenable and we have been urgently working to meet and discuss this matter with the relevant stakeholders so that a viable solution can be found. The implications of us not finding a solution are dire not only for our industry but also our customers. These range from significant future losses for the General sector from continuous fire losses, spiralling future rate increases to cover fire risk or the inability of some customers to find suitable insurers willing to cover their fire risk.

We provide an essential service to the T&T economy by assuming and mitigating losses due to the risk of reasonably unexpected events, so that banks are willing and ready to facilitate their business of lending to consumers and businesses. The significant aggregated risk exposures we assume therefore necessitate that we also seek protection for some appropriate level of those aggregated risks from reputable foreign reinsurers, so that particularly in the event of a major catastrophe, given the close interconnectivity of our society, we are not all drawing from the same pond at the same time. Our business is therefore dependent on accessing foreign currency to protect the aggregate exposure of our local economy. Of particular concern to General insurers is the selective allocation of official injections of foreign exchange to only "visible trade" defined companies. Who is going to assume risk transfer? And will banks be willing to continue lending, if General insurers have to curtail their level of acceptance of risk, due to our inability to be allocated a fair share of the limited official foreign currency injections as our business is not deemed "visible"?

The 2017 hurricane season was the most devastating within the Caribbean for a number of decades with the now infamous acronym H.I.M. (Hurricanes Harvey, Irma, and Maria) indelibly etched into the minds of all Caribbean citizens. H.I.M. brought economic devastation to many of our Caribbean brothers and sisters who still unfortunately continue to feel the effects. Many are thankful and now heap praise on the insurance product which has been responding to ensure that those societies are being quickly rebuilt and thus also injecting needed economic activity. We hope that this is not the beginning of a "new normal" for upcoming hurricane seasons given the much touted impact of climate change.

Whilst T&T is generally considered fortunate to be situated on the outskirts of the hurricane belt, we are by no means immune. Of particular interest is the level of our disaster readiness to cope with any major catastrophes given our recent performance after only a flood "disaster". It is imperative that all stakeholders come together to ensure that our citizens are fully prepared and mandatory national drills conducted, in the unfortunate event that we are ever tested. We aspire to be the financial centre of the Caribbean and as such must ensure that we have a solid national disaster program and plan in place to ensure the timely resumption of all businesses and economic activity within the shortest possible time.

There are many factors facing our General insurance sector in addition to the few highlighted here, which when combined and/or occur unexpectedly, can cumulate into a perfect storm. Are we going to continue to hope that "God is a Trini", or wake up and work together to ensure that our house is ready to withstand a storm. How we collaborate today or don't will invariably determine our future.


Tatil

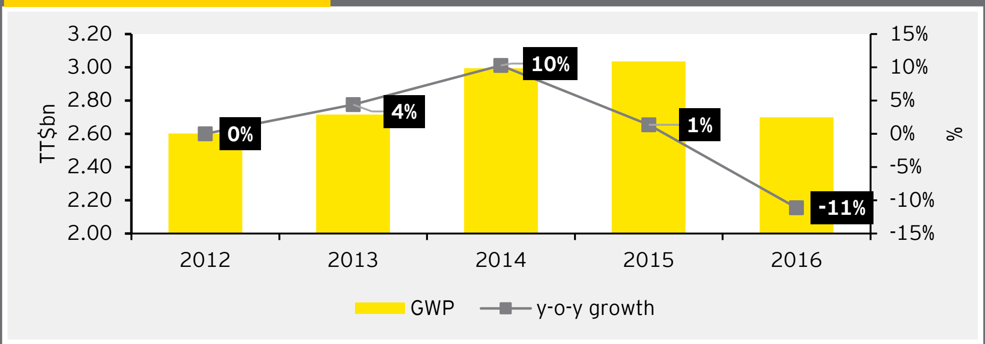
General Insurance

Trinidad & Tobago Insurance Industry

Landscape

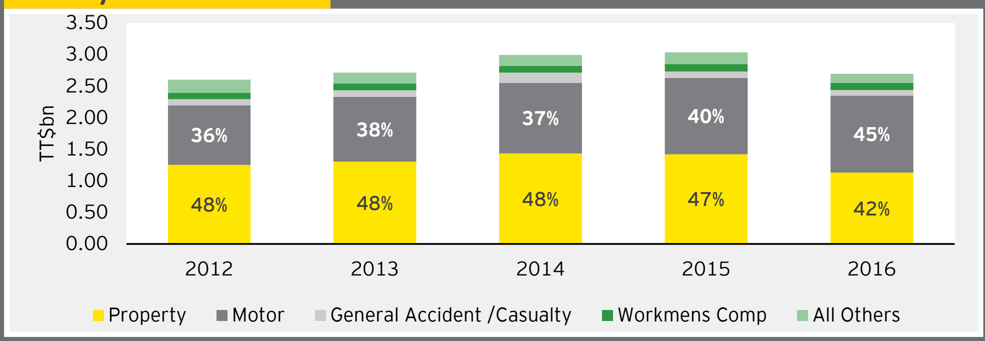
- The industry has remained fairly flat with only **1% growth in GWP** over the 5 year period. There are **13 general insurance players** in the market data set (out of 17 active as per CBTT) which included one new entrant in 2015, ICWI, which acquired a portfolio on entry into the market. In addition, while Massy has always been a player in the market, motor & general accident insurance was introduced to its portfolio in 2014.
- Despite an overall **1% historical 5 year growth,** in 2014 the market peaked with a y-o-y growth of 10% and then declined significantly from 2015 to 2016 by 11% ($337m) of which 87% ($292m) was driven by decreases in property premiums. While the number of property polices in force have been increasing y-o-y, **the premium income per property policy has experienced a significant decline** over the period. However, it must be noted that the industry has only retained 6% of GWP over 2015 and 2016, which is in line with the 6% average retention ratio over the historical period.
- Motor GWP grew the largest over the period by a CAGR of 7%. This is driven mainly by the significant number of imported vehicles (new and used vehicles) in the market with approximately **30,000 vehicles** in 2016 alone. This trend is expected to continue into 2017 with approx. 35,000 vehicles already in the market. It was also noted that the average premium income per motor policy has been decreasing marginally y-o-y.

GWP 2012-2016



11% y-o-y decline driven by a sharp drop in property premiums

GWP by line of business



Motor GWP **($1.2bn)** surpassed **property** GWP **($1.1bn)** in 2016

Highlights

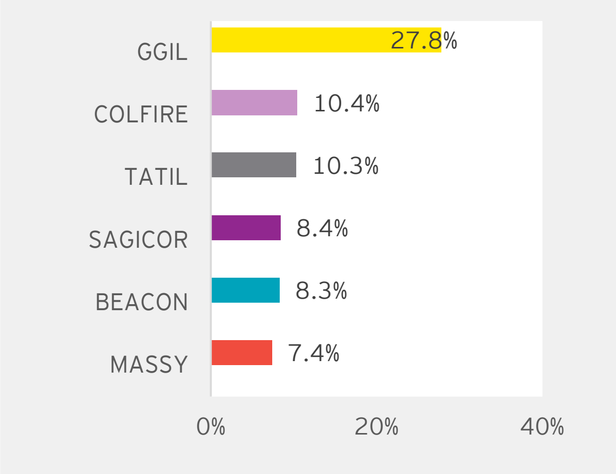
73% combined market share of **top 6** market players based on GWP

57% of insurers **outperformed** the industry in GWP growth over the period

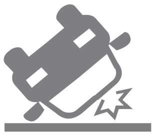
2% **net written premiums** 5 year CAGR (**$1.1bn** in 2012 to **$1.2bn** in 2016)

4% increase in **Net Claims**, while GWP and NWP increased marginally over the five years (1% and 2% respectively)

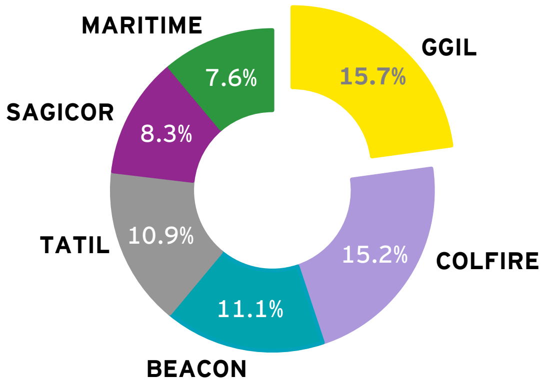
Top 6 Insurers (based on 2016 GWP)



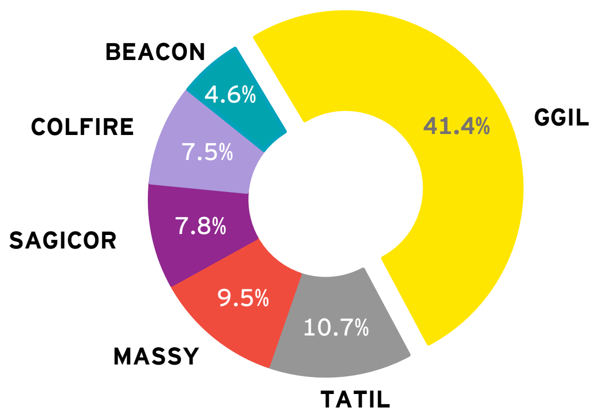
2016 Market Share – GWP



Motor



Property



Key industry ratios

Loss ratio

45%

2012-2016 industry average

Expense ratio

60%

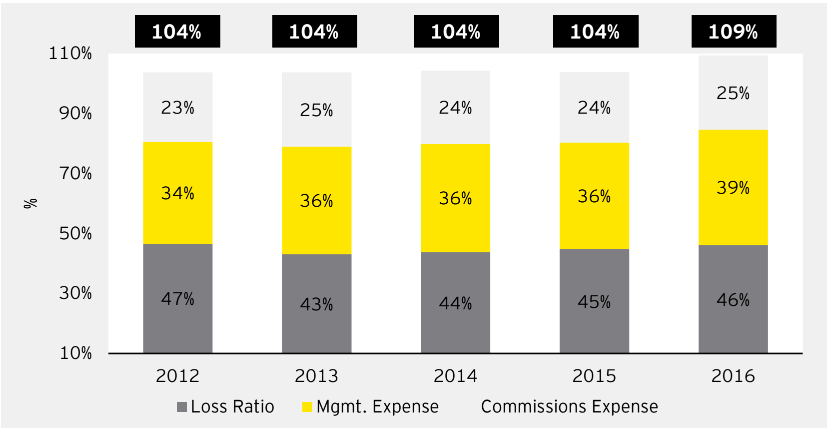
2012-2016 industry average
**Management Expenses & Commission Expenses*

Combined ratio

105%

2012-2016 industry average
**Loss Ratio plus Expense Ratio*

Combined ratio breakout



	Benchmark	2012	2013	2014	2015	2016
Safety ratio	< 100%	50%	50%	49%	51%	54%
Solvency ratio	>100%	119%	108%	110%	108%	112%

2016 rank - Combined ratio

Rank	Company	Combined ratio
1	FURNESS	72.9%
2	NEW INDIA	90.2%
3	TATIL	91.9%
4	MARITIME	95.0%
5	GULF	96.4%
6	PRESIDENTIAL	96.6%

Combined ratio – market highlights

- For the period 2012 to 2016, the combined ratio for the industry has increased by a **CAGR of 2%**.
- Only 1 of these top 6 ranking companies are within the top 6 GWP market share leaders. The other 5 companies together account for approximately 16% of total GWP for 2016.
- **8 of 14** companies in the market have combined ratios below the industry average of 105%.
- Of the top 6 companies, Gulf and New India have experienced **increased** combined ratios of CAGR 2% and 1% respectively over the last 5 years.

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Key ratios — lines of business

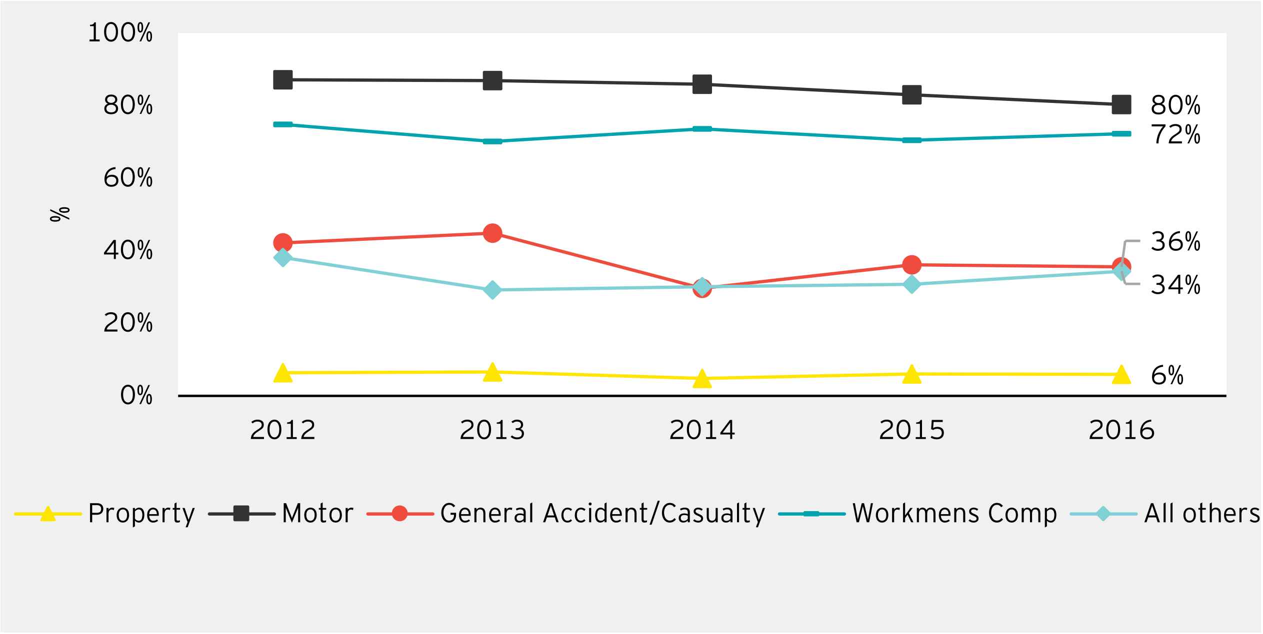
	Motor		General Accident	
	Average 2012-2016	2016	Average 2012-2016	2016
Loss ratio	46%	48%	36%	30%
Management expenses	25%	27%	31%	36%
Commission expenses	16%	17%	21%	18%
Expense ratio	41%	44%	52%	54%
Combined ratio	87%	92%	88%	84%

	Workmen's Comp		All Others[1]	
	Average 2012-2016	2016	Average 2012-2016	2016
Loss ratio	46%	47%	25%	28%
Management expenses	21%	24%	25%	28%
Commission expenses	17%	17%	21%	18%
Expense ratio	38%	41%	52%	54%
Combined ratio	84%	88%	88%	84%

- **Property** loss ratios averaged **27%** over the period **(2016: 32%)** while its retention ratio stood at **6%** (period avg. & 2016). Expense and combined ratios have not been reflected for the Property line of business since it is calculated on a net premium basis and the property retention ratio is only 6%, thereby resulting in extraordinary ratios.
- While GWP increased marginally by a CAGR of **1%**, the total industry management and commission expenses grew at a CAGR of **7%** and **6%** respectively.
- Insurance companies are required by the Insurance Act to report their expenses by line of business. Most insurance companies use varying allocation methods to assign the expenses at their discretion. As such, the allocated expense by each line of business may not be a true reflection of the actual cost incurred specifically to that line of business. The y-o-y trends by line of business have not varied significantly over the period and as a result the "Average 2012-2016" percentages are illustrated above.

1 includes Marine, Aviation, Transport, Pecuniary Loss and all other categories (excluding health)

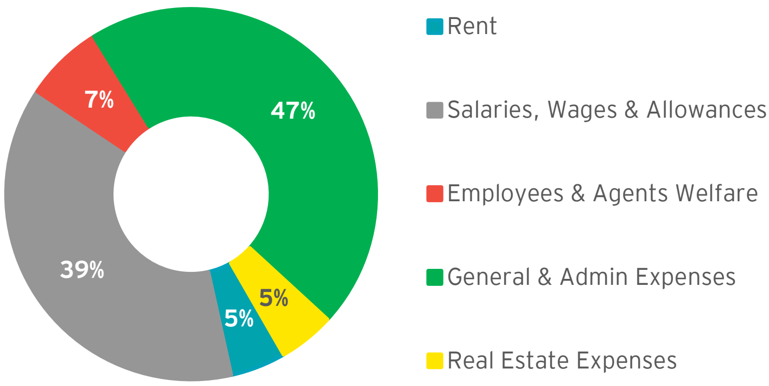
Retention ratios – lines of business



Line of business	Retention ratios Average 2012-2016
Motor	85%
Property	6%
General Accident	38%
Workmen's Comp	72%
All Others	32%

Spotlight on expenses

2012-2016 Average Expenses[2] as a % of total expenses



- General & Admin expenses, which include professional and miscellaneous fees (e.g. legal, audit, advertising, travel, sundry expenses), grew at a CAGR of **9%** over the 5 years. Miscellaneous expenses increased by 30% from 2013 to 2014, for which two players in the market contributed to the majority of this increase.
- Salaries & Wages also grew by a CAGR of **9%** over the period and increased by **7%** from 2015 to 2016.
- Salaries & Wages and General & Admin expenses accounted for a combined average of **86%** of total expenses over the 5 years.

19% industry average | **21% industry average**

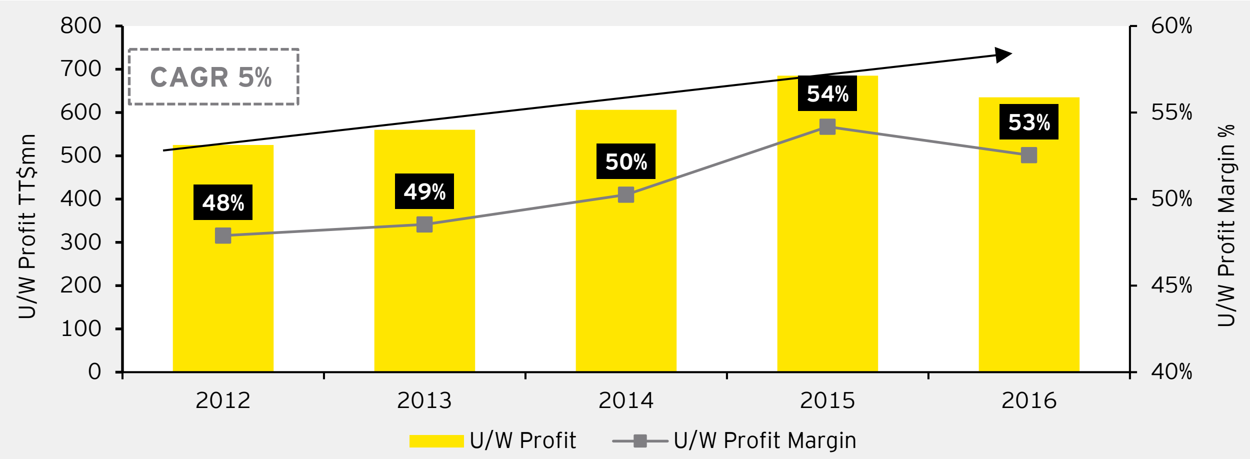
Salaries & Wages/NWP			General & Admin./NWP		
Rank	Company	2016	Rank	Company	2016
1	MARITIME	8.6%	1	COLFIRE	10.2%
2	GGIL	10.2%	2	NEW INDIA	12.3%
3	TATIL	11.3%	3	TATIL	14.4%
4	NEW INDIA	11.8%	3	FURNESS	14.4%
5	SAGICOR	15.6%	5	GULF	14.2%
6	GULF	16.1%	6	MARITIME	16.0%

- **8 of the 14** market players were below the industry average for both Salaries & Wages and General & Admin. as a % of NWP for 2016.
- Over the 5 year period, only two companies, Gulf and Colfire, were able to reduce salaries as a % of NWP, while all other players experienced increased Salaries & Wages as a % of NWP. The average growth in Salaries & Wages as a % of NWP over the period was 6%.
- **4 out of 14** market players have been able to reduce their General & Admin. expenses as a % of NWP by an average of 7%, while the other 10 market players have experienced increases on average of 10% over the 5 years.

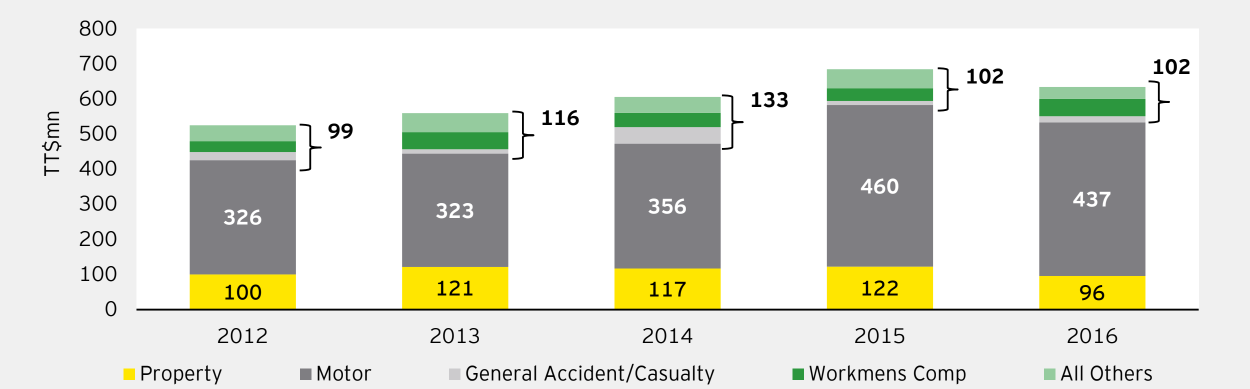
2 Figures were taken per Schedule E of the Act Account - excludes commissions

Underwriting

Underwriting profit 2012-2016



Underwriting profit by line of business

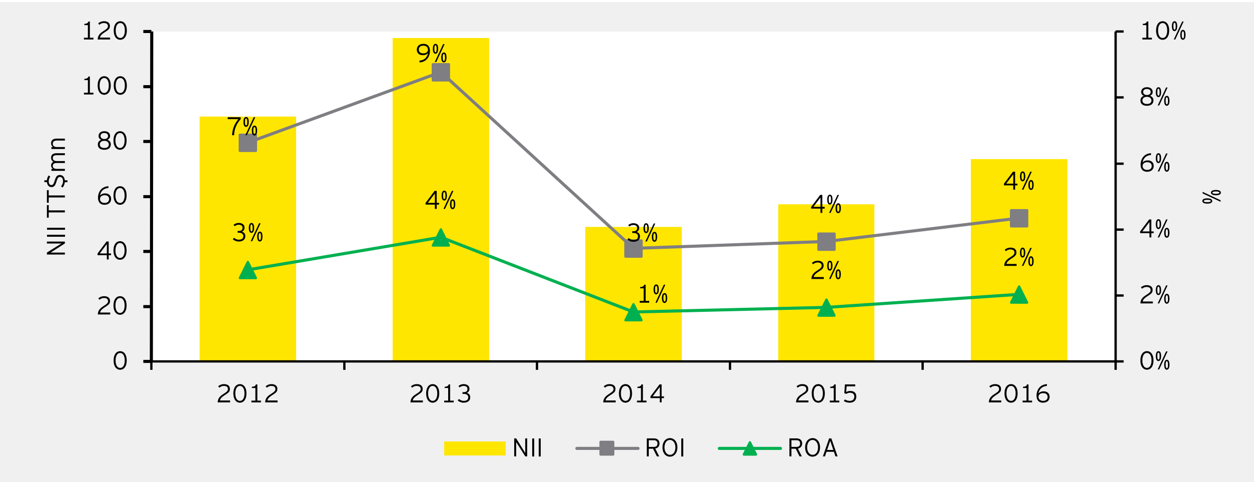


Underwriting Profit[3]

- Underwriting Profit increased from **$525m** in 2012 to **$635m** in 2016 primarily due to the improvement in reinsurance commission programmes. However, despite a marginal decline in underwriting expenses in 2016, there was a 7% y-o-y decline in underwriting profit as a result of a decrease in net earned premiums in that year.
- Reinsurance commissions as a % of net reinsurance premiums (reinsurance premiums ceded less reinsurance recoveries) **increased by 5%** from 14% in 2012 to 19% in 2016.
- Of the **top 6** companies in the market with respect to underwriting profit, 5 are **the same** as the top 6 GWP market share leaders. Maritime enters here at #6 with respect to underwriting profit.

3 As per ATTIC's definition, Underwriting Profit is calculated as Underwriting Income (net earned premium + reinsurance commissions) less Underwriting Expenses (net claims paid + claims reserves adjustment in the P&L + commissions paid).

Net investment income



2016 Rank				
	Rank	NII % of total industry	ROI	ROA
1	TATIL	35%	8.6%	4.6%
2	MARITIME	24%	5.4%	3.8%
3	COLFIRE	10%	4.1%	2.5%
4	NAGICO	5%	4.4%	1.9%
5	MASSY	4%	4.1%	2.1%
6	GGIL	4%	1.1%	0.3%
	Other players	18%	3% average	1.4% average
TOTAL		100%		

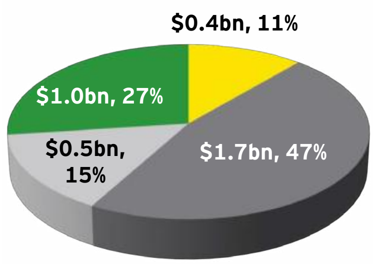
Net Investment Income (NII)

- Net Investment Income decreased at a rate of **5%** from **$89m** in 2012 to **$74m** in 2016 and averaged roughly **$77m** over the period. Given the volatility in the capital markets, the NII has been fairly volatile dropping significantly in 2014 and pulling up slightly in 2016.
- ROI, calculated as NII as a percentage of Investment Assets declined by **3%** over the five years.
- Similarly ROA, calculated as NII as a percentage of Total Assets, also declined by **1%** over the five years.
- While GGIL's ROI and ROA are 1% and 0.3% respectively in 2016 for Trinidad and Tobago business, it is **4% and 1.2%** respectively for their Total Business, which is in line with the industry average.
- In 2016, **4 of these top 6** market players are within the top 6 GWP market share leaders. Maritime and Nagico have both been able to earn top returns on their investments and assets even though they account for 5.4% and 5.3% of the total GWP market share respectively.

Assets & liabilities

2016 Asset composition

- Fixed Assets
- Investments
- Cash (including Fixed Deposits)
- Current and Other Assets



Avg. 2012-2016 **$3.3bn**

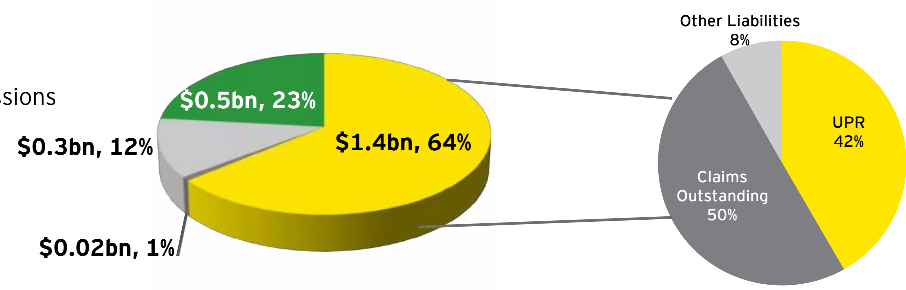
2016 **$3.6bn**

Government securities account for approximately 60% of Investments with a mix of other instruments accounting for the remainder.

The average yield on government securities for 2016 ranged from approx. 2.8% (1 year) to 3.55% (5 years) and 4.3% (10 years).

2016 Liability composition

- Insurance Liabilities
- Outstanding Commissions
- Due to Reinsurers
- Other Liabilities



Avg. 2012-2016 **$2.0bn**

2016 **$2.3bn**

Assets & liabilities continued

2016 Net Assets Rank			
Rank		TT$mn	% of total industry
1	GGIL	381	28%
2	TATIL	330	24%
3	MARITIME	187	14%
4	COLFIRE	98	7%
5	NEW INDIA	85	6%
6	SAGICOR	78	6%
	Other players	196	14%
	TOTAL	**1,355**	**100%**

These top 6 players account for 86% of total Net Assets in the industry for 2016, while 4 of these players are leaders with respect to GWP and Underwriting Profit.

In addition, 4 of these companies rank within the top 6 market players with respect to the ROI and ROA.

	2012	2013	2014	2015	2016
Total assets to total liabilities	1.69	1.67	1.68	1.64	1.60
Admissible assets/total assets	31%	32%	30%	32%	34%

Health Insurance

Trinidad & Tobago Insurance Industry

GWP

6 Market players – GLOC, Sagicor, Beacon, PALIG, TATIL, Maritime. While CLICO is a another major health insurance market player, their data was not provided to be included in this market analysis.

13% growth in total Health GWP over the last 5 years from $429m (2012) to $700m (2016) mainly attributable to the growth in the Group Health business.

Group GWP grew by 14% - $369m (2012) to $634m (2016) and currently accounts for **91%** of total Health GWP.

Individual Health GWP as a % of total GWP has constantly been decreasing from 14% (2012) to 9% (2016).

Expenses

Total Health Industry	Average 2012-2016	2016
Claims ratio	62%	67%
Management exp.	9%	11%
Commissions	15%	14%
Expense ratio	24%	26%
Combined ratio	85%	93%

Group Health Claims ratio fluctuated from 70% (2012) to 46% (2013) and back to 64% (2016).

Individual Health Claims ratio has increased significantly from 67% (2012) to 98% (2016).

Group Health commissions averaged 13% while Individual Health commissions averaged 26%.

Underwriting

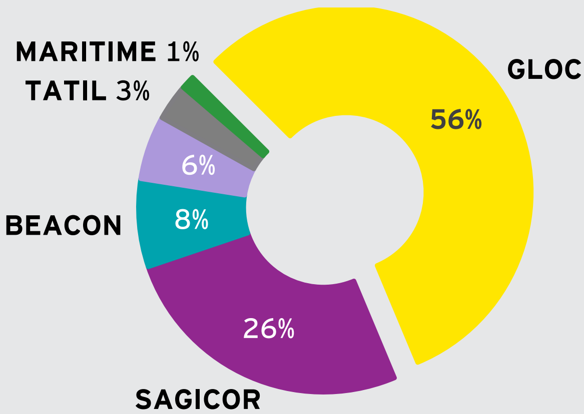
	2012	2013	2014	2015	2016
Underwriting profit – TT$mn					
Group	9	98	221	199	137
Individual	35	10	2	(28)	(11)
Total	**44**	**108**	**223**	**171**	**125**

19% average retention ratio over the 5 years

30% increase in total Health underwriting profit

Total Health underwriting profit margin varied from 20% (2014) to 26% (2012 & 2016)

The Market



Over the 5 years GLOC's and Sagicor's market share decreased by 5% and 2% respectively from 2012 to 2016, which resulted in an increase in Beacon's market share by 7%.

Are you a disruptor or are you going to be disrupted?

A look at the digital world and how it is affecting the insurance industry

Written by
Maria Daniel
Partner - Transaction Advisory Services, EY

Technology has significantly changed the structure and rules of doing business and, in the process, changed our daily lives. Obsolescence is now as applicable to companies as it is to inventory and new business models are emerging daily. Applications are no longer a novelty but a commodity. Companies like Uber, Airbnb, AliPay and Pay Pal have disrupted traditional industries creating solutions that are either more convenient, cheaper, or both, for the consumer; allowing services to reach various income brackets and sectors that were previously excluded. They all have mass appeal and have conquered markets globally.

The consumer who has become more demanding and more sophisticated, is in the driver's seat. Reinvention of self is necessary or you suffer the faith of our old friend, the Blackberry. Digitisation is not just a buzz word; it is a way of life and those who don't embrace it leave an open door for the more technology savvy to disrupt. The iCloud, Internet of Things and social media are the platforms from which creating opportunities have become easier to execute. All of these solutions have greatly reduced the cost of doing business and therefore the barriers to entry. Furthermore, they provide the systems for mass market and global appeal so there is no longer geographic protection.

> *"Digitisation is not just a buzz word, it is a way of life and those who don't embrace it leave an open door for the more technology savvy to disrupt."*

Peer to Peer lending, mobile wallets and cryptocurrency are disrupting the banking sector, driverless cars are being tested and implemented. Industries that are neglecting to take heed of the innovation revolution will be left behind, quickly.

In the Caribbean, innovation is infiltrating but we are years behind the developed markets. This gives us the advantage of learning and implementing models that are tried and proven but with the opportunity to customize for our size and culture. Countries like Africa have skipped traditional bank accounts straight to mobile solutions, illustrating that it is not necessary to go through the evolution process but technology allows the opportunity to leap frog to the present. The regulated insurance industry has given insurers comfort on restricting new entrants but it is only a matter of time before regulators also recognize how innovation can reduce risk and provide greater transparency to the insured which might be driven by new entrants.

The local insurance industry is experiencing significant decline in premium rates, unavailability of suitable high return investments and a high cost of customer acquisition. The time to relook business models is now. Customers are demanding online solutions and convenience and insurance companies need to be cost effective. Innovation is therefore a must. The insurance industry must examine the solutions that can use the technology to make the acquisition cheaper, more convenient, more competitive and enhance the customer experience. This will allow growth in niche markets, possibly in sectors and income brackets where the risk was perceived too high and the cost to the consumer prohibitive. At this time it is only natural to question the agent model and the relevance in the future where access to information becomes easier and online customer acquisition is only inevitable.

Expedia disrupted the travel agency industry and likewise it is only a matter of time before the physical broker model is obsolete. These integral players in the local industry must re-examine their business models and assess relevance and maturity; reinvention is a must.

Local insurers are already putting their digital strategy in place and those that are first to market will reap the rewards. The digital strategy starts with data. Oh what great data resides with our insurers! The insurance companies have massive data on our lives, where we live, how many children we have, how often we go to the doctor, what car we drive, how well we save or don't; yet what is being done with this data? Data is the most valuable resource and mining that data to create business opportunity is key in building competitive advantages. Are the insurers that are competing in Life and General mapping their data to cross-sell, to bundle or create unique solutions for their customers? When the value of the data is unleashed, stickiness to the client can be created by making renewals easier, risk assessments more accurate, and the underwriting and claims processes more efficient. Wouldn't it be great to track your claims online like a DHL package?

But, as noted in our EY Global Insurance Digital Survey, the insurance industry is lagging behind other providers in developing innovative and customer-friendly digital experiences. Insurers trail the entire digital spectrum: customer engagement, use of analytics, and adoption of mobile and social media.

While they have high ambitions of digital leadership, many are far from bullish about their digital maturity. Life insurers are less advanced because of organizational silos, multiple distribution channels and legacy technology that impacts the speed at which new strategies are adopted.

What is needed, therefore, to move into the digital world is a digital transformation. This transformation, however, cannot be successful without an overall core transformation. This involves a re-examination of consumer needs, a process review and business model reinvention.

Insurance was created to protect downside risk. Digital transformation must form part of the greater purpose toward specific objectives supported by an ambitious strategic vision. Certainly threats are more complex (climate change, cyber crime, etc.) now than ever but growth opportunities are more prevalent and diverse and this transformation is as much an offensive play through innovation as it is a defense against rising customer expectations and new competitors.

"Expedia disrupted the travel agency industry and likewise it is only a matter of time before the physical broker model is obsolete."

How does one start this journey? It starts with driving innovation in the core culture of the organization. Concepts and ideas have to be proven, tested and executed. This can only be successful with an environment where failure is not frowned upon and the work force is willing to embrace the new paradigm. The success of a digital insurance strategy can be measured by the effect on:

- Cost reduction
- Customer experience enhancement
- Speed to market
- Sales productivity
- Underwriting and claims efficiency

Let us not forget that this is an industry that has successfully made profits from prudent risk management frameworks. The adoption, therefore, of the digital path is best through a phased and progressive approach and each insurer must assess the demographics of their current and target customer base to establish where and how transformation should be achieved.

The transformation cannot begin without the Big Data analytics; gathering, storing and updating accurate information on the client and marrying that with external databases. This data can be used in many ways including:

- Creating customized solutions
- Speeding up the underwriting process through customer profiling
- Identifying fraudulent claims
- Processing low risk, rudimentary claims

The net effect will be cost reduction through paperless transactions and more efficient back office processing. Add robotics to the underwriting and claims process, and low risk transactions can be quickly assessed and paid, leaving experienced staff to deal with the more complex transactions, resulting in cost reduction and enhanced customer experiences.

The millennials and young baby boomers want access to data 24/7 and to transact on their schedule. This can be achieved by using omni channels to communicate; chatbots can be used to initiate the conversation with transfer to a real agent only when necessary or requested by the customer. Social media can be used to execute target marketing.

To enable speedier and more accurate underwriting, sensors in motor vehicles, homes, and commercial properties can be used to measure lifestyles and hence risk. The concept of "pay as you live or drive" is being developed to derive more accurate discounts from miles driven, the number of times you drive in a pot hole or hit your gate. The pricing advantages can be endless and the risk profiles can be more accurately developed; however, one must examine how this affects the profitability of the portfolio.

Other types of technology interventions include the use of drones to assess damage quickly and accurately for property and motor vehicle claims. A drone can be released to the location to get pictures and assess the initial damage leaving the more intricate work to the adjuster.

The opportunities to improve the content insurance process are endless. For example, an app that can enable the upload of pictures, invoices on purchase, matched with the data on the location and disaster history will make the process easy and underwriting simple and fast. This will encourage more people to buy this type of insurance which is often ignored. We have not even explored the block chain potential but we are a little bit far from this locally.

These are just some of the ways the digital transformation can impact the business model. The technology is out there. We just have to embrace it, strategically execute it and the growth and profitability of the industry can be greatly improved. The challenge is with you!

How EY can help insurers become digital

EY's digital insurance offerings are designed to create immediate value, enable future innovation and instill organizational agility for the long term.

DIGITAL ENTERPRISE STRATEGY

Core consulting and digital strategy formulation focused on increased revenue, stronger customer engagement and lower operational costs – balanced with enhanced risk management and security

RAPID DIGITAL APPLICATION DEVELOPMENT

Suite of vendor and alliance partnerships to enhance capabilities and tailor offerings, with EY Digital Studios to rapidly design, engineer and launch experiences and applications

INSURANCE AS-A-SERVICE PLATFORM

Core General insurance operations platform — EY Insurance Nexus™ — with pre-configured and pre-integrated processes and technology for high-performance claims, policy and billing functions

DIGITAL INSURANCE SERVICE BUREAU

Full business and technology operations and support for all aspects of a modern insurance enterprise

DIGITAL INSURANCE ACCELERATORS

30+ technology-enabled accelerators for common use cases with compelling value propositions to increase the pace of digital change

EY Innovation: how our experience can work for you

EY has developed dozens of deployment-ready, technology-enabled services so insurers can realize the art of the possible — and make digital transformation an operational reality across the enterprise.

RISK-BASED CUSTOMER ACQUISITION

A smarter, more cost-effective way to identify new customers based on satellite and publicly available data

INTELLIGENT CROSS-SELLING

Existing customers renewing policies online are led through quoting and purchase of additional policies by AI-driven chatbot

WEARABLES FOR WORKER SAFETY

More precise and data-driven insight into worker compensation exposure risk, enabling smart policies

IoT LOSS PREVENTION

Intelligent sensors listen for the flow of water through pipes in commercial buildings to modify premiums in line with risk

AUTOMATED CLAIMS WITH ADVANCED TELEMATICS

A fully automated process for initiating, processing and paying claims with no human intervention

BLOCKCHAIN PEER-TO-PEER

A new, secure way for insurers to engage non-traditional customers and efficiently convert existing policies to market

Obstacles do not block the path, they shape it

An overview of challenges facing the Life insurance industry

From ATTIC's perspective

Gross written premiums in the Life sector have increased on an annual basis over the last five years being largely driven by the marketing of investment-linked life products and annuities. Notwithstanding this trend, there are a number of challenges the industry must address for sustained growth.

1. Low Interest Rates

Life insurance companies derive their profits from the spread between the investment returns earned and the returns credited to their policyholders. In recent years, a low investment rate environment has persisted which presents a challenge for those companies that have offered their policyholders guaranteed returns based on higher interest rates prevailing at the inception of their contracts. As the liability to policyholders is payable well beyond the maturity of the underlying financial asset, invariably the present value of these liabilities will exceed the present value of these assets.

In the face of this low interest regime, Life insurance companies have had to be innovative in their product pricing and design and improve their operating efficiency and expense management to maintain profitability.

2. Capital Market

Under the present Insurance Act, insurance companies are required to invest at least 80% of their assets in Trinidad and Tobago denominated investments. However, there is a paucity of domestic investment opportunities which may not change in the foreseeable future given the current and economic forecasts.

"In overcoming these challenges, this sector must adjust to evolving customer expectations, be innovative in its business processes to treat with the complexities of dealing with the regulatory and financial reporting requirements..."

In the Insurance Bill (2016), ATTIC suggested that the investment requirement for insurance companies of 80% in Trinidad and Tobago assets be reduced to 60% which widens the scope for investment opportunities. The industry must also encourage the development of the local capital market which can offer financial investments with redemption dates that match those of its products. One way the industry can encourage the development of the capital market is through participation in funding of Public/Private partnership initiatives involving, for example, public housing and other major public works.

3. Regulations

The Insurance Bill (2016), when enacted with its risk based approach to managing companies, will require insurance companies to maintain higher levels of capital. While this would increase the stability and security of insurance companies and policyholders, we have cautioned that over-regulation may also have negative effects on the financial system and capital markets as companies may act in a coordinated manner with respect to the buying and selling of specific types of assets as they may feel constrained from investing in high risk and default based investment instruments.

Currently, the industry is preparing for the challenges of the International Financial Reporting Standards 9 and 17 which will introduce changes across the following areas:

i. The classification and measurement of financial assets

ii. The introduction of a new expected-loss impairment framework

iii. The overhaul of hedge accounting models to align accounting treatment with risk management activities.

This will require the coordination of insurance companies' risk, finance and business units and may involve review of current accounting systems.

4. Taxation

The shift to the risk-based capital model in the new Insurance Act will also require a change to the basis on which Life insurance companies are taxed, since the need for a Statutory Fund will be removed. The industry has submitted its recommendations in this regard to the Minister of Finance.

The foregoing presents some of the challenges faced by the Life insurance sector. In overcoming these challenges, this sector must adjust to evolving customer expectations, be innovative in its business processes to treat with the complexities of dealing with the regulatory and financial reporting requirements, press for the development of capital markets and prepare for the change in the taxation regime that the enactment of the new Insurance Act would entail.

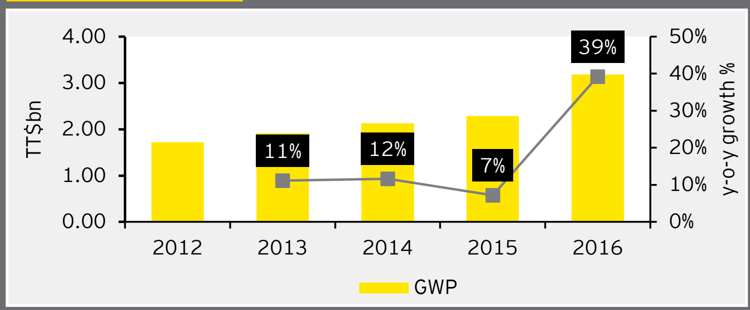
Life Insurance

Trinidad & Tobago Insurance Industry

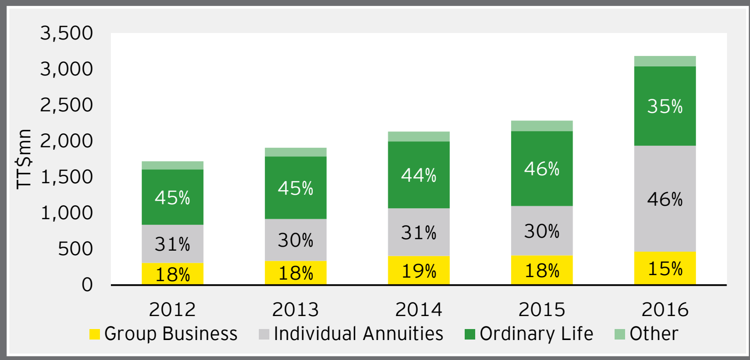
Landscape

- The Life industry data set comprises **9** Life insurance companies over the review period 2012-2016, all of which are seasoned players in the market with local and regional experience.
- Growth in Life insurance was significant over the last 5 years with total GWP (excluding health) increasing from **$1.7bn** in 2012 to approximately **$3.2bn** in 2016 at a CAGR of **17%**. This was driven mainly by the annuities line of business in which GWP more than doubled from **$688mn** in 2015 to approximately **$1.5bn** in 2016. GLOC & Maritime were the primary market players who contributed to this growth. This was due to the transfer of the ArcelorMittal group pension plan to immediate annuity plans, which has resulted in **one-off premiums**.
- Another possible contributor to this growth is the increased tax incentive (allowable tax deduction from taxable income) on annuity premiums paid, from **$30,000 to $50,000** per year in 2015.
- Ordinary Life, now the second largest line of business, also experienced growth in GWP on an annual basis although at a reduced pace with **6%** growth in 2016 compared to **12%** in 2015. The average premium income per policy and the number of policies in force increased y-o-y; however, 2016 witnessed the lowest growth rate in premium income per policy of 2% over the five years.

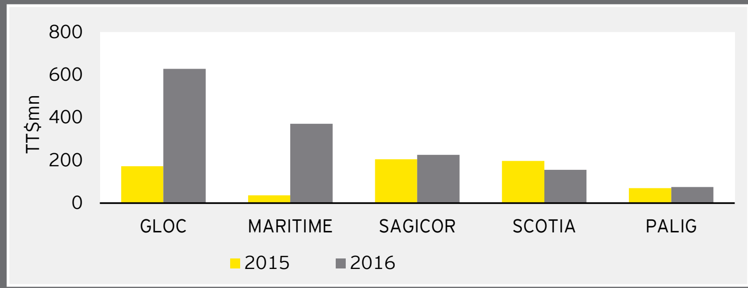
GWP 2012-2016



GWP by line of business



Annuities GWP 2015-2016 by top 5 market players



Annuities is now the leading LOB with its GWP ($1.5bn) surpassing ordinary Life GWP ($1.1bn) in 2016

Note: Group Business includes Group Life, Group Credit Life & Group Pension while Ordinary Life also includes Term Life

Highlights

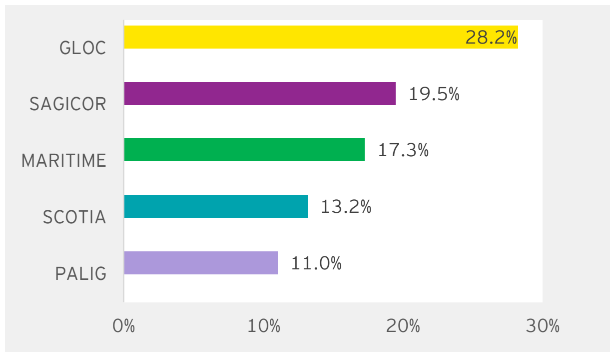
89% combined market share of **top 6** market players based on GWP

29% growth in **Annuities GWP** over the five years

103% is the average industry **solvency** ratio for 2016

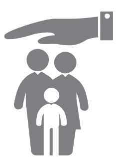
4% Return on Investments (ROI) on average for 2016, which has **fallen by 2%** since 2012 consistent with lower returns on investments

Top 5 Insurers (based on 2016 GWP)



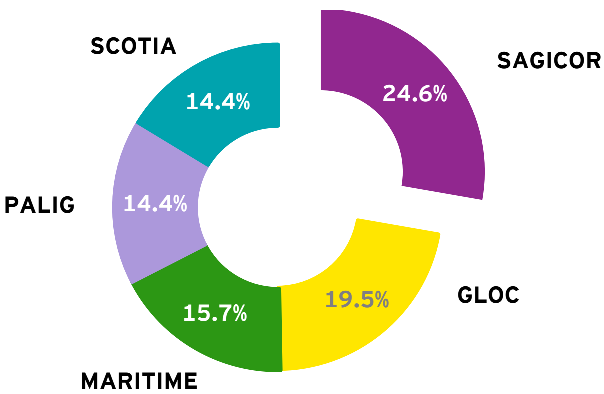
Over the 5 years, these have consistently been the top 5 market players. GLOC was able to surpass Sagicor as the market leader in 2016. Prior to 2016, Sagicor's market share averaged 25%.

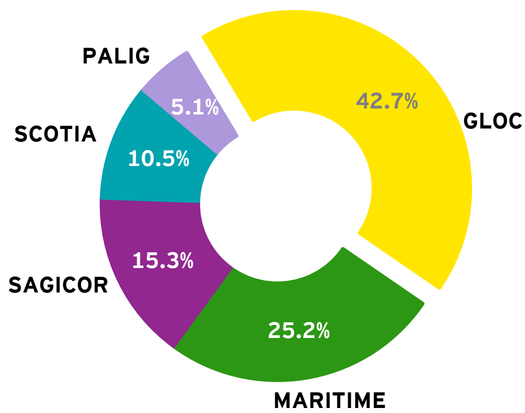
2016 Market Share – GWP



Ordinary Life

Annuities

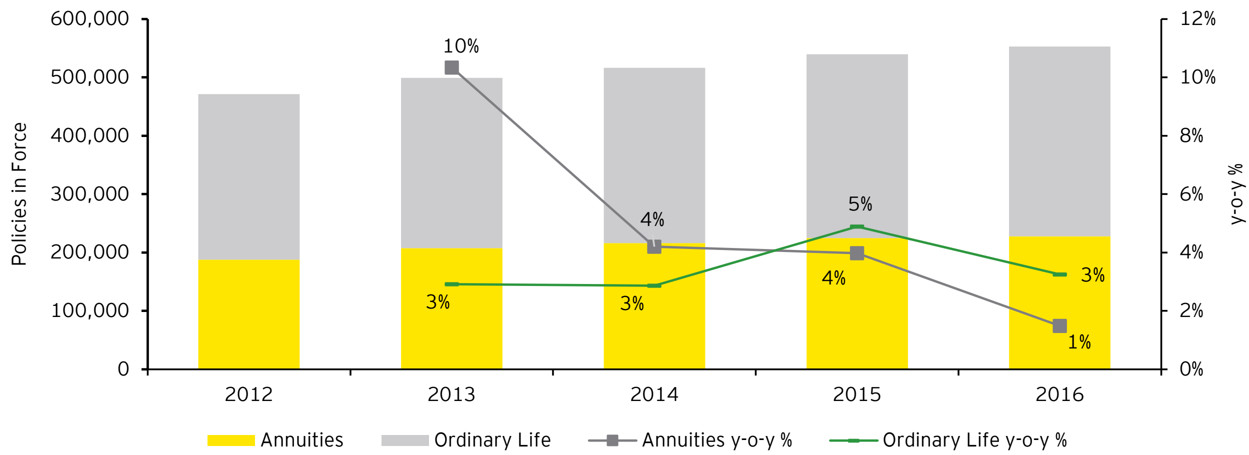




Although the top 5 players in the Annuities segment remained the same from 2015 to 2016, there was a shift in their market share as 2 of the 5 increased their share by a combined 38% while the other 3 combined lost market share by the same amount.

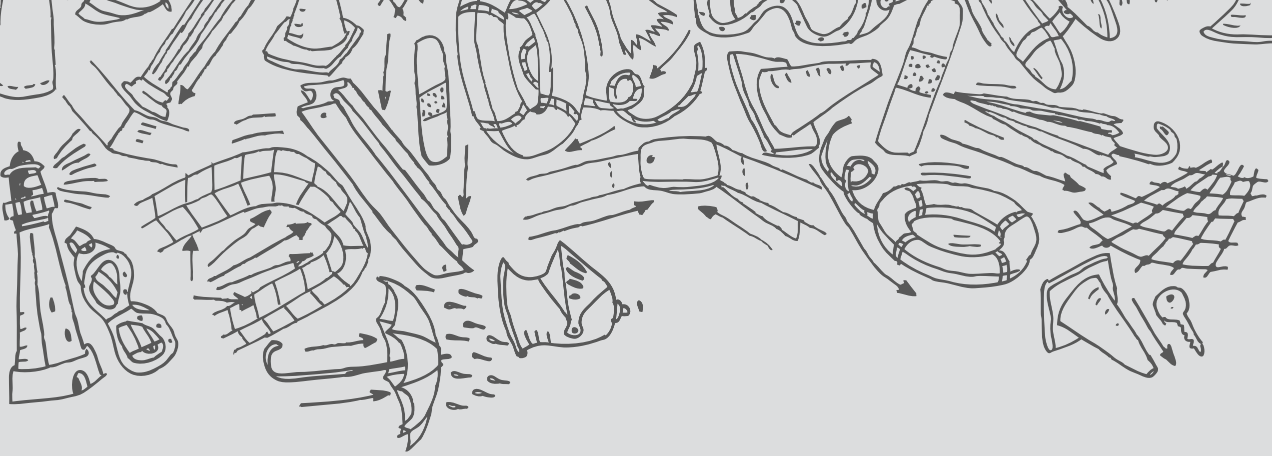
Policies in force & sums assured

Policies in Force - Annuities & Ordinary Life

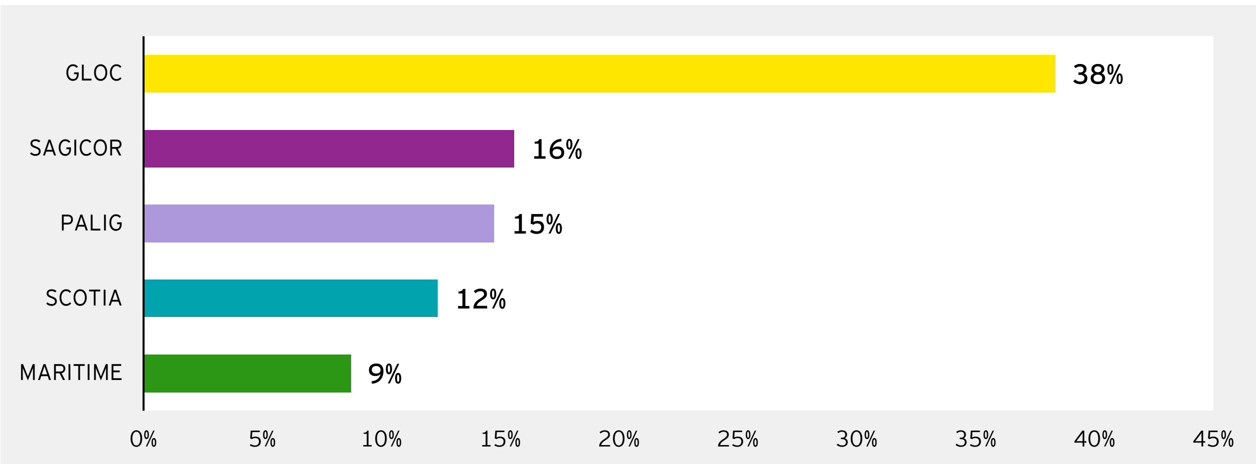


Sums assured - TT$bn					
Line of business	2012	2013	2014	2015	2016
Ordinary Life	$53.6	$58.8	$65.1	$72.2	$77.2
Group Business	$36.9	$40.9	$47.9	$55.1	$47.0
Annuities	$1.6	$1.7	$1.77	$1.71	$1.70

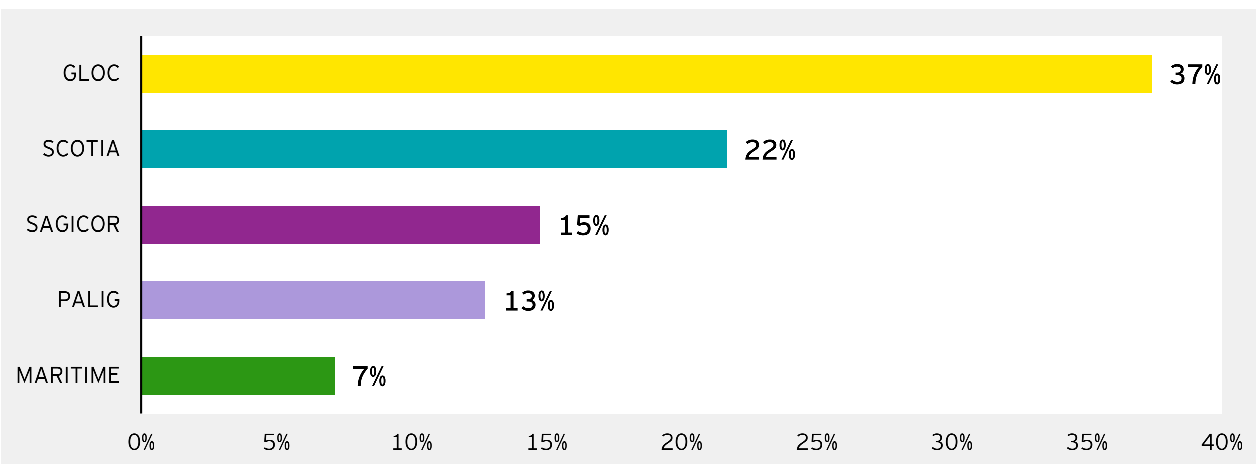
- Total Life policies in force increased steadily over the period, although at a declining pace, with a 2% y-o-y growth in 2016.
- The average sums assured per ordinary policy in force has been increasing y-o-y, in line with the rate of increased GWP over the period.
- There were only minimal sums assured related to the ArcelorMittal pension fund transfer. Consequently, the industry sums assured are relatively flat despite the large increase in premium income.
- The number of group policies for the industry has increased by approximately 100 policies over the period. The average sums assured per policy increased by an average of 12% y-o-y from 2012 to 2015. However, there was a 14% decline in the sums assured per policy from 2015 to 2016. This may be an indication of the market's response to the change in the economic environment, where Group policyholders have reduced the benefits offered to their members in order to control their insurance costs.



Top 5 Insurers (2016 Total Policies in Force)



Top 5 Insurers (2016 New Policies in Force)



Top 5 Insurers Policy Retention %

	2012-2016 Average	2016
MARITIME	91%	91%
PALIG	90%	90%
SAGICOR	89%	91%
GLOC	88%	89%
SCOTIA	77%	81%

- The industry policy retention ratio is 88% for 2016.
- While Scotia is below the industry average, their policy retention ratio has increased the most from 72% in 2012 to 81% in 2016.
- The policy retention for the other 4 of the top 5 players did not have any significant movement y-o-y (within 1-2%). As a result, the average over the 2012 to 2016 period is illustrated.

Key industry ratios

Expense ratio

53%

2012-2016 industry average
**Management Expenses & Commission Expenses*

Claims ratio

64%

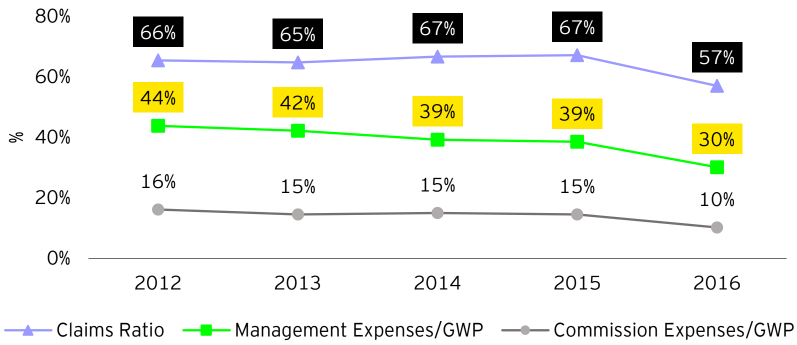
2012-2016 industry average

Solvency ratio

102%

2012-2016 industry average
**Admissible Assets as % of Statutory Fund Requirement*

Key ratio breakout



Industry claims ratios fell at a compounded rate of 3% over the 2012-2016 period while expense ratios declined at a rate of 9%.

The declining expense and commission ratios could be an indication of the industry responding to the change in the local economic environment and the need to control expenses in order to maintain profitability margins.

	Benchmark	2012	2013	2014	2015	2016
Solvency ratio	>100%	100%	101%	101%	103%	103%

- The solvency ratio is the ability of a company to meet its statutory fund requirement with its admissible assets pledged to the fund. While the requirement by the Insurance Act is currently 100%, under the new Insurance Bill (2016) the proposed solvency requirement is expected to increase to 150% based on a risk weighting of its asset portfolio.
- All the market players have been able to maintain the benchmark solvency over the 5 years. It was also observed that the industry trended upward where the top 3 market players are well above the benchmark and the rest of the industry with their 2016 solvency ratios ranging from 106% to 114%. This result may be the market preparing for the amended solvency requirements under the new Insurance Bill (2016) which is currently before the Parliament.
- It should be noted that the solvency ratio of **4** of the market players is below the 2016 industry average with marginal solvency rates above the benchmark.

THE SAGICOR FOOTPRINT

Operating in 22 countries & 12 currencies

Since 1840, Sagicor Life Inc has been serving the Caribbean. That's 177 years of celebrating our customers' good times and supporting them through their more difficult ones.

Those years of earned experience now benefit each of the 22 countries in the Caribbean, US and Central America that we operate in today.

177 YEARS OF WISE FINANCIAL THINKING FOR LIFE

Visit www.sagicorlife.com or contact an Advisor to see how Sagicor can put our experience to work for you.

Sagicor

Wise Financial Thinking for Life

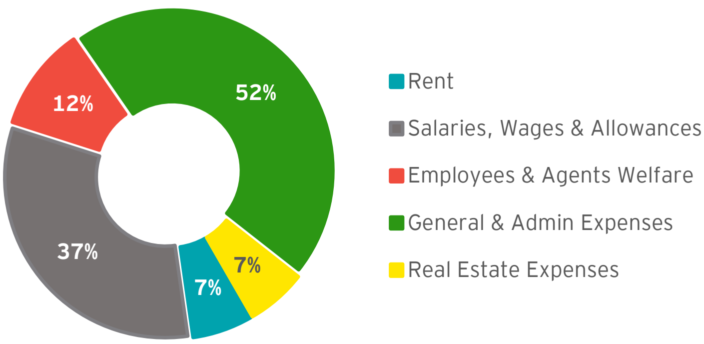
Key ratios — lines of business

	Ordinary Life		Annuities		Group Business	
	Average 2012-2016	2016	Average 2012-2016	2016	Average 2012-2016	2016
Claims ratio	41%	40%	52%	34%	39%	45%
Management expenses	24%	22%	35%	18%	19%	20%
Commission expenses	21%	19%	12%	5%	5%	5%
Expense ratio	45%	41%	47%	23%	24%	25%

- Although total industry management and commissions expenses (absolute dollar value amount) grew at a rate of **6%** and **4%** respectively over the five years, as a percentage of GWP, they each fell by **9%** and **11%** respectively due to the significant growth in premiums.
- With the exception of the growth in Annuities, particularly from 2015 to 2016, y-o-y **trends have not varied significantly over the period** and as a result the "Average 2012-2016" percentages are illustrated above.
- Similar to General insurance, it should be noted that most insurance companies use varying allocation methods to assign the expenses to the respective lines of business on the Act Account. As such, the allocated expense by each line of business may not be a true reflection of the actual cost incurred specifically to that line of business.

Spotlight on expenses

2012-2016 Average Expenses[4] as a % of total expenses



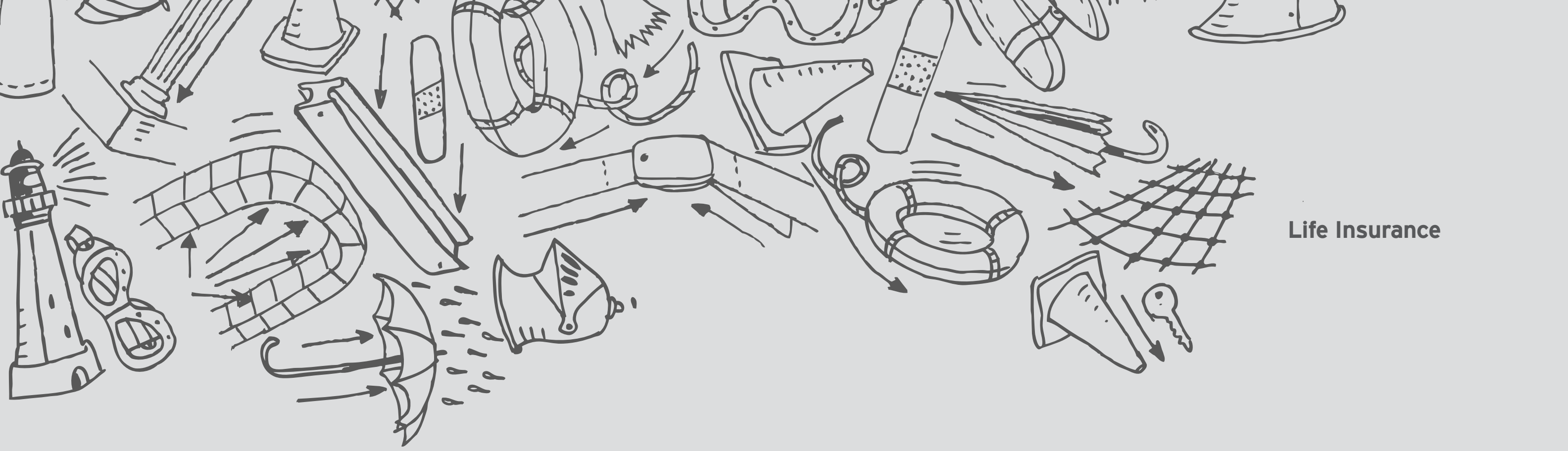
- General & Admin. expenses as a % of total expenses, which include professional and miscellaneous fees (e.g. legal, audit, advertising, travel, sundry expenses), grew at a CAGR of **6%** over the five years. Miscellaneous expenses as a % of total expenses, which is the larger of the two categories, increased **10%** y-o-y in 2016 for which one player was the largest contributor of this increase. However, excluding this player, the y-o-y increase was approximately **6%**.
- Salaries & Wages also grew by a CAGR of **9%** over the period and increased by **15%** from 2015 to 2016 with two players contributing to the majority of this increase.
- It should be noted that while these expenses have been increasing y-o-y, the expense as a % of GWP has been declining, especially from 2015 to 2016 as illustrated in the analysis by company and key industry ratio highlights.

11% industry average | **13% industry average**

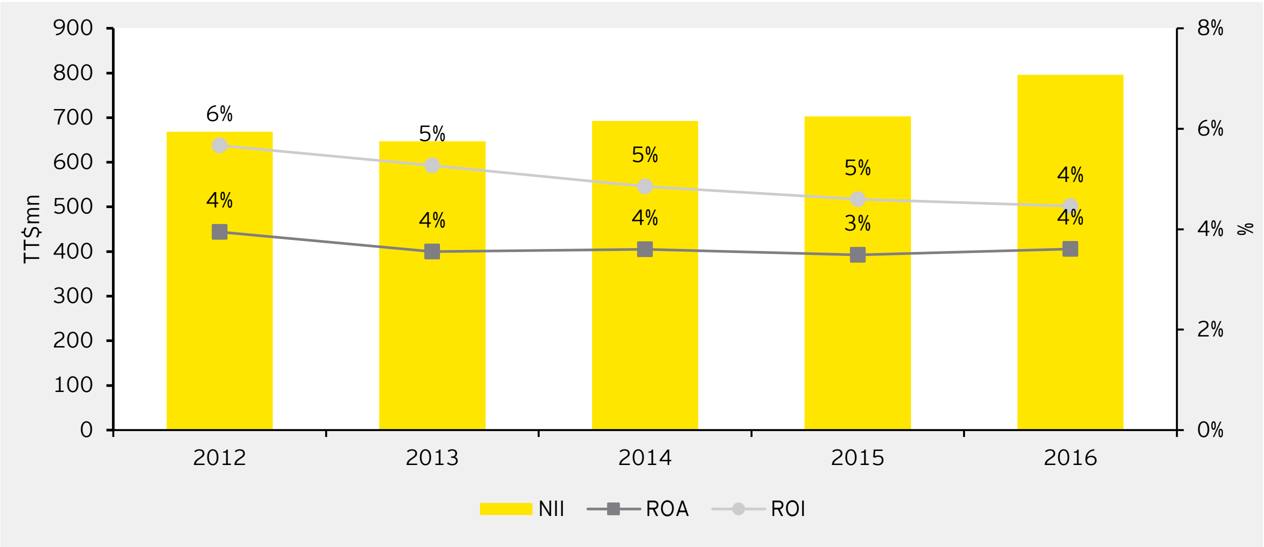
Salaries & Wages/GWP			General & Admin/GWP		
Rank	Company	2016	Rank	Company	2016
1	SCOTIA	3%	1	SCOTIA	4%
2	MARITIME	5%	2	MARITIME	5%
3	CUNA	8.8%	3	CUNA	9%
4	GLOC	9.0%	4	SAGICOR	11.7%
5	SAGICOR	10%	5	TATIL Life	12.3%

- Over the 5 years, GLOC and Maritime significantly reduced their Salaries & Wages as a % of GWP, which was largely driven by their premium growth in 2016. Two other players experienced marginal declines of roughly 2% while the other 4 players experienced increased Salaries & Wages as a % of GWP.
- 5 companies experienced declines in their General & Admin expenses as a % of GWP by an average of 9% over the 5 years.
- Both Cuna & Tatil Life are featured in the top 5 above even though they are not in the top 5 GWP market leaders. Together they account for approximately 9% of total GWP market share in 2016.

4 Figures were taken per Schedule E of the Act Account - excludes commissions



Net investment income



2016 NII rank				
Rank		NII % of total industry	ROI	ROA
1	GLOC	38%	4.4%	3.4%
2	SAGICOR	24%	5.2%	4.5%
3	TATIL LIFE	12%	5.8%	4.8%
4	PALIG	11%	4.1%	3.6%
5	SCOTIA	7%	3.4%	3.2%
	Other players	8%	1.4% average	2% average
TOTAL		100%		

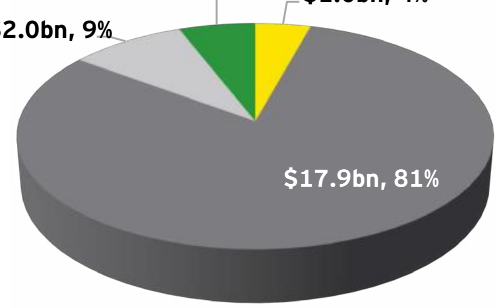
Net Investment Income (NII)

- Net Investment Income increased at a rate of 4% from **$668m** in 2012 to **$796m** in 2016 and averaged roughly **$701m** over the period.
- In 2016, **4 of these top 5** market players are within the top six GWP market share leaders.
- Whilst the ROI has averaged 5% over the 5 year period, there was a decline of 100 basis points in 2016 despite marginally increased rates of interest. This could be a result of the scarcity of investments with adequate returns.
- It must also be noted that while the current Insurance Act limits foreign investments to 20%, the new Insurance Bill contemplates increasing this limit to 40%, which may have an effect on future ROI in the industry.

Assets & liabilities

2016 Asset composition

- Fixed Assets
- Investments
- Cash (including Fixed Deposits)
- Current and Other Assets



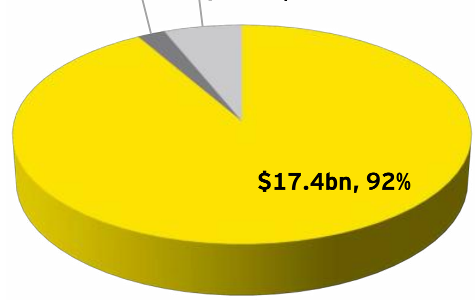
Government securities account for approx. 52% of investments while corporate securities account for 34%.

Avg. 2012-2016 $3.3bn

2016 $3.6bn

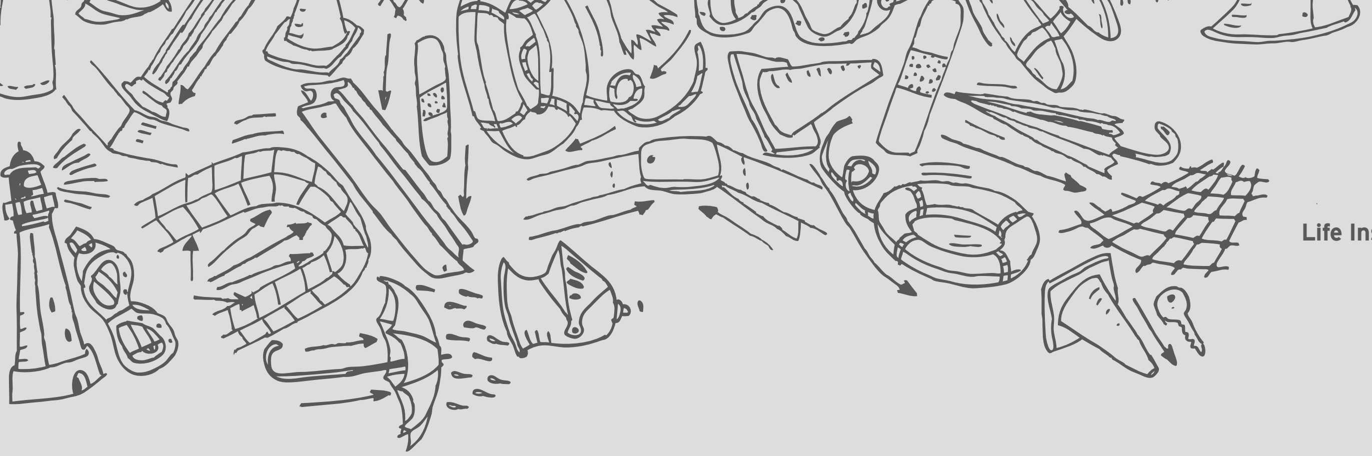
2016 Liability composition

- Long Term & Life Surplus Account
- Insurance Liabilities
- Other Liabilities



Avg. 2012-2016 $17.0bn

2016 $19.2Bn



2016 Net Assets Rank			
Rank		TT$mn	% of total industry
1	GLOC	742	24%
2	TATIL Life	640	20%
3	SAGICOR	533	17%
4	MARITIME	410	13%
5	PALIG	366	12%
	Other players	444	14%
	TOTAL	**3,135**	**100%**

The above top 5 players account for 87% of total Net Assets in the industry for 2016.

	2012	2013	2014	2015	2016
Total assets to total liabilities	1.09	1.14	1.17	1.18	1.16
Admissible assets/total assets	78%	78%	80%	81%	82%

The Balance Sheet strength has been steadily improving over the last 5 years.

The total assets to total liabilities ratio illustrates the enhanced coverage of assets to liabilities and the safety level in the event of decreased asset values.

The improvement in the admissible assets to total assets illustrates the industry's efforts in ensuring that their asset portfolio contains increased levels of admissible assets, as well as approximately 20% excess assets still available to possibly pledge to the statutory fund. Similar to the improvement in the solvency ratio, this result may be the market preparing for the amended requirements under the new Insurance Bill (2016).

Ratios and Metrics

Life and General Ratios and Metrics

Life/General	Ratio	Calculation
General	Retention ratio	Net Written Premiums (NWP)/Gross Written Premiums (GWP)
General	Loss ratio	Net Claims (plus change in claims reserves)/Net Earned Premiums (NEP)
General	Expense ratio	Management Expenses plus Commission Expense/NEP
General	Combined ratio	Loss Ratio plus Expense Ratio
General	Safety ratio	Claims Outstanding/Total Capital & Reserves
General	Solvency ratio	Net Assets/NWP
Life	Solvency ratio	Admissible assets/Statutory Fund Requirement
Life	Claims ratio	Net Claims (plus change in claims reserves)/GWP
Life	Expense ratio	Management Expenses plus Commission Expenses/GWP
Life	Policy Retention %	Policies retained (previous year's total policies less terminated policies)/current year total policies

	Other Metrics
General/Life	Net Investment Income as a % of Investment Assets
General/Life	Net Investment Income as a % of Total Assets
General/Life	Admissible Assets as a % of Total Assets
General/Life	Total Assets to Total Liabilities
General	Underwriting Profit - As per ATTIC statistics/calculation - Underwriting Profit is calculated as Underwriting Income (net earned premium + reinsurance commissions) less Underwriting Expenses (net claims + change in claims reserves adjustment in the P&L + commissions paid)
General	Underwriting Profit Margin - underwriting profit as a % of NWP
General	Salaries & Wages as a % of NEP
General	General & Admin. Expenses as a % of NEP
Life	Salaries & Wages as a % of GWP
Life	General & Admin. Expenses as a % of GWP

Limitations

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

Accounting policies

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

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

Allocation methods

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

Policies in Force & Sums Assured

There was a major gap in the Policies in Force and Sums Assured information where a key General insurance market player's data was not provided for the 5 years. As such, observations on the overall trend in the industry were illustrated; however, detailed trend analysis could not be performed.

Act accounts not provided for all years

There were two players in the market for which Act Accounts were only provided for some of the years but not for the complete five year period. It must be noted that these companies have been in operation for the five years, so the decision was made to exclude them from the data set in order to prevent inconsistency between the years.

Valuation of liabilities

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

Use of estimates

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

Appendix

General Insurance Company Listing

Beacon	The Beacon Insurance Company Limited
COLFIRE	Colonial Fire & General Insurance Co. Ltd
Furness	Furness Anchorage General Insurance Ltd
GGIL	Guardian General Insurance Ltd
Gulf	Gulf Insurance Company Ltd
ICWI	Insurance Company of the West Indies
Massy	Massy United Insurance Company Ltd
Nagico	Nagico Insurance Company (Trinidad) Limited
Presidential	Presidential Insurance Company Ltd
Sagicor	Sagicor General Inc.
Maritime	The Maritime Financial Group
New India	The New India Assurance Co. (T&T) Ltd
TATIL	Trinidad and Tobago Insurance Ltd

Life Insurance Company Listing

Assuria	Assuria Life T&T Ltd
Beacon	Beacon Insurance Company Limited
CUNA	Cuna Caribbean Insurance Society
GLOC	Guardian Life of the Caribbean Ltd
Maritime	The Maritime Financial Group
PALIG	Pan American Life Insurance Group Ltd
Sagicor	Sagicor Life Inc.
Scotia	Scotia Life (T&T) Ltd
TATIL Life	TATIL Life Assurance Ltd

Acknowledgements

We take this opportunity to thank those who have displayed dedication and commitment to reviving this magazine which was not published since 2004.

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