BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2025

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of British Caribbean Insurance Company Limited ("the company"), set out on pages 4 to 90, which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, 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.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

April 1, 2026

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statement of Financial Position
December 31, 2025

	Notes	December 31 2025 $'000	December 31 2024 $'000
ASSETS			
Property, plant and equipment	6	862,385	896,537
Intangible assets and goodwill	7	18,692	7,439
Right-of-use asset	8(a)	38,669	46,542
Interest in associates	9	1,261,062	68,563
Investments	10	2,303,562	2,608,567
Reinsurance contract assets	11(a)	25,550,600	1,664,800
Receivables and prepayments	12	1,797,778	1,394,400
Deferred taxation	18	96,522	62,849
Taxation recoverable		752,128	220,635
Due from related companies	13(a)	1,030,740	895,734
Short-term investments	14	3,969,660	5,814,468
Securities purchased under resale agreements	15	-	457,054
Cash and cash equivalents		13,917,007	3,016,384
		51,598,805	17,153,972
LIABILITIES AND SHAREHOLDERS' EQUITY			
Payables	16	5,459,724	811,608
Lease liability	8(b)	40,007	49,103
Employee benefit obligation	17(a)	62,080	64,728
Insurance contract liabilities	11(b)	39,973,346	10,111,047
Due to related companies	13(b)	224,010	167,440
		45,759,167	11,203,926
Share capital	19	959,200	959,200
Capital reserves	20	703,370	703,370
Investment revaluation reserve		130,004	97,209
Employee benefit reserve		(23,347)	(23,852)
Retained earnings		4,070,411	4,214,119
		5,839,638	5,950,046
		51,598,805	17,153,972

The financial statements, on pages 4 to 90 were approved for issue by the Board of Directors on March 31, 2026 and signed on their behalf by:

Director
Vikram Dhiman

Director
Peter Levy

The accompanying notes form an integral part of the financial statements.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2025

	Notes	2025 $'000	2024 $'000
Insurance revenue	11(b)	20,988,206	20,241,028
Insurance service expenses	11(b),21	(35,887,082)	(8,190,592)
Net income/(expenses) from reinsurance contracts	11(a)	16,163,247	(10,478,578)
Insurance service result		**1,264,371**	**1,571,858**
Interest revenue calculated using the effective interest rate method	22(a)	717,326	960,973
Other investment income	22(a)	36,272	8,585
Net investment income	22(a)	**753,598**	**969,558**
Finance (expenses)/income from insurance contracts issued	11(b)	(3,162,586)	372,223
Finance income/(expenses) from reinsurance contracts held	11(a)	3,242,515	(39,406)
Net financial result		**79,929**	**332,817**
Net insurance and investment results		**2,097,898**	**2,874,233**
Other income	22(b)	320,193	99,054
Other operating expenses	21	(2,521,842)	(2,094,393)
Gain on acquisition of associate	9	301,332	-
Share of (loss)/profit of equity-accounted investees	9	(43,273)	14,082
Profit before tax		**154,308**	**892,976**
Income tax credit/(expense)	23	33,421	(299,636)
Profit for the year		**187,729**	**593,340**
Other comprehensive income			
Items that may be reclassified subsequently to the profit or loss:			
Fair value of debt investments, net of expected credit losses		32,795	(56,352)
Items that will not be classified to the profit or loss:			
Remeasurement of employee benefit obligation	17(d)	757	12,124
Tax on remeasurement of employee benefit obligation	18	(252)	(4,041)
Revaluation of property, plant and equipment, net of taxes		-	52,107
Total other comprehensive income		**33,300**	**3,838**
Total comprehensive income for the year		**221,029**	**597,178**

The accompanying notes form an integral part of the financial statements.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statement of Changes in Shareholders' Equity
Year ended December 31, 2025

	Share capital $'000 (Note 19)	Capital reserves $'000 (Note 20)	Investment revaluation reserve $'000	Employee benefit reserve $'000	Retained earnings $'000	Total $'000
Balances at December 31,2023	959,200	651,263	153,561	(31,935)	4,449,976	6,182,065
Profit for the year	-	-	-	-	593,340	593,340
Other comprehensive income:						
Revaluation of property, plant and equipment, net of taxes	-	52,107	-	-	-	52,107
Fair value change of debt investments, at through other comprehensive income, net of expected credit losses	-	-	(56,352)	-	-	(56,352)
Re-measurement of employee benefit obligation, net of taxes	-	-	-	8,083	-	8,083
Total comprehensive (loss)/income	-	52,107	(56,352)	8,083	593,340	597,178
Transaction with owners of the company:						
Dividends declared (Note 29)	-	-	-	-	(829,197)	(829,197)
Net change for the year	-	52,107	(56,352)	8,083	(235,857)	(232,019)
Balances at December 31,2024	959,200	703,370	97,209	(23,852)	4,214,119	5,950,046
Profit for the year	-	-	-	-	187,729	187,729
Other comprehensive income:						
Fair value change of debt investments, at through other comprehensive income, net of expected credit losses	-	-	32,795	-	-	32,795
Re-measurement of employee benefit obligation, net of taxes	-	-	-	505	-	505
Total comprehensive income	-	-	32,795	505	187,729	221,029
Transaction with owners of the company:						
Dividends paid (Note 29)	-	-	-	-	(331,437)	(331,437)
Net change for the year	-	-	32,795	505	(143,708)	(110,408)
Balances at December 31, 2025	959,200	703,370	130,004	(23,347)	4,070,411	5,839,638

The accompanying notes form an integral part of the financial statements.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Statement of Cash Flows
Year ended December 31, 2025

	Notes	2025 $'000	2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		187,729	593,340
Adjustments for:			
Depreciation	6,8(a)	90,471	103,933
Amortisation of intangible assets	7	6,746	1,298
Impairment of intangible assets and associates	7,9	-	90,544
Gain on sale of property, plant and equipment		(2,200)	(710)
Employee benefits, net		(2,648)	33,285
Unrealised foreign exchange		-	397,877
Interest income	22(a)	(605,145)	(960,973)
Dividend income	22(a)	(36,272)	(8,585)
Share of profit of equity-accounted investees	9	(24,709)	(14,082)
Gain on acquisition	9	(301,332)	-
Lease interest expense	8(c)	4,294	3,109
Taxation	23	(33,421)	299,636
		(716,487)	538,672
Changes in:			
Reinsurance contract assets		(23,885,800)	1,138,334
Insurance contract liabilities		29,862,299	(1,435,698)
Receivables and prepayments		(403,378)	(202,464)
Payables		4,648,116	(112,818)
Due from related companies		(135,006)	90,946
Due to related companies		56,570	(33,494)
		9,426,314	(16,522)
Interest received		679,850	1,016,329
Dividend received		36,272	8,585
Taxation paid		(531,493)	(413,586)
Net cash provided by operating activities		9,610,943	594,806
CASH FLOWS FROM INVESTING ACTIVITIES			
Securities purchased under resale agreements		457,054	2,089,157
Purchase of investments		(983,459)	(3,453,453)
Disposal of investments		3,206,459	624,180
Proceeds from sale of property, plant and equipment		2,200	710
Acquisition of property, plant and equipment	6	(40,109)	(51,745)
Investment in associates	9	(923,729)	(3,500)
Additions to intangible assets	7	(17,999)	(7,889)
Net cash provided by/(used in) investing activities		1,700,417	(802,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(331,437)	(700,000)
Payment of lease liabilities	8(d)	(21,665)	(18,076)
Net cash used in financing activities		(353,102)	(718,076)
Net increase/(decrease) in cash and cash equivalents		10,958,258	(925,810)
Effect of exchange rate changes on cash and cash equivalents held		(57,635)	11,261
Cash and cash equivalents at beginning of the year		3,016,384	3,930,933
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		13,917,007	3,016,384
Comprised of:			
Cash and bank balances		7,092,409	2,572,274
Cash equivalents		6,824,598	444,110
		13,917,007	3,016,384

The accompanying notes form an integral part of the financial statements.

1. Corporate structure and nature of business

British Caribbean Insurance Company Limited ("The Company" or "BCIC"), which is incorporated and domiciled in Jamaica, is a 53.65% (2024: 53.98%) subsidiary of ICD Group Holdings Limited ("ICDGH"). ICDGH is also incorporated in Jamaica. As of December 17, 2015, the shares held by ICD Group Limited (a company incorporated in Jamaica) were transferred to ICDGH. The ultimate parent company is ICD Investments Limited, which is incorporated in St. Lucia.

The principal activity of the Company is the underwriting of general insurance business in Jamaica under a license from the Financial Services Commission. The registered office of the Company is situated at 36 Duke Street, Kingston, Jamaica. The Company obtained approval from the Financial Services Commission of Barbados on August 23, 2016 and commenced operation of the branch effective July 10, 2017. On February 9, 2018, the Company obtained license from the Financial Services Commission of Turks and Caicos Islands and commenced operation of the branch, January 1, 2019.

2. Insurance licence

The Company is registered under the Insurance Act 2001 (the Act).

3. Roles of the actuary and auditors

The actuary is appointed by the Board of Directors pursuant to the Insurance Act, 2001. With respect to preparation of financial statements, the actuary carries out an actuarial valuation of management's estimates of the Company's insurance contract assets and liabilities and reports thereon to the policyholders and shareholders.

Actuarially determined insurance contract assets or liabilities and insurance contract assets or liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force.

The valuation is made in accordance with accepted actuarial practice., as well as any other matter specified in any directive that may be made by regulatory authorities. The actuary's report outlines the scope of his work and opinion. An actuarial valuation is prepared annually.

The external auditors are appointed by the members, pursuant to the Jamaican Companies Act to conduct an independent and objective audit of the financial statements of the Company in accordance with International Standards on Auditing, and report thereon to the members. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Company's actuarially determined insurance contract liabilities. The auditors' report outlines the scope of their audit and their opinion.

4. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards), and their interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act (‘the Act”).

Details of the Company’s material accounting policies are included in note 5.

New and amended standards that became effective during the year:

Certain amended standards were effective as at January 1, 2025, which did not have any impact on the Company’s financial statements.

New and amended standards issued but not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

- Amendments to IFRS 9 Financial Instruments will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

  Derecognition of a financial liability through electronic transfer:

  The amendment allows the Company to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

  The Company is assessing the impact the standard will have on its 2026 financial statements.

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company’s main business activities.

4. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

New and amended standards issued but not yet effective (continued):

- IFRS 18 *Presentation and Disclosure in Financial Statements* (continued)

  All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

  IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

  IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures(MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

  Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

The Company is assessing the impact that this standard will have on its future financial statements.

(b) Basis of preparation:

The financial statements are prepared under the historical cost convention, modified for the inclusion of financial instruments measured at fair value, land and building and post-employment medical benefit obligation measured at the present value of the obligation as set out in note 5(n).

(c) Functional and presentation currency

These financial statements are presented in Jamaica dollars ($), which is the functional currency of the company. The values presented in the financial statements have been rounded to the nearest thousand ($'000), unless otherwise stated.

4. Statement of compliance and basis of preparation (continued)

(d) Use of estimates and judgements :

The preparation of the financial statements to conform to IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expense for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year relates to the following:

Areas of potential judgement	**Applicable to the Company ("BCIC")**
For insurance contracts issued measured under the Premium Allocation Approach (PAA), management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is potentially applicable to the BCIC. BCIC sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2025 and 2024, BCIC reviewed gross combined ratios which indicated that contracts are expected to be profitable. All contracts measured by BCIC in 2025 and 2024 under the PAA were determined to be non-onerous on initial recognition.
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The Company performs expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

5. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except as otherwise mentioned:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances including short-term deposits with maturities ranging between one and three months from the date of placement and are measured at amortised cost.

5. Material accounting policies (continued)

(a) Cash and cash equivalents (continued)

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

(b) Short-term investments:

Short-term investments comprise fixed deposits with banks, money market securities, and loans and receivables maturing within one year. They are acquired for their earnings potential and for balancing the Company's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents and are classified at amortised cost.

(c) Receivables:

Other receivables are measured and classified at amortised cost, less impairment.

(d) Payables:

Other payables are measured and classified at amortised cost.

(e) Provisions:

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

(f) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

5. Material accounting policies (continued)

(f) Related parties (continued):

(b) An entity is related to the reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity, and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The Company has a related party relationship with its directors, parent company, and jointly controlled entities, companies with common directors and/or significant influence and post-employment benefit plans, as well as with their directors, trustees and key management personnel. "Key management personnel" represents certain senior officers of the Company.

(g) Property, plant and equipment:

(i) Property, plant and equipment except for freehold land and building are measured at cost, less accumulated depreciation and impairment losses.

Freehold land and buildings that had been revalued to fair value prior to January 1, 2003, the date of transition to IFRS Accounting Standards, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

5. Material accounting policies (continued)

(g) Property, plant and equipment (continued):

(i) Property, plant and equipment except for freehold land and building are measured at cost, less accumulated depreciation and impairment losses (continued).

Any revaluation increase arising on the revaluation of freehold land and buildings is credited to other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in capital reserve relating to a previous revaluation of that asset.

Leasehold improvements, furniture, fixtures and equipment and motor vehicles are measured at cost less accumulated depreciation and any impairment losses.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(ii) Depreciation:

Property, plant and equipment, except for freehold land are depreciated using the straight-line method at annual rates estimated to write down the fixed assets to their estimated residual values at the end of their expected useful lives.

No depreciation is charged on freehold land. The depreciation rates for other assets are as follows:

Freehold buildings	3⅓%
Furniture, fixture and equipment	10%
Motor vehicles	33⅓%
Computer equipment	33⅓%
Leasehold improvements	10%
Right of use asset	Over lease term

Depreciation methods, useful lives and residual values are reassessed annually.

5. Material accounting policies (continued)

(h) Intangible assets and amortisation:

(i) Computer software

This includes computer software acquired by the company or acquired through business combination. These are measured at cost less accumulated amortisation and impairment losses.

Computer software is amortised from the date the software is available for use. The estimated useful life of computer software is three (3) years.

(ii) Goodwill:

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired less contingent liabilities.

Goodwill is measured at cost and is tested annually for impairment.

(iii) Customer relationships:

This represents the carrying value of acquired customer relationships, primarily for insurance business and is measured at cost less impairment losses. Customer relationships are determined to have indefinite useful lives but are tested annually for impairment.

(i) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

(j) Impairment of financial assets:

The Company recognises loss allowances for expected credit losses (“ECL”) on financial instruments that are not measured at FVTPL.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

5. Material accounting policies (continued)

(j) Impairment of financial assets (continued):

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’. The Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as ‘Stage 1 financial instruments’.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as ‘Stage 2’ financial instruments.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised costs are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- significant financial difficulty of the borrower or issuer; or
- the disappearance of an active market for a security because of financial difficulties.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:

- The market’s assessment of creditworthiness as reflected in the bond yields.
- The rating agencies’ assessments of creditworthiness.
- The country’s ability to access the capital markets for new debt issuance.

5. Material accounting policies (continued)

(j) Impairment of financial assets (continued):

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors (continued):

- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as financial assets measured at amortised cost; as a deduction from the gross carrying amount of the assets;

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering the full amount or a portion of financial asset. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(i) Calculation of recoverable amount:

The recoverable amount of the Company's investment securities classified as loans and receivables and other receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

5. Material accounting policies (continued)

(j) Impairment of financial assets (continued):

Write-off (continued)

(ii) Reversals of impairment:

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is 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.

(k) Prepaid expense – digital transformation

This includes the implementation costs and non-distinct customisation service for the company's digital transformation program. These costs are recognised as an expense as the customer receives the service.

(l) Interest revenue:

Interest:

Interest income and expense are recognised in profit or loss for using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method, of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

5. Material accounting policies (continued)

(l) Interest revenue (continued):

Interest (continued):

*Calculation of interest income and interest expen*se

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that have become credit-impaired or are credit impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to the gross basis even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets and financial liabilities measured at amortised cost, and interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

(m) Insurance contracts:

i. Classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

i. Classification (continued)

All of the Company's insurance contracts transfer significant insurance risk. The Company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Company measures insurance contracts issued and reinsurance contracts held applying the Premium Allocation Approach ("PAA").

ii. Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;

(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or

(iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

ii. Aggregation and recognition of insurance and reinsurance contracts (continued)

Insurance contracts (continued)

This level of granularity determines sets of contracts. The Company uses judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

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

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(a) contracts for which there is a net gain at initial recognition;

(b) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and

(c) remaining contracts in the annual cohort.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

ii. Aggregation and recognition of insurance and reinsurance contracts (continued)

Reinsurance contracts (continued)

Reinsurance contracts held are assessed for aggregation requirements at the line of business level. The Company tracks internal management information reflecting historical experiences of such contracts' performance. The Company expects reinsurance contracts held to be in a net cost position without a significant possibility of a net gain arising subsequently.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - (i) the beginning of the coverage period of the group; and
  - (ii) the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Company enters the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

iii. Measurement

The Company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the Liability for Remaining Coverage ("LRC") that would not differ materially from the one that would be produced by applying the General Measurement Model ("GMM") based on a qualitative assessment.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

iii. Measurement (continued)

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the Liability for Incurred Claims ("LIC"), comprising the Fulfilment Cash Flows ("FCF") related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b. decreased for insurance acquisition cash flows paid in the period;
c. increased for interest from insurance premium financing recognised as insurance finance income;
d. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
e. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

iii. Measurement (continued)

The Company does not adjust the LRC for insurance contracts issued and the asset for remaining coverage for reinsurance contracts held for the effect of the time value of money.

For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

The Company adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non- performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognised as insurance service expenses.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

iii. Measurement (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are recognised as net income from reinsurance contracts held.

Fulfilment cash flows ("FCF") within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from other estimates. Since the Company's contracts are measured under the PAA, unless contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

iii. Measurement (continued)

***Fulfilment cash flows (FCF) within contract boundary* (continued)**

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

iv. Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

   i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

iv. Contract boundary (continued)

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has practical ability to reassess the risks transferred and can reprice contracts or benefits that fully reflects those reassessed risks; or
- has substantive right to terminate the contract.

v. Insurance acquisition cash flows

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Company could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised, and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses.

Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

vi. Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS Accounting Standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held. Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 25.

vii. Derecognition and contract modification

An insurance contract is derecognised when it is:

- extinguished, which is when the obligation specified in the contract is discharged
- , cancelled or expires.

The contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows ("FCF"), unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

vii. Derecognition and contract modification (continued)

a. If the modified terms had been included at contract inception and the Company would have concluded that the modified contract:

   i. is not within the scope of IFRS 17;

   ii. results in different separable components;

   iii. results in a different contract boundary; or

   iv. belongs to a different group of contracts;

b. The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss if the :

- contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;

- contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

- original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

viii. Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

The Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the effect of financial risk) allocated to the period.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

viii. Insurance service result from insurance contracts issued (continued)

Insurance service expenses

Insurance service expenses include the following:

a. incurred insurance related claims, reduced by loss component allocations;
b. other incurred directly attributable/service expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. insurance acquisition cash flows amortisation;
d. changes that relate to past service – changes in the FCF relating to the LIC; and
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. insurance acquisition cash flows assets impairment.

Amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

ix. Insurance service result from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses
c. incurred claims recovery, reduced by loss-recovery component allocations;
d. other incurred directly attributable expenses;
e. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
f. effect of changes in the risk of reinsurers' non-performance; and
g. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

5. Material accounting policies (continued)

(m) Insurance contracts (continued):

ix. Insurance service result from reinsurance contracts held (continued)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

The Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

x. Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk. The main amounts within insurance finance income or expenses are:

(i) interest from insurance premium financing recognised as part of the LRC;

(ii) interest accreted on the LIC; and

(iii) the effect of changes in interest rates and other financial assumptions.

The Company does not apply the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money on the LIC for insurance contracts issued and reinsurance contracts held are reflected in profit or loss. The Company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

(n) Taxation:

Taxation of the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

5. Material accounting policies (continued)

(n) Taxation (continued):

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax liability is recognised for taxable temporary differences, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(o) Leases

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components on account for the lease and non-lease components as a single lease component.

As a lessee

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

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

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the entity uses its incremental borrowing rate as the discount rate.

5. Material accounting policies (continued)

(o) Leases (continued)

As a lessee (continued)

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

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

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

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

The Company presents right-of-use asset and lease liabilities separately in the statement of financial position.

Short-term leases and leases of low-value assets

For short term leases and leases of low-value assets, the entity has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and lease of low-value assets. The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Employee benefits:

(i) Defined contribution plan

The Company is a participating employer in a defined benefit group pension scheme. The defined scheme is effectively guaranteed by the parent Company and does not expose the participating subsidiaries to actuarial risks. This plan is therefore accounted for as a defined contribution plan in the financial statements of the individual participating subsidiaries, that is, pension contributions are expensed as and when they fall due.

5. Material accounting policies (continued)

(p) Employee benefits (continued):

(ii) Other post-retirement benefits

The company also provides post-retirement health care to existing pensioners. The expected costs of these benefits are accrued over the period of employment, and the present value of future benefits at the reporting date is shown as an obligation on the statement of financial position.

Post-employment obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation was conducted in accordance with IAS 19, and the financial statements reflect the company's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors make use of the work of the actuary and the actuary's report.

All actuarial re-measurement gains and losses are recognised in other comprehensive income. Any gain or loss on curtailment is recognised in profit or loss.

(iii) Other employee benefits

Entitlements to vacation leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

(q) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements, financial assets comprise cash and cash equivalents, investments, securities purchased under resale agreements, insurance recoverables, amounts due from related companies and other recoverable and restricted cash. Financial liabilities include accounts payable, insurance payables and related party balances.

(i) Recognition and initial measurement

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

5. Material accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by- investment basis.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieve by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

5. Material accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes (continued):

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. However, the information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

The Company's objective is achieved by both collecting contractual cash flows and selling financial assets.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers the following:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

5. Material accounting policies (continued)

(q) Financial instruments (continued):

(ii) Classification and subsequent measurement (continued)

Financial assets – Business model assessment (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

- Financial assets at FVTPL-These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost-These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Reclassification

- Debt investments at FVOCI-These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Unquoted equity investments at FVOCI-These assets are subsequently measured at fair value. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first reporting period following the change in business model.

(iii) Derecognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

5. Material accounting policies (continued)

(q) Financial instruments (continued):

(iii) Derecognition (continued):

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. An example of such transactions are sale-and-repurchase transactions.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

(iv) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards.

(r) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repos") are short-term transactions whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specified price. Title to the security is not actually transferred unless the counterparty fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralised lending, classified as loans and receivables and measured at amortised cost. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

5. Material accounting policies (continued)

(s) Interest in associate:

An associate is an entity over which the Company has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Interest in associates are accounted for using the equity method of accounting and are initially recognised at cost, including transaction costs.

(t) Share capital and share-based payment arrangement:

(i) Share capital:

Preference share capital is classified as equity in accordance with the Companies Act 2004. The shares are non-redeemable and have a right to dividend.

(ii) Share-based payment arrangement:

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense or asset, with a corresponding increase in equity, over the vesting period of the awards.

The amount recognised as an expense or asset is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(u) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. See note 28.

(v) Dividends:

Dividends on preference and/or ordinary shares are recognised in shareholders’ equity in the period in which they become due or declared based on the rights attached to the class of shares.

6. Property, plant and equipment

	Freehold land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Total $'000
Cost or valuation:					
December 31, 2023	735,901	40,845	527,268	9,063	1,313,077
Revaluation	51,350	-	-	-	51,350
Disposal	-	-	-	(409)	(409)
Additions	-	76	40,224	11,445	51,745
December 31, 2024	787,251	40,921	567,492	20,099	1,415,763
Additions	-	265	38,370	1,474	40,109
December 31, 2025	787,251	41,186	605,862	21,573	1,455,872
Accumulated depreciation:					
December 31, 2023	-	33,967	404,725	7,474	446,166
Revaluation	(13,007)	-	-	-	(13,007)
Eliminated on disposal	-	-	-	(409)	(409)
Charge for the year	13,007	2,421	68,345	2,703	86,476
December 31, 2024	-	36,388	473,070	9,768	519,226
Charge for the year	13,639	1,817	55,859	2,946	74,261
December 31, 2025	13,639	38,205	528,929	12,714	593,487
Net book values					
December 31, 2025	773,612	2,981	76,933	8,859	862,385
December 31, 2024	787,251	4,533	94,422	10,331	896,537

At February 18, 2025 (previous valuation: January 15, 2024) the Company's freehold land and buildings were valued at open market value by independent valuators Breckenridge & Associates, Chartered Valuation Surveyors. The surplus on revaluation is included in capital reserves. Freehold land and buildings include freehold land at a cost of $22,459,000 (2024: $22,459,000).

7. Intangible assets and goodwill

	Goodwill $’000	Computer software $’000	Customer relationships $’000	Total $’000
Cost:				
December 31, 2023	54,944	356,501	25,600	437,046
Additions	-	7,889	-	7,889
Write-offs	(54,944)	-	(25,600)	(80,544)
December 31, 2024	-	364,390	-	364,390
Additions	-	17,999	-	17,999
December 31, 2025	-	382,389	-	382,389
Amortisation:				
December 31, 2023	-	355,653	-	355,563
Charge for the year	-	1,298	-	1,298
December 31, 2024	-	356,951	-	356,951
Charge for the year	-	6,746	-	6,746
December 31, 2025	-	363,697	-	363,697
Net book values:				
December 31, 2025	-	18,692	-	18,692
December 31, 2024	-	7,439	-	7,439

8. Leases

The Company leases properties for its branch operations. The term of the leases run for the period of one (1) to five (5) years, with an option to renew after that date. Lease payments are renegotiated to reflect market rates.

Information about leases for which the Company is a lessee is presented below:

(a) Right-of-use asset

	2025 $’000	2024 $’000
Cost:		
Balance at January 1	131,186	111,772
Additions	8,337	19,414
Balance at December 31	139,523	131,186
Depreciation:		
Balance at January 1	(84,644)	(67,187)
Depreciation charge for the year	(16,210)	(17,457)
Accumulated depreciation	(100,854)	(84,644)
Balance at December 31	38,669	46,542

8. Leases (continued)

Information about leases for which the Company is a lessee is presented below (continued):

(b) Lease liability

	2025 $'000	2024 $'000
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	15,115	20,866
One to five years	38,488	35,951
Total undiscounted lease liability at December 31	53,603	56,817
Less future interest changes	(13,596)	(7,714)
Lease liability included in the statement of financial position at December 31	40,007	49,103
Current	11,382	17,992
Non-current	28,625	31,111
	40,007	49,103

(c) Amount recognised in profit or loss

	2025 $'000	2024 $'000
Depreciation (note 21)	16,210	17,457
Interest on lease liability (note 21)	4,294	3,109

(d) Amount recognised in the statement of cash flows

	2025 $'000	2024 $'000
Total cash outflow for lease	21,665	18,076

Extension options

The lease value determined above includes a lease with an option to renew. This option is exercisable by the Company up to six months before the end of the non-cancellable contract period. The Company assesses at the lease commencement date, whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

9. Interest in associates

The Company has shareholdings of 45% (2024:45%) and 22.68% (2024: 22.68%) in Statera Underwriting Management Limited (SUML) and Haul & Pull up (HPUL), respectively. SUML provides insurance management services in Turks and Caicos Islands while HPUL provides the Company with a roadside assistance service providers app, which is accessible to all our motor clients.

Effective June 6, 2025, the company acquired 37% shareholding in JN General Insurance Limited. (JNGI) at an initial cost of $913,500,000. JNGI's registered office is in Kingston, Jamaica and its principal activity is the underwriting of general insurance business. The following table highlights our associates relevant financial information:

	2025			
	SUML $'000	HPUL $'000	JNGI $'000	Total $'000
Percentage ownership Interest	**45.00%**	**22.68%**	**37%**	
Non- current assets	3,351	10,195	10,129,170	10,142,716
Current assets	91,435	3,175	5,889,249	5,983,859
Non- current liabilities	-	1,459	20,272	21,731
Current liabilities	52,968	2,553	13,802,390	13,857,911
Net assets (100%)	41,818	9,358	2,195,757	2,246,933
BCIC's share of net assets	**18,818**	**2,122**	**812,430**	**833,370**
Revenue	188,725	4,897	4,481,795	4,675,417
Profit/(loss) from continuing operations, being total comprehensive income (100%)	56,552	(3,260)	(183,734)	(130,442)
BCIC share of profit/(loss) from continuing operations	**25,448**	**(739)**	**(67,982)**	**(43,273)**
Balance at the start of year	33,051	35,512	-	68,563
Acquired during the year	-	-	913,500	913,500
Gain on acquisition	-	-	301,332	301,332
Impairment	18,818	2,122	-	20,940
Share of profit/(loss)	25,448	(739)	(67,982)	(43,273)
Carrying amount of interest in associates	**77,317**	**36,895**	**1,146,850**	**1,261,062**

9. Interest in associates (continued)

	2024		
	SUML $'000	HPUL $'000	Total $'000
Percentage ownership Interest	**45.00%**	**22.68%**	
Non- current assets	2,296	10,059	12,355
Current assets	35,163	5,983	41,146
Non- current liabilities	-	1,857	1,857
Current liabilities	51,894	1,570	53,464
Net Assets	(14,435)	12,615	(1,820)
BCIC's share of net assets	**(6,496)**	**2,861**	**(3,635)**
Revenue	109,735	14,895	124,630
Profit/(loss) from continuing operations, being total comprehensive income (100%)	34,704	(6,768)	27,936
BCIC share of profit/(loss) from continuing operations	**15,617**	**(1,535)**	**14,082**
Balance at the start of year	27,434	33,547	60,981
Acquired during the year	-	3,500	3,500
Impairment	(10,000)	-	(10,000)
Share of profit/(loss)	15,617	(1,535)	14,082
Carrying amount of interest in associates	**33,051**	**35,512**	**68,563**

10. Investments

	2025			
	Fair value through other comprehensive income $'000	Amortised cost $'000	Fair value through Profit and loss $'000	Total $'000
Government of Jamaica securities – US$ Bonds	666,286	-	-	666,286
Quoted shares	-	-	263,514	263,514
Other securities	136,120	-	-	136,120
Government of Jamaica securities – J$ Bonds	661,634	-	-	661,634
Corporate bonds – US$ and J$	145,639	334,322	-	479,961
Term deposit – BD$ and US$	-	100,000	-	100,000
	1,609,679	434,322	263,514	2,307,515
Less: Impairment allowance	(1,936)	(2,017)	-	(3,953)
	1,607,743	432,305	263,514	2,303,562

10. Investments (continued)

	2024			
	Fair value through other comprehensive income	Amortised cost	Fair value through Profit and loss	Total
	$'000	$'000	$'000	$'000
Government of Jamaica securities – US$ Bonds	626,063	-	-	626,063
Quoted shares	-	-	258,396	258,396
Other securities	389,542	-	-	389,542
Government of Jamaica securities – J$ Bonds	557,341	-	-	557,341
Corporate bonds – US$ and J$	186,445	445,505	-	631,950
Term deposit – BD$ and US$	-	150,000	-	150,000
	1,759,391	595,505	258,396	2,613,292
Less: Impairment allowance	(2,543)	(2,182)	-	(4,725)
	1,756,848	593,323	258,396	2,608,567

Investments include foreign currency investments aggregating US$5,748,849 (2024: US$7,427,809). A certificate of deposit of $50,000,000 (2024: $50,000,000) was held to the order of the Financial Services Commission in Jamaica, as required by the Insurance Act and term deposits of BD$580,000 (2024: BD$250,000) and US$500,000 (2024: US$500,000) were held to the order of the Financial Services Commission in Barbados and Turks and Caicos Islands, respectively.

11. Insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI.

(a) Reinsurance assets

	2025			
	Remaining coverage	**Incurred claims**		
	Excluding loss recovery component $'000	Present value of future cashflows $'000	Risk adjustment for non financial risk $'000	Total $'000
Opening assets as at January 1	**(1,507,666)**	**2,786,882**	**385,584**	**1,664,800**
Reinsurance expenses	(14,663,307)	-	-	(14,663,307)
Acquisition cash flow amortised	-	(48,376)	-	(48,376)
Incurred claims recovery	-	24,617,866	3,444,901	28,062,767
Adjustments to incurred claims recovery	-	2,553,884	258,279	2,812,163
Net income/(expenses) from reinsurance contracts held	**(14,663,307)**	**27,123,374**	**3,703,180**	**16,163,247**
Finance expenses from reinsurance contracts held recognised in profit or loss	-	3,242,515	-	3,242,515
Cash flows:				
Premiums paid net of ceding commissions and other	7,643,214	-	-	7,643,214
Recoveries from reinsurance	-	(3,163,176)	-	(3,163,176)
Total cash flows	**7,643,214**	**(3,163,176)**	**-**	**4,480,038**
Closing assets as at December 31	**(8,527,759)**	**29,989,595**	**4,088,764**	**25,550,600**

11. Insurance and reinsurance contracts (continued)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI (continued).

(a) Reinsurance assets (continued)

	2024			
	Remaining coverage	**Incurred claims**		
	Excluding loss recovery component	Present value of future cashflows	Risk adjustment for non financial risk	Total
	$'000	$'000	$'000	$'000
Opening assets as at January 1	**(1,419,689)**	**4,058,901**	**132,952**	**2,772,164**
Reinsurance expenses	(15,123,542)	-	-	(15,123,542)
Acquisition cash flow amortised	-	(60,377)	-	(60,377)
Incurred claims recovery	-	4,092,140	200,255	4,292,395
Adjustments to incurred claims recovery	-	360,569	52,377	412,946
Net income/(expenses) from reinsurance contracts held	**(15,123,542)**	**4,392,332**	**252,632**	**(10,478,578)**
Finance income from reinsurance contracts held recognised in profit or loss	-	(39,406)	-	(39,406)
Cash flows:				
Premiums paid net of ceding commissions and other	15,035,565	-	-	15,035,565
Recoveries from reinsurance	-	(5,624,945)	-	(5,624,945)
Total cash flows	**15,035,565**	**(5,624,945)**	**-**	**9,410,620**
Closing assets as at December 31	**(1,507,666)**	**2,786,882**	**385,584**	**1,664,800**

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2025

11. Insurance and reinsurance contracts (continued)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI (continued).

(b) Insurance contract liabilities

	2025			
	Liabilities for remaining coverage	Liabilities for incurred claims contracts under the PAA		
	Excluding loss component	Present value of future cashflows	Risk adjustment for non financial risk	Total
	$'000	$'000	$'000	$'000
Opening liabilities	**(3,298,246)**	**(6,236,978)**	**(575,823)**	**(10,111,047)**
Insurance revenue	20,988,206	-	-	20,988,206
Insurance service expenses:				
Incurred claims and other service expenses	-	(25,553,200)	(3,513,547)	(29,066,747)
Adjustments to incurred claims and other service expenses	-	(4,414,476)	(292,468)	(4,706,944)
Insurance acquisition cash flows amortisation	(2,113,391)	-	-	(2,113,391)
Total insurance service expenses	**(2,113,391)**	**(29,967,676)**	**(3,806,015)**	**(35,887,082)**
Insurance service result	**18,874,815**	**(29,967,676)**	**(3,806,015)**	**(14,898,876)**
Finance income/(expenses) from insurance contracts issued recognised in profit or loss*	372,676	(3,535,262)	-	(3,162,586)
Total amounts recognised in income comprehensive	**19,247,491**	**(33,502,938)**	**(3,806,015)**	**(18,061,462)**
Cash flows:				
Premiums received	(21,606,798)	-	-	(21,606,798)
Claims and other directly attributable expenses paid	-	7,599,100	-	7,599,100
Insurance acquisition cash flows	2,206,861	-	-	2,206,861
Total cash flows	**(19,399,937)**	**7,599,100**	**-**	**(11,800,837)**
Closing liabilities	**(3,450,692)**	**(32,140,816)**	**(4,381,838)**	**(39,973,346)**

*Interest from Insurance Premium Financing (IPF)

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2025

11. Insurance and reinsurance contracts (continued)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and OCI (continued).

(b) Insurance contract liabilities (continued)

	2024			
	Liabilities for remaining coverage	**Liabilities for incurred claims contracts under the PAA**		
	Excluding loss component	Present value of future cashflows	Risk adjustment for non financial risk	Total
	$'000	$'000	$'000	$'000
Opening liabilities	**(4,028,499)**	**(6,718,854)**	**(264,622)**	**(11,011,975)**
Insurance revenue	20,241,028	-	-	20,241,028
Insurance service expenses:				
Incurred claims and other service expenses	-	(5,195,844)	(239,349)	(5,435,193)
Adjustments to incurred claims and other service expenses	-	(754,866)	(71,852)	(826,718)
Insurance acquisition cash flows amortisation	(1,928,681)	-	-	(1,928,681)
Total insurance service expenses	**(1,928,681)**	**(5,950,710)**	**(311,201)**	**(8,190,592)**
Insurance service result	**18,312,347**	**(5,950,710)**	**(311,201)**	**12,050,436**
Finance income/(expenses) from insurance contracts issued recognised in profit or loss*	375,676	(3,453)	-	372,223
Total amounts recognised in income comprehensive	**18,688,023**	**(5,954,163)**	**(311,201)**	**12,422,659**
Cash flows:				
Premiums received	(19,881,581)	-	-	(19,881,581)
Claims and other directly attributable expenses paid	-	6,436,039	-	6,436,039
Insurance acquisition cash flows	1,923,811	-	-	1,923,811
Total cash flows	**(17,957,770)**	**6,436,039**	**-**	**(11,521,731)**
Closing liabilities	**(3,298,246)**	**(6,236,978)**	**(575,823)**	**(10,111,047)**

*Includes Interest from Insurance Premium Financing (IPF)

12. Receivables and prepayments

	2025 $'000	2024 $'000
Prepaid expenses	30,361	18,053
Prepaid expense - digital transformation	1,539,419	1,095,111
Accrued investment income	112,403	187,108
Other receivables	115,595	94,128
	1,797,778	1,394,400

These balances are expected to be settled within 12 months.

13. Due from/to related companies

The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	2025 $’000	2024 $’000
a) Due from related companies:		
Related by common directors:		
ICD Group Holdings Limited (ii)	218,219	145,734
West Indies Home Contractors Limited (iii)	812,521	750,000
	1,030,740	895,734
b) Due to related companies:		
Related by common directors:		
ICD Group Holdings Limited (ii)	48,101	56,910
The Victoria Mutual Building Society (ii)	175,909	110,530
	224,010	167,440

These balances were incurred in the normal course of business.

(i) This was a US$150,000 unsecured loan with interest rate of 5% per annum. The first instalment was due June 30, 2019, and then quarterly thereafter. The loan was settled during the year.

(ii) This amount is unsecured and is expected to be settled within 12 months.

(iii) Included in this balance are short term, secured loans aggregating $810 million which bears interest of 8.78% - 9.91% per annum. The loans are secured by guarantees and promissory notes and are due for repayment between January and June 2026.

13. Due from/to related companies (continued)

The statement of profit or loss and other comprehensive income includes balances, arising in the ordinary course of business, with related parties:

Transactions with related parties by common directors and/or significant influences as follows:

	2025 $'000	2024 $'000
Insurance revenue:		
Parent company	6,629	3,760
Related company	69,289	64,307
Related parties (directors and common directors)	5,218	4,796
Insurance service expense	122,889	7,862
Management fees – related company	(245,009)	(133,378)
Interest income earned – related company	69,620	80,303
Directors fees (excluding executive directors)	7,622	7,550
Key management personnel compensation:		
Short-term employment benefits (including executive directors)	62,124	190,316

14. Short-term investments

	2025		
	Amortised cost $'000	Fair value through other comprehensive income $'000	Total $'000
Insurance Association of Jamaica debenture	37	858	895
Government of Jamaica securities – J$ bonds	77,435	-	77,435
Certificate of deposits	150,000	-	150,000
Term deposits	2,073,451	-	2,073,451
Corporate bonds	1,677,188	-	1,677,188
	3,978,111	858	3,978,969
Less: Impairment allowance	(9,309)	-	(9,309)
	3,968,802	858	3,969,660

	2024		
	Amortised cost $'000	Fair value through other comprehensive income $'000	Total $'000
Insurance Association of Jamaica debenture	37	858	895
Government of Jamaica securities – J$ bonds	99,595	-	99,595
Certificate of deposits	3,873,471	-	3,873,471
Corporate bonds	1,853,377	-	1,853,377
	5,826,479	858	5,827,337
Less: Impairment allowance	(12,869)	-	(12,869)
	5,813,610	858	5,814,468

15. Securities purchased under resale agreements

	2025 $'000	2024 $'000
Principal	-	457,144
Less: Impairment allowance	-	(90)
	-	457,054

The fair value of the underlying securities held as collateral amounts to $NIL (2024: $457,264,000).

16. Payables

	2025 $'000	2024 $'000
General Consumption Tax payable	233,044	249,379
Cash call payable (i)	4,912,640	-
Accrued expenses	314,040	562,229
	5,459,724	811,608

(i) Cash call payable represents the excess of funding received from reinsurers to settle the claims from Hurricane Mellisa.

These balances are expected to be settled within 12 months.

17. Employee benefit obligation

The Company's obligation in respect of post-employment benefits has been recognised primarily in respect of medical benefits for pensioners as follows:

(a) Liability recognised in the statement of financial position:

	2025 $'000	2024 $'000
Present value of future obligations, being liability recognised in statement of financial position	62,080	64,728

17. Employee benefit obligation (continued)

(b) Movements in the net liability recognised in the statement of financial position:

	2025 $'000	2024 $'000
Net liability at the beginning of the year	64,728	43,567
Contributions paid	(9,247)	(9,681)
Current service costs	1,502	1,815
Interest costs	5,854	4,460
Past service costs	-	36,691
Actuarial experience adjustment recognised in other comprehensive income	(757)	(12,124)
Net liability at the end of the year	62,080	64,728

(c) Expense recognised in profit for the year:

	2025 $'000	2024 $'000
Included in profit or loss:		
Current service costs	1,502	1,815
Past service costs	-	36,691
Interest costs	5,854	4,460
	7,356	42,966

(d) Remeasurements recognised in other comprehensive income:

	2025 $'000	2024 $'000
Included in other comprehensive income:		
Actuarial (losses)/gains:		
Effect of experience adjustments	2,564	(8,409)
Effect of changes in economic assumptions	(3,321)	(3,715)
	(757)	(12,124)

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2025 %	2024 %
Discount rate at end of year	10	9.5
Future increases in medical premiums	5	5

17. Employee benefit obligation (continued)

(f) Sensitivity analysis of key economic assumptions:

A one percent point change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the post-employment benefit obligation by amounts shown below.

	2025		2024	
	1% Increase	1% Decrease	1% Increase	1% Decrease
	$'000	$'000	$'000	$'000
Discount rate	(6,389)	9,235	(3,903)	9,390
Assumed medical cost trend	6,960	(4,498)	6,597	(5,669)

Impact on post-employment obligation of a one-year increase/decrease in life expectancy:

The average liability duration are as follows:

	2025	2024
Active members and all participants (years)	17.88	18.85

18. Deferred taxation

Deferred tax asset/ (liability) is attributable to the following:

	December 31, 2023	Recognised in income	Recognised in equity	December 31, 2024	Recognised in income	Recognised in equity	December 31, 2025
	$'000	$'000 [note 23(a)]	$,000	$'000	$'000 [note 23(a)]	$'000	$'000
Property, plant and equipment	58,404	30,520	-	88,924	(16,316)	-	72,608
Investments	14,253	(8,491)	-	5,762	1,629	-	7,391
Gain on exchange	103,050	37,036	-	140,086	(135,083)	-	5,003
Accounts payable	12,406	1,557	-	13,963	14,783	-	28,746
Employee benefits	14,522	3,013	4,041	21,576	(883)	252	20,945
Accrued investment income	(80,821)	18,500	-	(62,321)	24,853	-	(37,468)
Unused tax losses	-	-	- -	-	144,030	-	144,030
Revaluation of property, plant and equipment	(132,037)	-	(12,250)	(144,287)	-	-	(144,287)
Leases	24	(878)	-	(854)	408	-	(446)
	(10,199)	81,257	(8,209)	62,849	33,421	252	96,522

The company recognise deferred tax assets based on management's assumption that there will be sufficient future taxable profits against which the assets can be utilised. The company's strategy is embedded in optimising its underwriting process and operational efficiencies to pursue and capitalise on growth opportunities.

19. Share capital and share purchase plan

	2025 $'000	2024 $'000
Authorised:		
160,000,000 (2024: 160,000,000) ordinary shares of no par value (i)		
85,000,000 (2024: 85,000,000) 20% non-redeemable preference (ii) shares of no par value		
Stated, issued and fully paid:		
145,985,401 (2024: 145,985,401) ordinary shares of no par value	784,579	784,579
72,992,701 (2024: 72,992,701) 20% non-redeemable preference shares of no par value	174,621	174,621
	959,200	959,200

All ordinary shares rank equally with regard to the Company's residual assets. Preference shareholders participate only to the extent of the face value of the shares.

i. Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

ii. Non-redeemable preference shares

Holders of these shares receive a non-cumulative dividend of 20 percent at the Company's discretion or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

At a Board of Directors Meeting held on October 21, 2021, the Directors passed a resolution for the repurchase of 10,729,928 shares of the Company to be set aside as part of a stock purchase/option plan for executive directors, to be issued in 4 tranches of 2,682,482 shares to be issued between 2022 to 2025. The shares were allocated in two ways, grants (1/3) and options (2/3) over four (4) year period. See note 30.

20. Capital reserves

	2025 $'000	2024 $'000
Realised gains (i)	27,541	27,541
Revaluation reserve (i)	820,116	820,116
Deferred tax on revaluation of property, plant & equipment	(144,287)	(144,287)
	703,370	703,370

20. Capital reserves (continued)

(i) This comprises realised gains on disposal of investments and unrealised gains on revaluation. Freehold land and buildings were revalued and the gains on revaluation recognised in revaluation reserve (see note 6).

(ii) Realised capital reserves are available for distribution to shareholders, subject to transfer tax at 2% (2024: 2%).

21. Expense by nature

	Notes	2025 $000'	2024 $000'
Insurance claims related expenses		32,920,910	5,200,075
Depreciation-Property, plant and equipment	6	74,261	86,476
Depreciation-Right of use asset	8(c)	16,210	17,457
Amortisation- Intangible assets	7	5,044	1,298
Staff cost		1,617,078	1,529,983
Audit renumeration		49,096	46,312
Data processing charge and maintenance		487,511	439,036
Advertising and promotion		113,032	114,440
Directors emoluments	13	7,622	7,550
Professional fees		110,085	120,300
Motor vehicle expenses		82,310	76,041
Telephone		115,353	86,240
Stationery and office supplies		30,683	27,021
Bank interest and other charges		98,694	92,500
Lease interest	8(c)	4,294	3,109
Impairment of goodwill and associates	7,9	20,900	90,544
Other administrative expenses		776,045	225,928
Bad and doubtful debt		(144,333)	(6,324)
ESOP		94,075	94,075
Assets tax		68,447	55,789
Project development		238,394	431,386
Management fees	13	245,009	133,378
Corporate services		29,705	24,200
Agents and other commission expense		1,441,969	1,383,301
		38,502,394	10,280,115
Amount attributed to insurance acquisition cash flows incurred during the year	11(b)	(2,206,861)	(1,923,811)
Amortisation of insurance acquisition cash flows	11(b)	2,113,391	1,928,681
		38,408,924	**10,284,985**
Represented by:			
Insurance service expenses	11(b)	35,887,082	8,190,592
Other operating expenses		2,521,842	2,094,393
		38,408,924	**10,284,985**

22. Investment and other income

(a) Investment income

	2025 $'000	2024 $'000
Interest income recognised using the effective interest method:		
Securities at amortised cost	605,145	783,267
Securities at FVOCI	112,181	177,706
	717,326	960,973
Other investment income - dividend	36,272	8,585
	753,598	969,558

(b) Other income

	2025 $'000	2024 $'000
Other financial income	50,956	71,732
Gain on disposal of property, plant and equipment	2,200	710
Miscellaneous	267,037	26,612
	320,193	99,054

23. Taxation

(a) Tax (credit)/expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	2025 $'000	2024 $'000
Current tax (credit)/expense:		
Income tax at 33⅓%	-	380,893
Deferred tax expense:		
Origination and reversal of other temporary differences (note 18)	(33,421)	(81,257)
Total taxation (credit)/expense in profit or loss	(33,421)	299,636

23. Taxation (continued)

(b) Reconciliation of effective tax rate:

	2025 $'000	2024 $'000
Profit before taxation	154,308	892,976
Computed "expected" tax expense at 33⅓%	51,436	297,658
Difference between profit for financial statements and tax reporting purposes on:		
Items not allowed for tax purposes	(84,857)	1,978
Preference dividends	-	-
Actual tax (credit)/expense	(33,421)	299,636

24. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

(a) Overview:

The Company's management of insurance risk is a critical aspect of the business. The primary insurance activity carried out by the Company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by the company are as follows:

Liability insurance
Property insurance
Motor insurance

The Company manages its insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The Company actively monitors insurance risk exposures both for individual and portfolio types of risk. These methods include internal risk measurement, portfolio modelling and scenario analyses.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(a) Overview (continued):

Underwriting strategy:

The Company seeks to underwrite a balanced portfolio of risks at rates and terms that will produce underwriting results consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

Reinsurance strategy:

The Company reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance includes credit risk, and the Company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is addressed in more detail in note 25(a).

(b) Terms and conditions of general insurance contracts:

The table below provides an overview of the terms and conditions of general insurance contracts written by the Company and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend.

Type contract	**Terms and Conditions**	**Key factors affecting future cash flows**
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury and environmental injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. The majority of bodily injury claims have a relatively short tail and are settled in full within four years. In general, these contracts involve greater estimation uncertainty.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(b) Terms and conditions of general insurance contracts (continued):

Type contract	**Terms and Conditions**	**Key factors affecting future cash flows**
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. The cost of repairing, rebuilding or replacement of assets and/or contents and the time taken to restart or resume operations to original levels for business interruption are the key factors influencing the level of claims under these policies.
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle theft. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.

Discount rates

The bottom-up approach was used to derive the discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free was derived using Government of Jamaica (GOJ) bond yield curve available in the market denominated in the same currency as the product being measured. Management uses judgement to assess liquidity characteristics of the liability cash flows. Insurance contracts are considered less liquid than the financial assets used to derive the risk-free yield.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(b) Terms and conditions of general insurance contracts (continued):

Discount rates (continued)

For these contracts, the illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

The settlement of the Company's current outstanding claims are all expected to occur within the period for which observable market information is available to determine the IFRS 17 discount rates.

The yield curves (spot rates) that were used to discount the estimates of future cash flows are as follows:

	2025					2024				
Product	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
General insurance (issued and reinsurance held)	5.02%	6.55%	7.00%	7.77%	8.19%	4.99%	6.37%	7.53%	8.86%	9.03%

Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as the activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(b) Terms and conditions of general insurance contracts (continued):

Estimates of future cash flows to fulfil insurance contracts (continued)

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Company projects estimates of future expenses relating to fulfilment of contracts using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. In addition, under certain methods used to assess claims incurred for the general insurance contracts, estimates of future claim payments are adjusted for inflation.

Methods used to measure insurance contracts

The Company's Appointed Actuary performs an annual valuation of the Company's insurance liabilities. The insurance liabilities consist of a provision for unpaid claims and adjustment expenses on expired portion of policies (liability for incurred claims), and a provision for future obligations on the unexpired portion of policies (liability for remaining coverage). The valuation is in accordance with generally accepted actuarial practice, including the selection of appropriate methods and assumptions. The Company discounts its liability for incurred claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company. Statistical analysis is used to estimate claim incurred but not reported, as well as the expected ultimate cost of more complex claims that may be affected by external factors. Refer to Note 11.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at the business line level and then allocated down to each group of contracts in accordance with their risk profiles. The quantile method was used to derive the risk adjustment for non-financial risk.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(b) Terms and conditions of general insurance contracts (continued):

Methods used to measure the risk adjustment for non-financial risk (continued)

In the quantile approach, historical claims data for all accident years has been used to derive the loss distribution. The following risks have been considered in the quantification of the risk adjustment:

- Claims development: Uncertainty in the final amount of insurance claims that will be paid on known/reported claims
- Claims incidence: Uncertainty in the amount of claims that have been incurred but not yet reported (IBNR)
- Expense risk: Uncertainty in the expenses (inclusive of expense inflation) that will be required to settle incurred claims

The model has been applied separately for each portfolio. The net loss distribution, net of reinsurance recoveries, is used to reflect the compensation that the Company requires, as pricing is determined based on net insurance benefits.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 70% (2024: 70%).

(c) Risk exposure and concentrations of risk:

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Company monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Company makes assumptions that costs will increase in line with the latest available financial and actuarial forecasts.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Company uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the company accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Company monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

24. Insurance risk management (continued)

Risk management objectives and policies for mitigating insurance risk (continued):

(c) Risk exposure and concentrations of risk (continued):

The following table shows the Company's exposure to general insurance risk (based on the carrying value of insurance contract liabilities at the reporting date) per major category of business.

	2025					
	Liability	Property	Motor	Engineering/ CAR	Accident	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Gross	1,696,544	33,382,838	4,305,228	130,233	458,503	39,973,346
Net of reinsurance	1,095,058	4,814,297	9,047,280	(406,565)	(127,324)	14,422,746

	2024					
	Liability	Property	Motor	Engineering/ CAR	Accident	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Gross	248,510	2,131,190	7,545,798	(903)	186,452	10,111,047
Net of reinsurance	524,628	(819,688)	8,938,267	24,746	(221,706)	8,446,247

(d) Claims development:

Claims development information is disclosed, gross and net, in order to illustrate the insurance risk inherent in the Company. The top part of the table shows how the estimates of total claims for each accident year develop over time, excluding remaining coverage. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

BRITISH CARIBBEAN INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)
Year ended December 31, 2025

24. Insurance risk management (continued)

(d) Claims development (continued):

Analysis of gross claims development:

	Accident Years										
	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	2025 $'000	Total $'000
At end of Accident Year	1,991,092	2,399,946	2,542,798	3,506,977	3,455,363	4,008,390	4,260,686	4,849,928	4,232,990	7,216,165	
- One Year Later	1,827,086	2,349,621	2,334,923	3,647,842	3,435,978	3,303,934	4,010,361	4,896,307	5,165,024		
- Two Years Later	1,751,880	2,242,884	2,318,376	3,634,651	3,298,374	3,451,997	4,025,895	4,601,252			
- Three Years Later	1,574,339	2,225,706	2,286,794	3,455,180	3,362,589	3,406,031	3,656,858				
- Four Year Later	1,511,296	2,184,649	2,207,621	3,453,900	3,442,554	3,283,688					
- Five Years Later	1,460,891	2,182,137	2,240,182	3,507,252	3,293,121						
- Six Years Later	1,440,383	2,157,702	2,206,988	3,327,624							
- Seven Years Later	1,364,230	2,177,511	2,186,836								
- Eight Years Later	1,332,710	2,138,601									
- Nine Years Later	1,266,353										
Estimate of cumulative claims	1,266,353	2,138,601	2,186,836	3,327,624	3,293,121	3,283,688	3,656,858	4,601,252	5,165,024	7,216,165	36,135,522
Cumulative payments to date	(1,698,319)	(2,054,684)	(2,081,122)	(3,181,205)	(2,994,941)	(2,820,716)	(3,158,978)	(3,789,189)	(3,127,763)	(2,207,273)	(27,114,190)
Undiscounted outstanding claims liability	(431,966)	83,917	105,715	146,419	298,180	462,971	497,879	812,063	2,037,261	5,008,891	9,021,332
CAT event- Hurricane Melissa											24,686,376
Discounting											(1,663,300)
Risk adjustment											4,381,839
Other expense balances											96,407
Outstanding claims liability											36,522,654

24. Insurance risk management (continued)

(d) Claims development (continued):

Analysis of net claims development:

	Accident Years										
	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	2025 $'000	Total $'000
Estimates of Cumulative Claims											
At end of Accident Year	1,932,902	1,976,893	2,284,040	2,942,911	3,081,202	3,237,854	861,388	984,628	871,409	1,184,299	
- One Year Later	2,017,230	2,155,677	2,303,421	3,229,141	3,379,244	3,261,113	804,779	943,205	963,516		
- Two Years Later	2,065,364	2,049,132	2,299,833	3,312,891	3,240,323	3,418,852	779,845	838,433			
- Three Years Later	1,999,781	2,034,760	2,272,935	3,156,322	3,316,730	3,359,566	669,240				
- Four Year Later	2,047,226	1,993,914	2,193,317	3,337,842	3,383,984	3,200,924					
- Five Years Later	2,108,000	1,992,877	2,230,911	3,207,998	3,181,616						
- Six Years Later	2,197,923	2,007,978	2,192,375	2,999,345							
- Seven Years Later	2,233,979	1,988,186	2,153,738								
- Eight Years Later	2,308,725	1,945,498									
- Nine Years Later	2,350,781										
Estimate of cumulative claims	2,350,781	1,945,498	2,153,738	2,999,345	3,181,616	3,200,924	669,240	838,433	963,516	1,184,299	19,487,390
Cumulative payments to date	(1,653,752)	(1,862,541)	(2,049,985)	(2,851,366)	(2,890,221)	(2,757,800)	(570,347)	(679,451)	(554,937)	(469,763)	(16,340,164)
Net undiscounted Outstanding claims liability	697,029	82,957	103,753	147,980	291,395	443,124	98,892	158,982	408,578	714,536	3,147,226
CAT event- Hurricane Melissa											374,434
Discounting											(449,956)
risk adjustment											293,075
Other expense balances											79,299
Other insurance payables											(999,783)
Net outstanding claims liability											2,444,295

24. Insurance risk management (continued)

(e) Sensitivity analysis

The table below analyses how the, profit or loss and equity would have increased or decreased if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	2025			
	Profit or loss		Equity	
	Gross	Net	Gross	Net
	$'000	$'000	$'000	$'000
Ultimate claims (5% increase)	(2,421)	(1,371)	2,421	1,371
Ultimate claims (5% decrease)	2,421	1,371	(2,421)	(1,371)

	2024			
	Profit or loss		Equity	
	Gross	Net	Gross	Net
	$'000	$'000	$'000	$'000
Ultimate claims (5% increase)	(2,108)	(1,337)	(2,108)	(1,337)
Ultimate claims (5% decrease)	2,108	1,337	2,108	1,337

25. Financial risk management

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

Credit risk
Liquidity risk
Market risk

Risk management framework:

This note presents information about the Company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

25. Financial risk management (continued)

Risk management framework (continued):

The Board of Directors has overall responsibility for the establishment and oversight of the company's financial risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to established limits. The Chief Financial Officer and Chief Legal and Enterprise Risk Officer are responsible for developing and monitoring the Company's financial risk management policies. These persons report regularly to the Board on their activities.

The Audit, Actuarial and Risk Management Committee oversees how management monitors compliance with the company's management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Committee assisted with these functions by Internal Audit, which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Board. The focus of financial risk management for the company is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts.

The goal of the investment management process is to optimise the risk-adjusted net of taxes, investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The Management team is responsible for the asset/liability management policy of the company. This policy details the framework for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the required monitoring processes. The matching of assets and liabilities is also governed by the existing regulatory framework.

The asset/liability matching process is largely influenced by estimates of the timing of payments. These estimates are revaluated on a regular basis. There are also criteria for ensuring the matching of assets and liabilities as investment markets change.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty fails to meet its contractual obligations. The company's key areas of exposure to credit risk include:

- debt securities, cash and cash equivalents;
- amounts due from policyholders;
- amounts due from intermediaries;
- reinsurers' share of insurance liabilities; and
- amounts due from reinsurers in respect of payments already made to policyholders.
- due from related parties.

The nature of the company's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

25. Financial risk management (continued)

Risk management framework (continued):

(a) Credit risk (continued)

(i) Management of credit risk

The Company manages its credit risk in respect of debt securities by limiting its exposure to a single counterparty and by reference to the credit rating of the counterparty. The company has a policy of investing only in high quality corporate bonds and government issued debt securities.

Its exposure to individual policyholders and groups of policyholders is monitored as part of its credit control process. Financial analyses are conducted for significant exposures to individual policyholders or homogenous groups of policyholders.

All intermediaries must meet minimum requirements that are established and enforced by the company's management. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The Company also operates a policy to manage its reinsurance counterparty exposures. The Company assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations. The impact of reinsurer default is measured regularly and managed accordingly.

Exposure to credit risk

	2025					
	AA $'000	A $'000	B $'000	D $'000	Not rated $'000	Total $'000
Financial assets:						
Carrying amount	-	-	45,740,829	-	4,089,580	49,830,409
Reinsurance contract assets:						
Neither past due nor impaired	25,550,600	-	-	-	-	25,550,600
Due from related companies:						
Neither past due nor impaired	-	-	-	-	220,740	220,740

	2024					
	AA $'000	A $'000	B $'000	D $'000	Not rated $'000	Total $'000
Financial assets:						
Carrying amount	-	-	13,561,272	-	2,294,932	15,856,204
Reinsurance contract assets:						
Neither past due nor impaired	1,664,800	-	-	-	-	1,664,800
Due from related companies:						
Neither past due nor impaired	-	-	-	-	895,734	895,734

25. Financial risk management (continued)

Risk management framework (continued):

(a) Credit risk (continued)

(i) Management of credit risk (continued)

Exposure to credit risk (continued)

The carrying amounts of financial assets and cash and cash equivalents do not include any assets that are either past due or impaired.

The Company has no financial assets or reinsurance assets that would have been past due or impaired, whose terms have been renegotiated.

The Company does not hold any collateral as security or any credit enhancements, (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

(ii) Concentration of credit risk for insurance and other receivables

The specific concentration of risk from counterparties where receivables for any one counterparty or group of connected counterparties is $10 million or more at the year end is as follows:

	2025 $'000	2024 $'000
Allied Insurance Brokers Limited	64,704	104,680
Chancellor Insurance Agency Limited	29,546	61,189
Citadel Insurance Brokers Ltd	73,831	30,561
Covenant Insurance Brokers Limited	69,213	49,629
Crichton Insurance Agency Limited	39,358	18,722
Fraser, Fontaine and Kong Insurance Brokers Limited	40,305	109,937
Gallagher Insurance Brokers Jamaica Limited	165,388	160,611
Jamaica Cooperative Insurance Agency	89,125	51,808
Marathon Insurance Brokers	152,243	88,362
Orion Insurance Brokers Limited	54,236	43,175
Pinnacle	12,153	41,995
Spectrum Insurance Brokers Limited	74,075	48,020
BCMG Insurance Brokers	28,099	37,778
Riveria Insurance Agency Limited	28,777	31,561
Solid Life and General Insurance Brokers Limited	34,194	12,104
Desmond Mair Insurance Brokers Limited	10,459	10,537
	965,706	900,669

25. Financial risk management (continued)

Risk management framework (continued):

(a) Credit risk (continued)

(iii) Investments in debt securities:

The Company limits its exposure to credit risk associated with investment securities by investing mainly in liquid securities with counterparties that are regulated and Government of Jamaica securities.

Credit quality

The Company identifies changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the company supplements this by reviewing changes in bond yields together with available press and regulatory information on issuers.

12-month and lifetime probabilities of default are based on historical data supplied by each credit rating and are recalibrated based on current bond yields. Loss given default (LGD) parameters generally reflect an assumed recovery rate of percent except when the security is credit-impaired, in which case the estimate of loss based on the instrument's current market price and original effective interest rate.

The following table sets out the credit quality of debt investment securities based on Standard and Poor's and Moody's ratings as follows:

	2025 (12 month ECL)				2024
	Stage 1	Stage 2	Stage 3	Total	
	$'000	$'000	$'000	$'000	$'000
Debt investment securities at FVOCI and amortised cost					
B3	12,847,568	-	-	12,847,568	8,639,377
Loss allowance notes 10,14 & 15	(13,262)	-	-	(13,262)	(17,684)
Total	12,834,306	-	-	12,834,306	8,621,693

25. Financial risk management (continued)

(a) Credit risk (continued)

(iv) Measurement of ECL (continued)

Impairment has been measured at 12-month expected loss basis and reflects the short maturities of the exposures. The company considered that cash resources have low credit risk as they are held with regulated institutions. No material impairment allowances were recognised on initial adoption of IFRS 9 and there was no change during the period.

Impairment

For a discussion of inputs, assumptions and techniques used for estimating impairments, see accounting policy at note 5.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The company uses two criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in PD; and
- qualitative indicators.

Credit risk is deemed to increase significantly where the credit rating of a security decreased from grade 1 to grade 3 and the risk grade of loans have moved from grade 1 (standards) to grade 3 (sub-standard).

25. Financial risk management (continued)

(a) Credit risk (continued)

(iv) Measurement of ECL (continued)

Significant increase in credit risk (continued)

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL.

Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the company determines a probation period during which the financial asset is required to demonstrate good behavior to provide evidence that its credit risk has declined sufficiently.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

25. Financial risk management (continued)

(a) Credit risk (continued)

(iv) Measurement of ECL (continued)

Significant increase in credit risk (continued)

Definition of default:

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the company.

In assessing whether a borrower is in default, the company considers indicators that are:

- qualitative: e.g. indicators of financial distress;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The definition of default largely aligns with that applied by the company for regulatory capital purposes.

The company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

For 2025, forward-looking information was incorporated in the ECL computation by use of a management overlay. Based on the economic factors a proxy of 1.03 (2024: 1.03) times ECL was determined to be appropriate.

The economic scenarios used as at December 31, 2025 assumed no significant changes in key indicators within the next year.

25. Financial risk management (continued)

(a) Credit risk (continued)

(iv) Measurement of ECL (continued)

The key inputs into the measurement of ECL are of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. They are calculated on a discounted cash flow basis using the effective interest rate.

LGD is the magnitude of the likely loss if there is a default. The company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are based on published reports of the major rating agencies Moody's and Standard and Poor's.

EAD represents the expected exposure in the event of a default. The company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

As described above, and subject to using a maximum of a 12 month PD for stage 1 financial assets, the company measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risks, even if, for credit note management purposes, the Company considers a longer period.

Loss allowance

The loss allowance recognised is analysed as follow:

	2025		
	Resale agreements	Investments	Total
	$'000	$'000	$'000
Balance at December 31, 2024	90	17,594	17,684
Recognised during the period	(90)	(4,332)	(4,332)
Balance at December 31, 2025	-	13,262	13,262

25. Financial risk management (continued)

(a) Credit risk (continued)

Loss allowance (continued)

The loss allowance recognised is analysed as follow (continued):

	2024		
	Resale agreements $'000	Investments $'000	Total $'000
Balance at December 31, 2023	6,198	49,800	55,998
Recognised during the period	(6,198)	(32,116)	(38,314)
Balance at December 31, 2024	-	17,684	17,684

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit exposure

Credit risk exposure to the Company at December 31, 2024 and December 31, 2023, without taking account of any credit enhancements, is as follows:

Investment securities

	2025 $'000	2024 $'000
Corporate bonds	2,157,149	2,485,327
Government of Jamaica Securities	1,405,355	1,282,999
Other financial instruments	9,548,578	5,132,057
	13,111,082	8,900,383
Less: Allowance for expected credit losses	(13,262)	(17,684)
	13,097,820	8,882,699

Insurance and other receivables

Credit exposures relating to insurance and other receivables see note 12 and 25(a).

Collateral and other credit enhancements held against certain financial assets

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines have been implemented regarding the acceptability of different types of collateral.

25. Financial risk management (continued)

(a) Credit risk (continued)

Collateral and other credit enhancements held against certain financial assets (continued)

Collateral generally is not held over balances with banks or brokers/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held as at December 31, 2025 and December 31, 2024.

Management monitors the market value of collateral held during review of the adequacy of the provision for credit losses and requests additional collateral as necessary.

Cash and cash equivalents

Cash and cash equivalents are held with banks and other financial institutions counterparties that are regulated.

Due from related companies

Related party transactions are pre-authorised and approved by management during the budgeting process and subsequently in the ordinary course of business. Balances with related parties are considered to be loss low risk and no expected credit loss has been recognised.

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial and insurance liabilities. The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk may arise from a number of potential areas, such as a duration mismatch between assets and liabilities and unexpectedly high levels of claims. The nature of the company's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due and in the event of reasonably foreseeable abnormal circumstances. The Company also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The company is subject to a liquidity limit imposed by the Financial Services Commission (FSC). The key measure used for assessing liquidity risk is the liquid assets (as defined) to total liabilities ratio. The liquid assets to total liabilities ratio at the end of the year is 31% (2024: 87%).

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Management of liquidity risk (continued)

An analysis of the contractual maturities of the Company's financial and insurance contract liabilities is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

	2025					
		Contractual undiscounted cash flows				
	Carrying Amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5-10 years $'000
Financial liabilities:						
Insurance contract liabilities	39,973,346	41,638,113	24,794,702	4,623,042	7,042,958	5,177,412
Payables	5,450,730	5,450,730	5,450,730	-	-	-
Lease liability	40,007	53,603	15,115	32,572	5,916	-
Due to related companies	224,010	198,974	198,974	-	-	-
Total financial liabilities	45,688,093	47,341,420	30,459,521	4,655,614	7,048,874	5,177,412

	2024					
		Contractual undiscounted cash flows				
	Carrying Amount $'000	Total cash outflow $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	5-10 years $'000
Financial liabilities:						
Insurance contract liabilities	10,111,047	10,532,141	6,271,689	1,169,374	1,781,479	1,309,599
Payables	811,608	811,608	811,608	-	-	-
Lease liability	49,103	56,817	20,866	14,448	21,503	-
Due to related companies	167,440	167,440	167,440	-	-	-
Total financial liabilities	11,139,198	11,568,006	7,271,603	1,183,822	1,802,982	1,309,599

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the company's assets, the amount of its liabilities and/or the company's income. Market risk arises in the company due to fluctuations in the value of liabilities and the value of investments held. The company is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the company's exposures to market risks and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

25. Financial risk management (continued)

(c) Market risk (continued)

Management of market risk

The Investment Committee manages market risks in accordance with its asset/liability management framework. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk the company has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the company at the reporting date to each major risk are addressed below.

(i) Interest rate risk

Interest rate risk arises primarily from the company's interest-bearing investments. The company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest bearing financial assets are primarily represented by long term investments, which have been contracted at fixed and floating interest rates.

The nature of the company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date the interest profile of the company's interest-bearing financial instruments was:

	Carrying amount	
	2025	2024
	$'000	$'000
Fixed rate instruments		
Financial assets	12,834,306	8,528,217
Variable rate instruments		
Financial assets	-	149,991

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect fair value changes in profit before tax.

An increase or decrease in interest rates at the reporting date would have decreased/(increased) equity as outlined below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2024.

25. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity	Increase	Decrease	Effect on Equity Increase $'000	Effect on Equity Decrease $'000
		2025		
Fixed rate instruments – J$	0.25%	0.25%	(965)	2,105
– US$	0.25%	0.50%	(0.5)	1,005
		2024		
Fixed rate instruments – J$	0.25%	0.5%	(1,150)	2,303
– US$	0.25%	0.5%	(0.6)	1,140

Cash flow sensitivity analysis for variable rate instruments

A 0.25% (2024: 2.5%) increase and a 0.25% (2024: 2.5%) decrease in interest rates for Jamaican dollar securities at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. A 0.25% (2024: 2.5%) increase and a 0.50% (2024: 2.5%) decrease in interest rates for United States dollar securities at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2024.

	Effect on profit or loss Increase $'000	Effect on profit or loss Decrease $'000
	2025	
Variable rate instruments – J$	Nil	Nil
	2024	
Variable rate instruments – J$	3,750	(3,750)

(ii) Currency risk

Currency risk is the risk that the market value of, or cash flows from, financial instruments will vary because of exchange rate fluctuations.

The company incurs foreign currency risk primarily on insurance and reinsurance contracts and investments that are denominated in a currency other than the Jamaica dollar. Such exposure comprises the monetary assets and liabilities of the company that are not denominated in that currency. The principal foreign currency risk of the company is denominated in United States dollars (US$) and Barbados dollars (BD$).

25. Financial risk management (continued)

(c) Market risk (continued)

(ii) Currency risk (continued)

At the reporting date, the company's exposure to foreign currency risk is as follows:

	2025		2024	
Foreign currency assets:	US$'000	BD$'000	US$'000	BD$'000
Investments	40,298	580	6,910	250
Premium receivable	5,214	8,165	4,631	7,473
Reinsurance contract assets	2,444	21,157	2,373	18,670
Cash and cash equivalents	29,445	20,035	6,235	15,218
Other assets	538	503	127	767
	77,939	50,440	20,276	42,378
Foreign currency liabilities:				
Commission payable	751	1,382	459	938
Reinsurance contract liabilities	45,739	3,675	3,196	1,029
Insurance contract liabilities	2,839	26,450	2,653	22,291
Other liabilities	-	18,714	2,222	19,527
	49,329	50,221	8,530	43,785
Net foreign currency assets	28,610	219	11,746	(1,407)

Exchange rates for the US and Barbados dollars, in terms of Jamaica dollars, were as follows:

US Dollar:
At December 31, 2025: $158.20

At December 31, 2024: $154.99

Barbados Dollar:
At December 31, 2025: $78.99

At December 31, 2024: $77.34

Sensitivity analysis

A 1% (2024:1%) strengthening of the Jamaica dollar against the United States dollar and Barbados dollar at December 31, 2025 would have decreased the profit before tax for the year by $45.43 million (2024: $17.12 million).

A 1.5% (2024: 4%) weakening of the Jamaica dollar against the United States dollar and Barbados dollar at December 31, 2025 would have increased the profit before tax for the year by $68.15 million (2024: $68.47 million).

25. Financial risk management (continued)

(c) Market risk (continued)

(iii) Equity price risk

Equity price risk arises from fair value through profit or loss and equity securities held by the company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 1.5% (2024: 6%) increase or 1% (2024: 2%) decrease in the bid price at the reporting date would cause an increase or decrease in equity of \$3.95 million (2024: \$15.5 million) and \$2.63 million (2024: \$5.20 million) respectively.

26. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. The Audit Committee monitors each department to ensure compliance with the company's internal control procedures.

27. Capital risk management

Capital risk is the risk that the Company fails to comply with mandated regulatory requirements, resulting in a breach of its minimum asset ratios and the possible suspension or loss of its insurance license (see note 2). The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statements of financial position, are:

(i) To comply with the capital requirements set by the regulators of the insurance industry.

(ii) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits to other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

27. Capital risk management (continued)

Capital adequacy is managed by the Company's management. It is calculated by management, certified by the Appointed Actuary and reviewed by executive management, the audit committee and the Board of Directors. In addition, the Company seeks to maintain internal capital adequacy ratios at levels higher than the regulatory requirements. To assist in evaluating the current business and strategic opportunities, the company currently uses the Minimum Capital Test (MCT) as stipulated by the insurance regulations.

The regulator requires general insurance companies to achieve a minimum Prescribed Capital Ratio of 150% (2024: 150%). At December 31, 2025, the Company's capital ratio was 139.77% (2024: 205.46%). The company has developed a restoration plan which has been filed with the insurance regulator.

28. Fair value of financial instruments

(i) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available, fair value is computed by the company using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques making use of available input data.

The Company uses observable data as far as possible. Fair values are categorised into different levels in a three-tier fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable.

Fair value hierarchy: The different levels in the hierarchy have been defined as follows:

Level 1: Financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market 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.

Level 2: Financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

28. Fair value of financial instruments (continued)

(i) Definition and measurement of fair values (continued)

Level 3: Financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The fair value of cash and cash equivalents, securities under resale agreements, corporate bonds, receivables, due from related companies insurance and other payables, reinsurance assets and insurance contract provisions are assumed to approximate their carrying values due to their short-term nature and are not disclosed in note 28(iii).

(ii) Valuation techniques and significant unobservable inputs:

The following table shows the valuation technique used in measuring fair value in the Level 1, Level 2 and Level 3 hierarchy, as well as the significant unobservable input used.

Type	**Valuation technique**
Government of Jamaica securities	• Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) • Using this yield, determine price using accepted formula • Apply price to estimate fair value.
Equity securities	• Obtain bid price published in an active market

28. Fair value of financial instruments (continued)

(iii) Accounting classifications and fair values:

The fair value of financial assets and liabilities, together with the carrying amounts and their classifications shown in the statement of financial position, are as follows:

	2025							
	Carrying amount				Fair value			
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:								
Investments (notes 10 and 14)	-	263,514	-	263,514	-	258,396	-	258,396

28. Fair value of financial instruments (continued)

(iii) Accounting classifications and fair values (continued):

The fair value of financial assets and liabilities, together with the carrying amounts and their classifications shown in the statement of financial position, are as follows (continued):

	2024							
	Carrying amount				**Fair value**			
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:								
Investments (notes 10 and 14)	1,757,707	258,396	-	2,016,103	258,396	1,639,839	117,867	2,016,102

All other financial assets and liabilities are measured at amortised cost and classified at level 2, due to their short-term nature or where long-term due to no discounting anticipated on settlement.

28. Fair value of financial instruments (continued)

(iii) Accounting classifications and fair values (continued):

Reconciliation of Level 3 fair values

The following table shows a reconciliation for the opening balances and the closing balances for Level 3 fair values.

	Unquoted investments $'000
Balance at December 31, 2023	386,667
Net change in fair value recognised in OCI (unrealised)	(268,800)
Balance at December 31, 2024	117,867
Net change in fair value recognised in OCI (unrealised)	(117,867)
Balance at December 31, 2025	-

29. Dividends declared

The Company declared dividends to ordinary shareholders of $331 million and preference shareholders of $29 million (2024: ordinary shareholders of $800 million and preference shareholders of $29 million)

30. Share-based payments

Employee option plan

At a Board of Directors meeting held on October 21, 2021, the Directors passed a resolution for the repurchase of 10,729,928 shares of the company to be set aside as part of a stock purchase/option plan for executives to be issued in 4 tranches of 3,576,645 shares to be issued between 2022 to 2025. The shares will be allocated in two ways, grants (1/3) and options (2/3) over the four (4) year period.

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30. Share-based payments (continued)

The exercise price of options is based on the weighted average price up to and including the date of the grant.

	2025		2024	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
As at January 1	27.31	2,682,486	27.31	1,788,324
Granted during the year	54.63	894,162	54.63	894,162
Exercised during the year	-	-	-	-
As at December 31	-	3,576,645	-	2,682,486

No options were exercised during the year.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise Price	Share Options December 31, 2024 $'000	Share Options December 31, 2023 $'000
January 1, 2025	January 31, 2029	27.31	47,038	47,038
As at December 31, 2025			47,038	47,038
Weighted average remaining contractual life of options outstanding at end of period			1 year	2years

30. Share-based payments(continued)

Employee option plan (continued)

The option shall lapse thirty days after the third anniversary of the grant date and cease to be exercisable in relation to the option shares in respect of which the option has not been duly exercised.

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended December 31,2025 was per $54.63 option (2024: $54.63). The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies.

The model inputs for options granted during the year ended December 31, 2025 included:

(a) exercise price:$54.63 (2024: $54.63)

(b) grant date: January 1, 2022

(c) expiry date: January 31, 2025

(d) share price at grant date: $54.63 (2024: $54.63)

(e) expected price volatility of the company's shares: 97% (2024: 97%)

(f) expected dividend yield: 4.39% (2024: 4.39%) , and

(g) risk-free interest rate: 4.17% (2024: 4.17%) .

Executive share ownership scheme

A scheme under which shares may be issued by the company to executives for no cash consideration was approved by Board of Directors at a meeting held on October 21, 2021. Executives who have been continuously employed by the company for a period of at least four years are eligible to participate in the scheme and are issued in the same intervals similar to the option period, once they remain eligible executives.

Shares for the grant were purchased from related entities and issued

30. Share-based payments(continued)

Executive share ownership scheme (continued)

The eligible executive shares shall not rank for or participate in dividends, capital distributions, bonus issues and any other rights and benefits, and shall not carry the right to attend and vote at general meetings of the company, unless, and the option shares shall so rank and participate only to the extent that, the option shares have been exercised by the eligible executive

The number of shares issued to participants in the scheme is the offer amount divided by the weighted average price.

After four years of continuous employment with the company an executive who wishes to sell the eligible executive shares issued, shall first offer such shares to the company and if such an offer is refused by the company, then to an existing shareholder and then to the eligible employee of the company, at a price that is determined to be the fair value.

	2025	2024
Number of shares issued under the arrangement To participating executives on December 31,	3,576,645	2,682,486

The shares had a grant fair value of $54.63 (2024:$ 54.63) per share.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2025	2024
	$'000	$'000
Options issued under employee option plan	47,038	47,038
Shares issued under employee share scheme	47,038	47,038
	94,076	94,076