NEW PROVIDENCE LIFE INSURANCE

COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2023

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

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REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

Qualified Opinion

We have audited the accompanying financial statements of New Providence Life Insurance Company Limited (the "Company") which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policies.

In our opinion, except for the effect of the other matter described in the Basis of our Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Qualified Opinion

Other income

Included in other income, as disclosed in Note 15, are proceeds of policies novated from an affiliate totalling $1,049,938. We were unable to obtain sufficient evidence regarding the revenue recognized and to satisfy ourselves by alternative means to conclude whether the transaction resulted in income, additional contribution, or a related party transaction subject to repayment. Consequently, we were unable to determine whether any adjustments might have been found necessary to other income and we express no assurance thereon.

IFRS 17 Insurance service result

We noted that certain balances were not fully incorporated in the Company's transition to IFRS 17 including insurance revenue, insurance service expenses, and net income/(expenses) from reinsurance contract held. Had management included these adjustments in their calculation, a further reduction of $(123,854) (2022: (65,578)) in insurance contract revenue, along with a reduction of $(345,230) (2022: $(318,473)) in insurance service expenses, and a (reduction)/increase of $(146,729) (2022: $136,817) in net income/(expenses) from reinsurance contract held would have been required subject to actuarial consideration. Moreover, insurance revenue would have totalled $10,647,291 (2022: $10,138,530), insurance service expenses would have totalled $8,737,635 (2022: $9,861,442), and net (expenses)/income from reinsurance contract held would have totalled $(114,122) (2022: $65,283), prior to actuarial consideration.

Basis for Qualified Opinion (cont)

IFRS 17 Disclosure requirements
We noted that management elected not to include disclosures corresponding to IFRS 17 paragraphs 121 through 132. Regarding those paragraphs, IFRS 17 states that "an entity shall disclose information that enables users of its financial statements to evaluate the nature, amount, timing and uncertainty of future cash flows that arise from contracts within the scope of IFRS 17. Paragraphs 121 to 132 contain requirements for disclosures that would normally be necessary to meet this requirement."

We were unable to obtain sufficient evidence regarding these disclosures.

Key Audit Matter

Adoption of IFRS 17 and restatement of comparatives

IFRS 17 became effective for periods beginning on or after 1 January 2023, replacing International Financial Reporting Standard 4, 'Insurance Contracts'. As a result, the Company has adopted IFRS 17 in these financial statements. The transition introduced new financial statement line items and disclosures which require significant changes to the measurement of the balances and transactions in the financial statements, including new areas of judgement and estimation. New approaches have been developed and introduced which have increased the risks of material misstatements.

In performing our audit of the IFRS 17 adoption and restatement of the 2022 comparative financial statements, which included the opening statement of financial position, we contracted an IFRS 17 expert to:

a. Determine whether accounting policies, assumptions and methods employed by the Company's actuarial expert are appropriate;
b. Ascertain that the work of the Company's actuarial expert complies with accepted actuarial practice as established by the Actuarial Standards Board and is consistent with objective or requirements established in regulations, guidelines to the Company's actuarial expert;
c. Review the appropriateness and extent of internal and external material changes affecting the Company's actuarial expert's analyses by assessing the risk of material misstatements or omissions arising from each change as opposed to just the net effect of off-setting changes;
d. Discuss with the Company's actuarial expert of difference of opinion with respect to the selection of assumptions and methods;
e. Comment on the appropriateness and reasonableness of policy liabilities;
f. Comment on the quality and wording of the IFRS 17 Actuarial Report;
g. Provide a written report documenting the findings;

Key Audit Matter (cont)

Adoption of IFRS 17 and restatement of comparatives (cont)

Our IFRS 17 expert issued the following conclusions:

a. The final work of the Company's actuarial expert is within the range accepted actuarial practice.
b. The final assumptions and methods employed by the Company's actuarial expert are reasonable and appropriate for the circumstances of the Company.
c. The final actuarial report accurately describes the assumptions and methodology employed by the Company's actuarial expert
d. The final actuarial liabilities amount in the actuarial report is appropriate.

We also tested the mathematical accuracy and completeness of the supporting calculations of the data used by the Company's actuarial expert and performed testing over the data.

Based on the work performed and the evidence obtained, we considered the resulting measurement and disclosures in the financial statements to be appropriate, except for those described in the Basis of our Qualified Opinion section of our report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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 ISA 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.

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

A further description of the auditors' responsibilities for the audit of the financial statements is located in an Appendix to this report. This description forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Brent Roberts.

BDO

Chartered Accountants
Nassau Bahamas
19 July 2024

Detailed Description of Our Responsibilities

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

- Identify and assess the risk 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.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in Bahamian Dollars)

	Note	2023	2022 (As restated)	1 January 2022 (As restated)
		$	$	$
FIXED ASSETS	5	160,187	208,337	256,487
RIGHT-OF-USE ASSET	6	51,604	113,527	175,450
INVESTMENT PROPERTY	7	--	1,429,530	1,465,517
NOTE RECEIVABLE	8	513,962	580,849	893,850
CURRENT ASSETS				
Cash and cash equivalents		2,185,567	3,088,192	2,473,925
Investments	9	8,530,925	5,225,438	5,009,083
Reinsurance contract assets	11	1,544,025	1,817,574	2,627,950
Note receivable – current portion	8	316,887	313,001	59,341
Prepaid income tax	17	5,048	--	68,385
Other receivables and prepayments		13,607	180,693	94,112
		12,596,059	10,624,898	10,332,796
Property held for sale	10	1,393,333	--	--
		13,989,392	10,624,898	10,332,796
CURRENT LIABILITIES				
Accounts payable and accruals		178,114	208,984	273,247
Income tax liability	17	--	2,000	--
Lease liability - current portion	6	51,377	67,722	60,850
Due to administrator	12	3,847,882	3,098,384	1,745,065
Insurance contract liabilities	11	3,254,416	3,360,478	3,085,071
		7,331,789	6,737,568	5,164,233
NET CURRENT ASSETS		6,657,603	3,887,330	5,168,563
DEFERRED TAX LIABILITY	17	22,000	24,129	26,129
LEASE LIABILITY	6	--	49,662	119,799
		$7,361,356	$6,145,782	$7,813,939
EQUITY				
Share capital	13	3,000,000	3,000,000	3,000,000
Preference shares	14	2,330,000	2,330,000	2,000,000
Contributed surplus		500,000	500,000	500,000
Fair value reserve		(397,754)	(453,295)	(94,058)
Accumulated profit		1,929,110	769,077	2,407,997
		$7,361,356	$6,145,782	$7,813,939

The statements were approved by the board of directors and authorised for issue on 19 July 2024, and are signed on its behalf by:

.... Director

.... Director

The Notes on pages 10 to 76 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $	2022 (As restated) $
INSURANCE SERVICE RESULT			
Insurance revenue	11	10,771,145	10,204,108
Insurance service expenses	11	(9,082,865)	(10,179,915)
Net income/(expenses) from reinsurance contract held	11	32,607	(71,534)
		1,720,887	(47,341)
NET INSURANCE FINANCE EXPENSE			
Finance expenses from insurance contacts issued	11	64,508	54,415
Finance income from reinsurance contracts held	11	(14,861)	(10,430)
		49,647	43,985
EXPENDITURE			
Administrative and marketing expenses	16	1,069,705	964,530
Salaries and other employee benefits		741,216	680,870
Amortisation - right-of-use asset	6	61,923	61,923
Depreciation - fixed assets	5	48,150	48,150
Depreciation - investment property	7	2,999	35,987
		1,923,993	1,791,460
OTHER INCOME			
Interest and investment income		411,550	259,631
Other income	15	1,192,952	148,235
		1,604,502	407,866
Income/(loss) before other comprehensive income and tax		1,351,749	(1,474,920)
Income tax expense	17	(5,316)	(4,000)
NET INCOME/(LOSS) FOR THE YEAR		1,346,433	(1,478,920)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Fair value gain/(loss) on investments		55,541	(359,237)
TOTAL COMPREHENSIVE INCOME/(LOSS)		$1,401,974	$(1,838,157)
		=======	=======

The Notes on pages 10 to 76 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Preference shares	Contributed surplus	Fair value reserve	Accumulated profit	Total
	$	$	$	$	$	$
31 December 2021, as reported	3,000,000	2,000,000	500,000	(94,058)	2,037,869	7,443,811
Adjustment on initial application of IFRS 17	--	--	--	--	370,128	370,128
1 January 2022, as restated	3,000,000	2,000,000	500,000	(94,058)	2,407,997	7,813,939
Issuance of preference shares	--	330,000	--	--	--	330,000
Dividends paid – preference shares	--	--	--	--	(160,000)	(160,000)
Net loss for the year	--	--	--	--	(1,478,920)	(1,478,920)
Other comprehensive loss:						
Fair value loss on investments	--	--	--	(359,237)	--	(359,237)
Total comprehensive loss	--	--	--	(359,237)	(1,478,920)	(1,838,157)
31 December 2022, as restated	3,000,000	2,330,000	500,000	(453,295)	769,077	6,145,782
Dividends paid – preference shares	--	--	--	--	(186,400)	(186,400)
Net income for the year	--	--	--	--	1,346,433	1,346,433
Other comprehensive income:						
Fair value gain on investments	--	--	--	55,541	--	55,541
Total comprehensive income	--	--	--	55,541	1,346,433	1,401,974
31 December 2023	$3,000,000	$2,330,000	$500,000	$(397,754)	$1,929,110	$7,361,356
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The Notes on pages 10 to 76 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 $	2022 (As restated) $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) before tax	1,351,749	(1,474,920)
Adjustment for:		
Depreciation	51,149	84,137
Amortisation of right-of-use asset	61,923	61,923
Interest on lease liability	3,713	6,455
Impairment loss on property held for sale	33,198	--
Dividend income	(123,345)	(142,018)
Interest income	(308,036)	(101,900)
Operating income/(loss) before working capital changes	1,070,351	(1,566,323)
Decrease in reinsurance assets	273,549	810,376
Decrease/(increase) in other receivables and prepayments	167,086	(86,581)
Decrease in accounts payable and accruals	(30,870)	(64,263)
Net movement in due to administrator	749,498	1,353,319
(Decrease)/increase in insurance contract liabilities	(106,062)	275,407
Cash provided by operations	2,123,552	721,935
Tax refund	--	68,385
Income tax paid	(14,493)	(4,000)
Dividends received	123,345	142,018
Interest received	308,036	101,900
Net cash provided by operating activities	2,540,440	1,030,238
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in note receivable	63,001	59,341
Net movement in investments	(3,249,946)	(575,592)
Net cash used by investing activities	(3,186,945)	(516,251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(69,720)	(69,720)
Issuance of preference shares	--	330,000
Dividends paid – preference shares	(186,400)	(160,000)
Net cash (used)/provided by financing activities	(256,120)	100,280
Net (decrease)/increase in cash and cash equivalents	(902,625)	614,267
Net cash and cash equivalents at beginning of the year	3,088,192	2,473,925
Net cash and cash equivalents at end of the year	$2,185,567	$3,088,192
	=======	=======

The Notes on pages 10 to 76 form an integral part of these Financial Statements.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. INCORPORATION AND ACTIVITIES

New Providence Life Insurance Company Limited (formerly Star Bahamas General Insurance Company Limited) (the "Company") was incorporated under the Companies Act, 1992 of the Commonwealth of the Bahamas on 17 November 2001. On 8 May 2013, the name of the Company was changed to its current name. Effective 20 February 2014, license was granted to the Company to act as an insurance carrier by the Insurance Commission of the Bahamas (the "ICB"). The Company has been inactive in the years before the license was granted. The Company's principal activity is writing life, disability and health insurance policies.

The Company's issued and outstanding shares are owned by AmFirst Holdings Inc. (75%) and Star General Investments (G.B) Limited (25%) as at 31 December 2023.

The Company's registered office is Corporate Legal Services, Pickstock Place, Robinson Road, Nassau, Bahamas. The main place of business is RoyalStar House, John F. Kennedy Drive, Nassau, Bahamas. Morgan White Administrators International, Inc., a company incorporated in Mississippi, USA, functions as "Administrator" performing accounting services and premiums and claims processing on behalf of the Company.

Comparative figures have been restated following the implementation of International Financial Reporting Standards ("IFRS") 17 Insurance Contracts and 9 Financial Instruments as detailed in Note 25. It was determined to be impracticable to apply the full retrospective approach at transition, therefore, the fair value approach was applied.

2. BASIS OF PREPARATION

These financial statements are prepared on a going concern basis and in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The financial statements have also been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value. The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results can differ from estimates.

2. BASIS OF PREPARATION (cont)

Critical accounting estimates and judgements

Classification of insurance
Assessment of the significance of insurance risk transferred to the Company in determining whether a contract should be accounted for as an insurance contract. Insurance contracts are defined as those containing significant insurance risk. Contracts that transfer financial risks, but not significant insurance risk are classified as investment contracts.

Judgement is required to assess whether insurance risk is significant at inception of the contract. Some insurance and investment contracts contain a discretionary participation feature which is a supplement to guaranteed benefits. Judgement is required to determine whether discretionary additional benefits are likely to be a significant portion of the total contractual payments.

Level of aggregation and measurement model for insurance and reinsurance contracts
For measurement purposes, insurance contracts are aggregated into groups based on an assessment of risks and dividing each portfolio into annual cohorts by year of issue. Judgement is required in assessing if the contracts have similar risks that are managed together. Each annual cohort is further subdivided, and judgement is applied to determine the profitability of contracts at initial recognition. Judgement is then applied to determine if the group of contracts is eligible for either the variable fee approach (VFA) or premium allocation approach (PAA) to measurement.

Transition
The adjustment to fulfilment cash flows to produce IFRS 17 transition using the fair value approach is an area requiring significant actuarial judgement for several reasons:

- Suitable information may not be available on the assumptions;

- Cost of capital, expenses, diversification effects, discount rates, or non-performance risk of a hypothetical block purchases; and

- Information may not be available or usable on recent transactions for comparable blocks.

3. MATERIAL ACCOUNTING POLICIES

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follow:

Leasehold improvements	15 years
Office furniture and equipments	5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

Financial assets and financial liabilities

Recognition and initial measurement

All financial assets and financial liabilities are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

3. MATERIAL ACCOUNTING POLICIES (cont)

Financial assets and financial liabilities (cont)

Financial assets - classification and subsequent measurement (cont)

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 ("SPPI").

The Company's financial assets measured at amortised cost include cash and cash equivalents, note receivable and reinsurance contract assets. These financial assets are held to collect contractual cash flows.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

The Company's financial assets measured at FVOCI include investments in corporate bonds and government bonds which are held to earn interest and gains on sale. Investments in equities, exchange traded funds and private equities were irrevocably designated to be measured at FVOCI.

The Company does not have financial assets measured at FVTPL during the year.

3. MATERIAL ACCOUNTING POLICIES (cont)

Financial assets and financial liabilities (cont)

Financial liabilities – classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

- The Company does not have financial liabilities measured at FVTPL.

Financial liabilities at amortised cost:

- The Company's financial liabilities at amortised costs include accounts payable and accruals, due to administrator and insurance contract liabilities.

Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost.

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

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

3. MATERIAL ACCOUNTING POLICIES (cont)

Financial assets and financial liabilities (cont)

Impairment (cont)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. 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.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the 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 does not retain control of the financial asset.

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 that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include demand deposits and other short-term highly liquid investments with original maturities of three months or less.

3. MATERIAL ACCOUNTING POLICIES (cont)

Revenue and expense recognition

Interest and investment income
Investment income consists of dividends, interest and leases for the year. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest income is recognised as it accrues, taking into account the effective yield on the investment.

Rental income is recognised on an accruals basis using a straight line method, unless there is compelling evidence that benefits do not accrue evenly over the period of the lease.

Other income
All other income is recognised over time as the services are provided. To determine whether to recognize revenue, the Company follows the 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognizing revenue when/as a performance obligation(s) are satisfied.

Expense
All expenses are recognised in the statement of profit or loss and other comprehensive income on the accrual basis.

Insurance operations

IFRS 17 replaces IFRS 4 – Insurance Contracts for periods on or after January 1, 2023. As disclosed in Note 1, it was determined to be impracticable to apply the full retrospective approach at transition, therefore, the fair value approach was applied.

The changes in the classification, measurement and presentation are disclosed in the succeeding paragraphs.

The net effect of the transition is disclosed in Note 25.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

The presentation and disclosure principles using IFRS 17 differ from those under IFRS 4 primarily include:

- Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contract assets held that are assets and those that are liabilities, are presented separately on the statement of financial position.
- The line-item descriptions for amounts recognized in the statement of profit or loss and other comprehensive income have changed significantly compared with the prior year. Changes to the line-item descriptions include:

Under IFRS 17	Under IFRS 4
Insurance revenue	Net premiums written Loss adjustment expense
Insurance service expenses	Claims Paid Commission and other income and Expenses
Net income/(expenses) from reinsurance contracts held	Net reinsurance premiums ceded Insurance claims recovered from reinsurers

Measurement of insurance and reinsurance contracts

The principal subjective or complex assumptions used in the calculation of life insurance non-financial assumptions and the allowance for illiquidity in discount rates (in particular, top-down discount rates applied to annuity liabilities). The immediate impact of changes in these assumptions on the carrying amounts of insurance, participating investment and reinsurance contracts is reduced when there is a corresponding adjustment to the Contractual Service Margin (CSM), i.e. for all changes in non-financial assumptions (calculated at locked-in discount rates for General Measurement Model (GMM) contracts) and for financial changes to VFA contracts, unless contracts are onerous.

The principal subjective or complex assumptions used in the calculation of non-life liabilities include the allowance for illiquidity in the discount rates used to determine our latent claim and structured settlements liabilities and the assumption that past claims experience can be used as a basis to project future claims (estimated using a range of standard actuarial claims projection techniques).

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Product classification
Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Contracts that transfer financial risks, but not significant insurance risk are classified as investment contracts. Some insurance and investment contracts contain a discretionary participation feature, which is a contractual right to receive additional benefits as a supplement to guaranteed benefits (i) that are likely to be a significant portion of the total contractual payments; (ii) whose amount or timing is at the discretion of the issuer; and (iii) that are based on the performance of a specified pool of assets, company, or other entity that issues the contracts.

No long-term life product issued by the Company satisfied the three VFA eligibility criteria described. Consequently, they are not insurance contracts with direct participation features.

Insurance service results
The insurance service result represents the Company's profit or loss recognised on insurance and reinsurance contracts in the period, excluding the impact of the time value of money and financial risks related to such contracts. The insurance service result contains three components:

- *Insurance revenue*

  For insurance contracts applying GMM, insurance revenue is comprised of:

  a. The amortisation of CSM;

  b. The release of the risk adjustment included within the liability for remaining coverage;

  c. Claims and expenses expected to be incurred in the period, as released from the liability for remaining coverage and adjusted for the allocation of loss, including revenue recognised for policyholder tax and other incurred expenses that have been charged to policyholder funds; and

  d. The recovery of insurance acquisition cash flows, which offsets the amortisation included in insurance service expenses.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Insurance service results (cont)

- *Insurance revenue*

  For insurance contracts applying the PAA, insurance revenue is based upon the amount of expected premium receipts allocated to insurance contracts in the period. Premium receipts are allocated to insurance contracts based upon the passage of time or, where there is evidence that the release of risk differs from the passage of time, on the basis of the expected timing of insurance service expenses.

  There were no policies issued that qualified for VFA.

- *Insurance service expenses*

  For insurance contracts, insurance service expenses are comprised of:

  a. Actual claims and non-acquisition fulfilment expenses incurred, adjusted for the allocation of loss components;
  b. The recognition and reversal of losses on onerous contracts;
  c. Non-financial assumption changes which do not adjust the CSM;
  d. Non-financial assumption changes which affect the valuation of the liability for incurred claims;
  e. Any impairment of acquisition cash flows, net of reversals; and
  f. The amortisation of insurance acquisition cash flows.

  For contracts measured under the GMM, recovery of insurance acquisition cash flows is included in insurance revenue, as described above, and an equal and opposite amount for the amortisation of insurance acquisition cash flows is included in insurance service expenses.

  For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time or, where there is evidence that the release of risk differs from the passage of time, on the basis of the expected timing of insurance service expenses.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Insurance service results (cont)

- *Net income/(expenses) from reinsurance contracts*

  Net income/(expenses) from reinsurance contracts held represents the insurance service result for groups of reinsurance contracts held and is comprised of:

  a. The allocation of reinsurance premiums paid, which is calculated using the same principles as used to calculate revenue on insurance contracts;

  b. Amounts recoverable from reinsurers, which is calculated using the same principles as used to calculate insurance service expenses on insurance contracts;

  c. The recognition of, and subsequent movements in, reinsurance loss recovery components; and

  d. The effect of changes in the risk of reinsurers' non-performance.

Insurance finance result
Insurance finance income/(expenses) are calculated on insurance contracts and reinsurance contracts, comprising:

- Changes in the fair value of underlying items;

- The accretion of interest on the CSM;

- The unwind of discounting on fulfilment cash flows and the risk adjustment; and

- The impact of financial assumption changes upon fulfilment cash flows and the risk adjustment.

The latter two components apply to contracts measured under the GMM and PAA. Where changes in expected future cash flows and risk adjustment on GMM contracts arise from non-financial assumption changes and experience variances, the difference between measuring the change in fulfilment cash flows using current financial assumptions and the impact which adjusts the CSM using locked in financial assumptions is recognised in the statement of profit or loss and other comprehensive income in net finance expenses.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

The accounting policies used to calculate amounts within the insurance finance result are discussed in the succeeding pages.

Measurement models
The Company applies the following measurement models to insurance and reinsurance contracts and summarized as follows:

Model	Applicable business
GMM	Long-term life Long-term accident and health
PAA	Short-term life Short-term accident and health
VFA	Not applicable

The Company applies judgement when determining eligibility for the VFA and PAA measurement models.

Under each measurement model, insurance contract liabilities are measured as the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The LRC represents the obligation under the insurance contract for insured events that have not yet occurred i.e., the obligation that relates to the unexpired portion of the coverage period, including the CSM. The LIC reflects the obligation to investigate and pay valid claims for insured events that have already occurred, including events that have already occurred but for which claims have not been reported.

The key features of each measurement model are set out below.

- *GMM*
  The GMM is the default IFRS 17 measurement model. The fulfilment cash flows comprise the present value of future cash flows within the boundary of the contract, discounted at current rates, and an explicit risk adjustment for non-financial risk.

  At inception, a CSM liability is recognised for each new group of contracts which represents the unearned profit to be recognised over the coverage period.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Measurement models (cont)

- *GMM (cont)*

  The GMM is the default IFRS 17 measurement model. The fulfilment cash flows comprise the present value of future cash flows within the boundary of the contract, discounted at current rates, and an explicit risk adjustment for non-financial risk.

  At inception, a CSM liability is recognised for each new group of contracts which represents the unearned profit to be recognised over the coverage period.

  Initial measurement is based on the cash flows within the boundary of the contract discounted at the rate when the contract is written. Except for reinsurance contracts held, losses on groups of contracts that are onerous at inception are recognised immediately.

  For subsequent measurement, fulfilment cash flows are discounted at current rates at each balance sheet date, while the CSM is remeasured applying the discount rate when the contract is written (the locked-in rate). Other financial assumptions including inflation and foreign exchange rates are also locked in at inception for the purposes of remeasuring the CSM. The CSM is remeasured for changes in the fulfilment cash flows relating to non-financial risk only, applying these locked in financial assumptions. Interest is accreted on the CSM using the locked-in discount rate and the CSM is amortised over the coverage period of the contract.

  The coverage period is determined based on the service provided to customers including both insurance and investment services. Losses on groups of contracts that are profitable at inception but subsequently become onerous are recognised immediately.

  In contrast to insurance contracts, the CSM for groups of reinsurance contracts held can be an asset or liability. If reinsurance is in place when underlying groups of insurance contracts become onerous, the reinsurance CSM recognised is adjusted to offset the gross losses arising.

  Where the net cost of purchasing reinsurance contracts held relates to events that occurred prior to purchase (for example adverse development cover) no CSM is recognised, and the net cost is recognised immediately

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Measurement models (cont)

- *PAA*

  The PAA is a simplified measurement model which can be applied to all short duration contracts and to longer duration contracts that meet PAA eligibility criteria. It is applied to all of the Company's short-term life and accident and health insurance and reinsurance contracts.

  The LRC is measured as the amount of premium received net of acquisition cash flows, less the amount of premiums and acquisition cash flows that have been recognised in the statement of profit or loss and other comprehensive income over the expired portion of the coverage period. Premium receipts and acquisition cash flows are recognised in the statement profit or loss and other comprehensive income over the life of the contract, based on the expected timing of incurred claims.

  Where policyholder premiums are yet to be remitted by intermediaries, these premiums are treated as received within the LRC with a separate financial asset recognised for the amounts due from intermediaries. Commissions due to intermediaries are treated as paid within the LRC with a separate financial liability recognised. Variable commissions which are not yet due and which are dependent upon underwriting performance are measured within the liability for remaining coverage, until the coverage period expires and the liability amount is known, at which point they are reclassified as financial liabilities.

  If facts and circumstances indicate that a group of contracts may be onerous, the LRC is measured using GMM principles and losses for onerous contracts are recognised immediately in the statement of profit or loss and other comprehensive income.

  For most contracts applying PAA, the measurement of the LIC aligns to the GMM, with an explicit risk adjustment for non-financial risk, and discounting applied to expected cash flows. For accident and health contracts, a PAA exemption is applied to measure the LIC on an undiscounted basis, allowable because claims are settled within 12 months of their incurred date.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Measurement models (cont)

- *VFA*
  The VFA is a modified approach to the GMM that is applied to groups of insurance and investment contracts with direct participating features which meet eligibility requirements that demonstrate they provide substantial investment related services to policyholders.

  Fulfilment cash flows for VFA contracts comprise the obligation to pay policyholders an amount equal to the fair value of underlying items, less the variable fee for future service.

  Changes in the obligation to pay policyholders the fair value of underlying items are recognised within net finance expenses from insurance contracts in the income statement.

  The variable fee includes the present value of the Company's share of the fair value of underlying items, adjusted for cash flows that do not vary with those underlying items. The risk adjustment reflects the compensation for non-financial risk in relation to the variable fee only.

  The CSM is subsequently remeasured for changes in the variable fee due to both financial and non-financial risks using current market discount rates.

  Consistent with the GMM, the CSM is recognised in profit or loss over the coverage period in line with the insurance and investment services provided to customers.

Choice of measurement model

- *PAA eligibility*
  The vast majority of the Company's accident and health policies has a duration of one year or less and is automatically eligible for the PAA model. For the remainder, financial modelling is performed to compare the value of the LRC measured under GMM and PAA.

  Where the LRC does not materially differ between the two measurement models (over the duration of the contract and in a range of reasonably foreseeable scenarios) the contract group is PAA eligible.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Choice of measurement model (cont)

- *PAA eligibility (cont)*
  No long-term life and health products issued by the Company satisfies the approximation.

- *VFA eligibility*
  Life business is considered to have direct participating features, and is required to be measured under the VFA model where:

  a. Contractual terms evidence that policyholders participate in a pool of clearly identified underlying items, for example unit-linked or with-profits funds;

  b. The policyholders expect to receive a substantial share of the returns on underlying items; and

  c. A substantial proportion of changes in amounts payable to policyholders varies with returns on the underlying items.

  No long-term life products issued by the Company that satisfied the 3 VFA eligibility criteria. Thus, the contracts do not have direct participation features.

  Reinsurance contracts held are not eligible to apply the VFA.

Separating components from insurance and reinsurance contracts
The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Level of aggregation
The unit of account is a group of contracts, so insurance contracts are aggregated into groups for measurement purposes. Discrete CSMs are determined for each group of insurance contracts applying GMM or VFA. Groups of insurance contracts have been determined by identifying portfolios of insurance contracts, comprising contracts subject to similar risks that are managed together, and dividing each portfolio into annual cohorts by year of issue.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Level of aggregation (cont)
Each annual cohort is then further subdivided into 3 groups based on the profitability of contracts determined at initial recognition and comprising:

- Contracts that are onerous;
- Contracts that have no significant possibility of becoming onerous; (based on the probability that changes in assumptions would result in contracts becoming onerous); and
- All remaining contracts.

Reinsurance contracts held are also subdivided into 3 profitability groups, determined by reference to net gains/losses on initial recognition, and comprising:

- Contracts that have a net gain at initial recognition;
- Contracts that have no significant possibility of a net gain arising subsequently; and
- All remaining contracts.

The approach to profitability grouping makes use of sets. Where it can be demonstrated that all contracts within a set are sufficiently homogeneous, they are allocated to the same profitability group without performing an individual contract assessment. For Life product lines, sets of contracts usually correspond to policyholder pricing groups. The likelihood of changes in insurance, financial and other exposures resulting in contracts becoming onerous is monitored at the level of these pricing groups.

For contracts measured under the PAA, IFRS 17 permits a simplification whereby contract groups are assumed not to be onerous unless facts and circumstances indicate otherwise. The Company has used internal management information to identify facts and circumstances that may indicate that a group is onerous.

No onerous groups exists.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Recognition and derecognition
An insurance contract issued by the Company is recognised from the earliest of:

- The beginning of its coverage period (i.e. the period during which the Company provides insurance contract services in respect of any premiums within the boundary of the contract);
- The date the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- The date when facts and circumstances indicate that the contract is onerous.

All insurance contracts written by the Company begin at the effective date of the policy. The first premium due on insurance contracts coincides with the effective date of the policy. Therefore, the Company recognises contracts on the effective date of the contract or the issue date of the contract.

Reinsurance contracts have a similar initial recognition date to direct contracts except that for proportional reinsurance, the initial recognition is delayed until the first ceded contract is recognized.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Insurance contracts are derecognised when the contract is extinguished (i.e. when the specified obligations expired, are discharged, or are cancelled). The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised.

Estimate of future cash flows
The estimate of future cash flows is assessed at the level of groups of contracts and represents the best estimate of the Company's cost to fulfil a contract incorporating current estimates of non-financial assumptions. The estimate allows for all the cash inflows and outflows expected to occur within the contract boundary. Cash flows are modelled separately for gross and reinsurance contracts.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Estimate of future cash flows (cont)

- *Contract boundaries*
  Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

  A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks (insurance and financial risks transferred from the policyholder, excluding lapse and expense risks) and set a price or level of benefits that fully reflects those reassessed risks for either the particular policyholder or the portfolio that contains the contract.

  The Company cannot reprice or terminate life insurance contracts prior to the end of the coverage period.

  Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary. The Company offers the following riders:

  a. Double indemnity accidental health benefit
  b. Income protection
  c. Critical illness
  d. Total disability waiver

  These riders cannot exist without the base contract, cannot be purchased on its own, and will terminate on the surrender or cancellation of the base contract.

  Cash flows are within the contract boundary of a reinsurance contract held if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Estimate of future cash flows (cont)

- *Contract boundaries*

  The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time. Cash flows outside the contract boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

- *Principal non-financial assumptions*

  Principal non-financial assumptions used in the calculation of life insurance and participating investment contract fulfilment cash flows include those in respect of annuitant and assurance mortality and future expenses. Expenses must be directly attributable to fulfilling insurance contracts, including an allocation of overheads to the extent that they can be allocated to groups of contracts in a systematic and rational way.

  Principal non-financial assumptions used in the calculation of the non-life LIC use past claims experience to project future claims (estimated using a range of standard actuarial claims projection techniques).

- *Financial assumptions*

  a. Discount rates

     Discounting is applied to the estimate of future cash flows. The Company uses a bottom-up discount rate for all life and non-life insurance contracts.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Estimate of future cash flows (cont)

- *Financial assumptions (cont)*

a. Discount rates (cont)

The top-down discount rate is determined from the yield implicit in the fair value of an appropriate reference portfolio of assets that reflects the characteristics of the liability. Adjustments are made for differences between the reference portfolio and liability cash flows, including an allowance for defaults which reflects the compensation a market participant would require for credit risk.

The bottom-up 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.

b. Inflation assumptions

Future inflation assumptions are treated as a financial assumption when applied to policyholder benefits or outsourced maintenance expenses that are contractually linked to an inflation index.

c. Presentation of financial assumption changes

The Company recognises the impact of financial assumption changes in the statement of profit or loss and other comprehensive income, except for those that relate to changes in the variable fee for VFA contracts in the future which adjust the CSM.

Risk adjustment
The risk adjustment reflects the compensation required by the Company to accept the uncertainty about the amount and timing of future cash flows that arises from non-financial risk.

The calculation of the risk adjustment is calibrated to the Company's pricing and capital allocation framework, leveraging non-financial risk, considering a lifetime view, and including diversification between risks.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Risk adjustment (cont)

The change in risk adjustment relating to current or past service is recognised within insurance revenue in the statement of profit or loss and other comprehensive income. The impact of discounting the risk adjustment for GMM and PAA contracts is disaggregated and recognised within net finance expenses from insurance contracts.

Contractual service margin

The CSM represents a liability for unearned profit measured at inception and recognised in the statement of profit or loss and other comprehensive income over the life of the contract as insurance provided to the customer.

For profitable groups of insurance contracts, the CSM is established to ensure no profit is recognised at inception, hence it is equal and opposite to the net present value of the expected cash flows (including initial premiums and insurance acquisition cash flows) and the risk adjustment. For groups of gross insurance contracts issued that are onerous at initial recognition, the CSM is set to nil and losses are recognised in the income statement. For reinsurance contracts the CSM is initially recognised at a value that ensures no gain or loss is recognised but may be adjusted for loss offsetting.

Subsequently, the CSM is adjusted for:

- Accretion of interest at locked-in discount rates (groups of GMM contracts only), which is charged to net finance expenses in the statement of profit or loss and other comprehensive income;

- New contracts added to the same group;

- Changes in fulfilment cash flows (including risk adjustment) that relate to future service;

- For reinsurance contracts held, income recognised in the statement of profit or loss and other comprehensive income on initial recognition of onerous underlying contracts and adjustments to the loss recovery component; and

- Currency exchange differences.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Contractual service margin (cont)

Changes in fulfilment cash flows that relate to future service include:

- Experience variances in premiums received during the period that relate to services provided from the start of the current period;

- Changes in expected future cash flows and risk adjustment on GMM contracts arising from non-financial assumption changes and experience variances, measured using locked in financial assumptions;

- Changes in the variable fee and risk adjustment on VFA contracts in the future arising from financial and non-financial assumption changes and experience variances, except where the risk mitigation option is applied; and

- Experience variances in non-distinct investment components, premium refunds and rights to withdraw payable in the period.

Changes in fulfilment cash flows that relate to past or current service do not adjust the CSM and are recognised immediately in the statement of profit or loss and other comprehensive income, including the following:

- Experience variances in claims and expenses incurred, which are recognised as the difference between insurance revenue (expected claims and expenses incurred) and insurance service expenses (actual claims and expenses incurred); and
- Changes in expected future cash flows and risk adjustment on GMM contracts arising from financial assumption changes and experience variances, including changes in cash flows that are contractually linked to an inflation index, which are recognised in net finance expenses from insurance contracts.

The balance on the CSM at the end of the period is available for release to profit or loss.

The amount of CSM recognised in insurance revenue each period (the CSM amortisation) is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Contractual service margin (cont)

Benefits provided included those arising from both insurance and investment related services, if any. Investment related services are only included if the Company is deemed to be providing a significant investment service when providing an investment component, or policyholder's right to withdraw, that is expected to include an investment return generated by investment activity performed by the Company. This includes contracts where the value of the investment return that the policyholder benefits from is not directly related to the value of the underlying investments.

Coverage units are discounted and are updated at each reporting date to reflect the current best estimate of service expected to be provided in future periods.

Coverage units for reinsurance contracts held are typically consistent with the underlying gross contracts, adjusted for differences in the services provided.

Loss component and loss offsetting

Losses on onerous contracts are recognised immediately within insurance service expenses in the statement of profit or loss and other comprehensive income, and a loss component is established. Subsequent losses, and reversals of losses, arising from changes in fulfilment cash flows that relate to future service adjust the loss component and are recognised immediately in insurance service expenses to the extent that a balance remains on the loss component, after which a CSM will be established.

A variable proportion approach is used to systematically allocate changes in fulfilment cash flows that relate to past or current service to the loss component, resulting in a deduction from the amount of these changes that is recognised within insurance revenue in the statement of profit or loss and other comprehensive income with an offsetting adjustment to insurance service expenses. The variable proportion is determined each reporting date as the proportion of the balance on the loss component relative to the fulfilment cash flows for that group of contracts.

A reinsurance loss recovery component is established for a group of reinsurance contracts that covers a group of onerous underlying contracts. At initial recognition this is the amount that the reinsurance CSM has been adjusted as a result of recognising income to offset losses recognised at inception on underlying insurance contracts, based on the percentage of the claims that are recoverable through the reinsurance.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Loss component and loss offsetting (cont)

Subsequently the loss recovery component is adjusted for changes in the reinsurance fulfilment cash flows that correspond to change in fulfilment cash flows that relate to future service for the underlying onerous contracts.

The balance on the loss recovery component is systematically allocated to the income statement using a similar approach to loss components.

All contracts issued and reinsurance held are non-onerous.

Insurance acquisition cash flows

Insurance acquisition cash flows are initially deferred as an insurance acquisition cash flow asset and then allocated against groups of insurance contracts to which they are directly attributable.

This includes instances where insurance acquisition cash flows are directly attributable to the future renewal of existing contract groups for some products in the Company’s non-life business. For contract groups applying PAA, insurance acquisition cash flows are recognized as expenses when costs are incurred.

Where insurance acquisition cash flows are allocated to contract groups applying GMM or VFA, they are included within the measurement of the CSM and recognised in the statement of profit or loss and other comprehensive incmoe over the period which services are provided to the customer. Insurance acquisition cash flows allocated to contract groups applying PAA are recognised in the statement of profit or loss and other comprehensive income over the life of the contract based on the expected timing of incurred claims.

Insurance acquisition cash flow assets are assessed for impairment where facts and circumstances indicate that they may be impaired. The Company uses data on customer retention rates and the profitability of products to identify such facts and circumstances.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into a net insurance service result, comprising insurance revenue and insurance service expense, and net income/(expenses) from reinsurance contract held.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

- Insurance revenue
  The Company recognizes insurance revenue based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognized based on the release of risk.

- Insurance service expense
  Insurance service expenses arising from insurance contracts are recognized in the statement of comprehensive income as they are incurred and include losses on claims, other insurance service expenses, amortization of insurance acquisition costs, losses and reversals of losses on onerous contracts, and impairment losses and reversals of those impairment losses on insurance acquisition cash flow assets.

3. MATERIAL ACCOUNTING POLICIES (cont)

Insurance operations (cont)

Presentation (cont)

- Net finance income or expense from insurance contracts and reinsurance contract assets held
  Net finance income or expense from insurance contracts and reinsurance contract assets held as presented in the statement of profit or loss and other comprehensive income are comprised of changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

Foreign currency translation

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Leases

The Company as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less. IFRS 16 was adopted on 1 January 2019 without restatement of comparative figures.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

3. MATERIAL ACCOUNTING POLICIES (cont)

Leases (cont)

The Company as lessee (cont)

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for; lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The Company as lessor

Rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease period and services provided as agreed in the rent agreement.

Joint arrangements

The Company has a joint arrangement in its ownership of certain investment property. The Company has both the rights to assets and obligations for the liabilities of the joint arrangement. The Company accounts for its interest in the joint operations by recognising a percentage share of assets, liabilities, revenues and expenses in accordance with its agreed rights and obligations.

Investment property

Investment property is property held to earn rental income. It is stated at cost, including transaction costs less accumulated depreciation and any accumulated impairment losses. All other repairs and maintenance are charged to profit and loss during the period in which they are incurred. Land is recognised and carried at cost. Depreciation is computed on a straight-line basis over the estimated useful life of 39 years.

3. MATERIAL ACCOUNTING POLICIES (cont)

Related party transactions and balances

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Revenue from rendering services is recognised over time as the services are provided. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. Key management personnel of the Company are also considered to be related parties.

Property held for sale

Properties are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Properties classified as held for sale are measured at the lower of the carrying amount immediately prior to being classified as held for sale in or the fair value less costs of disposal.

Following their classification as held for sale, properties (including those in a disposal group) are not depreciated.

3. MATERIAL ACCOUNTING POLICIES (cont)

Employee benefits

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Income taxes

Income taxes are recognised for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Prior to 2020, the Company had elected to be treated as a U.S. Company for U.S. Tax purposes. Section 953(d) of the U.S. Internal Revenue Code allows a controlled foreign corporation engaged in the insurance business to elect to be treated as a U.S. corporation for U.S. tax purposes. A controlled foreign corporation that makes this election will be subject to tax in the United States on its worldwide income but will not be subject to the branch profits tax or the branch-level interest tax imposed by section 884. Further, the excise tax imposed under section 4371 on policies issued by foreign insurers will not apply.

Effective 1 January 2020, the Company revoked its election to be treated as a U.S. Company following the approval from the U.S. Internal Revenue Service on 18 June 2020. The Company's income, other than the income from its U.S. investment, is no longer subject to tax as there is no income tax in The Bahamas.

Value added tax (VAT)

On 1 January 2015, the VAT Act became effective in the Commonwealth of the Bahamas with 3 categories for goods and services: tax at 7.5%, exempt and zero-rated.

In accordance with the Act, the Company's insurance premiums written are VAT exempt for the period from 1 January to 30 June 2015. Starting 1 July 2015, insurance premiums written are subject to 7.5% VAT rate.

3. MATERIAL ACCOUNTING POLICIES (cont)

Value added tax (VAT) (cont)

Effective 1 July 2018, the VAT rate has increased from 7.5% to 12% and later on reduced to 10% effective 1 January 2022.

4. NEW AND AMENDED STANDARDS

The Company has adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to the Company's operations and effective for the current accounting period.

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption had an effect on the Company. The Company has applied IFRS 17 Insurance Contracts Instruments retrospectively from 1 January 2023. As a result, the Group has restated certain comparative amounts. IFRS 17 significantly impacts the measurement and presentation of insurance contracts and reinsurance contracts. Investment contracts with discretionary participation features (participating investment contracts) has had no impact on as no policy with discretionary participation features introduced. The nature and effects of the transition to IFRS 17 are summarised in Note 1, including the financial impacts on the statement of financial position as at 1 January 2023.

4. NEW AND AMENDED STANDARDS (cont)

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company but affect the disclosure of accounting policies of the Company.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Company.

The following amended accounting standards and interpretations that have been issued, but are not mandatory for financial year ended 31 December 2023, are not expected to have a significant impact on the Company in the period of initial application.

Effective for the period beginning 1 January 2024

- *Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)*
    - The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)*
    - The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

4. NEW AND AMENDED STANDARDS (cont)

Effective for the period beginning 1 January 2024 (cont)

- *Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)*
  - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)*
  - The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Effective for the period beginning 1 January 2025

- *Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)*
  - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The Company is currently assessing the impact of these amendments in the accounting standards. The Company does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Company.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. FIXED ASSETS

	Leasehold improvements	Office furniture and equipment	Total
	$	$	$
COST			
1 January and 31 December 2023	237,217	263,903	501,120
DEPRECIATION			
1 January 2023	117,429	175,354	292,783
Charge for the year	15,850	32,300	48,150
31 December 2023	133,279	207,654	340,933
NET BOOK VALUE			
31 December 2023	$103,938	$56,249	$160,187
31 December 2022	$119,788	$88,549	$208,337

	Leasehold improvements	Office furniture and equipment	Total
	$	$	$
COST			
1 January and 31 December 2022	237,217	263,903	501,120
DEPRECIATION			
1 January 2022	101,579	143,054	244,633
Charge for the year	15,850	32,300	48,150
31 December 2022	117,429	175,354	292,783
NET BOOK VALUE			
31 December 2022	$119,788	$88,549	$208,337
31 December 2021	$135,638	$120,849	$256,487

6. RIGHT-OF-USE ASSET / LEASE LIABILITY

The Company has lease contracts for 2 office spaces in an office building located in the Western district of the Island of New Providence. Both lease terms are for 5 years, commencing October 2019 to September 2024.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2023 $	2022 $
Opening balance	113,527	175,450
Amortisation	(61,923)	(61,923)
	$51,604	$113,527

Set out below are the carrying amounts of lease liability and the movements during the year:

	2023 $	2022 $
Opening balance	117,384	180,649
Lease payments	(69,720)	(69,720)
Interest expense	3,713	6,455
	$51,377	$117,384

The Company has outstanding commitments for future lease payments are as follows:

	2023 $	2022 $
One year	51,377	67,722
Two years to five years	--	49,662
	$51,377	$117,384

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. RIGHT-OF-USE ASSET / LEASE LIABILITY (cont)

The Company has a low value storage lease it renews monthly. The storage unit rent totalled $1,068 during the year (2022: $1,070).

7. INVESTMENT PROPERTY

	Land	Building	Total
	$	$	$
COST			
1 January 2023	140,000	1,403,489	1,543,489
Reclassification	(140,000)	(1,403,489)	(1,543,489)
	--	--	--
DEPRECIATION			
1 January 2023	--	113,959	113,959
Charge for the year	--	2,999	2,999
Reclassification	--	(116,958)	(116,958)
31 December 2023	--	--	--
NET BOOK VALUE			
31 December 2023	$--	$--	$--
	==	==	==
31 December 2022	$140,000	$1,289,530	$1,429,530
	======	=======	=======

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT PROPERTY (cont)

	Land	Building	Total
	$	$	$
COST			
1 January and 31 December 2022	140,000	1,403,489	1,543,489
DEPRECIATION			
1 January 2022	--	77,972	77,972
Charge for the year	--	35,987	35,987
31 December 2022	--	113,959	113,959
NET BOOK VALUE			
31 December 2022	$140,000	$1,289,530	$1,429,530
	======	=======	=======
31 December 2021	$140,000	$1,325,517	$1,465,517
	======	=======	=======

On 27 January 2023, the Company entered into a market listing agreement with a broker to list, market, and sell the land and building. As a result, these assets were reclassified to properties held for sale and presented in Note 10.

8. NOTE RECEIVABLE

Loan receivable comprise of:

	2023	2022
	$	$
AmFirst Holdings Inc.	580,849	643,850
Helicon Capital	250,000	250,000
	$830,849	$893,850
	======	======

AmFirst Holdings Inc.
On 1 February 2021, the Parent (AmFirst Holdings Inc.) entered into a debenture agreement with its various related companies – AmFirst Insurance Company, the Company, London America Insurance Company, and AmFirst Life Insurance Company.

8. NOTE RECEIVABLE (cont)

The breakdown of the principal amount of the loan follows:

	2023	2022
	$	$
London America Insurance Company	2,550,000	2,550,000
AmFirst Insurance Company	2,200,000	2,200,000
AmFirst Life Insurance	2,000,000	2,000,000
New Providence Life Insurance Company	750,000	750,000
	$7,500,000	$7,500,000
	=======	=======

The loan to the Parent accrues interest of 6% annually starting 1 March 2021 on the unpaid balance. The loan is repayable in 120 equal monthly installments.

Helicon Capital

On 21 April 2020, the Company granted an unsecured promissory note to Helicon Capital ("Borrower") for a principal amount of $250,000. The loan accrues interest of 6% quarterly starting 30 June 2020 on the unpaid balance with the final payment of all unpaid principal and accrued interest on 31 December 2023. In 2023, the Borrower and its related companies were purchased by a large public company and extended the final payment date to 31 December 2024. The note was transferred to Regional Holdings, an entity that remained with the original owners. On 27 March 2024, subsequent to year end, the note and interest receivable were collected. For the year ended 31 December 2023, the interest income totalled $36,917 (2022: $40,577) was collected in full.

The maturity of the loans follows:

	2023	2022
	$	$
Current portion	316,887	313,001
Noncurrent portion	513,962	580,849
	$830,849	$893,850
	======	======

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. INVESTMENTS

All of the Company's investments are considered to be financial assets measured at FVOCI. The Company's investments are ranked into Levels 1 to 3, based on the degree to which the fair value is observable:

Level 1 - Fair value measures are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Company's assets that are measured at fair value as at 31 December 2023 and 2022. The Company does not have financial liabilities at fair value.

	Fair Value Measurements			
	Level 1	**Level 2**	**Level 3**	**Total**
2023	**$**	**$**	**$**	**$**
Equities	790,404	--	--	790,404
Exchange traded funds	5,737,478	--	--	5,737,478
Government bonds	--	1,309,431	--	1,309,431
Preferred stock	595,300	--	--	595,300
Private equity	--	--	98,312	98,312
	$7,123,182	$1,309,431	$98,312	$8,530,925
2022				
Equities	687,653	--	--	687,653
Exchange traded funds	2,482,913	--	--	2,482,913
Government bonds	--	1,337,195	--	1,337,195
Preferred stock	619,365	--	--	619,365
Private equity	--	--	98,312	98,312
	$3,789,931	$1,337,195	$98,312	$5,225,438

9. INVESTMENTS

The private equity investment of $98,312 pertains to 1.82% ownership in a limited liability company operating in the hotel business. The company commenced operations in 2018. Management considers the fair value of the investment to be unchanged. The total dividend received amounted to $12,718 (2022: $13,205).

Per the Insurance Act of the Bahamas, the Company established Bahamian assets in a trust equal to its liability and contingent reserve of its policyholders. The movement of these assets are restricted and at year-end, these assets totaled $1,904,731 (2022: $1,956,560) in investments and $nil (2022: $1,429,530) in investment property.

10. PROPERTY HELD FOR SALE

As disclosed in Note 7, on 27 January 2023, the Company entered into a market listing agreement with a broker to list, market, and sell the land and building previously presented as investment property. As a result, these assets were reclassified to properties for sale.

As at 31 December 2023, the carrying amount of the land and building are as follows:

	2023
	$
Land	140,000
Building	1,286,531
	1,426,531
Impairment loss	(33,198)
	$1,393,333
	=======

The carrying amount of the assets as at year-end was higher than the Company's share of the fair value less cost to sell the assets of $1,393,333. The Company's share of impairment loss of $33,198 was recognized in 2023 and included in administrative and marketing expenses in Note 16.

In February 2024, subsequent to year end, the sale of the land and building was completed.

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED

The following reconciliations show how the net carrying amounts of insurance contracts issued and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and other comprehensive income. The Company presents a table separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and other comprehensive income.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

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11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

	2023					
	LRC		LIC			
Reinsurance contracts held	**Excluding loss component**	**Loss component**	**For contracts not under the PAA**	**PAA – Present value of FCF**	**PAA - Risk adjustment for non-financial risk**	**Total**
Opening reinsurance contract assets	$946,004	$--	$7,902	$627,463	$236,205	$1,817,574
Opening reinsurance contract liabilities	--	--	--	--	--	--
Net opening balance	**946,004**	**--**	**7,902**	**627,463**	**236,205**	**1,817,574**
Net income/(expense) from reinsurance contracts held						
Reinsurance expenses	(78,365)	--	39,469	(1,229,816)	--	(1,268,712)
Claims recovered	--	--	--	1,680,569	--	1,680,569
Changes related to past service – incurred claim adjustment	--	--	--	(296,490)	(82,760)	(379,250)
Net income/(expense) from reinsurance contracts held	**(78,365)**	**--**	**39,469**	**154,263**	**(82,760)**	**32,607**
Finance income from reinsurance contracts held	14,861	--	--	--	--	14,861
Total amounts recognized in profit or loss	**(63,504)**	**--**	**39,469**	**154,263**	**(82,760)**	**47,468**
Cash flows						
Premiums paid net of ceding commission and other directly attributable expenses paid	247,120	--	--	1,229,816	--	1,476,936
Recoveries from reinsurance	(117,384)	--	--	(1,680,569)	--	(1,797,953)
Total cash flows	**129,736**	**--**	**--**	**(450,753)**	**--**	**(321,017)**
Net balance at end of the period	**1,012,236**	**--**	**47,371**	**330,973**	**153,445**	**1,544,025**
Closing reinsurance contract assets	1,012,236	--	47,371	330,973	153,445	1,544,025
Closing reinsurance contract liabilities	--	--	--	--	--	--
Net balance at end of period	**$1,012,236**	**$--**	**$47,371**	**$330,973**	**$153,445**	**$1,544,025**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

2022 (Restated)

	LRC		LIC			
Reinsurance contracts held	**Excluding loss component**	**Loss component**	**For contracts not under the PAA**	**PAA – Present value of FCF**	**PAA - Risk adjustment for non-financial risk**	**Total**
Opening reinsurance contract assets	$907,275	$--	$7,902	$1,244,346	$468,427	$2,627,950
Opening reinsurance contract liabilities	--	--	--	--	--	--
Net opening balance	**907,275**	**--**	**7,902**	**1,244,346**	**468,427**	**2,627,950**
Net income/(expense) from reinsurance contracts held						
Reinsurance expenses	(71,534)	--	--	(1,079,816)	--	(1,151,350)
Claims recovered	--	--	--	1,928,921	--	1,928,921
Changes related to past service – incurred claim adjustment	--	--	--	(616,883)	(232,222)	(849,105)
Net income/(expense) from reinsurance contracts held	**(71,534)**	**--**	**--**	**232,222**	**(232,222)**	**(71,534)**
Finance income from reinsurance contracts held	10,430	--	--	--	--	10,430
Total amounts recognized in profit or loss	**(61,104)**	**--**	**--**	**232,222**	**(232,222)**	**(61,104)**
Cash flows						
Premiums paid net of ceding commission and other directly attributable expenses paid	50,697	--	--	1,079,816	--	1,130,513
Recoveries from reinsurance	49,136	--	--	(1,928,921)	--	(1,879,785)
Total cash flows	**99,833**	**--**	**--**	**(849,105)**	**--**	**(749,272)**
Net balance at end of the period	**946,004**	**--**	**7,902**	**627,463**	**236,205**	**1,817,574**
Closing reinsurance contract assets	946,004	--	7,902	627,463	236,205	1,817,574
Closing reinsurance contract liabilities	--	--	--	--	--	--
Net balance at end of period	**$946,004**	**$--**	**$7,902**	**$627,463**	**$236,205**	**$1,817,574**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

	2023					
	LRC		LIC			
Insurance contracts issued	**Excluding loss component**	**Loss component**	**For contracts not under the PAA**	**PAA – Present value of FCF**	**PAA - Risk adjustment for non-financial risk**	**Total**
Opening insurance contract liabilities	$2,013,706	$--	$13,237	$970,579	$362,956	3,360,478
Opening insurance contract assets	--	--	--	--	--	--
Net opening balance	**2,013,706**	**--**	**13,237**	**970,579**	**362,956**	**3,360,478**
Insurance revenue	**(770,182)**	**--**	**--**	**(10,000,963)**	**--**	**(10,771,145)**
Insurance services expenses						
Incurred claims and other directly attributable expenses	532,543	--	--	9,000,468	--	9,533,011
Changes that relate to past service – adjustments to the LIC	--	--	54,831	(404,317)	(100,660)	(450,146)
Insurance service expenses	**532,543**	**--**	**54,831**	**8,596,151**	**(100,660)**	**9,082,865**
Insurance service result	**(237,639)**	**--**	**54,831**	**(1,404,812)**	**(100,660)**	**(1,688,280)**
Finance expenses from insurance contracts issued	64,508	--	--	--	--	64,508
Total amounts recognized in profit or loss	**(173,131)**	**--**	**54,831**	**(1,404,812)**	**(100,660)**	**(1,623,772)**
Cash flows						
Premiums received	1,037,782	--	--	10,000,963	--	11,038,745
Claims and other directly attributable expenses paid	(520,567)	--	--	(9,000,468)	--	(9,521,035)
Total cash flows	**517,215**	**--**	**--**	**1,000,495**	**--**	**1,517,710**
Net balance at end of the period	**2,357,790**	**--**	**68,068**	**566,262**	**262,296**	**3,254,416**
Closing insurance contract liabilities	2,357,790	--	68,068	566,262	262,296	3,254,416
Closing insurance contract assets	--	--	--	--	--	--
Net balance at end of period	**$2,357,790**	**$--**	**$68,068**	**$566,262**	**$262,296**	**$3,254,416**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

2022 (Restated)

	LRC		LIC			
Insurance contracts issued	**Excluding loss component**	**Loss component**	**For contracts not under the PAA**	**PAA – Present value of FCF**	**PAA - Risk adjustment for non-financial risk**	**Total**
Opening insurance contract liabilities	$1,738,299	$--	$13,237	$970,579	$362,956	3,085,071
Opening insurance contract assets	--	--	--	--	--	--
Net opening balance	**1,738,299**	**--**	**13,237**	**970,579**	**362,956**	**3,085,071**
Insurance revenue	**(649,156)**	**--**	**--**	**(9,554,952)**	**--**	**(10,204,108)**
Insurance services expenses						
Incurred claims and other directly attributable expenses	283,214	--	--	9,896,701	--	10,179,915
Changes that relate to past service – adjustments to the LIC	--	--	--	-	--	--
Insurance service expenses	**283,214**	**--**	**--**	**9,896,701**	**--**	**10,179,915**
Insurance service result	**(365,942)**	**--**	**--**	**341,749**	**--**	**(24,193)**
Finance expenses from insurance contracts issued	54,415	--	--	--	--	54,415
Total amounts recognized in profit or loss	**(311,527)**	**--**	**--**	**341,749**	**--**	**30,222**
Cash flows						
Premiums received	862,670	--	--	9,554,952	--	10,417,622
Claims and other directly attributable expenses paid	(275,736)	--	--	(9,896,701)	--	(10,172,437)
Total cash flows	**586,934**	**--**	**--**	**(341,749)**	**--**	**245,185**
Net balance at end of the period	**2,013,706**	**--**	**13,237**	**970,579**	**362,956**	**3,360,478**
Closing insurance contract liabilities	2,013,706	--	13,237	970,579	362,956	3,360,478
Closing insurance contract assets	--	--	--	--	--	--
Net balance at end of period	**$2,013,706**	**$--**	**$13,237**	**$970,579**	**$362,956**	**3,360,478**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

The table below shows the movement in revenue for PAA and GMM measured policies:

	2023				
Insurance revenue	**Long-term life**	**Long-term accident and health**	**Short-term life**	**Short-term accident and health**	**Total**
Amounts relating to the change in the LRC					
Expected incurred claims and other expenses after loss component allocation	$445,521	$179,734	$--	$--	$625,255
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	19,427	9,274	--	--	28,701
CSM recognized in the profit or loss for the services period	72,300	32,715	--	--	105,015
Other amounts incurred experience adjustments for premium receipts other than those that relate to other services	(33,232)	44,443	--	--	11,211
Insurance acquisition cash flows recovery	--	--	--	-	--
Insurance revenue from Non-PAA contracts	**504,016**	**266,166**	**--**	**--**	**770,182**
Insurance revenue from PAA contracts	**--**	**--**	**3,261**	**9,997,702**	**10,000,963**
Insurance revenue	**$504,016**	**$266,166**	**$3,261**	**$9,997,702**	**$10,771,145**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUED (cont)

	2022 (Restated)				
Insurance revenue	**Long-term life**	**Long-term accident and health**	**Short-term life**	**Short-term accident and health**	**Total**
Amounts relating to the change in the LRC					
Expected incurred claims and other expenses after loss component allocation	$294,337	$154,752	$--	$--	$449,089
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	12,870	7,897	--	--	20,767
CSM recognized in the profit or loss for the services period	60,903	33,241	--	--	94,144
Other amounts incurred experience adjustments for premium receipts other than those that relate to other services	75,510	9,646	--	--	85,156
Insurance acquisition cash flows recovery	--	--	--	-	--
Insurance revenue from Non-PAA contracts	**443,620**	**205,536**	**--**	**--**	**649,156**
Insurance revenue from PAA contracts	**--**	**--**	**34,610**	**9,520,342**	**9,554,952**
Insurance revenue	**$443,620**	**$205,536**	**$34,610**	**$9,520,342**	**$10,204,108**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

The table below shows the reconciliation of the measurement components of contract balances measured under GMM:

	2023			
Reinsurance contracts held	**Present value of FCF**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract asset	$7,430	$115,232	$216,336	$338,998
Opening reinsurance contract liability	--	--	--	--
Net opening balance	**7,430**	**115,232**	**216,336**	**338,998**
CSM recognized in profit or loss for services rendered	--	--	(26,120)	(26,120)
Change in the risk adjustment for non-financial risk (expired)	--	(7,232)	--	(7,232)
Experience adjustment	(45,013)	--	--	(45,013)
Current service changes	**(45,013)**	**(7,232)**	**(26,120)**	**(78,365)**
Changes in CSM estimates	(8,030)	(9,913)	17,944	1
Contracts initially recognized in the Period	(48,852)	41,559	7,292	(1)
Changes in the FCF that do not adjust the CSM	--	--	--	--
Future service changes	**(56,882)**	**31,646**	**25,236**	**--**
Change that relate to past service – adjustments to the incurred claims	**47,371**	**--**	**--**	**47,371**
Effect of changes in the risk reinsurers performance	**(7,902)**	**--**	**--**	**(7,902)**
Net expenses from reinsurance contracts held	**(62,426)**	**24,414**	**(884)**	**(38,896)**
Finance expenses from reinsurance contracts held	3,449	4,704	6,708	14,861
Total amounts recognized in comprehensive income	**(58,977)**	**29,118**	**5,824**	**(24,035)**
Premiums paid net of ceding commissions and other expenses	247,120	--	--	247,120
Recoveries from reinsurance	(117,384)	--	--	(117,384)
Total cash flows	**129,736**	**--**	**--**	**129,736**
Net balance of reinsurance contract asset at end of the period	**$78,189**	**$144,350**	**$222,160**	**$444,699**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

	2022 (Restated)			
Reinsurance contracts held	**Present value of FCF**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening reinsurance contract asset	$(714)	$83,026	$210,929	$293,241
Opening reinsurance contract liability	--	--	--	--
Net opening balance	**(714)**	**83,026**	**210,929**	**293,241**
CSM recognized in profit or loss for services rendered	--	--	(24,514)	(24,514)
Change in the risk adjustment for non-financial risk (expired)	--	(5,566)	--	(5,566)
Experience adjustment	(35,902)	--	--	(35,902)
Current service changes	**(35,902)**	**(5,566)**	**(24,514)**	**(65,982)**
Changes in CSM estimates	(15,362)	5,139	10,223	--
Contracts initially recognized in the Period	(42,244)	29,264	12,980	--
Changes in the FCF that do not adjust the CSM	--	--	--	--
Future service changes	**(57,606)**	**34,403**	**23,203**	**--**
Change that relate to past service – adjustments to the incurred claims	--	--	--	--
Effect of changes in the risk reinsurers performance	--	--	--	--
Net expenses from reinsurance contracts held	**(93,508)**	**28,837**	**(1,311)**	**(65,982)**
Finance expenses from reinsurance contracts held	1,820	3,369	6,717	11,906
Total amounts recognized in comprehensive income	**(91,688)**	**32,206**	**5,406**	**(54,076)**
Premiums paid net of ceding commissions and other expenses	50,695	--	--	50,695
Recoveries from reinsurance	49,137	--	--	49,137
Total cash flows	**99,832**	**--**	**--**	**99,832**
Net balance of reinsurance contract asset at end of the period	**$7,430**	**$115,232**	**$216,335**	**$338,997**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

The table below shows the impact of contracts recognized in the year for contracts measured

	2023			
Insurance contract issued	**Present value of FCF**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liability	$(141,361)	$598,431	$1,004,090	$1,461,160
Opening insurance contract asset	--	--	--	--
Net opening balance	**(141,361)**	**598,431**	**1,004,090**	**1,461,160**
CSM recognized in profit or loss for services rendered	--	--	(105,016)	(105,016)
Change in the risk adjustment for non-financial risk (expired)	--	(28,701)	--	(28,701)
Experience adjustment	(98,455)	--	--	(98,455)
Current service changes	**(98,455)**	**(28,701)**	**(105,016)**	**(232,172)**
Changes in CSM estimates	(33,618)	(68,796)	102,414	--
Changes in estimates that result in onerous contract losses or loss reversal	--	--	--	--
Contracts initially recognized in the period	(254,993)	244,448	10,545	--
Future service changes	**(288,611)**	**175,652**	**112,959**	**--**
Past service changes	**49,365**	**--**	**--**	**49,365**
Insurance service result	**(337,701)**	**146,951**	**7,943**	**(182,807)**
Finance expenses from insurance contracts held	8,783	25,286	30,439	64,508
Total amounts recognized in comprehensive income	**(328,918)**	**172,237**	**38,382**	**(118,299)**
Premiums received	1,087,877	--	--	1,087,877
Recoveries from insurance	(520,567)	--	--	(520,567)
Total cash flows	**567,310**	**--**	**--**	**567,310**
Net balance of insurance contract asset at end of the period	**$97,031**	**$770,668**	**$1,042,472**	**$1,910,171**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

	2022			
Insurance contract issued	**Present value of FCF**	**Risk adjustment for non-financial risk**	**CSM**	**Total**
Opening insurance contract liability	$(207,797)	$410,448	$983,102	$1,185,753
Opening insurance contract asset	--	--	--	--
Net opening balance	**(207,797)**	**410,448**	**983,102**	**1,185,753**
CSM recognized in profit or loss for services rendered	--	--	(94,143)	(94,143)
Change in the risk adjustment for non-financial risk (expired)	--	(20,767)	--	(20,767)
Experience adjustment	(251,032)	--	--	(251,032)
Current service changes	**(251,032)**	**(20,767)**	**(94,143)**	**(365,942)**
Changes in CSM estimates	(80,327)	32,465	47,862	--
Changes in estimates that result in onerous contract losses or loss reversal	--	--	--	--
Contracts initially recognized in the period	(195,872)	159,196	36,676	--
Future service changes	**(276,199)**	**191,661**	**84,538**	**--**
Past service changes	**--**	**--**	**--**	**--**
Insurance service result	**(527,231)**	**170,894**	**(9,605)**	**(365,942)**
Finance expenses from insurance contracts held	6,732	17,089	30,593	54,414
Total amounts recognized in comprehensive income	**(520,499)**	**187,983**	**20,988**	**(311,528)**
Premiums received	862,670	--	--	862,670
Recoveries from insurance	(275,736)	--	--	(275,736)
Total cash flows	**586,934**	**--**	**--**	**586,934**
Net balance of insurance contract asset at end of the period	**$(141,362)**	**$598,431**	**$1,004,090**	**$1,461,159**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

The table below shows the impact of contracts recognized in the year for contracts measured under GMM:

	2023		
Insurance contract issued	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$--	$--	$--
Claims and other directly attributable expenses	3,122,096	--	3,122,096
Estimates of the present value of future cash outflows	3,122,096	--	3,122,096
Estimates of the present value of future cash inflows	(3,307,045)	--	(3,307,045)
Risk adjustment for non-financial risk	247,961	--	247,961
CSM	8,521	--	8,521
Increase in insurance contract liabilities from contracts recognized in the period	**71,533**	**--**	**71,533**

	2023		
Reinsurance contracts held	**Contracts originated not in a net gain**	**Contracts originated in a net gain**	**Total**
Estimates of the present value of future cash inflows	$(577,667)	$--	($577,667)
Estimates of the present value of future cash outflows	541,804	--	541,804
Risk adjustment for non-financial risk	42,075	--	42,075
CSM	6,286	--	6,286
Increase in reinsurance contract assets from contracts recognized in the period	**12,498**	**--**	**12,498**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

	2022 (Restated)		
Insurance contract issued	**Non-onerous contracts originated**	**Onerous contracts originated**	**Total**
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	$--	$--	$--
Claims and other directly attributable expenses	2,031,344	--	2,031,344
Estimates of the present value of future cash outflows	2,031,344	--	2,031,344
Estimates of the present value of future cash inflows	(2,174,251)	--	(2,174,251)
Risk adjustment for non-financial risk	247,960	--	247,960
CSM	8,521	--	8,521
Increase in insurance contract liabilities from contracts recognized in the period	**113,574**	**--**	**113,574**

	2022 (Restated)		
Reinsurance contracts held	**Contracts originated not in a net gain**	**Contracts originated in a net gain**	**Total**
Estimates of the present value of future cash inflows	$(418,492)	$--	($418,492)
Estimates of the present value of future cash outflows	386,536	--	386,536
Risk adjustment for non-financial risk	42,075	--	42,075
CSM	6,286	--	6,286
Increase in reinsurance contract assets from contracts recognized in the period	**16,405**	**--**	**16,405**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

The table below lists the expected recognition of the contractual service margin for contracts under GMM:

	2023	
Number of years until expected to be recognized	**Insurance contracts issued**	**Reinsurance contracts held**
1	(88,704)	22,406
2-5	(276,387)	66,314
6-10	(242,087)	52,679
More than 10 years	(434,552)	80,642
Total CSM released	**(1,041,730)**	**222,041**

	2022 (Restated)	
Number of years until expected to be recognized	**Insurance contracts issued**	**Reinsurance contracts held**
1	(87,146)	22,239
2-5	(267,428)	64,908
6-10	(230,755)	51,090
More than 10 years	(417,975)	77,972
Total CSM released	**(1,003,304)**	**216,209**

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

Reinsurance Agreements
The Company has the following reinsurance agreements:

Reinsurer	Coverage
Health Insurance	
AmFirst Life Insurance Company (Puerto Rico)	- 50% of losses between $50,000 and $200,000
AmFirst Insurance Company (Oklahoma)	- 50% of losses between $50,000 and $200,000
Certain Underwriting Members of Lloyds London	- All losses in excess of $200,000 up to $800,000 per person each and every loss. Maximum amount recoverable of $2,400,000
Personal Accident and/or Sickness	
Beazley 3623	- Maximum $1,000,000 any one person. Monthly benefit 1% of sum insured payable for a maximum of 9 months excess of 90 days each and every loss.
Personal Critical Accident and/or Sickness	
Beazley 3623	- Maximum $1,000,000 any one person. Monthly benefit 1% of sum insured payable for a maximum of 36 months excess of 90 days each and every loss.

Insurance Agreements
The Company's primary business is accident and health ("A&H") covering individuals. The Company's blocks of business consist of the following:

- Individual Medical Expense Plans – These plans provide medical expense coverage for individuals.
- Individual Disability Income Plans – These coverages provide disability income for individuals.
- Individual Term Life – These plans provide coverage to an individual for a fixed period of time in which if the life insured dies during the defined period, a death benefit will be paid to the beneficiary.
- Group Term Life – These plans provide coverage to a group for a fixed period of time in which if a covered individual dies during the defined period, a death benefit will be paid to the beneficiaries.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. REINSURANCE CONTRACT HELD / INSURANCE CONTRACT ISSUE (cont)

Insurance Agreements (cont)
As disclosed in Note 3, the Company further groups the policies and measures them using the models below:

Model	Applicable business
GMM	Long-term life Long-term accident and health
PAA	Short-term life Short-term accident and health

The Company applied the PAA to insurance and reinsurance contracts for short-term life and short-term accident and health business as they cover a period of one year or less. For these contracts, the Company makes no adjustments for time value of money or financial risk and insurance acquisition cash flows are recognized as expenses when costs are incurred.

For GMM,cash flow projections used in IFRS 17 measurement were generated for each group based on actuarial pricing and reserving methods applied to data on the active policies.

The following assumptions were used for the projections:

- Mortality was based on 1980 CSO composite.
- Claims costs for long-term accident and health policies were developed from proprietary data sets.
- Long-term life and accident and health expenses were derived as a percentage of premium.
- Other factors like difference between market participants and the company expenses, inclusion of non-attributable expenses, discount rates, diversification effect under fair value, non-performance risk, market participants cost of capital assumptions, profit margin and degree of risk adjustment were considered in arriving at various percentages.
- Risk adjustment fir non-financial risk was determined based on the confidence level technique.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. DUE TO ADMINISTRATOR

Transactions with the Administrator pertain to premium payments received from insurance policy holders less commissions and administrative expenses held by the Administrator on behalf of the Company. Balance due to Administrator consists of payments made by the Administrator on behalf of the Company in excess of the funds received. The payable balance was unsecured, interest free and has no fixed terms of repayment.

13. SHARE CAPITAL

	2023	2022
Authorised, issued and fully paid		
3,000,000 ordinary shares of $1 each	$3,000,000	$3,000,000
	=======	=======

Ownership of the Company’s issued share capital follows:

	No. of Shares	
	2023	2022
AmFirst Holdings Inc	2,250,000	2,250,000
Star General Investments (G.B.) Limited	750,000	750,000
	3,000,000	3,000,000
	=======	=======

14. PREFERENCE SHARES

	2023	2022
Authorised		
$2,330,000 (2022: $2,330,000) 8% Redeemable preference shares of $1 each	$2,330,000	$2,330,000
	=======	=======
Issued and fully paid		
$2,330,000 (2022: $2,330,000) 8% Redeemable preference shares of $1 each	$2,330,000	$2,330,000
	=======	=======

The Board of Directors has resolved and the ICB has authorised the offering of $2,000,000 Series A 8% Redeemable Preference Shares. The preference shares pay cash dividend semi-annually in December and June of each year subject to the declaration of the Directors. Should the Directors make the decision not to pay the dividend, the dividend would not be cumulative.

14. PREFERENCE SHARES (cont)

The preference shares have no maturity date but may be redeemed at the option of the Company with 90 days written notice to the preference shareholders at any time after the fifth anniversary of the Closing Date, with the prior approval of the ICB. If the Company liquidates, dissolves, winds-up, or sells more than 50% of the value of the Company’s assets other than in the ordinary course of the Company’s business, holders of the preference shares will have the right to redeem their preference shares, being the right to receive the return of the par value plus any premium paid thereon plus any unpaid declared dividends on the preference shares to the date of that liquidation, dissolution, winding-up, or reduction or decrease in assets before any distribution is made to any subordinated class of shares, including the Company’s ordinary shares, but after the distribution on any of the Company’s indebtedness, including policy holder and creditor claims, ranking senior to the preference shares. The Company will not be required to pay any dividends after the date of such liquidation, dissolution, winding-up or sale.

The preference shares will rank with respect to the payment of dividends and payments upon liquidation: (1) senior to the Company’s ordinary shares; (2) pari-passu with any class of preference shares hereafter issued by the Company and (3) subordinate to any bonds, debentures, debt obligations, or policy holder claims currently of which the Company may enter into.

The preference shares are not secured by any specific collateral. The preference shares will have no voting rights.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. OTHER INCOME

Effective 1 January 2023, the Company assumed, through a novation agreement, 2 insurance policies from affiliate, London America Insurance Company. These policies were group retirement health plans originally issued in 2003 and 2009. All premiums for the policies had been fully paid and earned prior to the Company assuming the policies. The 2 policies held reserves of $1,049,938. The transfer of reserves took place on 9 March 2023. On 1 August 2023, the policyholders cancelled the policies, in full understanding that they would not be receiving any refunds and/or surrender values. Thus, the Company recognized $1,049,938 and included as other income in the statement of profit or loss and other comprehensive income when the reserves for the policies were released.

16. ADMINISTRATIVE AND MARKETING EXPENSES

	2023	2022 (As restated)
	$	$
Bank charges	417,367	327,612
Actuarial expenses	96,588	52,850
Foreign exchange loss	79,609	123,527
License fees	74,152	62,096
Professional fees	68,841	96,693
Common are maintenance	53,059	55,546
Directors and management expenses	45,500	44,000
Telephone	42,512	58,862
Impairment loss on property held for sale	33,198	--
Travel expenses	32,798	41,482
Office supplies	15,856	11,579
Utilities	14,602	11,573
Marketing	10,206	8,394
Repairs and maintenance	4,978	8,066
Insurance expense	4,078	3,917
Computer and IT expense	3,988	1,290
Postage and shipping	3,742	1,758
Interest on lease liability	3,713	6,455
Rent	1,068	1,070
Dues and subscriptions	635	733
Others	63,215	47,027
	$1,069,705	$964,530
	=======	======

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. INCOME TAX

Income tax comprise of:

	2023 $	2022 $
Federal tax expense	7,700	6,000
Deferred tax (benefit)/expense	(2,384)	(2,000)
	$5,316	$4,000

Reconciliation between the income tax and the product of accounting profit based on the statutory tax follows:

	2023 $	2022 (As restated) $
Income/(loss) before tax	1,351,749	(1,474,920)
Tax at statutory rates	--	--
Tax on US partnership K-1 activity	5,316	4,000
Prior year return to provision difference	--	--
Refund for Net operating loss (NOL) carryback	--	--
Alternative minimum tax adjustment	--	--
	$5,316	$4,000

On 8 June 2020, the US IRS approved to:

a. grant consent to revoke the Company's election of Section 953(d) to be treated as domestic corporation
b. the Company will also be treated as transferring as of 1 January 2020, all of its property to a foreign corporation
c. any gain will be reported on the Company's US Federal income tax return for the one day beginning and ending 1 January 2020.

As at 31 December 2023, current tax asset totalling $5,048 (2022: liability of $2,000) and deferred tax totalling $22,000 (2022: $24,129) refers to the U.S. income tax that will have to be paid in relation to an investment in an LLC located in the U.S. that owns and operates a hotel.

18. PENSION PLAN

The Company has a Participation Agreement with The Royal Fidelity Pension Plan (the "Plan"), a defined contribution pension plan in which all employees are required to be members. Under the Plan, the Company contributes an amount equivalent to the member's contribution up to a maximum of 4.00% of the employees' salaries. Total pension cost charged to operations was $33,049 (2022: $26,396).

19. RELATED PARTY TRANSACTIONS

Directors
The Company's directors are regarded to be its key management personnel. The president and non-executive directors are paid an annual fee of $6,000 plus $500 for every board meeting and committee meeting attended.

During the year, the key management personnel benefits totaled $14,892 (2022: $14,892).

Transactions with the administrator
The Company entered into an amended Claims and Policy Servicing Agreement with Morgan White Administrators International, Inc. (MWAII) effective 1 January 2019. MWAII performs administrative services, claim administration services and fund deposit and transfer services on behalf of the Company. MWAII receives (1) 10% of the collected gross premium less any billing fees and (2) Administrator's billing fees. The total fees billed by MWAII was $1,031,070 (2021: $1,001,067).

The Company in return receives refund from MWAII for the performance of its administrative services. The total administrative fee for the performance of its own administrative services was $345,232 (2022: $318,473).

Reinsurers
The following reinsurers and reinsured companies are considered related parties by virtue of common ownership within the group.

- AmFirst Life Insurance Company (Puerto Rico)
- AmFirst Insurance Company (Oklahoma)

During the year, the Company filed a total of $1,535,534 (2022: $1,824,848) claims recoverable from the related party reinsurers, of which $1,451,885 (2022: $1,821,612) were collected.

20. MATURITIES OF FINANCIAL ASSETS AND LIABILITIES

All of the Company's current financial assets and liabilities, except for notes receivable as disclosed in Note 8, are due within one year.

21. INTEREST RATE RISK

Except for the Company's notes receivable, investment in bonds, reinsurance contract held assets and insurance contract issued liabilities as disclosed in Notes, 8, 9, and 11, no financial instruments have a significant exposure to interest rate risk.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

All of the Company's significant financial instruments are considered to have fair values equivalent to their carrying value.

23. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk
- Insurance risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The 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 limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

23. FINANCIAL RISK MANAGEMENT (cont)

Credit risk

Credit risk is the risk of financial loss arising if a counter-party fails to meet its contractual obligations. The Company actively seeks to minimise this risk by placing its bank balances with first rate financial institutions. The majority of the Company's receivables are due from administrators and reinsurers, thus there is no significant exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity. Claim payments are funded by current operating cash flow including investment income.

Maturity profile of the Company's investments in government bonds follows:

	2023	2022
	$	$
One to five years	--	30,162
Five to ten years	225,853	226,142
More than ten years	1,083,578	1,080,891
	$1,309,431	$1,337,195
	=======	=======

Market risk

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

The Company is exposed to market risk on investments in that the Company may not be able to readily dispose of its holdings when it chooses and also that the price obtained on disposal is below that at which the investment is included in the Company's financial statements.

23. FINANCIAL RISK MANAGEMENT (cont)

Market risk (cont)

The Company's market risk is managed through regular monitoring by the Investment Committee of the Board of Directors and through diversification of the investment portfolio across a wide range of financial assets.

Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements as disclosed in Note 11.

Amounts recoverable from reinsurers are calculated in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The assumptions used for the actuarial valuation of the Company's reinsurance contract held assets and insurance contract issued liabilities were disclosed in Note 11.

24. CAPITAL

The Company's objectives when managing capital are:

- To safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholder and benefits for other stakeholders and;
- To provide an adequate return to its shareholder by investing in securities that provide an acceptable return commensurately with the level of risk.

In order to maintain the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain funds from the shareholder.

The ICB has prescribed a minimum capital requirement of $2,000,000 for domestic insurance companies offering long term insurance policies. The Company considers its share capital, preference shares, contributed surplus to be its capital.

Additionally, the ICB has prescribed that there should be sufficient admissible assets to meet the minimum margin of solvency requirement of $2,000,000 plus 20% of gross written premiums. Admissible assets, which exclude any balance due from affiliated entities, are discounted based on rates prescribed in the Insurance (General) Regulations 2010.

In a letter dated 20 December 2023, the ICB also prescribed a capital ratio of 150%.

During the year, the Company is considered compliant with the minimum capital and solvency requirements of the ICB.

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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25. RESTATEMENTS

Changes to 1 January 2022 opening statement of financial position

The financial impacts on transition to IFRS 17 are summarised in the table below:

Assets	**31 December 2021, as previously presented**	**Reclassification, derecognition and IFRS 17 measurement**	**1 January 2022 restated for transition to IFRS 17**	**Prior period impact**	**1 January 2022 restated for transition to IFRS 17 and prior period correction**
Non-current assets					
Fixed assets	$256,487	$--	$256,487	$--	$256,487
Right-of-use asset	175,450	--	175,450	--	175,450
Investment property	1,465,517	--	1,465,517	--	1,465,517
Note receivable	893,850	--	893,850	--	893,850
Current assets					
Cash and cash equivalents	2,473,925	--	2,473,925	--	2,473,925
Investments	5,009,083	--	5,009,083	--	5,009,083
Reinsurance ceded assets	1,082,753	(1,082,753)	--	--	--
Reinsurance contracts held assets	--	2,627,950	2,627,950	--	2,627,950
Notes receivable	59,341	--	59,341	--	59,341
Prepaid income tax	68,385	--	68,385	--	68,385
Other receivables and prepayments	138,671	(44,559)	94,112	--	94,112
Total assets	**11,623,462**	**1,500,638**	**13,124,100**	**--**	**13,124,100**

NEW PROVIDENCE LIFE INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. RESTATEMENT (cont)

Changes to 1 January 2022 opening statement of financial position (cont)

Liabilities and equity	31 December 2021, as previously presented	Reclassification, derecognition and IFRS 17 measurement	1 January 2022 restated for transition to IFRS 17	Prior period impact	1 January 2022 restated for transition to IFRS 17 and prior period correction
Current liabilities					
Accounts payable and accruals	$273,247	$--	$273,247	$--	$273,247
Income tax liability	--	--	--	--	--
Lease liability	60,850	--	60,850	--	60,850
Due to administrator	2,129,888	--	2,129,888	(384,823)	1,745,065
Unearned premium	526,481	(526,481)	--	--	--
Insurance contract issued liabilities	--	3,085,071	3,085,071	--	3,085,071
Provision for unpaid claims	1,043,257	(1,043,257)	--	--	--
Non-current liabilities					
Deferred tax liability	26,129	--	26,129	--	26,129
Lease liability	119,799	--	119,799	--	119,799
Equity					
Share capital	3,000,000	--	3,000,000	--	3,000,000
Preference shares	2,000,000	--	2,000,000	--	2,000,000
Contributed surplus	500,000	--	500,000	--	500,000
Fair value reserve	(94,058)	--	(94,058)	--	(94,058)
Accumulated profit	2,037,869	(14,695)	2,023,174	384,823	2,407,997
Total liabilities and equity	**11,623,462**	**1,500,638**	**13,124,100**	**--**	**13,124,100**