

**CARIBBEAN
ASSURANCE
BROKERS
LIMITED**

Caribbean Assurance Brokers Limited

ANNUAL REPORT

2020

**“DON'T LIMIT YOUR CHALLENGES.
CHALLENGE YOUR LIMITS.”**

- Jerry Dunn



Annual Report 2020



CHAIRMAN'S OPENING REMARKS

Dear Shareholders,

I am honoured to present our Annual Report for the year ended December 31, 2020. Despite the colossal COVID-19 related challenges, Caribbean Assurance Brokers Limited intensified its innovative drive and maintained its consistent focus on the customer, which propelled us through another successful year, albeit that we did not experience revenue growth over the previous year. Notwithstanding the 7.7% reduction in revenue and the uncertain economic climate, the company maintained its full staff compliment while others were downsizing, and continued to invest in technology. Indeed, the major elements of our success are our dedication to technology and our consistent quest for innovation.

Consequently, with the COVID-19 imperative of physical distancing we have offered our clients the value proposition of a unique Loyalty Programme Mobile Application, which enabled clients to access benefits without having to physically present a loyalty card; and with respect to our staff, we have provided the required technology infrastructure, which enables them to safely, efficiently and effectively work from home. Also, with the launch of Phase 1 of our new website and secure database our clients will be able to seamlessly access and evaluate our menu of products and if they wish, make purchases, or pay premiums via our e-commerce platform.

As is customary, I would like to express my sincere appreciation, to our Customers for their unwavering support, to each Shareholder for their foresight and insight, as reflected in their loyalty to and confidence in Caribbean Assurance Brokers, and to our Directors and Staff for their commitment to the company's wellbeing, as well as meeting the needs of our shareholders.

We are grateful for all that Caribbean Assurance Brokers Limited has managed to accomplish during 2020, in the midst of the worst pandemic in a century, and now look to the rest of 2021 with renewed confidence, given the foundation that we have built.



Raymond H. Walker,

MBA, B. Sc., CLU
Board Chairman & C.E.O.



OUR MISSION

To consistently delight our customers at each point of contact with the brand. To provide a challenging and rewarding environment for our employees and actively support their personal development, as they are our most important asset.

OUR PHILOSOPHY

We place a high value on a strong team approach which ensures that you benefit from the collective expertise of our diverse specialists. Hence, our Philosophy: **"The Team is the Theme".**



OUR VISION

To become the **BEST** insurance brokerage house in the English Speaking Caribbean by investing in our human capital, seeking out strategic alliances, and maintaining the highest level of professionalism, integrity and competence.

To successfully meet the challenges of the changing insurance industry by being knowledgeable, prepared, solution oriented and customer focused.

CORE VALUES

We provide our service, based around our core values of teamwork, experience, professionalism and integrity, at all times striving to exceed our clients' expectations, through bringing our vision and mission statements to life.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING OF CARIBBEAN ASSURANCE BROKERS LIMITED** will be held on **Wednesday, August 18, 2021** at **3:00 pm** via live-stream to consider and, if thought fit, pass the following resolutions:

1. **To receive and consider the Directors' Report and the Audited Financial Statements in respect of the year ended December 31, 2020, and the report of the Auditors thereon:**

Resolution 1:

"THAT the Audited Accounts together with the Reports of the Directors and the Auditors circulated and the Notice convening the Meeting be and are hereby adopted.

2. **Election of Directors:**

Article 104 of the Company's Articles of Incorporation provides that one-third of the Directors, or if the number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office at each Annual General Meeting.

The Directors retiring under this Article are Barrington Whyte, Norman Minott and Raymond Walker who being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows;

Resolution 2 (a):

"THAT Director Barrington Whyte, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

Resolution 2 (b):

"THAT Director Norman Minott, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

Resolution 2 (c):

"THAT Director Raymond Walker, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company".

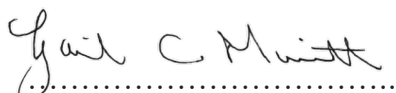
3. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors:

Resolution 3:

"THAT BDO, having agreed to continue to serve as auditors, be and is hereby appointed Auditors of Caribbean Assurance Brokers Limited, to hold office until the next Annual General Meeting, at a remuneration to be fixed by the Directors of the Company."

4. To consider any other Resolution(s) in respect of any other business which can be transacted at an Annual General Meeting.

Dated this 23th day of April 2021
By Order of the Board



Gail Minott B.A., CLU

Company Secretary

Registered Office
94D Old Hope Road
Kingston 6

Please note: A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his stead. Such proxy must be lodged at the Company's Registered Office no less than forty-eight hours before the time appointed for the meeting. The Proxy Form shall bear the stamp duty of J\$100.00. A proxy need not be a member. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy Form. A suitable form of proxy is enclosed for your convenience.

OUR HISTORY

Caribbean Assurance Brokers Limited (CAB) was incorporated in June 2005 and began operations on November 1st of that year as a local and facultative placement broker for Life, Health and Personal Accident insurance business. CAB is the brainchild of its current Chairman & CEO, Raymond Walker, who from the outset had a vision of an organization that would be synonymous with innovation. Operating initially out of a humble office space with a staff of eleven (11), the company by June 2006 doubled its staff and added General Insurance (Property, Liability, Pecuniary Loss, Motor, Marine, Aviation & Transport, Professional Indemnity, and Consequential Loss), along with its flagship product, International Comprehensive Health Insurance Programme (ICHIP). We also added International Life & Travel, Individual Health & Life Insurance, Employee Benefits and Credit Union related products to our portfolio.

From a staff complement of 11, we now boast a staff of approximately 100, with one of the largest broker managed Employee Benefits portfolios and the largest International Health Insurance portfolio. Our General Insurance team comprises qualified and technically sound insurance practitioners with expertise in Risk Management solutions for all aspects of corporate and commercial business activities. Indeed, our combined team has over 400 years of experience in the General, Life and Health Insurance business. Our strategic alliances and partnerships with international broking operations in Britain and the United States provide access to all major world insurance and re-insurance markets.

Today, we can truly declare that the original vision of CAB being synonymous with innovation, has indeed become a reality. Over the years we have been first in many critical success areas: i) CAB is the first insurance brokerage to secure the rights to the distribution of an international health insurance programme (ICHIP) throughout Jamaica and the wider English-Speaking Caribbean; ii) one of the first insurance brokerages to receive in 2007, the Private Sector Organization of Jamaica (PSOJ) Job Creation Award, "In recognition of your significant investment which has led to the creation of sustainable employment opportunities"; iii) to date, we are the only entity in the entire insurance industry to be almost fully green, generating over 60% of our own energy needs via photovoltaics; and iv) the first insurance brokerage to effectively reduce its carbon footprint by retrofitting and designing its office building to access maximum natural sunlight, to mitigate rainwater flooding, to use exclusively LED lights and Inverter Air Conditioning units, among other things.

CAB has evolved, effecting substantial strides over its fifteen years of operation. Being forward thinking and resourceful have allowed the company to be resilient in uncertain times. We have never wavered in our commitment to staff development, the introduction of unique products and services to the market, and delivering the highest quality customer care to our clients, first time, on time, every time.

OUR DIRECTORS





Raymond H. Walker,
MBA, B. Sc., CLU
Board Chairman & C.E.O.

Raymond has led a distinguished sales and marketing career spanning some 37 years. He started in the industry as a Salesman at the then Life of Jamaica and quickly moved up the ranks to Vice-President of Marketing. He then moved on to Blue Cross of Jamaica, where as Executive Vice-President of Marketing & Services he realized that advocacy and the ultimate representation of the client would best be achieved via Insurance Broking and not so much within the confines of an insurance company.

Raymond constantly reviews strategies and initiatives designed to differentiate CAB from its competitors. Some of these initiatives have not only allowed CAB to create valuable market niches but have also expanded our reach and scope well beyond the shores of Jamaica.



**Tania
Waldron-Gooden,**
MBA, B.Sc. (Hons.)
Deputy C.E.O, Director

Effective October 1, 2020, Tania Waldron-Gooden was appointed Deputy Chief Executive Officer of Caribbean Assurance Brokers Limited. She brings to the organization fourteen years of experience in areas such as Investment Banking, Research, New Product Development, Pension Fund, and Portfolio Management.

Tania was previously the Director – Investment Banking and Executive Director at Mayberry Investments Limited. Tania is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited, and the Mentor for Derrimon Trading Company Limited and Caribbean Flavours & Fragrances Limited. She is also a Director of Chicken Mistress Limited and Island Grill Holdings Limited.

As the Mentor to various companies, she is responsible for providing the Board with support in establishing proper procedures, systems and controls for its compliance with the Jamaica Stock Exchange rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Tania holds a Bachelor of Science degree (BSc. – Hons.) in Geology from the University of the West Indies. Tania also holds a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K. Tania has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute.

Jennifer is a Trinidadian native and a past student of the University of the West Indies, St. Augustine Campus where she completed her Bachelor of Science Degree in Industrial Management. She worked with the Maritime Financial Group for 13 years gaining valuable experience in the General and Life Insurance Divisions. She has also worked in their Finance Company where she was involved in Consumer Loans and Mortgages. During this period, she acquired her ACII, FLMI, ACS and AIAA designations.

She currently holds the position of Vice President of Group Pension Underwriting and was previously Second Vice President of Group Pension Underwriting for Mutual of America Life Insurance of New York, and brings to the Board a wealth of experience and technical expertise.



Jennifer Rajpat,
B. Sc., ACS, AIAA, FLMI, ACII
Director

Norman is a well-known Real Estate Attorney with over 35 years' practicing experience in the legal fraternity. He holds a Bachelor of Laws Degree (LL.B) with Honours from the University of the West Indies. He is a past Managing Partner of Myers, Fletcher & Gordon. He is acknowledged as an authority in the areas of Construction, Real Estate, Trust, Estates and Probate; and has represented several of the more prominent local real estate developers and financiers. His experience spans Commercial, Residential and Resort Developments. He has published and presented several papers on the Stamp Duty and Transfer Tax Acts, the Real Estate Dealers and Development Act, and the Registration of Strata Titles Act of Jamaica.

Norman currently serves on the board of several private companies and is a former member of the Coffee Industry Board and Past President of the Jamaica Motoring Club. He has also served as Legal Advisor to the Jamaica Chamber of Commerce and other Civic Associations.



Norman Minott,
LLB (Hons.)
Director



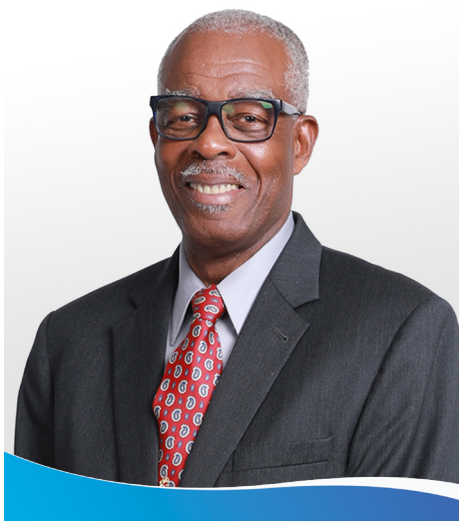
Janice P. Holness

J.D., B.Sc.

Director, Chair: Corporate Governance Committee

Janice has over 20 years of experience in financial services regulation spanning multiple jurisdictions. She is a licensed New York State Attorney-at-Law, concentrating in the areas of insurance and securities law prior to and subsequent to her affiliation with the Financial Services Commission (FSC). She is the former Executive Director of the FSC. Miss Holness, in her former capacity, oversaw the operations of the FSC, a 127- employee financial services regulator with responsibility for regulating, monitoring and supervising the insurance, private pensions and securities industries.

A graduate of St. John's University and St. John's School of Law in New York, she holds a BS degree, summa cum laude, and a Juris Doctor degree as well as a certificate from the University of Oxford, Saïd Business School.



Rion B. Hall,

J.P., MBA

Director, Chair: Remuneration & Administration Committee

Rion is a retired Banker and former General Manager of Human Resources at Scotiabank Jamaica Limited. He has over 40 years' experience in banking and in his capacity as Director he brings to CAB a wealth of knowledge. Rion also currently guides the company in the areas of Human Resource and Information Technology.

Rion is a Justice of the Peace for the Parish of Kingston and is Chairman of the Disciplinary Committee for Kingston Justices of the Peace. He has also served as President of the Kingston Chapter of the Lay Magistrates' Association and President of the Lay Magistrates' Association of Jamaica (LMAJ).

Rion has served in the roles of Secretary of the Resources and Development Committee of the Jamaica Methodist District, a Director of the District Company and Alternate Lay Representative to the Connexional Conference of the Methodist Churches in the Caribbean and the Americas (MCCA).

Rion was also Director and Chairman of the Golden Age Home, a member of the Management Committee of the Mentorship Programme at the University of the West Indies and has served on the School Boards of Vaz Preparatory School and St. George's College.

Carlton is a Chartered Certified Accountant (ACCA) and a Fellow of the Association of Certified and Chartered Accountant (FCCA). He holds an MBA with the Kellogg School of Management, Northwestern University.

With over 25 years of experience in the banking and finance industry, Carlton has held several senior positions to include: Managing Director of Republic Bank (Cayman) Limited, General Manager of the National Building Society of Cayman (NBSC), Deputy General Manager of Jamaica National Building Society Group (JNBS) where he was employed for more than 15 years, during which he also served as the Building Society's Financial Controller and Assistant General Manager. He was also the Financial Controller at Jamaica Citizens Bank (now Sagicor, formerly RBTT) as well as at Advantage General Insurance Company (formerly UGI) and, Accountant at KPMG Jamaica. He has served on the Board of several companies including the National Road Maintenance Fund of Jamaica.



Carlton Barclay
MBA, ACCA, FCCA
Director

Barrington is a consultant with NCS Financial Service Group, a financial service company with operations in the Turks and Caicos Islands. In 2016, Barrington retired as General Manager and CEO of the C&WJ Co-operative Credit Union Ltd after 22 years in that position.

He has over 40 years' experience in economic research, general management, banking and finance and is a graduate of The University of the West Indies with degrees of MBA; BA; and Diploma – Management Studies. In his career in the credit union movement he served in numerous roles, including: Secretary of the Board of Directors, QNET Co-operative Society Limited; Director, and Chairman Investment and Finance Committee, Credit Union Fund Management Company; President, Jamaica Association of Credit Union Managers (JACCUM); and Director, Jamaica Co-operative Credit Union League.

Barrington has also served as Director and Chairman of the Audit Committee of HEART Trust NTA and Hon. Treasurer, Bible Society of the West Indies. Internationally, he has served the United Bible Societies (UBS) as: Vice Chairman of the Area Board of the Americas; Member of the Area Board Audit and Finance Committee; Member of the Global Board; and a Chairman of the Audit and Finance Committee of the Global Board. A Distinguished President & Charter Secretary of the Kiwanis Club of Liguanea, Barrington has served the Kiwanis Movement for over 35 years and is the Lieutenant Governor of Division 23 East for the administrative year 2019/2020.



Barrington Whyte,
MBA, B.A.
Director, Chair: Audit, Finance,
Risk & Compliance Committee

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE

Corporate Governance is central to the effective and efficient operation of a company. It shapes both the long term direction and day-to-day operations of the company and plays an important role in the company's success or failure. At CAB, our Corporate Governance framework is developed to ensure and instill trust, confidence and credibility with stakeholders as well as contribute to the success of our bottom line.

CAB's Board of Directors (Board) represents and promotes the shareholders interest and is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management to ensure a common set of expectations as to how the Board, its committees and management direct and control the company. The Board is committed to deliver a holistic performance that embraces corporate responsibility toward the company's shareholders. To this end, the Board is responsible for ensuring that management competently executes its responsibilities and regularly monitors the effectiveness of policies and their implementation, as well as management's decisions, including the execution of its strategies.

BOARD CHARTER

In its general oversight and providing guidance for the company, the Board makes decisions, reviews and approve policies and key decisions of the company in relation to:

- Strategic planning
- Finance, financial reporting and audit
- Risk management
- Remuneration of Directors and Executives
- Compliance
- Appointment and removal of Directors
- Corporate citizenship and ethics
- Business development, major investment and disposal

The Board is comprised of Executive Directors and Non-Executive Directors. An Executive Director is a Director who is employed to the company and has responsibility for aspects of the day-to-day operations of the company. Non-Executive Directors have no responsibility for aspects of the day-to-day operations of the company.

SELECTION AND COMPOSITION OF THE BOARD

The Board is comprised of 8 Directors (2 Executive Directors and 6 Non-Executive Directors).

Its composition is such that the Directors background, expertise and discipline satisfy the diversity in skills and characteristics required to competently and successfully execute the responsibilities of the Board and in the interest of all stakeholders.

DIRECTORS TRAINING

The Board recognizes the importance of training for its Directors. To this end, the company organizes mandatory training, at least annually, in the area of anti-money laundering and terrorist financing as well as encourages Directors to augment this training with self-directed learning in a wide cross section of areas to enhance their contribution to the Board by keeping abreast of current trends, best practices and standards.

ATTENDANCE AT MEETINGS

	BOARD	AFRC	REMUNERATION & ADMINISTRATION	CORPORATE GOVERNANCE	AGM
# OF MEETINGS HELD IN 2020	8	5	2	1	1
Raymond Walker	8	5	1	N/A	1
Tania Waldron-Gooden	8	5	2	N/A	1
Carlton Barclay	4	N/A	N/A	N/A	1
Rion Hall	7	N/A	2	N/A	1
Janice Holness	8	5	2	1	0
Norman Minott	8	5	N/A	1	1
Jennifer Rajpat	6	N/A	N/A	1	1
Barrington Whyte	8	5	2	N/A	1

Key employees are invited to attend Board and Committee meetings to provide needed information on matters being discussed.

COMMITTEES OF THE BOARD

There are three (3) committees of the Board:

- Audit Finance Risk & Compliance (AFRC)
- Corporate Governance
- Remuneration & Administration Committee

AUDIT FINANCE RISK & COMPLIANCE

The Audit Finance Risk and Compliance Committee assists the Board in fulfilling its oversight responsibilities for the:

- Integrity of the company's financial statements
- Adherence to basic controls
- Company's policies, programs and procedures to ensure compliance with the relevant legal and regulatory requirements, the company's Code of Ethics and Conduct. Other relevant standards and best practice
- Company's efforts to implement legal obligations arising from material agreements and undertakings
- Qualifications and independence of the company's external auditors
- Performance of CAB's internal audit function and its external auditors

- Review of the identified risks and determine mitigation strategies as well as their likelihood and impact

The Committee meets at least quarterly and is comprised of:

- Barrington Whyte – *Chairperson/Non-Executive Director*
- Raymond Walker – *Board Chairman & CEO*
- Tania Waldron-Gooden – *Executive Director & Deputy CEO*
- Janice Holness – *Non-Executive Director*
- Norman Minott – *Non-Executive Director*

REMUNERATION & ADMINISTRATION

The Remuneration & Administration Committee assumes responsibility to:

- Advise and assist the Board concerning compensation for the Board members and Senior Management of the company
- Make recommendation to the Board on policies related to compensation and incentives
- Ensure the implementation of policies and review decisions relating to human resources and general administration of the company's departments including Information and Technology, Disaster Preparedness, Knowledge and Talent Development
- Review policies to satisfy that the company attracts and retains the best talents available to it, to ensure the highest levels of customer service and to maximize shareholders value

The Committee meets at least twice per year and is comprised of:

- Rion Hall – *Chairperson/Non-Executive Director*
- Barrington Whyte – *Non-Executive Director*
- Janice Holness – *Non-Executive Director*

CORPORATE GOVERNANCE

The Corporate Governance Committee seeks to ensure that the company's corporate governance framework is sound and consistent with best practices and international standards. During the fiscal year, the newly formed committee identified the tasks it would undertake for development and completion in the coming year.

These included:

- Ensure that the Board and its various committee charters as developed are adequate to meet the responsibilities of each committee.
- Direct the development of an evaluation system to annually assess the Board and its committees' functions and performance.
- Develop a Whistleblower policy
- Ensure a proper succession plan is developed to safeguard continuity of key positions

The Committee met once in 2020 and will meet at least twice per year going forward. The members of the committee are:

- Janice Holness – *Chairperson/
Non-Executive Director*
- Norman Minott – *Deputy Chairperson/
Non-Executive Director*
- Jennifer Rajpat – *Non-Executive Director*

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) with shareholders is held annually and corporate decisions are shared on a timely basis with shareholders. The meeting and its Agenda are structured to allow shareholders to provide input and feedback as well as have their questions and concerns addressed.

Steps have been taken to upgrade the company's website to include an Investor Relations page to ensure that information is accessible and available to shareholders and clients. Once this is completed, minutes from the AGM, as well as the company's financial reports, among other relevant materials, will be uploaded and available for viewing on the company's website.

OUR EXPERTISE & EXPERIENCE

As at December 31, 2020, the Board of Caribbean Assurance Brokers Limited consists of eight (8) members. With the exception of the Board Chairman & CEO, Mr. Raymond Walker, and Mrs. Tania Waldron-Gooden, Deputy CEO & Executive Director, all the Directors are non-executives and are independent of each other. Board members are selected to provide a balance of skills and experience upon which the company is guided. CAB's Board aptly boasts a wide array of skills and experience.

AREA OF EXPERTISE & EST. # OF COLLECTIVE YEARS OF EXPERIENCE



COMPANY PERFORMANCE FOR THE YEAR ENDED 2020

At the end of the year, the Company earned gross revenues of J\$396.9 million compared to J\$435.2 million at the end of 2019, a decline of J\$38.3 million. The decrease resulted mainly from a J\$27.4 million reduction in commissions from the Individual Life Division, a J\$4.2 million reduction in commissions from the International Insurance Division and J\$4.9 million associated with foreign exchange translation loss. The General Insurance Division remained flat, while the Employee Benefits Division had a J\$1.1 million (2%) growth.

The last quarter of the year contributed significantly to our profitability. Gross Revenue for the 4th quarter grew by 135%, while our expenses grew by 15% over 2019 last quarter. The significant increase in our income for the 4th quarter was attributed to our International Comprehensive Health Insurance Programme (ICHIP) 2020/2021 policy year renewal being extended to November 2020. Our Profit Before Tax for the quarter grew by 133% over the comparable period of 2019.

Operating expenses for the year 2020 was J\$354.1 million, which was J\$27 million or 7% below that of 2019, attributable to costs being curtailed. The resulting Operating Profit was J\$42.9 million compared to J\$54.2 million over the previous year. With the addition of finance charges of J\$5.3 million, Profit Before Tax was J\$37.6 million compared to J\$46.3 million for 2019.

The Company incurred tax charges of J\$6.0 million for the current year compared to J\$7.7 million in 2019. Net Profit for the year 2020 was, therefore, J\$31.6 million compared to J\$38.6 million for 2019.

The Company's Statement of Financial Position saw an increase in its total assets to J\$592 million, up from J\$476.5 million in 2019, an increase of J\$115.5 million or 24.2%. This increase was attributed mainly to increased cash & bank balances, property, plant & equipment & right of use assets for our new lease.

The Total Equity of the Company grew to J\$332.4 million in 2020, up from J\$212 million in 2019, an increase of J\$120.4 million or 56.8%. The increased Equity was mainly due to the rise in share capital brought about by the Company being listed on the Jamaica Stock Exchange (JSE) Junior Market in March 2020.

The effects of the COVID-19 pandemic continued to impact our lines of business negatively. However, as a company, we continue to rise above the challenges by developing new products and service offerings. Our newly launched website and App will also facilitate e-commerce for online transactions and other InsurTech solutions aimed at improving Shareholder value and better quality of service to our customers.





PRODUCTION AREAS

The main contributors to revenue for the year ended 31 December 2020 are as follows:



No matter the circumstance,
Caribbean Assurance Brokers Limited
seeks the right insurance coverage for you.

Speak to us about our customized insurance
solutions made to suit your needs and budget!

ASK FOR A QUOTE TODAY!

INTERNATIONAL INSURANCE

The International Insurance Division provides international insurance options in the areas of health, life, disability and travel insurance. With a suite of products designed for individuals as well as groups, we take pride in offering our clients global peace of mind supported by strategic partnerships both locally and overseas.

- International Health
- International Life
- Travel Insurance
- Special Risks

- Some plans offered in this Division are underwritten by certain underwriters at Lloyds of London. Other plans are however sought through international partners, which may require approval by local regulators prior to placement of the business.

Address: 94D Old Hope Road, Kgn. 6 | Tel: (876) 978-5508, (876) 619-1351
For more information Email us: info@cabjm.com or visit our Website: cabjm.com
Follow us: [@caribbeanassurance](#) [f caribbeanassurancebrokersja](#) [Twitter CABjamaica](#)

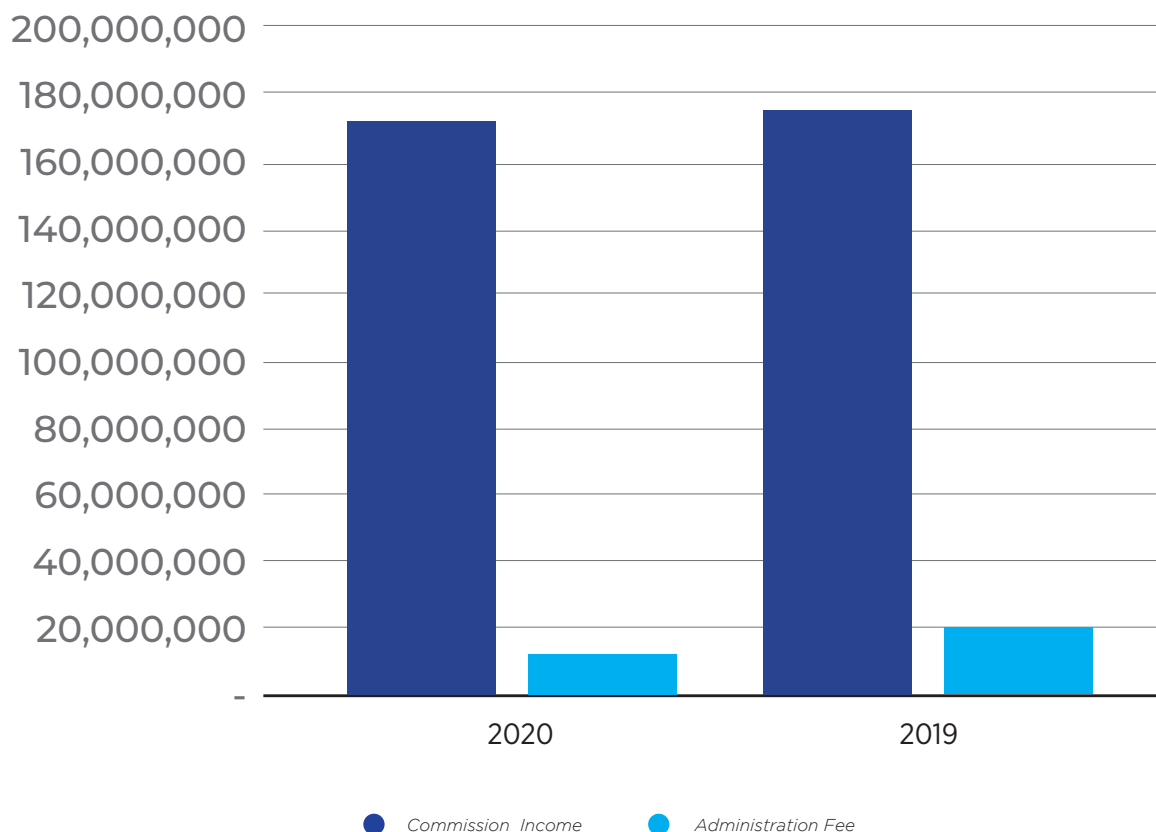
We want you to **LOVE** doing business with us!



International Insurance Division

The International Insurance Division consists of International Comprehensive Health Insurance Programme (ICHIP), Assured Travel, International Life & Special Risks.

International Insurance experienced a 2.8% decline in commission income from \$175.6 million in 2019 to \$170.6 million in 2020. The area also had a 23.1% decrease in its administrative fee income from \$19.1 million in 2019 to \$14.7 million in 2020. Therefore, the International Division is responsible for 46.69% of the Company's total revenue in 2020.



No matter the circumstance,
Caribbean Assurance Brokers Limited
seeks the right insurance coverage for you.

Speak to us about our customized insurance
solutions made to suit your needs and budget!

ASK FOR A QUOTE TODAY!

EMPLOYEE BENEFITS

Employee Benefits empowers employers to provide their staff members with additional employment benefits, which can enhance the employee's quality of life as well as attract and retain valued workers. These benefits are in the form of group-based plans which provide Health, Life and Personal Accident insurance coverage, as well as Pension Plans. Group Health Plans are also available for entities such as churches, schools and families.

- Group Life | • Group Health | • Group Pension
- Group Personal Accident | • School Personal Accident/Life
- School Companion | • Churchmate | • Voluntary Group Life, Health & Disability Plan
- Credit Union Gold Series Health Plan | • Major Medical | • FIP (Family Indemnity Plan)

- Plans offered in this Division are underwritten by locally registered life & health insurance companies.

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For more information Email us: info@cabjm.com or visit our Website: cabjm.com
Follow us: [@caribbeanassurance](#) [f caribbeanassurancebrokersja](#) [CABjamaica](#)

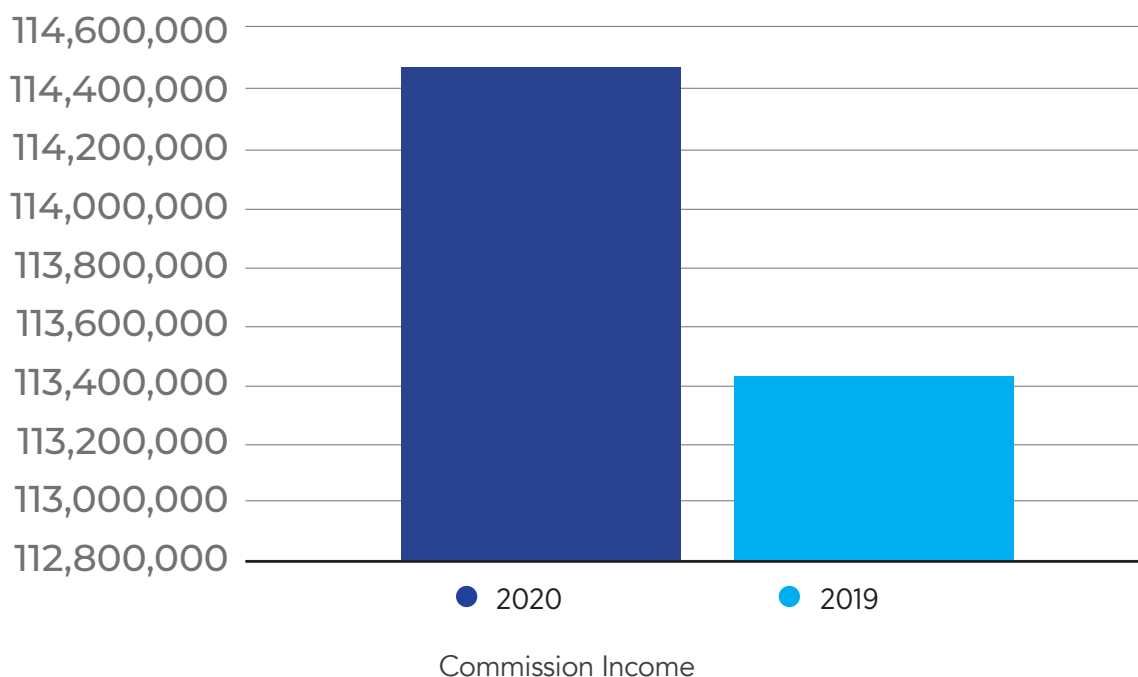
We want you to **LOVE** doing business with us!



Employee Benefits Division

The area provides a wide range of products for employees, including group health, group life, group personal accident, and group pension.

Employee Benefits, inclusive of our Credit Union Gold Series, a local health insurance product designed for credit union members, increased the commission income of 1% from \$113.4 million in 2019 to \$114.5 million in 2020. This area is, therefore, responsible for 28.84% of the total revenue for 2020.



No matter the circumstance,
Caribbean Assurance Brokers Limited
seeks the right insurance coverage for you.



Insurance
on your terms!
Today!

GENERAL INSURANCE

General Insurance is essentially the transfer of risk from policyholder to Insurer. With the transfer of risk comes peace of mind, preservation of wealth and extension of quality of life.

- Motor Insurance
- Property Insurance (*Residential & Commercial*)
- Professional Indemnity
- Public & Employers' Liability
- Directors & Officers Liability
- Bonds
- Pecuniary Loss
- Marine, Aviation & Transportation
- Cyber Insurance
- Consequential Loss
- Personal Accident
- Fidelity Guarantee

- Plans offered in this Division are underwritten by locally registered life & health insurance companies.

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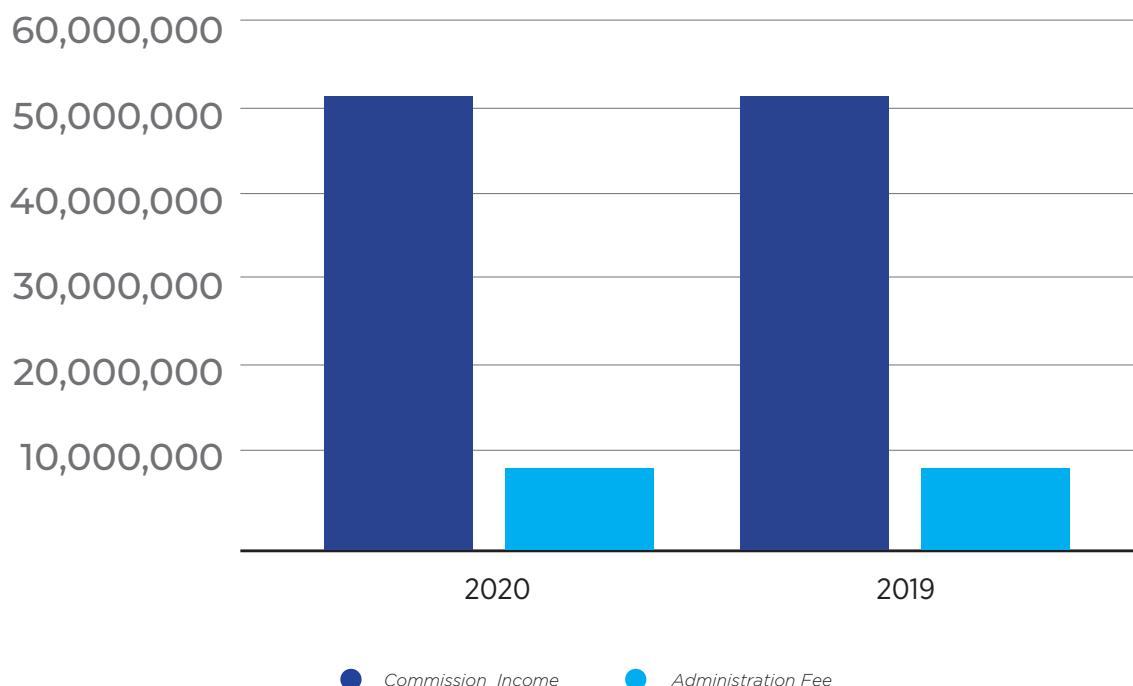
We want you to **LOVE** doing business with us!



General Insurance Division

The General Insurance Division provides policies that insure assets against physical loss or damage from perils defined as Acts of God (wind, flood, earthquake, lightning), fire, riot, strike, civil commotion, malicious damage, among others. The cover is also available for engineering exposures such as electrical surge, breakdown and other working accidents.

The General Insurance Division experienced a 0.6% decline in commission income from \$51.8 million in 2019 to \$51.5 million in 2020. The area also had a 2.23% growth in its administrative fee income from \$7.9 million in 2019 to \$8.1 million in 2020. These figures combined constitute 15.01% of our total revenue for 2020.





No matter the circumstance,
Caribbean Assurance Brokers Limited
seeks the right insurance coverage for you.

Speak to us about our customized insurance
solutions made to suit your needs and budget!

ASK FOR A QUOTE TODAY!

LOCAL INDIVIDUAL INSURANCE

The Individual Insurance Division caters to persons seeking to have individual health and life insurance protection and investment, which can help to provide the peace of mind necessary during difficult times.

- | | | |
|--------------------|--|---------------------|
| • Individual Life | | • Individual Health |
| • Critical Illness | | • Investment |
| • Retirement | | • Personal Accident |

- Plans offered in this Division are underwritten by locally registered life & health insurance companies.

Address: 94D Old Hope Road, Kgn. 6 | Tel: (876) 978-5508, (876) 619-1351
For more information Email us: info@cabjm.com or visit our Website: cabjm.com
Follow us: [@caribbeanassurance](#) [f caribbeanassurancebrokersja](#) [CABjamaica](#)

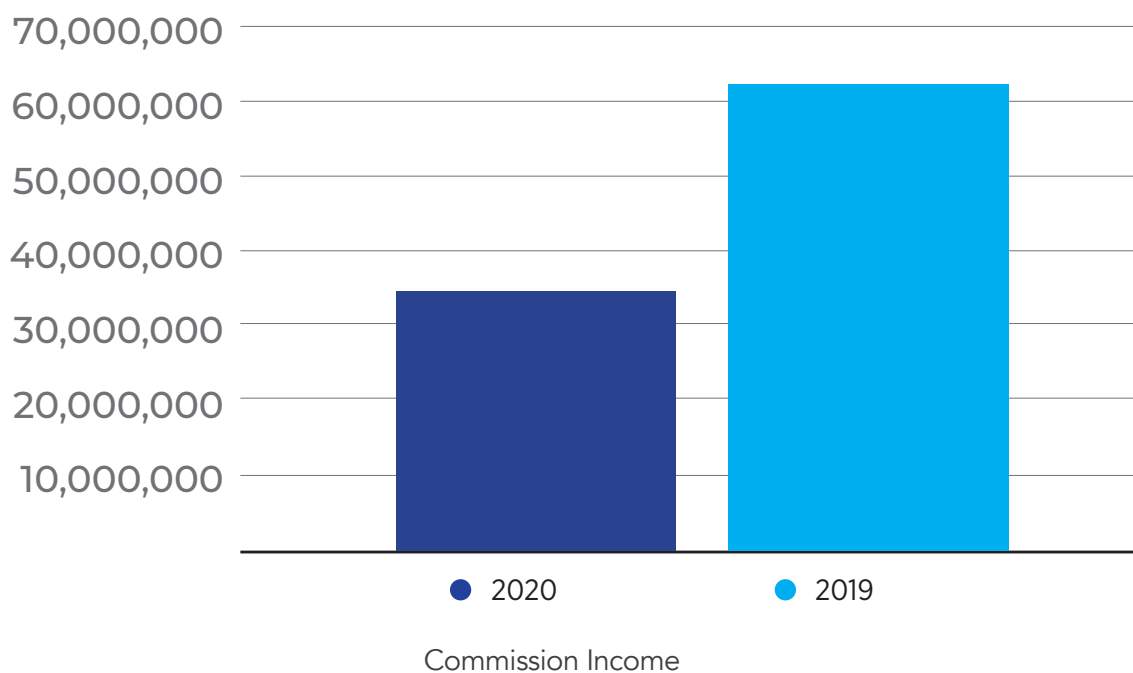
We want you to **LOVE** doing business with us!



Individual Insurance Division

Individual Health & Life products help to provide peace of mind necessary during difficult times.

The Individual Insurance Division production declined in commission income of 43.9% from \$60.6 million in 2019 to \$34 million in 2020. This area contributes 8.58% to our total revenue for 2020.



OPERATIONAL AREAS



INFORMATION TECHNOLOGY & OPERATIONS

2020 was a year that challenged all organizations globally to think outside the “proverbial” box to re-evaluate and re-imagine how business processes are provided to both customers and staff. It was a year in which companies, particularly those with business models catering to social gatherings, had severe challenges.

As an insurance broker amid a global pandemic, Caribbean Assurance Brokers Limited (CAB) was relatively well-positioned to contend with the year of upheaval. However, having commercial services would not be sufficient to assure success. The delivery mechanism for that service would play an amplified role in an environment of social distancing, curfews and community quarantine.

Information Technology (IT) has evolved from being a cost centre to being contained, becoming the backbone for customer service offerings, and delivering customer service to clients securely. Indeed, several companies had to dust off and update their disaster mitigation policies to cope with the new paradigm.

The consistent thread running through the core of any IT delivery platform would be security, and this is especially required where several staff members continuously work remotely. Before the onset of Covid-19, our company had positioned itself to accommodate secure remote working. The system was developed to expect that redundancy and extra capacity would be critical components of the system. Customer Service Representatives, Sales Producers, et al. were able to maintain contact with clients during this turbulent time.

Our company has renovated its website and set the stage for accepting e-payments through the website in charting a path forward. This will be expanded to a full-service web portal for customers. Customers will be able to view their policy information, claims, balances and make payments via the web portal. Our mobile app, which is also in development, will allow our customers similar capabilities from any Android or Apple device. We are also in the process of developing a platform that will foster automated renewal notices and invoices for clients.

These platforms and processes are designed to holistically minimize friction and ensure that conducting business with CAB is easy and convenient. The IT department looks forward to enthusiastically support our customers in a way that encourages relationship building.

HUMAN RESOURCE & TRAINING

The Human Resource Division at Caribbean Assurance Brokers Limited (CAB) is committed to developing its workforce. Our department is concerned with identifying talent gaps within the company, evaluating potential candidates, and hiring the best-suited talent for the job.

During the year 2020, we were supported with a staff complement of 89 employees. This number included 42 producers in the four production areas, while the balance consisted of Managers, Administrators, and other line staff.

Despite the pandemic, the company has managed to maintain a happy and healthy workforce. One way we achieved this is by keeping staff engaged in activities that foster team building that creates good synergy.

The recognition program at Caribbean Assurance Brokers Limited highlights the most outstanding administrative employee for each quarter, the top producers for each month, and the top producer for the previous production year. This program has continued because it encourages and motivates our employees to maintain the excellent service standards that CAB endeavors to uphold.

Even though our employees could not physically participate in the regular charity events such as the Sagcor Sigma Run, Digicel 5K Night Run, the company did maintain its commitment to the Reddies Place of Safety, our social outreach program. They were provided with a token which consisted of COVID-19 relief items such as sanitizers, alcohol etc. Also, as customary, the company presented Christmas gifts. These gifts consisted of books and toys for children.

As part of our efforts to have a diverse and well-rounded workforce, CAB emphasizes staff training and development. Some of the strategies are to ensure that our employees are competent in the various insurance business classes and sharpen their customer service and sales skills and expand their product knowledge.

COMPLIANCE & RISK MANAGEMENT

The compliance function of a company serves several vital roles, including.

- i. Ensuring that the company and its employees comply with all relevant regulatory requirements and internal policies and procedures.
- ii. Maintaining current information on regulatory requirements.
- iii. Defending against money laundering, bribery, corruption & fraud.

As an insurance brokerage, CAB is regulated by the Jamaica Stock Exchange (JSE), Financial Services Commission (FSC) and Jamaica's Companies Office (COJ). These two government bodies mainly govern our internal controls.

Our main aims are to ensure that we have sound corporate governance practices as industry players. We comply with all the relevant requirements to sufficiently provide our clients with service of high quality.

The primary compliance tasks completed throughout the year include:

- ICHIP Renewal Registration with FSC
- Assured Travel Registration with FSC
- Registration of New Sales Representative with the FSC
- Monthly Facultative Placement Reports to the FSC
- Quarterly Facultative Placement Reports to the FSC
- Sales Representative Termination Notification to the FSC
- Monthly Threshold Transaction Reports to the Financial Investigation Division (FID)
- Monthly Sales Representative Licence Renewals
- Professional Indemnity Insurance Renewal
- Fidelity Guarantee Insurance Renewal
- Data Protection Act
- Customary verification with the Accounts Division regarding the standard statutory deductions, Payment and Annual Returns filings with Tax Administration Jamaica (TAJ) & Company of Jamaica (COJ).
- Anti Money Laundering Training & Testing of the CAB staff.

Caribbean Assurance Brokers also encourages and makes every effort to facilitate open dialogue with our regulators to ensure clarity on our regulatory requirements, particularly concerning novel aspect of the insurance industry, as CAB continues to be an innovator in the field of insurance.

Risk is a prevalent feature in all aspect of our personal as well as our business lives. As such, CAB has employed a more strategic approach to the area of corporate risk management.

Caribbean Assurance Brokers Limited (CAB) evaluates our risk exposure in Operations, Information Technology, and Business risks. This speaks precisely to all production areas, i.e. the International Insurance Division, General Insurance Division, Employee Benefits (including Credit Union Gold Series) and the Individual Insurance Division.

STRATEGIC MARKETING

Strategic Marketing has direct responsibility for the Integrated Marketing Communications efforts of Caribbean Assurance Brokers Limited.

This includes Advertising, Branding, Public Relations, Marketing, Digital/Social Media Management, Website Management, in addition to the management of the Loyalty Programme. These elements align with the overall corporate strategic objectives, being customer engagement, expansion, acquisition and retention, to generate increased revenue, market share and profitability to stakeholders, while maximizing on the continuous building of the brand equity in the market space.

The overall Strategic Marketing Objectives are as follows:

- Reinforce the positive image of the company in the marketplace
- Enhance customer awareness of the company and products
- Highlight our competitive advantages
- Assist with increasing growth/market share & revenue
- Customer engagement, retention, expansion, and acquisition
- Support the divisions to help supersede their targets

INTEGRATED MARKETING COMMUNICATION STRATEGIES UTILIZED IN 2020





Caribbean Assurance Brokers Limited

LOYALTY PROGRAMME

LOYALTY PROGRAMME

Caribbean Assurance Brokers Limited's Loyalty Programme was conceived and designed to give our customers value added service. At the inception of the Programme, Customers were issued with Loyalty Cards, where upon presentation, they received discounts and savings from our Loyalty Partners (Merchants & Health Care Providers).

The Programme is also attractive to business owners as it provides the opportunity for them to enhance their customer base as well as increase their market share by collaborating with the leading Insurance Broker in the region.

On November 1, 2020, the Programme was upgraded and transitioned to our new **Loyalty Programme Mobile Application**, which is another first in the Insurance Brokerage industry in Jamaica! Customers download the app on their mobile device, visit and receive discounts at some of their favorite Merchants and Providers.

The Programme allows Caribbean Assurance Brokers Limited's customers access to over 200 Health Care Providers and Merchants island wide in the following categories:

- Merchants: Hotels & Travel, Spas, Gyms, Automobile Dealers (Stewarts Auto), Auto Assessors, Restaurants and Salons, etc
- Health Care Providers: Hospitals, Pharmacies, Dental Offices, Medical Labs, Doctors and Medical Specialists.

The main objectives of the Programme are:

- Significant discount and savings for our customer by paying less out of pocket.
- Customer engagement, expansion, acquisition and retention.
- Increased customer satisfaction.

- Lowering of utilization rates.
- To obtain market intelligence.
- To increase revenue and market share.
- Competitive advantage over our competitors by having more Merchants and Health Care Providers.
- Continuing to build exceptional relations.

Marketing Strategies

The following were the Integrated Strategies used to enhance the Loyalty Programme in 2020: -

The Loyalty Programme New Mobile Application Launch

The Strategic Marketing Division spearheaded the planning, coordination and execution, of the launch of the mobile application.

The following were the main strategies used to communicate with the customers to generate publicity, brand awareness and to get customers to download the app.

- Email blasts, SMS, digital marketing/Social Media platforms and one to one communication.
- Recruitment of new Providers and Merchants that are in high demand.
- Transitioned and trained the existing Merchants and Providers from a card based application to a mobile based application.
- Updated CAB's website to inform our online customers on all the changes and instructions to download the app as well as, the listings of the Merchant and Provider partners.

Caribbean Assurance Brokers Limited Listing on the Junior Market of the
Jamaica Stock Exchange (JSE) March 9, 2020.



Montego Bay Chamber of Commerce EXPO
(Event Sponsorship) March 6, 2020.



CAB's Corporate Social Responsibility
Donation to Reddies Place of Safety April 2020



The background of the slide is a photograph of a beach. The top half shows turquoise ocean water with gentle ripples. The bottom half shows golden sand. In the sand, there are several small, light-colored starfish scattered around. A faint, dark sand drawing of a person is visible in the lower-middle section. In the bottom right corner, there is a small, vibrant green palm frond.

TOP TEN SHAREHOLDERS

Caribbean Assurance Brokers Limited

Top 10 Shareholders

As at December 31, 2020

1 TOP TEN SHAREHOLDERS:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Raymond Walker	107,100,000	40.80
Rion Hall & Veviene Hall	31,668,724	12.06
C&WJ Co-op Credit Union Limited	21,680,616	8.26
Dr. Karen Rajpat	18,899,952	7.20
Mayberry Jamaican Equities Limited	13,639,395	5.20
Gail Minott	13,402,600	5.10
Dr. Paul L. Brown	12,781,740	4.87
Errol Duhaney	6,985,412	2.66
Sandra Kenny	2,801,586	1.07
Barrington Whyte	1,701,500	0.65
Norman Minott	<u>1,701,500</u>	<u>0.65</u>
Total	<u>232,363,025</u>	<u>88.52</u>
Total Issued shares	<u>262,500,000</u>	<u>100</u>

2 DIRECTORS & SENIOR OFFICERS:

		<u>Shares Held</u>	<u>% of Issued Shares</u>
Directors:	Connected Party		
Raymond Walker		107,100,000	40.80
Rion Hall		31,668,724	12.06
Barrington Whyte		1,701,500	0.65
Norman Minott		1,701,500	0.65
Tania Waldron-Gooden		<u>1,570,500</u>	<u>0.60</u>
		<u>143,742,224</u>	<u>54.76</u>
Carlton Barclay:		-	-
	C&WJ Co-op Credit Union	<u>21,680,616</u>	<u>8.26</u>
Senior Officers:			
Donnisha Brooks		959,962	0.37
Carlton Raymond		78,400	0.03
Heather Muirhead-Brown		78,000	0.03
Michelle Harris		67,900	0.02
Krystal Gayle		52,200	0.02
Godfrey Heron		<u>1,759</u>	<u>-</u>
		<u>1,238,221</u>	<u>0.47</u>



FINANCIAL STATEMENTS

31 DECEMBER 2020



CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Assurance Brokers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Assurance Brokers Limited set out on pages 5 to 35, which comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including international Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also (cont'd):

- 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 presents a true and fair view.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Caribbean Assurance Brokers Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

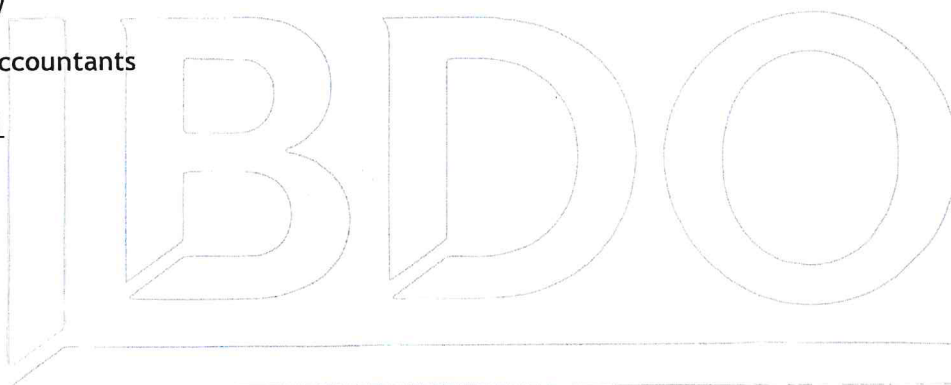
In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Donna Hobson.



Chartered Accountants

1 March 2021



CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
REVENUE	6	370,639,035	401,478,272
Other operating income	7	<u>26,283,204</u>	<u>33,745,758</u>
		<u>396,922,239</u>	<u>435,224,030</u>
Administrative and other expenses		(232,816,203)	(239,393,974)
Selling expenses		<u>(121,233,919)</u>	<u>(141,662,509)</u>
		<u>(354,050,122)</u>	<u>(381,056,483)</u>
OPERATING PROFIT		42,872,117	54,167,547
Finance costs	8	(<u>5,284,490</u>)	(<u>7,872,310</u>)
PROFIT BEFORE TAXATION		37,587,627	46,295,237
Taxation	11	(<u>6,035,089</u>)	(<u>7,660,475</u>)
NET PROFIT FOR THE YEAR		31,552,538	38,634,762
OTHER COMPREHENSIVE INCOME:			
Item that may not be reclassified to profit or loss			
Unrealised gain on revaluation of property		<u>-</u>	<u>47,499,134</u>
TOTAL COMPREHENSIVE INCOME		<u>31,552,538</u>	<u>86,133,896</u>
EARNINGS PER STOCK UNIT	12	<u>\$0.13</u>	<u>\$0.18</u>

CARIBBEAN ASSURANCE BROKERS LIMITED


STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	255,732,243	234,130,383
Deferred tax asset	14	12,162,221	15,908,571
Right-of-use assets	15(a)	<u>21,517,847</u>	<u>9,915,131</u>
		<u>289,412,311</u>	<u>259,954,085</u>
CURRENT ASSETS:			
Receivables	16	144,085,587	138,096,421
Taxation recoverable		2,733,163	2,622,018
Cash and bank balances	17	<u>155,791,576</u>	<u>75,799,379</u>
		<u>302,610,326</u>	<u>216,517,818</u>
		<u>592,022,637</u>	<u>476,471,903</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	137,589,247	48,765,008
Retained earnings		146,388,275	114,835,737
Capital reserve	19	<u>48,424,370</u>	<u>48,424,370</u>
		<u>332,401,892</u>	<u>212,025,115</u>
NON-CURRENT LIABILITIES:			
Long term loan	20	75,198,594	86,547,672
Lease liabilities	15(b)	<u>15,767,035</u>	<u>6,296,122</u>
		<u>90,965,629</u>	<u>92,843,794</u>
CURRENT LIABILITIES:			
Payables	21	155,580,912	157,133,091
Bank overdraft	17	-	1,421,118
Current portion of long term loan	20	6,881,813	3,261,197
Current portion of lease liabilities	15(b)	6,192,391	3,958,557
Taxation		-	<u>5,829,031</u>
		<u>168,655,116</u>	<u>171,602,994</u>
		<u>592,022,637</u>	<u>476,471,903</u>

Approved for issue by the Board of Directors on 1 March 2021 and signed on its behalf by:


Raymond Walker - Chairman


Barrington Whyte - Director

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
BALANCE AT 31 DECEMBER 2018		<u>48,765,008</u>	<u>925,236</u>	<u>79,700,975</u>	<u>129,391,219</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	38,634,762	38,634,762
Other comprehensive income		<u>-</u>	<u>47,499,134</u>	<u>-</u>	<u>47,499,134</u>
		<u>-</u>	<u>47,499,134</u>	<u>38,634,762</u>	<u>86,133,896</u>
TRANSACTION WITH OWNERS					
Dividends paid	23	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>	<u>(3,500,000)</u>
BALANCE AT 31 DECEMBER 2019		<u>48,765,008</u>	<u>48,424,370</u>	<u>114,835,737</u>	<u>212,025,115</u>
TOTAL COMPREHENSIVE INCOME					
Net profit		-	-	31,552,538	31,552,538
TRANSACTION WITH OWNERS					
Issue of shares	18	<u>88,824,239</u>	<u>-</u>	<u>-</u>	<u>88,824,239</u>
BALANCE AT 31 DECEMBER 2020		<u>137,589,247</u>	<u>48,424,370</u>	<u>146,388,275</u>	<u>332,401,892</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	<u>Note</u>	<u>2020</u> <u>\$</u>	<u>2019</u> <u>\$</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		31,552,538	38,634,762
Items not affecting cash resources:			
Exchange gain on foreign balances		(9,248,696)	(6,640,606)
Amortization of right-of-use asset	15	4,487,285	5,569,060
Depreciation	13	8,676,828	10,917,104
Loss on disposal of property, plant and equipment		52,386	77,037
Interest income	7	(3,766,171)	(2,249,183)
Interest expense	8	4,625,319	6,954,082
Interest expense on lease liabilities	15(b)	659,171	918,228
Taxation expense	11(a)	<u>6,035,089</u>	<u>7,660,475</u>
		43,073,749	61,840,959
Changes in operating assets and liabilities:			
Receivables		(2,406,725)	85,981,937
Payables		<u>173,418</u>	<u>16,456,165</u>
		40,840,442	164,279,061
Taxation paid		<u>(8,228,915)</u>	<u>(3,750,344)</u>
Cash provided by operating activities		<u>32,611,527</u>	<u>160,528,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		3,766,171	2,249,183
Proceeds from sale of property, plant and equipment		410,703	-
Purchase of property, plant and equipment	13	<u>(30,741,777)</u>	<u>(155,705,377)</u>
Cash used in investing activities		<u>(26,564,903)</u>	<u>(153,456,194)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on lease liabilities		(659,171)	(918,228)
Interest paid		(4,625,319)	(6,954,082)
Principal paid on lease liabilities		(4,385,254)	(5,229,512)
Loan repayments	17(d)	<u>(14,905,176)</u>	<u>(44,912,976)</u>
Loan proceeds		7,176,714	96,936,101
Dividends paid		-	(3,500,000)
Issue of shares		<u>88,824,239</u>	<u>-</u>
Cash provided by financing activities		<u>71,426,033</u>	<u>35,421,303</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>77,472,657</u>	<u>42,493,826</u>
Effects of exchange rate translation on cash and cash equivalents		<u>3,940,658</u>	<u>(186,202)</u>
		81,413,315	42,307,624
Cash and cash equivalents at beginning of year		<u>74,378,261</u>	<u>32,070,637</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)		<u>155,791,576</u>	<u>74,378,261</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Caribbean Assurance Brokers Limited is a limited liability company incorporated and domiciled in Jamaica and is regulated by the Financial Services Commission of Jamaica. The registered office of the company is 94d Old Hope Road, Kingston 6, St. Andrew, Jamaica.
- (b) The principal activity of the company is to search the insurance market place for a company in which to place the insured's business for the lowest cost to the insured.
- (c) The company's shares were listed on the Junior Market of Jamaica Stock Exchange on 9 March 2020.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

New, revised and amended standards and interpretations that became effective during the year.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial period. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are immediately relevant to its operations.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

The company has adopted the following new and amended standards and interpretations as of 1 January 2020:

Amendments to IAS 1 and IAS 8 on the definition of material (effective for accounting periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of Financial Statements', and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

There was no impact on the company's financial statements from the adoption of this amendment.

Standards, amendments and interpretation not yet effective and not early adopted

At the date of authorization of these financial statements, there were certain standards, amendments and interpretation to existing standards which were in issue but not yet effective and which the company has not early adopted.

Those standards which management considered may be relevant to the company are as follows:

Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions (effective for accounting periods beginning on or after 1 June 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The company will assess impact of future adoption of these amendments on its financial statements.

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectation of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The company will assess impact of future adoption of these amendments on its financial statements.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal, of such transaction is recognized in profit or loss.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment (cont'd)

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives of property, plant and equipment are as follows:

Building	40 years
Leasehold improvements	4 and 10 years
Office equipment	4 years
Furniture and fixtures	10 years
Motor vehicles	5 years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

(d) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets

(i) Recognition and derecognition

Financial assets are initially recognised on the settlement date, which is the date that an asset is delivered to the company. This includes regular purchases of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Recognition and derecognition (cont'd)

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 it neither transfers nor retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognised financial assets that is created or retained by the company is recognised as a separate asset or liability.

(ii) Classification

The company classifies all its of financial instruments at initial recognition based on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

The company classifies its financial assets as those measured at amortised cost.

(iii) Measurement category

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognized at fair value plus transaction costs that are directly attributed to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, receivables and short term deposits in the statement of financial position.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(iv) Impairment

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within the statement of profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company assesses at each reporting date whether there is objective evidence that a financial asset as a group of financial assets is impaired.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. At the reporting date, the following items were classified as financial liabilities: long term loan, lease liabilities and trade payables.

The company derecognizes a financial liability when its contractual obligation expire or are discharged or cancelled.

(f) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

(g) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Current and deferred income taxes (cont'd)

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(h) Revenue recognition

Commission income is recognized in the statement of comprehensive income on the effective commencement or renewal dates of the related policies. Commission is decreased by any cancellation of policies by principals with a corresponding reversal of commission earned.

Interest income

Interest income is recognized in the statement of comprehensive income using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

(i) Leases

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases (cont'd)

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.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

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.

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 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.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases (cont'd)

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Nature of leasing activities (in the capacity as lessee)

The periodic payment is fixed over the lease term. The company leased motor vehicles. Leases of motor vehicles comprise only fixed payments over the lease terms.

(j) Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(a) Key sources of estimation uncertainty (cont'd)

(iii) Measurement of the expected credit loss allowance (cont'd)

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Long term loan
- Lease liabilities

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances, receivables, long term loan and payables. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of the US dollars as follows:

	<u>2020</u> \$	<u>2019</u> \$
Receivables	54,159,251	43,685,735
Cash and bank balances	139,253,287	61,157,654
Long-term loan	(82,080,407)	(89,808,869)
Payables	(31,936,963)	(23,026,529)
	<u>79,395,168</u>	<u>(7,992,009)</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank, accounts receivable, accounts payable and long and short-term loan balances, and adjusts their translation at the year-end for 6% (2019 - 6%) depreciation and a 2% (2019 - 4%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate <u>2020</u>	Effect on Profit before Tax 31 December <u>2020</u> \$	% Change in Currency Rate <u>2019</u>	Effect on Profit before Tax 31 December <u>2019</u> \$
Currency:				
USD	-6	4,763,710	-6	(479,521)
USD	<u>+2</u>	<u>1,587,903</u>	<u>+4</u>	<u>319,681</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Currency risk (cont'd)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As the company does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk. The company has long and short-term loans which are at fixed rates of interest.

The company is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and the long and short-term loans are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits are due to mature and re-price respectively, within 3 months of the reporting date.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short-term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk

There is no significant exposure to interest rate risk on borrowings. A 1% increase /1% decrease (2019 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in Nil effect due to no JMD borrowings (2019 - NIL) in profit before tax for the company.

A 1% increase/1% decrease (2019 - 1% increase/1% decrease) in interest rates on US dollar borrowings would result in a \$820,804 decrease/\$820,804 increase (2019 - \$898,089 decrease/\$898,089 increase) in profit before tax for the company.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables and cash and bank balances.

Trade receivables

Revenue transactions in respect of the company's primary operations are settled in cash. For its operations done on a credit basis, the company has policies in place to ensure that sales of insurance policies are made to customers with an appropriate credit history.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables is:

	<u>2020</u> \$	<u>2019</u> \$
0 - 30 days	39,361,180	26,783,816
31 - 60 days	34,236,917	27,582,203
61 - 90 days	12,215,025	12,112,314
91 days and over	<u>20,250,593</u>	<u>46,344,817</u>
	<u>106,063,715</u>	<u>112,823,150</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk

Trade receivables that are past due but not impaired

As at 31 December 2020, trade receivables of \$66,702,535 (2019 - \$86,039,334) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

No provision for impairment has been made for receivables that are past due as the company has the option of cancelling policies where premiums remain unpaid. The risk of default on payment of insurance premiums also resides with the insurance companies therefore a corresponding payable to the insurance companies for outstanding premiums (net of commission earned) (note 21) is reflected in the financial statements.

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

	Within 1 Year \$	1 to 2 Years \$	2 to 5 Years \$	Total \$
31 December 2020				
Trade payables	103,197,916	-	-	103,197,916
Long term loan	11,451,910	11,101,220	9,868,047	32,421,177
Lease liabilities	<u>7,533,382</u>	<u>6,605,840</u>	<u>7,983,713</u>	<u>22,122,935</u>
Total financial liabilities (contractual maturity dates)	<u>122,183,208</u>	<u>17,707,060</u>	<u>17,851,760</u>	<u>157,742,028</u>
	Within 1 Year \$	1 to 2 Years \$	2 to 5 Years \$	Total \$
31 December 2019				
Trade payables	103,695,766	-	-	103,695,766
Long term loan	10,808,848	10,482,940	83,943,217	105,235,005
Lease liability	<u>4,725,822</u>	<u>3,710,166</u>	<u>2,782,625</u>	<u>11,218,613</u>
Total financial liabilities (contractual maturity dates)	<u>119,230,436</u>	<u>14,193,106</u>	<u>86,725,842</u>	<u>220,149,384</u>

(d) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity.

There are no particular strategies to determine the optimal capital structure. There is a minimum capital maintenance requirement to which the company is subject by the Financial Services Commission.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

6. REVENUE:

This represents commission earned from premiums generated during the year.

7. OTHER OPERATING INCOME:

	<u>2020</u> \$	<u>2019</u> \$
Agency fee	22,796,032	27,023,087
Interest	3,766,171	2,249,183
Foreign exchange translation	(1,375,607)	3,549,654
Miscellaneous	<u>1,096,608</u>	<u>923,834</u>
	<u>26,283,204</u>	<u>33,745,758</u>

8. FINANCE COSTS:

	<u>2020</u> \$	<u>2019</u> \$
Loan interest	4,625,319	6,954,082
Interest - lease liabilities	<u>659,171</u>	<u>918,228</u>
	<u>5,284,490</u>	<u>7,872,310</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2020</u> \$	<u>2019</u> \$
Directors' remuneration	17,128,656	13,134,618
Directors' fee	2,368,750	1,751,356
Rent	683,131	1,663,331
Printing and stationery	2,591,961	2,306,045
Repairs and maintenance	5,985,083	7,132,301
Telephone, cables and postage	3,387,438	3,309,708
Registration fee	18,558,049	15,519,389
Legal and professional fees	12,519,414	12,054,017
Auditors' remuneration	1,850,000	1,512,000
Security	4,408,289	3,640,510
Electricity	4,704,343	4,817,622
Insurance	6,717,311	5,710,855
Subscriptions and donations	800,283	824,908
Bank charges	8,769,515	9,678,480
Foreign travel and entertainment	874,882	4,989,236
Loss on disposal of property, plant and equipment	52,386	77,037
Amortization	4,487,285	5,569,060
Staff costs (note 10)	238,594,666	262,753,663
Advertising and promotion	2,994,558	6,394,325
Depreciation	8,676,828	10,917,104
Other	<u>7,897,294</u>	<u>7,300,918</u>
	<u>354,050,122</u>	<u>381,056,483</u>

10. STAFF COSTS:

	<u>2020</u> \$	<u>2019</u> \$
Salaries, wages and statutory contributions	106,646,851	110,117,432
Commission	109,360,868	124,472,177
Travel and accommodation	8,364,589	10,171,318
Staff training and welfare	2,915,493	5,976,797
Group health	9,503,905	10,210,228
Pension	<u>1,802,960</u>	<u>1,805,711</u>
	<u>238,594,666</u>	<u>262,753,663</u>

The company employed eighty-eight (88) persons at the end of the year (2019 - 83).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

11. TAXATION EXPENSE:

- (a) Taxation is computed on the profit for the year, adjusted for taxation purposes, and comprises income tax at 33 1/3%:

	<u>2020</u> \$	<u>2019</u> \$
Current taxation	12,317,176	16,214,112
Deferred tax (note 14)	<u>3,746,350</u>	<u>(8,553,637)</u>
	16,063,526	7,660,475
Adjustment for the effect of tax remission:		
Current tax	<u>(10,028,437)</u>	-
Tax charge in income statement	<u>6,035,089</u>	<u>7,660,475</u>

- (b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 33 1/3%, as follows:

	<u>2020</u> \$	<u>2019</u> \$
Profit before taxation	<u>37,587,627</u>	<u>46,295,237</u>
Tax calculated at applicable tax rate	12,529,209	15,431,746
Adjusted for the effects of:		
Expenses not deducted for tax purposes	4,949,007	4,431,145
Net effect of other charges and allowances	<u>(1,414,690)</u>	<u>(12,202,416)</u>
	16,063,526	7,660,475
Adjustment for the effect of tax remission:		
Current tax	<u>(10,028,437)</u>	-
Tax charge in income statement	<u>6,035,089</u>	<u>7,660,475</u>

- (c) Remission for income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 9 March 2020. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

12. EARNINGS PER STOCK UNIT:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at year end. The weighted average number of shares in issue for both years reflects the 6 split in the number of shares in issue up to 21 January 2020.

	<u>2020</u>	<u>2019</u>
Net profit attributable to stockholders (\$)	31,552,538	38,634,762
Weighted average number of ordinary shares (units)	242,704,918	210,000,000
Earnings per stock unit (\$)	<u>\$0.13</u>	<u>\$0.18</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land & Building</u> \$	<u>Leasehold Improvements</u> \$	<u>Office Equipment</u> \$	<u>Furniture & Fixtures</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
At cost/valuation						
1 January 2019	-	51,472,095	46,678,600	11,970,324	1,608,554	111,729,573
Transfer/disposal	24,845,441	(51,472,095)	(459,849)	-	-	(27,086,503)
Additions	152,655,425	-	2,023,385	1,026,567	-	155,705,377
Revaluation	<u>47,499,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,499,134</u>
31 December 2019	225,000,000	-	48,242,136	12,996,891	1,608,554	287,847,581
Transfer/disposal	-	-	(328,498)	(115,016)	(331,730)	(775,244)
Additions	<u>14,532,753</u>	<u>-</u>	<u>14,640,506</u>	<u>838,904</u>	<u>729,614</u>	<u>30,741,777</u>
31 December 2020	<u>239,532,753</u>	<u>-</u>	<u>62,554,144</u>	<u>13,720,779</u>	<u>2,006,438</u>	<u>317,814,114</u>
Depreciation:						
1 January 2019	-	23,196,470	40,637,511	5,406,671	568,911	69,809,563
Charge for the year	4,050,000	3,430,204	2,327,448	787,741	321,711	10,917,104
Elimination on transfer/disposal	<u>-</u>	<u>(26,626,674)</u>	<u>(382,795)</u>	<u>-</u>	<u>-</u>	<u>(27,009,469)</u>
31 December 2019	4,050,000	-	42,582,164	6,194,412	890,622	53,717,198
Charge for the year	3,739,876	-	3,793,084	764,128	379,740	8,676,828
Elimination on transfer/disposal	<u>-</u>	<u>-</u>	<u>(75,278)</u>	<u>(15,335)</u>	<u>(221,542)</u>	<u>(312,155)</u>
31 December 2020	<u>7,789,876</u>	<u>-</u>	<u>46,299,970</u>	<u>6,943,205</u>	<u>1,048,820</u>	<u>62,081,871</u>
Net Book Value:						
31 December 2020	<u>231,742,877</u>	<u>-</u>	<u>16,254,174</u>	<u>6,777,574</u>	<u>957,618</u>	<u>255,732,243</u>
31 December 2019	<u>220,950,000</u>	<u>-</u>	<u>5,659,972</u>	<u>6,802,479</u>	<u>717,932</u>	<u>234,130,383</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

14. DEFERRED TAX:

Deferred tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2020</u> \$	<u>2019</u> \$
Deferred tax asset	<u>12,162,221</u>	<u>15,908,571</u>

The movement on the deferred tax account is as follows:

Balance at start of year	15,908,571	7,354,934
(Charge)/credit for the year (note 11(a))	(3,746,350)	8,553,637
Balance at end of year	<u>12,162,221</u>	<u>15,908,571</u>

Deferred taxation is due to the following temporary differences:

	<u>2020</u> \$	<u>2019</u> \$
Decelerated capital allowances	<u>12,162,221</u>	<u>15,908,571</u>

Deferred taxation charges to profit or loss comprises the following temporary differences:

	<u>2020</u> \$	<u>2019</u> \$
Decelerated capital allowances	<u>12,162,221</u>	<u>15,908,571</u>
Asset at end of year	<u>12,162,221</u>	<u>15,908,571</u>

15. RIGHT-OF-USE ASSETS:

(a) Right-of-use assets:

	<u>2020</u> \$	<u>2019</u> \$
At 1 January	9,915,131	-
Adoption of IFRS 16	-	15,484,191
Addition	16,090,001	-
Amortization	(4,487,285)	(5,569,060)
At 31 December	<u>21,517,847</u>	<u>9,915,131</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

15. RIGHT OF USE ASSETS (CONT'D):

(b) Lease liabilities

	Motor Vehicles	
	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
At 1 January 2020	10,254,679	-
Adoption of IFRS 16	-	15,484,191
Addition	16,090,001	-
Interest expense	659,171	918,228
Lease payments	(5,044,425)	(6,147,740)
At 31 December	21,959,426	10,254,679
Less current portion	(6,192,391)	(3,958,557)
	<u>15,767,035</u>	<u>6,296,122</u>

16. RECEIVABLES:

	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
Trade receivables	106,063,715	112,823,150
Due from employees	1,857,317	1,990,759
Deposits	20,703,031	15,725,540
Prepayments	14,944,858	5,448,457
Other receivables	<u>516,666</u>	<u>2,108,515</u>
	<u>144,085,587</u>	<u>138,096,421</u>

17. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand as follows:

	<u>2020</u>	<u>2019</u>
	<u>₤</u>	<u>₤</u>
Cash and bank balances -		
Deposits and short-term investments	114,075,389	55,769,681
Foreign currency accounts	35,713,998	9,495,121
Local currency account	5,819,764	10,419,619
Cash in hand	<u>182,425</u>	<u>114,958</u>
	155,791,576	75,799,379
Bank overdraft	<u>-</u>	<u>(1,421,118)</u>
	<u>155,791,576</u>	<u>74,378,261</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

17. CASH AND CASH EQUIVALENTS (CONT'D):

- (a) Deposits and short term instruments are interest bearing.
- (b) The weighted average effective interest rates on short term deposits at the year end were as follows:

	<u>2020</u>	<u>2019</u>
	<u>%</u>	<u>%</u>
Interest bearing - JA\$ account	2.5	3
- US\$ account	<u>3.79</u>	<u>1.25</u>

- (c) Bank overdraft arose as a result of unpresented cheques at end of the previous reporting period.
- (d) Reconciliation of movements of liabilities to cash flows from financing activities:

Amounts represent loans, excluding bank overdraft.

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
At 1 January	89,808,869	25,543,240
Cash -		
Loans received	7,176,714	96,936,101
Loan repaid	(21,618,155)	(34,340,836)
Non-cash -		
Exchange effect	<u>6,712,979</u>	<u>1,670,364</u>
	<u>82,080,407</u>	<u>89,808,869</u>

18. SHARE CAPITAL:

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
Authorised -		
Unlimited Ordinary shares of no par value		
(2019 - \$50,000,000)		
Issued and fully paid -		
35,000,000 Ordinary shares of no par value	48,765,008	48,765,008
262,500,000 Ordinary shares of no par value	100,275,150	-
Less: transaction costs of share issue	<u>(11,450,911)</u>	<u>-</u>
	<u>137,589,247</u>	<u>48,765,008</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

18. SHARE CAPITAL (CONT'D):

On 20 December 2019, the company unanimously passed the following resolutions as written resolutions of the company in accordance with Article 85 of the Articles of Incorporation of the company:

- (a) That each ordinary share in the capital be divided into 6 ordinary shares for shareholders on record at 20 December 2019.
- (b) That the authorised share capital of the company be increased from 50,000,000 to an unlimited number of ordinary shares.

The resolutions along with other documents were lodged with the Companies Office of Jamaica on 21 January 2020, which was deemed to be the effective date.

On 9 March 2020, the company issued 52,500,000 new shares to the public and the shares were listed on the Junior Market of the Jamaica Stock Exchange (see note 1).

19. CAPITAL RESERVE:

This represents unrealised gain on revaluation of building and equipment.

20. LONG TERM LOAN:

	<u>2020</u> \$	<u>2019</u> \$
Bank of Nova Scotia Jamaica Limited loan	82,080,407	89,808,869
Less: Current portion	(6,881,813)	(3,261,197)
	<u>75,198,594</u>	<u>86,547,672</u>

The Bank of Nova Scotia Jamaica Limited loan is denominated in foreign currency and attracts an interest rate of 5% per annum. It is repayable over 5 years. It is secured by first legal mortgage stamped for US\$700,000 or equivalent in JMD over commercial property located at 94D Old Hope Road, Kingston 6, registered at Volume 1286, Folio 396 and 397.

21. PAYABLES:

	<u>2020</u> \$	<u>2019</u> \$
Trade payables	103,197,916	103,695,766
Due to employees	18,924,592	16,673,669
Other payables and accruals	<u>33,458,404</u>	<u>36,763,656</u>
	<u>155,580,912</u>	<u>157,133,091</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

22. RELATED PARTY TRANSACTIONS AND BALANCES:

The following were the transactions carried out with related parties during the year, and the year end balances.

	<u>2020</u> \$	<u>2019</u> \$
(a) Key management compensation (included in staff costs - note 10)		
Key management includes directors and senior managers -		
Salaries and other short term benefits	<u>21,454,656</u>	<u>17,426,531</u>
Directors' remuneration		
Fees	2,368,750	1,751,356
Management remuneration (included above)	<u>17,128,656</u>	<u>13,134,618</u>
(b) Year-end balances:		
Due to -		
Directors (included in payables)	<u>75,822</u>	<u>478,474</u>

23. DIVIDENDS:

	<u>2020</u> \$	<u>2019</u> \$
In respect of 31 December 2018	<u>-</u>	<u>3,500,000</u>

24. IMPACT OF COVID-19 PANDEMIC:

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activities and business operations. This could have negative financial effects on the company, depending on factors such as the duration and spread of the outbreak, the effects on the economy overall and the effects on financial markets, all of which are highly uncertain and cannot be estimated reliably.

The impact of the pandemic on the company's product lines was as follows:

- Reduced commissions from the lines of business;
- Inability of the producers to go out and meet with prospective clients;
- Overseas insurance partners imposed restrictions on new business; and
- Travel restrictions and the closing of the borders.

In its response to the COVID-9 global crisis, the management of Caribbean Assurance Brokers Limited has taken the necessary steps to align the business within the current realities. These actions include but are not limited to:

- Minimizing operational expenses;
- Development of a new website which facilitates e-commerce for transactions to be processed on-line for new and renewal business;
- Development of new digitized product offerings.

We want you to LOVE doing business with us!

Raymond Walker, CLU, MBA, B.Sc.

A handwritten signature in black ink, appearing to read 'R Walker', written in a cursive style.

Chairman & CEO

PROXY FORM

CARIBBEAN ASSURANCE BROKERS LIMITED

I/We.....
.....of.....
..... being a member/members of Caribbean Assurance Brokers Limited, hereby appoint of
..... and failing him/her
of, as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held **via live-stream** on **Wednesday, August 18, 2021** at **3:00 pm** and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast on the resolutions referred to. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Resolution 1:

"THAT the Audited Accounts together with the Reports of the Directors and the Auditors circulated and the Notice convening the Meeting be and are hereby adopted. ☐ For ☐ Against

Resolution 2 (a):

"THAT Director Barrington Whyte, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 2 (b):

"THAT Director Norman Minott, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 2 (c):

"THAT Director Raymond Walker, who retires by rotation and being eligible for re-election, be and is hereby re-elected a Director of the Company". ☐ For ☐ Against

Resolution 3:

"THAT BDO, having agreed to continue to serve as auditors, be and is hereby appointed Auditors of Caribbean Assurance Brokers Limited, to hold office until the next Annual General Meeting, at a remuneration to be fixed by the Directors of the Company." ☐ For ☐ Against

Signed..... Dated the date of 2021

NOTES:

1. This form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This form of Proxy should bear the stamp duty of \$100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

NOTES

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For more information Email us: info@cabjm.com or visit our Website: cabjm.com
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We want you to **LOVE** doing business with us!

Caribbean Assurance Brokers Limited