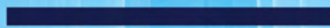
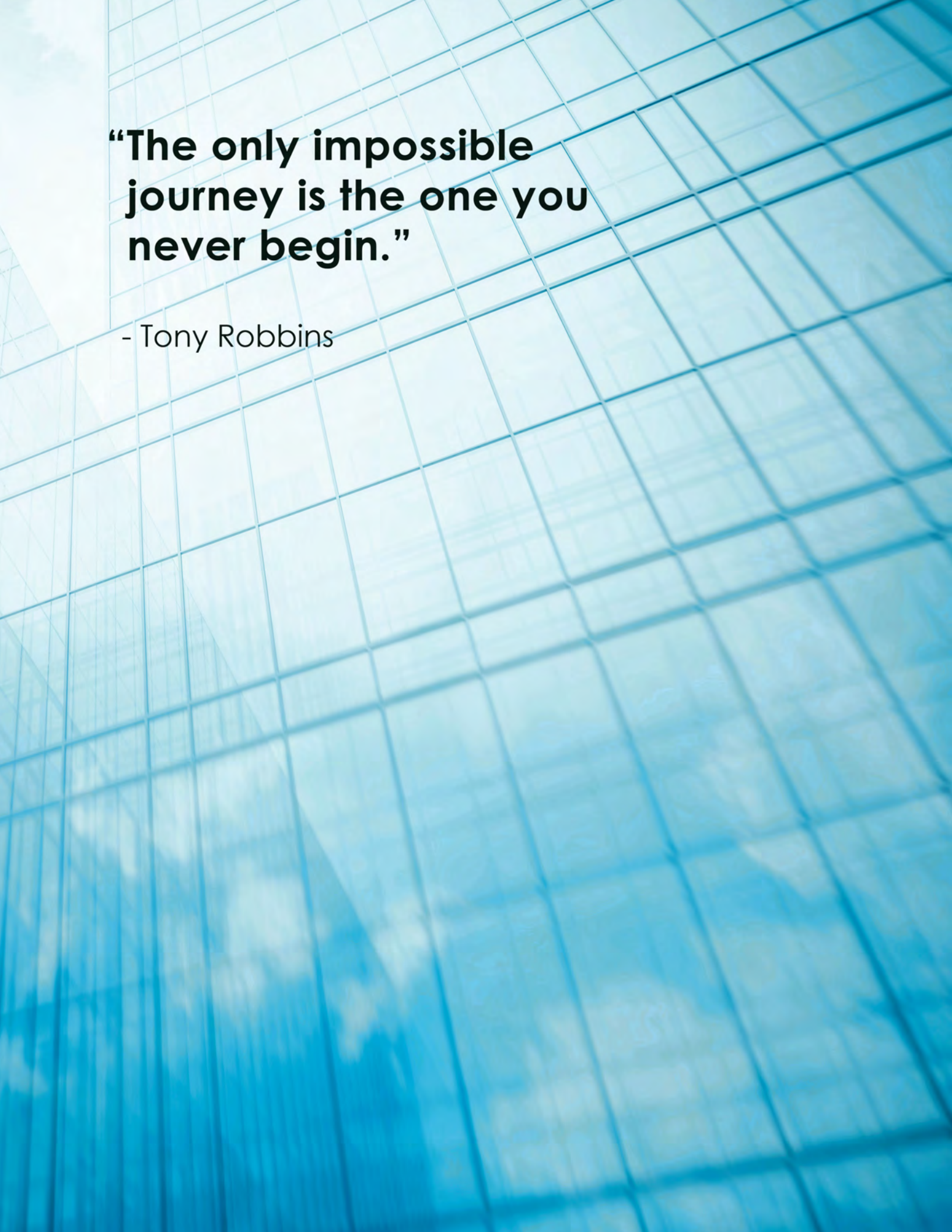




ANNUAL REPORT 2021



Caribbean Assurance Brokers Limited



**“The only impossible
journey is the one you
never begin.”**

- Tony Robbins

Annual Report **2021**

CHAIRMAN'S OPENING REMARKS

Raymond H. Walker, MBA, B. Sc., CLU
Executive Chairman

Fellow Directors and Shareholders,

I am honoured to present the Chairman's Opening Remarks on the company's performance for the year ended December 31, 2021.

Despite the numerous COVID-19 related challenges and its impact on how business is transacted nationally and internationally, Caribbean Assurance Brokers Limited (CAB) managed to turn the Covid-19 lemon into refreshing lemonade. The company achieved this by maintaining and, in fact, strengthening its focus on customers and employees. Indeed, our constant quest for innovation, dedication to technology and our determination to succeed despite the obstacles are major factors responsible for the 16.7% improvement in revenue for 2021 over 2020.

Despite the company's decision to maintain its full staff complement, as well as its continued investments in the most robust technology infrastructure, while others, I may add, were downsizing and containing investments in technology, we were able to experience tremendous growth in net profit of 77.9% in 2021 over 2020. I am sure that you will all agree that this was fantastic.

I am therefore surprised with the widespread level of misunderstanding and/or misinterpretation of our fourth-quarter performance for 2021. The fact is that by any measure, a 77.9% increase in profitability for 2021 over 2020, is excellent. Further, CAB's performance in the fourth quarter of 2021 was actually better than its fourth quarter performance in 2020, which will be illustrated by our CEO during her Shareholders' Report for 2021. Indeed, the fourth quarter of 2020 was an anomaly, as the renewal of CAB's flagship product, ICHIP was postponed from its usual August 1st renewal date to November 1, 2020. It then reverted to the customary August 1st renewal date in 2021. All other things being equal, the fourth quarter of 2021 outperformed the fourth quarter of 2020.

As is customary, I would like to express my sincere appreciation to our: i) Customers for their unwavering support; ii) Shareholders for their foresight and insight, as reflected in their loyalty to and confidence in CAB; and iii) Directors and Staff for their commitment to the company's wellbeing and meeting the needs of our stakeholders.

On behalf of the Board of Directors, we are grateful for all that CAB has managed to accomplish during 2021, amidst the worst pandemic in a century, and now look to the rest of 2022 with renewed confidence, given the foundation we have established.

Thank you.





**Tania
Waldron-Gooden,**
MBA, B.Sc. (Hons.)
Chief Executive Officer (C.E.O.) and
Executive Director

CHIEF EXECUTIVE OFFICER'S REPORT TO THE SHAREHOLDERS

I am pleased to present the financial results for Caribbean Assurance Brokers (CAB) for December 31st, 2021. CAB reports an audited net profit of \$56.1 million for the period, an increase of \$24.58 million or 78% over the prior year, reflecting the company's commendable performance as consumer activities recover from the downturn caused by the pandemic. Our focus for the year ahead is managing our operating expenses while executing our strategic initiatives.

We continue on our focused approach to creating solutions for our current and prospective clients. New International Insurance products/services: Health, Life and Travel are being developed to provide even more options to satisfy varied client needs, i.e., new solutions. Customer retention strategies have borne fruit. We continue in this vein through our continued investment in the customer experience- finding the best deal for the appropriate circumstances- minimal pricing may not translate to the best product or service.

General Insurance is a crucial revenue growth area for us. We have invested in key personnel and systems improvement while developing and strengthening partnerships within the region and internationally. Employee Benefits continues to perform above industry. In the last quarter of the year, the individual Life unit improved, demonstrating that vital personnel investment often translates to improved performance.

COMPANY'S PERFORMANCE FOR THE YEAR ENDED DECEMBER 2021

At the end of the year, the company earned gross revenues of \$463 million compared to \$396.9 million at the end of the prior year. Total income increased by approximately \$66m or 17%, while total expenses increased by \$46m or 13% over the corresponding period.

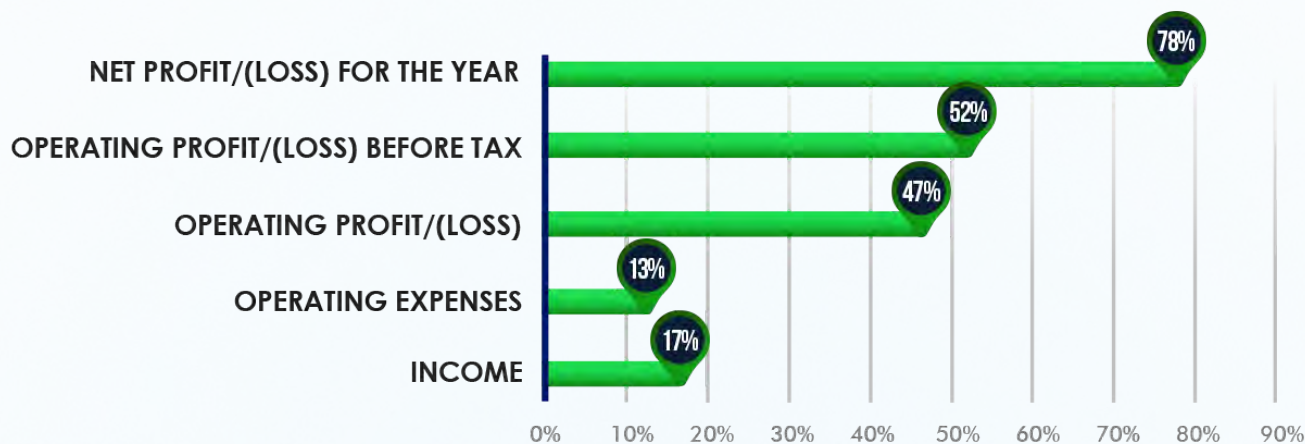
The 17% increase in revenue was mainly attributable to the International Insurance Division, which earned \$48.6m more than the prior period. Employee Benefits Division achieved an 8% or \$8m increase and General Insurance Division a 14% or \$8m increase over the prior year comparative period. All divisions experienced commission growth compared to the previous year's comparative period.

There was an increase of \$479,571 (9%) in finance charge compared to 2021 due to FX translation on our Mortgage loan. Taxation decreased by \$5m or 84%, directly attributable to the company's tax break from listing on the Junior Stock Exchange.

Operating expenses of \$400 million for the year ended December 2021 highlighted an increase of \$46 million or 13% compared to December 2020. Areas that contributed to the increases in expenses included staff costs, product development initiatives, repairs and maintenance, registration fees arising from increased license and regulatory fees and depreciation on additions to property, plant and equipment.

The third quarter of the year contributed significantly to our profitability. Gross revenue for the third quarter grew by 185%, which was mainly attributable to our International Comprehensive Health Insurance Program (ICHIP). Our expenses increased by 35 million or 41% over the comparative period.

2021 OVERVIEW

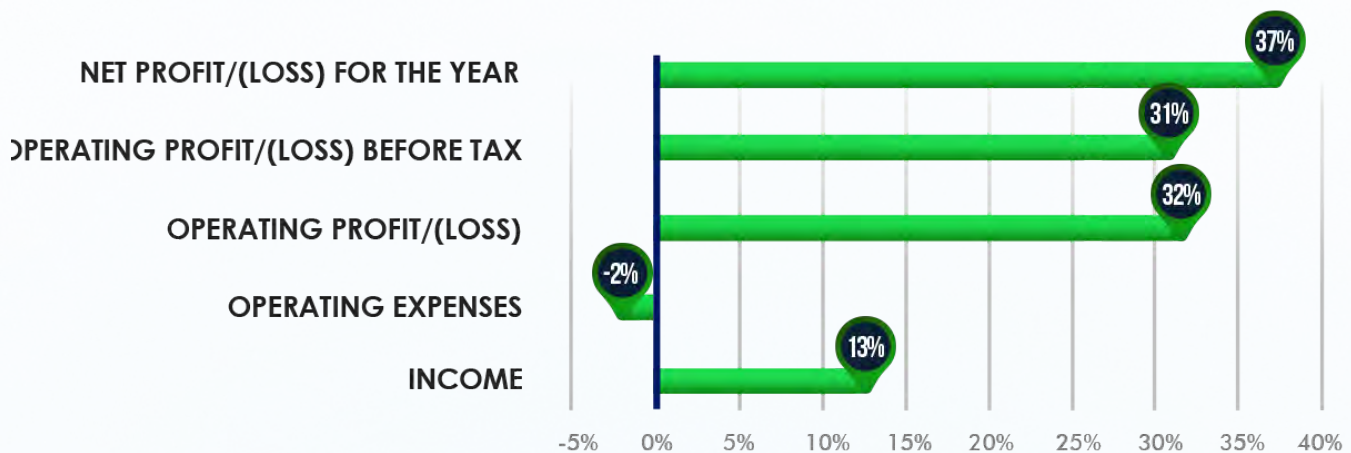


FOURTH QUARTER HIGHLIGHTS

Revenue for the fourth quarter saw a reduction of 57% over the fourth quarter of 2020, mainly attributable to the delayed third-quarter renewals of our International Comprehensive Health Insurance Program (ICHIP), while our expenses decreased by \$12 million or 12%. To demonstrate the effect of the delay in the 2020 ICHIP renewals, the normalization (adjustment to reflect revenue generation without the ICHIP renewals in November 2020) of revenues is integral.

Normalized growth within the quarter saw a 20% increase in revenue a 37% profit growth year over year. Shareholders should be reminded that the fourth quarter of 2020 included the ICHIP renewals that was customarily booked in the third quarter. Over five years, the company has seen fourth-quarter results relatively flat, given where repeat business (renewals) occur during the year from all income lines. We have experienced strong retention and growth rates during 2021, above the industry average.

FOURTH QUARTER NORMALIZED PERFORMANCE GROWTH



We issued our Covid -19 Mandate on October 8th 2021, which took effect and was implemented on December 8th 2021 – our fourth quarter. This created inefficiencies, especially as it related to coordinating staff. The board and executive management believed this was necessary to keep our staff and clients safe within the office environment. We are pleased to report that our company's vaccination status has increased to approx 91%.

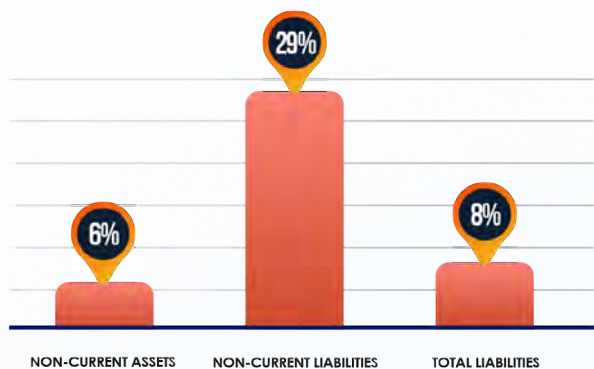
COMPANY'S PERFORMANCE FOR THE YEAR ENDED DECEMBER 2021 CONT'D

As of December 31st, 2021, Total Assets amounted to \$627 million compared to \$592 million for the year ended December 31st, 2020, reflecting a \$35m or 6% increase. The increase in assets was primarily due to a \$46 million or 29.7% increase in cash and investments and a \$6m or 4% increase in receivables. Over the corresponding period, there were \$10.5 million (4%) and \$6.5 million reductions in property plant and equipment and right-of-use assets.

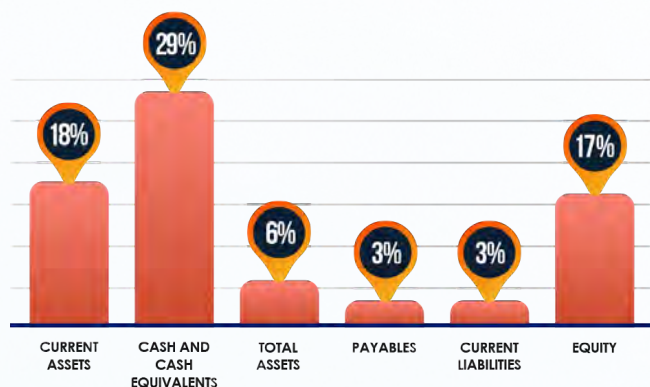
Total Liabilities as of December 31st, 2021 were \$238.5 million, a decrease of \$21 million or 8% over the 2020 corresponding period; driven mainly by a reduction in long-term loans and lease liabilities of \$21m or 28% and \$5.77 million or 38.5% respectively.

The increase in the company's total equity of \$56m was directly related to the increase in profits over the comparative year.

REDUCTION OVER 2020 Y/E



INCREASE OVER 2020 Y/E



IMPACT OF COVID-19

The effects of the COVID-19 pandemic continued to impact our lines of business negatively. However, as a company, we continue to strive to rise above the challenges by developing new products and service offerings to compete in this digital age. We have strengthened our website and App capabilities to facilitate e-commerce for online payments and InsureTech solutions aimed at improving shareholder value and better quality of service to our customers.

We continue to be dedicated and loyal to our valued customers and continue to build new relationships. To our shareholders and stakeholders, especially our directors and staff, we have navigated this challenging Covid-19 environment, and my gratitude is bound. Thank you.

We want you to love doing business with us!

Tania Waldron-Gooden
Chief Executive Officer



COMPANY VALUES

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 **August 18, 2022** 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, 2021, 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 Rion Hall and Janice Holness. Both, being eligible, offer themselves for re-election.

Mrs. Joyce West-Johnson, having been appointed a Director since the last AGM to fill a casual vacancy, automatically retires at this meeting, and being eligible, offers herself for re-election.

Dr. Leo Walker, being eligible, offers himself for election as a Director of the Company".

The proposed resolutions are therefore as follows:

Resolution 2 (a):

"THAT Directors Rion Hall and Janice Holness, who retire by rotation and are eligible for re-election, be and are hereby re-elected Directors of the Company".

Resolution 2 (b):

"THAT Mrs. Joyce West-Johnson, having been appointed a Director since the last AGM to fill a casual vacancy, automatically retires at this meeting, and being eligible for election, be and is hereby elected as a Director of the Company".

Resolution 2 (c):

"THAT Dr. Leo Walker, being eligible for election, be and is hereby 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 Jamaica, 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 20th day of April 2022

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.

A tropical golf course at sunset. The scene is bathed in a warm, golden light from the setting sun, which is positioned behind two tall palm trees on the right. The sun's rays create a lens flare effect across the image. In the foreground, a well-manicured green lawn leads to a dark, calm pond that reflects the sky and the palm trees. The background shows a dense line of palm trees under a blue sky with scattered white clouds. The overall mood is serene and nostalgic.

OUR HISTORY

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 Executive Chairman, 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 Executive Chairman

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.) Chief Executive Officer (C.E.O.) and Executive Director

Effective January 1, 2022, Tania Waldron-Gooden was appointed Chief Executive Officer of Caribbean Assurance Brokers Limited. Mrs. Waldron-Gooden served in the capacity of Deputy CEO of Caribbean Assurance Brokers Limited from October 1, 2020, to December 31, 2021, and has been a member of the Company's Board of Directors since November 2017. She brings to the organization seventeen years of experience in areas of Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management

Tania is a Director of Chicken Mistress Limited, AJAS Limited, First Rock PE and Island Grill Holdings Limited. She is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited, and the Mentor to Derrimon Trading Company Limited, Spur Tree Spices Jamaica, Caribbean Flavors & Fragrances Limited and Edufocal Limited. She is also a co-opted committee member of the Finance & Audit Committee of the National Health Fund.

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.

Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies; and is registered/licensed to sell and give advice on Life Insurance business and Sickness & Health Insurance business.



Jennifer Rajpat, B. Sc., ACS, AIAA, FLMI, ACII
Non-executive Director

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.



Norman Minott, LLB (Hons.)
Non-executive 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.



Janice P. Holness, J.D., B.Sc.

Non-executive Director, Chairperson: 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

Non-executive Director, Chairman: 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 Barclay, MBA, ACCA, FCCA

Non-executive Director

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.



Barrington Whyte, MBA, B.A.

Non-executive Director, Chairman: Audit, Finance, Risk & Compliance Committee

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.



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 essential role in the company's success or failure. At CAB, our Corporate Governance Framework <https://www.cabjm.com/investor-relations/> is developed to ensure and instil trust, confidence and credibility with stakeholders and contribute to the success of our bottom line.

CAB's Board of Directors (Board) represents and promotes the shareholder's interest and is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management to ensure a standard set of expectations as to how the Board, its committees and management direct and control the company. The Board is committed to delivering 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 and management's decisions, including the execution of its strategies.

BOARD TERMS OF REFERENCE

The Board operates pursuant to its Terms of Reference <https://www.cabjm.com/investor-relations/>. In its general oversight and providing guidance for the company, the Board makes decisions, reviews and approves policies and critical 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 by the company and has responsibility for aspects of the company's day-to-day operations. Non-Executive Directors have no responsibility for aspects of the company's day-to-day operations.

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. The Board, in its composition, demonstrates its commitment to diversity, equality and inclusiveness.

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 counter financing of terrorism (AML/CFT) 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.

Due to constraints occasioned by COVID 19 in 2021, the annual AML/CFT Directors' training was postponed to early 2022. Additionally, the Corporate Governance Committee, with responsibility for guiding Directors' training, kept Directors abreast of trends and global developments on industry, operational, compliance and governance matters through a series of 12 articles circulated during the year to promote and encourage self-directed learning as a component of CAB's wider training initiative.

ATTENDANCE AT BOARD, COMMITTEES AND ANNUAL GENERAL MEETINGS

	BOARD	AFRC	REMUNERATION & ADMINISTRATION	CORPORATE GOVERNANCE	AGM
# OF MEETINGS HELD IN 2021	5	5	2	2	2
Raymond Walker	5	5	2	N/A	2
Tania Waldron-Gooden	5	5	2	N/A	2
Carlton Barclay	2	N/A	0	N/A	2
Rion Hall	5	N/A	2	N/A	2
Janice Holness	5	5	2	2	2
Norman Minott	5	5	N/A	2	2
Jennifer Rajpat	3	N/A	N/A	2	2
Barrington Whyte	5	5	2	N/A	2
Desmond Taffe	N/A	3*	N/A	N/A	N/A

*Desmond Taffe was appointed an external member of the AFRC Committee on July 1, 2021, and attended all three subsequent meetings. Mr. Taffe is not a Director of CAB.

Key employees are invited to attend Board and Committee meetings to provide needed information on matters being discussed in relation to the areas of their leadership.

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 Committee was established pursuant to Rule 504 (2)(b) of the JSE Junior Market, and in keeping with its mandate, as stated in its Terms of Reference <https://www.cabjm.com/investor-relations/>, the Audit Finance Risk and Compliance Committee (AFRC) is mainly responsible for reviewing and recommending for approval, the Audited Financial Statement.

The AFRC, which is mandated to meet at least quarterly, had five meetings in 2021. The Committee is comprised of the following members:

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

Mr. Desmond Taffe was appointed an external member of the Committee effective July 1, 2021.

ACTIVITIES OF THE COMMITTEE

Audit

- Met with BDO, the company's external Auditors, to agree on the timelines and cost for the execution of the 2020 Audit.
- Met with BDO to receive the Report on the 2020 Audit and details of the Auditors finding. The Auditors reported that they had full cooperation from the management of CAB in the conduct of the audit and said no issues of significant concerns. Based on those discussions and the Auditors Report and Opinion set out in the Financial Statements, the Audit, Finance, Risk and Compliance Committee recommended the approval of the 2020 Financial Statements to the Board of Directors.

ACTIVITIES OF THE COMMITTEE CONT'D

- The Committee also received and reviewed the External Auditor's management letter and the administrative response to the letter and was satisfied that the responses were satisfactory and that the recommendations were implemented where appropriate.

Finance

In the execution of its function as the Finance Committee of the Board, during the year the Committee undertook the following activities:

- Reviewed the quarterly financial statements prepared for submission to the JSE Junior Market and recommended to the Board for approval.
- Reviewed the Management Discussions and Analysis (MD&A) prepared by management for submission to the JSE and recommended to the Board for approval.
- Reviewed the quarterly financial position of the company and made recommendations to the Board on Asset Liabilities Management (ALM) issues, including liquidity management.
- Reviewed the overall financial performance of the company and the different lines of business and products and services and made recommendations to the Board.
- Reviewed investment plans and recommended them for approval.
- Reviewed the Annual Budget and Financial Plans and recommended the Board for approval.

Compliance

- Assisted the Board of Directors in ensuring that the company was compliant with all applicable laws and regulations relating to the legal operations of the company, including but not limited to the Company's Act, the Rules of the

JSE Junior Market, the Insurance Act and its Regulations, the Proceeds of Crime Act (POCA) and Terrorism Prevention Act (TPA).

- Ensured that the Board appointed a Nominated Officer (Compliance Officer) with the ability and capacity to undertake the responsibility for the ongoing monitoring of the company's AML/CFT/CFP duties.
- The AFRC ensured that the company had in place policies and procedures relating to the AML/CFT/CFP requirements of the FID and FSC.

Risk Management

In the area of risk management, the Committee:

- Provided assistance to the Board of Directors and management with implementing the Company's Enterprise Risk Management framework and the Enterprise Risk Management Policy.
- Received reports from and discussed with management the various risks facing the company from time to time and made recommendations to the Board of Directors on mitigating risk strategies.

The Committee is satisfied that the company's significant risks faced and recognized are being managed by the Board and Management within the company's available resources.

In addition to these oversight responsibilities, the AFRC also completed its review of the AML Policy, which the Board approved for implementation.

REMUNERATION & ADMINISTRATION COMMITTEE

The Remuneration & Administration Committee (R&A) was reconstituted in 2021 in keeping with the regulations of the Jamaica Junior Stock Exchange (JJSE).

In keeping with its Terms of Reference, <https://www.cabjm.com/investor-relations/> assumes responsibility to:

- Advise and assist the Board concerning compensation for the Board members and Executive Management of the company
- Make recommendations to the Board on policies related to compensation and incentives
- Ensure the implementation of policies and review decisions relating to human resources, staff welfare 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 shareholder's value

The Committee, which is required to meet at least twice per year, convened two meetings in 2021.

The R&A Committee members are:

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

The R&A Committee completed the following calendar of activities in 2021:

- Developed the Committee's Terms of Reference <https://www.cabjm.com/investor-relations/> to be reviewed and revised prior to recommendation to the Board for approval
- Discussed and directed the comprehensive revision of the HR & Administration and the Data Protection System policies
- Directed the updating of CAB's Employee Handbook
- Commissioned a comprehensive report of CAB's IT System security
- Directed the updating of CAB's website to take into consideration the company's obligation to make information available and easily accessible to its shareholders
- Directed the updating of CAB's salary scales and Code of Conduct for review and recommendation to the Board for approval

For its 2022 calendar of activities, the Committee undertakes to:

- Recommend the R&A Committee Terms of Reference <https://www.cabjm.com/investor-relations/> for Board approval
- Review existing Disaster Preparedness policy and guidelines to ensure current, accurate and complete information is captured
- Review CAB's policy register to ensure policies falling within the purview of the R&A Committee are updated and approved by the Board

- Review the policies whose revisions were directed in 2021
- Review Job Descriptions of the Chief Executive Officer and the Executive Chairman

governance matters through a series of articles circulated during the year to promote and encourage self-directed learning as a component of CAB's wider training initiative

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (CGC) through its Terms of Reference <https://www.cabjm.com/investor-relations/> seeks to ensure that the company's corporate governance framework is sound and consistent with best practices and international standards.

In keeping with its 2021 Schedule of Activities, the CGC completed the following initiatives:

- Prepared the 2020 Corporate Governance Report as required by the JSE for inclusion in CAB's Annual Report submission
- CAB's Corporate Governance Framework <https://www.cabjm.com/investor-relations/> developed and approved by the Board
- Developed and reviewed its Terms of Reference <https://www.cabjm.com/investor-relations/> for Board approval
- Engaged in cross-committee discussions to provide guidance on the development of Terms of References
- Developed and recommend to the Board for discussion and approval appropriate appraisal instruments for the Board, Committees, Board Chairperson and Directors
- Kept directors abreast of trends and global developments on industry, operational and

The CGC must hold at least two meetings annually, and in 2021 this was accomplished. The members of the Committee are:

- Janice Holness – *Chairperson / Non-Executive Director*
- Norman Minott – *Deputy Chairman/ 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.

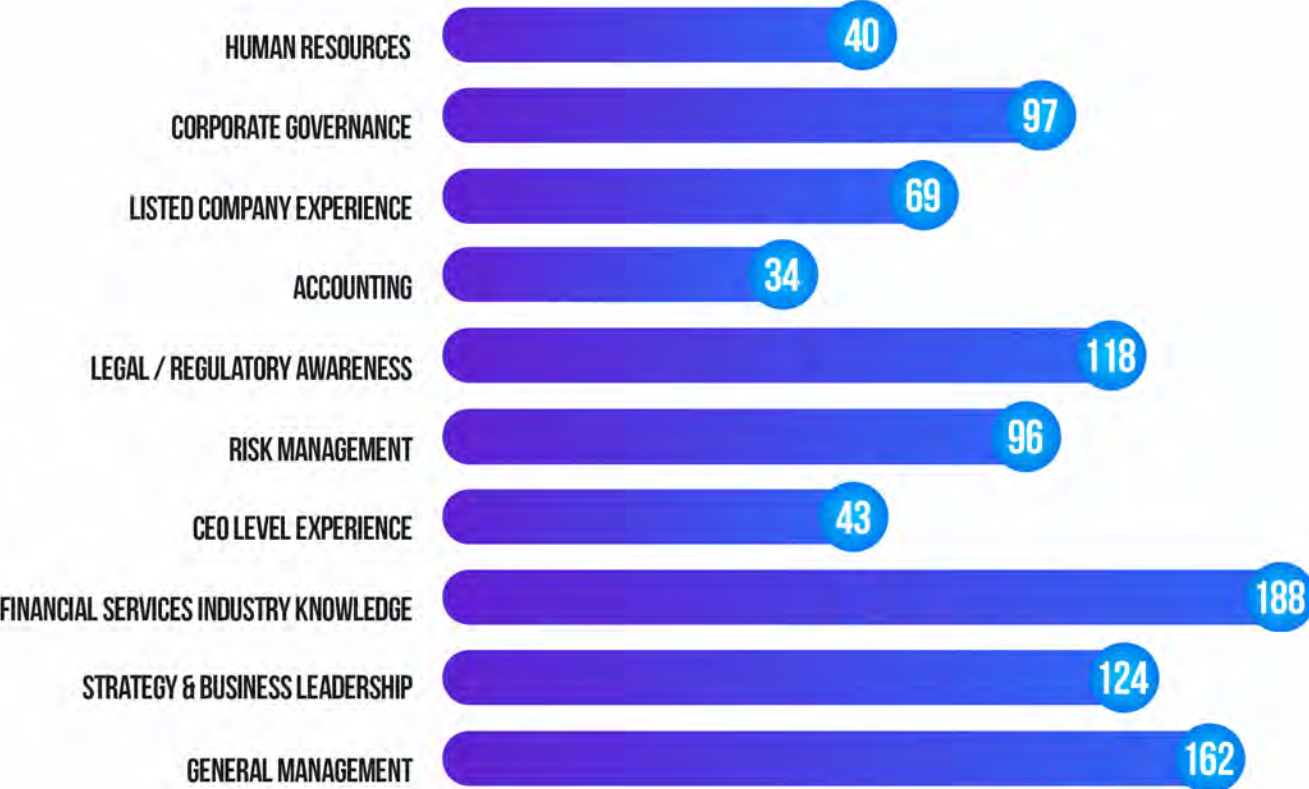
Starting in 2019, the global corporate community experienced delays in convening AGMs due to COVID 19. Jamaica, and by extension CAB, was no different in this regard. As a result, CAB convened two (2) AGMs in 2021. The 2019 AGM was held on February 24, 2021, and the 2020 AGM was convened on August 18, 2021.

To make information available and easily accessible to its shareholders and stakeholders, the company's website was upgraded with a link for Investor Relations <https://www.cabjm.com/investor-relations/>. This allows shareholders to access minutes from the AGM and the company's financial reports, among other relevant materials relating to the Board and its Committees.

OUR EXPERTISE & EXPERIENCE

As at December 31, 2021, the Board of Caribbean Assurance Brokers Limited consists of eight (8) members. Except for the Chief Executive Officer Mrs. Tania Waldron-Gooden, 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





PRODUCTION AREAS



PROTECT YOUR HEALTH PROTECT YOUR LIFE.

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

INTERNATIONAL INSURANCE

Health care systems around the world are not free, and treatments at private hospitals or facilities can end up costing thousands to millions of dollars.

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.

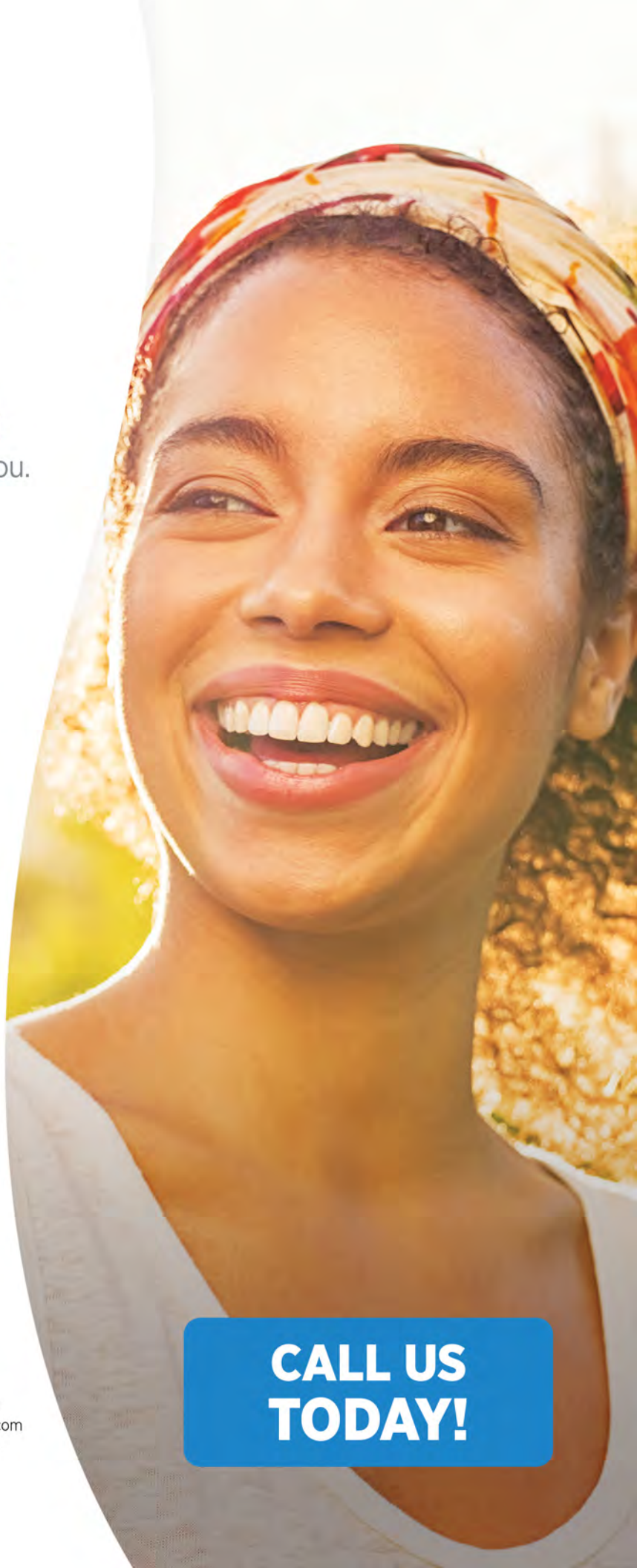
- International Health
- International Life
- Travel Insurance
- Special Risks

- 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.

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**CALL US
TODAY!**

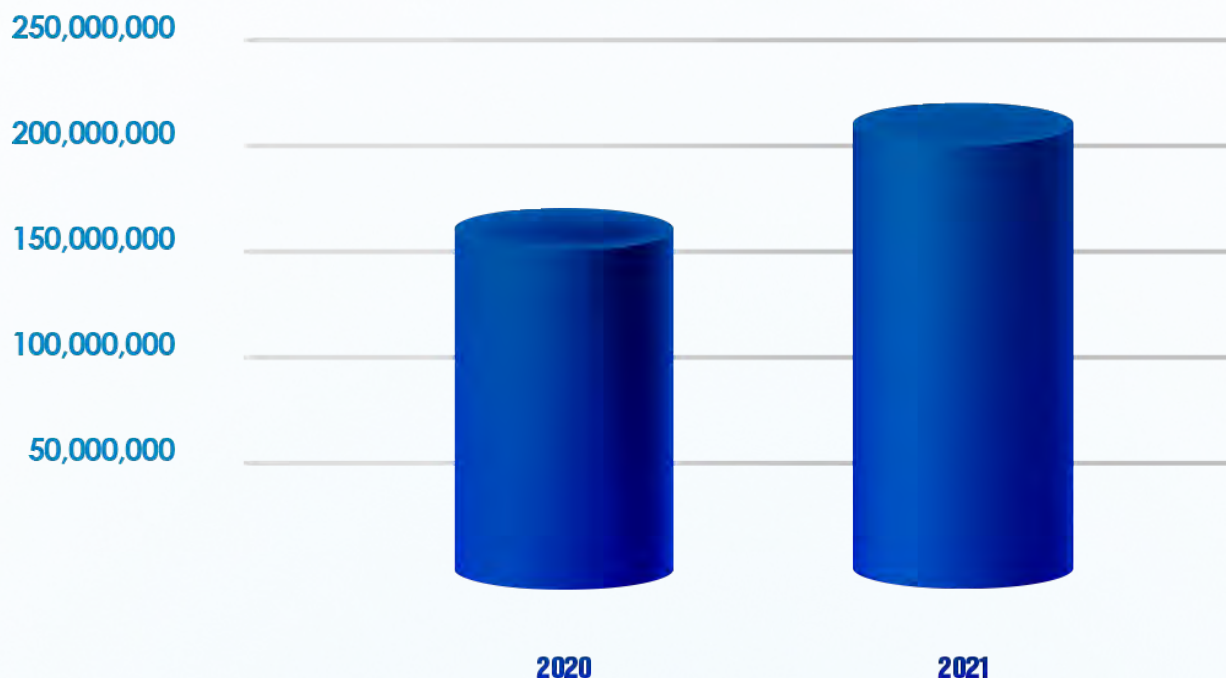
We want you to **LOVE** doing business with us!



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.





PROTECT STAFF, PROTECT THEIR HEALTH.

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

EMPLOYEE BENEFITS

Employee Benefits Insurance empowers employers to provide their staff members with additional employment benefits which can enhance the employees' quality of life as well as attract and retain valued workers. Partnering with our local insurers of health, life, and pension, we provide a wide range of benefits for employees to include group health, group life, group personal accident and group pension.

We seek to ensure peace of mind for employees and their families who for the most part will look to their employer in times of an unfortunate incidence. Group 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
- Credit Union Gold Series Major Medical Plan

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

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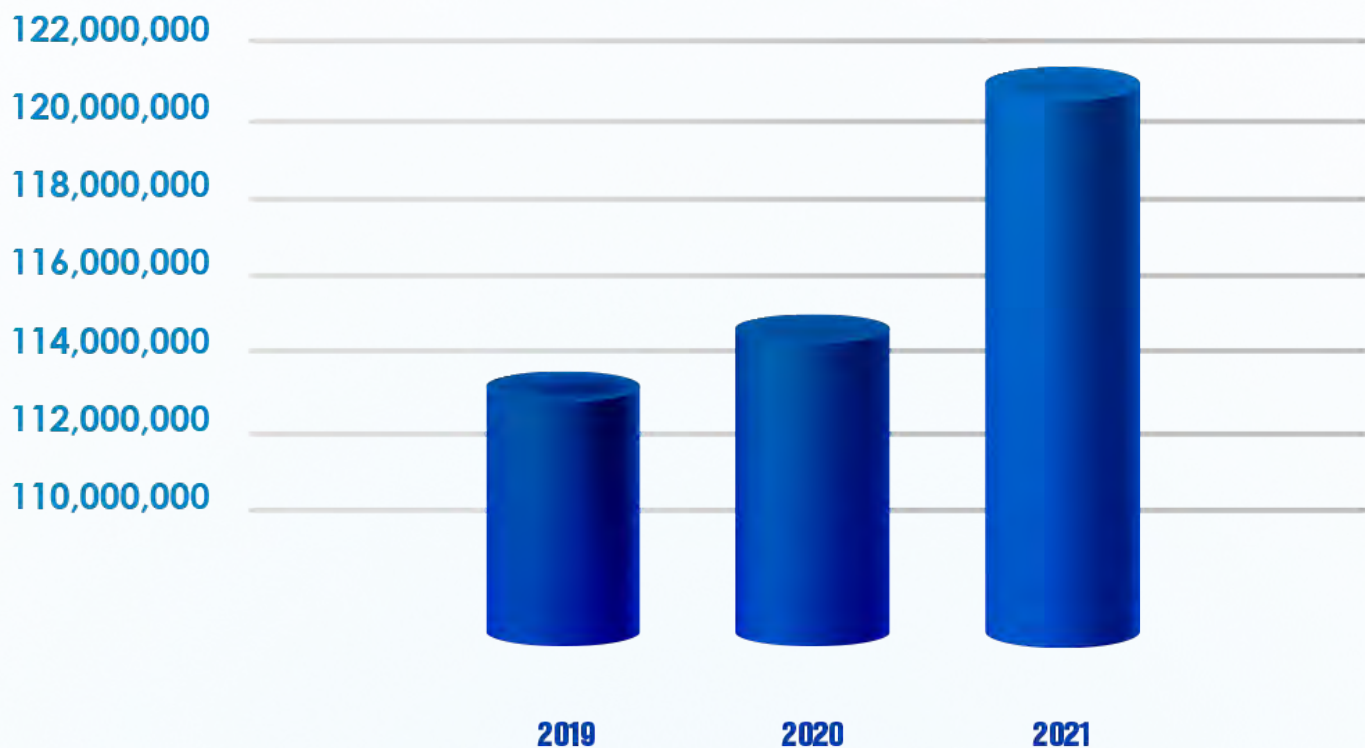


**ASK FOR A
QUOTE TODAY!**

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.





PROTECT YOURSELF, PROTECT YOUR ASSETS.

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

GENERAL INSURANCE

General Insurance is essentially the transfer of risk; 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.

For example, a business operation valued at \$300,000,000.00 goes up in flames. It was insured, therefore the exposure of \$300M was transferred from owner to Insurer, for this transfer, the owner paid a premium to the Insurer. The Insurer, after thorough investigation, indemnifies the Insured (replaces the business operation of \$300M), thereby putting the Insured back in the position he was prior to the fire. The end result without Insurance would be a different scenario.

Our ultimate duty & responsibility is to ensure that our clients are accessing premium rates; excellent coverage suited to their specific needs along with superior customer service.

- 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 are underwritten by Local & International registered General Insurance providers.

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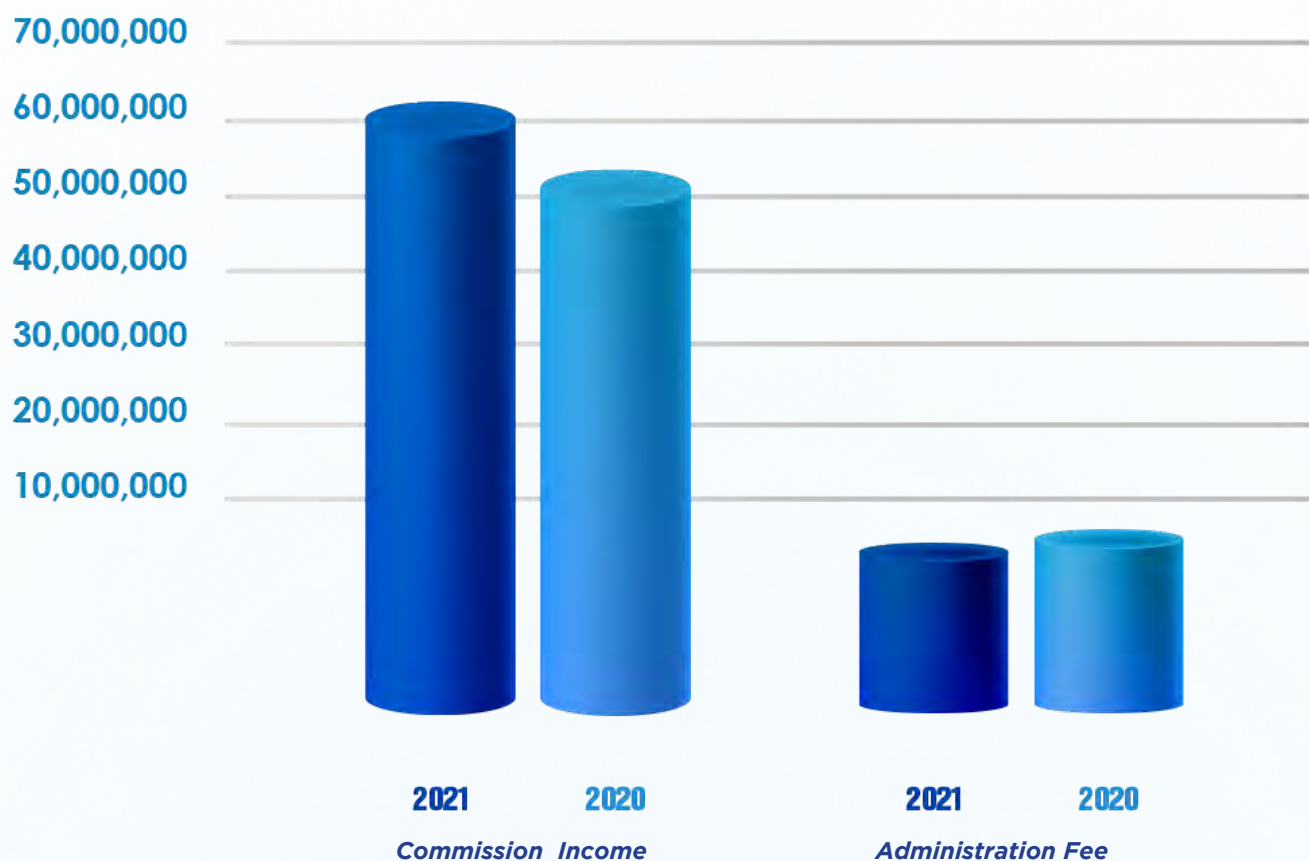


**ASK FOR A
QUOTE TODAY!**

GENERAL INSURANCE DIVISION

General Insurance Division arranges the insurance on behalf of our clients that cover assets against physical loss or damage from perils defined in Insurance Contracts issued by Insurers including Acts of God (wind, flood, earthquake, lightning), fire, riot, strike, civil commotion, malicious damage. The cover is also available for motor policies and engineering exposures such as electrical surges, breakdowns and other working accidents.

The General Insurance Division experienced a 15% growth in commission income from \$52.4 million in 2020 to \$60.3 million to close 2021. There was a marginal 3% decline in its administrative fee income of \$7.8 million in 2021 compared to \$8.1 million in 2020. These figures combined constitute 15% of our total revenue for 2021.





PROTECT YOURSELF, PROTECT YOUR FAMILY.

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

LOCAL INDIVIDUAL LIFE INSURANCE

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

Having insurance, means transferring risks onto the shoulders of a company that is in a better financial position than ourselves, thus giving us a peace of mind.

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

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

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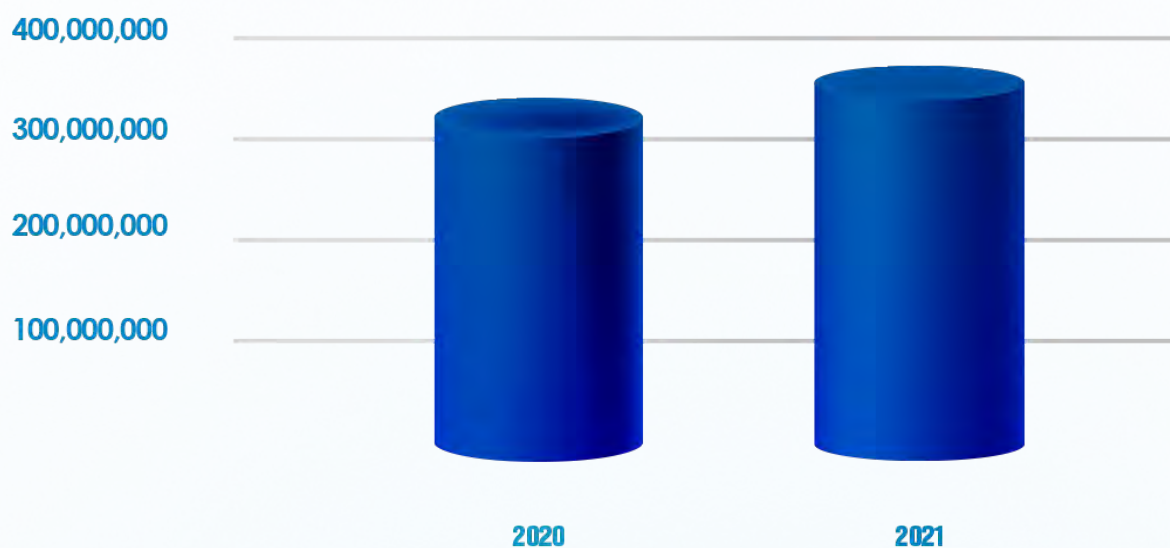
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TODAY!**

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INDIVIDUAL INSURANCE DIVISION

Individual Health & Life products help provide the peace of mind necessary during difficult times. The Individual Insurance Division production was 91% of the prior year 2020. The reduced production was due to a shortfall in human resources projections for the year. In December 2021, we had significant performance, setting the trend for the new year 2022. The total contribution from this area is 7%.



The background is a vibrant blue with a sense of motion and depth. It features numerous horizontal light streaks and a blurred image of a server rack or data center aisle, suggesting a high-tech or digital environment. The overall aesthetic is clean, modern, and professional.

OPERATIONAL AREAS

INFORMATION TECHNOLOGY & OPERATIONS

2021 continued to be a challenging year for all organizations globally. The pandemic forced companies to re-evaluate their business processes and service delivery, both vertically and horizontally, as worldwide supply chain issues impacted international commerce. It was a year in which companies with business models targeted at social gatherings, in particular, had severe challenges.

As an insurance broker amid a global pandemic, Caribbean Assurance Brokers Limited (CAB) was relatively well-positioned to contend with the changes brought by the pandemic and the ensuing “new normal”. However, having attractive health insurance products would not be sufficient to assure success. The delivery mechanism for those products would play an amplified role in an environment of social distancing, curfews and community quarantine.

Indeed in 2021, perhaps more than any previous year, Information Technology (IT) internationally evolved from being a cost center for containment to becoming the backbone for customer service offerings and delivering customer service to clients securely.

The consistent thread running through the core of any IT delivery platform had to be security, and this emphasis was particularly critical in an environment where remote working played an expanded role. CAB’s secured remote working environment allowed our customer service representatives, sales producers, et al., to maintain contact and serviced clients effectively throughout the year.

Our company has 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. A platform for automated renewal notices and invoices is now in production.

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 supporting our customers in a way that enhances relationship building.

HUMAN RESOURCE & TRAINING

The Human Resource Department at Caribbean Assurance Brokers Limited (CAB) is committed to developing its workforce. The department's mission is to be a strategic partner by providing Human Resource programs that attract, develop, retain, and engage a skilled and diverse workforce. The department's vision is to be excellent in providing human resource services to the administration and employees through trust, accountability, integrity, respect, and credibility.

The Department's Short-term Goals focus is on employee satisfaction and engagement, fulfilling the organization's human resources needs to meet its operational goals, team development, attending to employee grievances, and maintaining a healthy workplace.

The Department's Long-term Goal is to develop the staff at all levels through formal programs across departments. By reducing the attrition rate (employees leaving the company), maintaining a safe and positive work environment, employee satisfaction, continued development of policies and procedures, and ensuring cross-training is practised across all departments.

In 2021, we were supported with a staff complement of eighty-five (85) employees. This number included forty-two (42) producers in the four production areas, while the balance consisted of Managers, Administrators, and other line staff.

Throughout the pandemic, the company has maintained a happy and healthy workforce and its staff complement by creating strategic moves to encourage, motivate and boost staff morale. One way in which this was achieved was by providing the staff with additional performance incentives and keeping them engaged in activities that foster team building that creates good synergy.

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

Despite not being able to participate in any Corporate social events for the year in review, the company maintained its commitment to the Reddies Place of Safety, our social outreach program.

In conclusion, as part of our efforts to have a more diverse and well-rounded workforce, CAB has embarked on a mission that emphasizes staff training and development. Some of the employed strategies are more one-on-one meetings, coaching and mentoring, and product training to ensure that our employees are competent in the various insurance business classes and sharpen their customer service and sales skills whilst expanding their knowledge.

COMPLIANCE & RISK MANAGEMENT

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

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

As an insurance brokerage and a listed company, CAB is regulated by the Jamaica Stock Exchange (JSE), Financial Service Commission (FSC) and the Companies Office of Jamaica (COJ).

Our main objective is to ensure that we have sound corporate governance practices. To this end, we comply with all the relevant requirements to provide our clients with a 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

- Annual Payment to Jamaica Stock Exchange
- Public Procurement Commission Renewal
- Professional Indemnity Insurance Renewal
- Fidelity Guarantee Insurance Renewal
- Annual Terrorism Prevention Act Report (TPA)
- Implementation of the Data Protection Act
- Annual renewal Tax Compliance Certificate (TCC)
- 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 and annual audit

CAB fosters a relationship that facilitates open dialogue with our regulators. This ensures there is clarity on regulatory requirements, particularly concerning novel aspects of the insurance industry, as CAB continues to be an innovator in insurance.

Risk is the effect of uncertainty on objectives and can be effectively managed and understood if clearly articulated. To this end, CAB has employed a strategic approach to corporate risk management, allowing the company to consider the full range of risks it faces and examines the relationship between these risks and their cascading impact on its strategic goals.

CAB's approach is best summed up as Alla Valente of Forrester Research articulated, "we don't manage risks to have no risk. We manage risks, so we know which risks are worth taking, which ones will get us to our goal, which ones have enough of a payout even to take them.

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 Company's Loyalty Programme.

These areas are executed in congruence 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 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 2021

Launch of the New Credit Union Gold Series Product

- New logo/design | TVJ interview
- Radio spot placements, segment sponsorships, time signal, interviews.
- Print placements in the Gleaner & Observer
- Brochures | Landing Page created
- Pop up banner on website | Digital Marketing
- Video reels | Standees | Email blast
- SMS | Posters | Webinars
- Facebook Lead ads
- Social Media sponsored ads and posts

New Website Launch

- New Look, Feel, Tabs, Brochures, Layout & Updates
- Additional features were added, including Google translate, feedback forms, quotation requests and easy access to information.

Virtual Forums

- Mayberry Investors Virtual Forum with special guest - Chairman & CEO, Sir Raymond Walker
- Sterling Asset Management Forum
 - 2019 & 2020 AGM- February & August
 - Credit Union Webinars

Event Sponsorship

- 2021 Jamaica Jazz & Blues Virtual Concert & Video Board Title Sponsor - March, 2021
- The Association of Surgeons in Jamaica's Annual Clinical Conference Title Sponsorship - May.

Radio | Television | Digital Marketing

Gleaner & Observer Publications

- Corporate Ads | Product Ads
- Special Supplements - JIFA, JGRA & Sterling Asset Management Anniversary
- Financial Statement Notices
- Magazine Ads - Jamaica Stock Exchange Company Listed Yearbook
- Association of Surgeons of Jamaica | Medical Association of Jamaica

Social Media

We engaged in various strategies to increase our Social Media presence, followers and reach. The following strategies were used: -

- Sponsored Post & Tips | Educational | Special events | Lead Posts
- Engagement posts | Informational Post | Entertainment (Pop Culture)
- Videos | Internal competitions

Corporate

- Donation to Reddie's Place of safety
- CAB Loyalty Programme

Special Publications

- Annual Report Publications 2019 & 2020

Brochures

- Credit Union Gold Series (CUGS) | Corporate | Divisions

Corporate Ads

- Yello page ads



ELECTRONIC PRINT DIGITAL MARKETING



ENJOY

Savings & Discounts

using Caribbean Assurance Brokers
Loyalty Programme **Mobile APP**



LOYALTY PROGRAMME

Caribbean Assurance Brokers Limited 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).

On November 1, 2020, the Programme was upgraded and transitioned to our new Loyalty Programme Mobile Application, another first in Jamaica's insurance brokerage industry.

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

Customers download the app on their mobile device, visit, and receive discounts at some of their favourite 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 discounts and savings for our customers by paying less out of pocket.

- Customer engagement, expansion, acquisition and retention.
- Increased customer satisfaction. Obtaining market intelligence Increased revenue and market share. Enhanced competitive advantage over our competitors by having more Merchants and Health Care Providers.
- Building exceptional relations.

Marketing Strategies

The following were the main Integrated Strategies used to enhance the Programme and communicate with the customers to generate publicity, brand awareness and to mobilize customers to download the app:

- Download drive for Team Members and Customers using:
 - o Email blasts, SMS, digital marketing/ Social Media platforms and one to one communication.
- Recruitment of new Providers and Merchants that are in high demand.
- Continued Transitioning and training of new and existing Merchants and Providers from a card-based application to a mobile-based application.
- Updated CAB's website to inform our online customers of all the changes and instructions to download the app and the updated brochures, including the listings of the Merchant and Provider partners. 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.

PICTORIAL



Caribbean Assurance Brokers Limited board members at our first of two AGMs held on February 25, 2021 after being listed on the Junior Stock Exchange with the latter held on August 18, 2021.



Left: Sterling Asset Management Limited & Caribbean Assurance Brokers Limited Webinar on Investing and Insurance held on Oct 12, 2021. **Right:** Raymond H. Walker as Guest Speaker on Mayberry Investments Limited's Virtual Investor Forum held on June 10, 2021.



Left: Caribbean Assurance Brokers Limited General Insurance Division team members who were awarded 2nd Place in the commercial lines by GK Insurance Ltd. which was presented on November 2021 recognizing CAB for having one of the highest growth rates between \$50M-100M in 2020. **Right:** Caribbean Assurance Brokers Limited Employee Benefits Division team members who were awarded Broker of the Month for June 2021 by Guardian Life Insurance Limited .



**TOP TEN
SHAREHOLDERS**

CARIBBEAN ASSURANCE BROKERS LIMITED

Top 10 Shareholders

As at December 31, 2021

1 TOP TEN SHAREHOLDERS:

	<u>Shares Held</u>	<u>% of Issued Shares</u>
Raymond Walker	107,100,000.00	40.80
Rion Hall & Veviene Hall	31,668,724.00	12.06
C&WJ Co-op Credit Union Limited	21,680,616.00	8.26
Dr. Karen Rajpat	18,899,952.00	7.20
Mayberry Jamaican Equities Limited	13,639,395.00	5.20
Gail Minott	13,402,600.00	5.11
Dr. Paul L. Brown	12,781,740.00	4.87
Errol Duhaney	5,985,412.00	2.28
Everton J. Smith	2,856,411.00	1.09
Sandra Kenny	2,000,656.00	0.76
Total	<u>230,015,506.00</u>	<u>87.63</u>
Total Issued shares	<u>262,500,000.00</u>	<u>100.00</u>

2 DIRECTORS & SENIOR OFFICERS:

		<u>Shares Held</u>	<u>% of Issued Shares</u>
Directors:	Connected Party		
Raymond Walker		107,100,000.00	40.80
Rion Hall		31,668,724.00	12.06
Barrington Whyte		1,701,500.00	0.65
Norman Minott		1,701,500.00	0.65
Tania Waldron-Gooden		<u>1,570,500.00</u>	<u>0.60</u>
		<u>143,742,224.00</u>	<u>54.76</u>
Carlton Barclay:		-	-
	C&WJ Co-op Credit Union	<u>21,680,616.00</u>	<u>8.26</u>
Senior Officers:			
Carlton Raymond		78,400.00	0.030
Heather Muirhead-Brown		78,000.00	0.030
Michelle Harris		67,900.00	0.020
Krystal Gayle		17,200.00	0.010
Godfrey Heron		<u>1,759.00</u>	<u>0.001</u>
		<u>243,259.00</u>	<u>0.091</u>



FINANCIAL STATEMENTS

31 DECEMBER 2021

CARIBBEAN ASSURANCE BROKERS LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2021

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Tel: (876) 926-1616/7, 926-4421
Fax: (876) 926-7580
www.bdo.com.jm

Chartered Accountants
26 Beechwood Avenue
P.O. Box 351
Kingston 5, Jamaica

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 36, which comprise the statement of financial position as at 31 December 2021, 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 2021, 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)

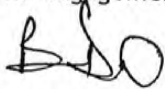
To the Members of
Caribbean Assurance Brokers Limited

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 2022



CARIBBEAN ASSURANCE BROKERS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> \$	<u>2020</u> \$
REVENUE	6	423,440,242	370,639,035
Other operating income	7	<u>39,613,528</u>	<u>26,283,204</u>
		<u>463,053,770</u>	<u>396,922,239</u>
Administrative and other expenses		(255,305,591)	(232,816,203)
Selling expenses		(144,879,537)	(121,233,919)
		<u>(400,185,128)</u>	<u>(354,050,122)</u>
OPERATING PROFIT		62,868,642	42,872,117
Finance costs	8	(5,764,060)	(5,284,490)
PROFIT BEFORE TAXATION		57,104,582	37,587,627
Taxation	11	(969,693)	(6,035,089)
NET PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME		<u>56,134,889</u>	<u>31,552,538</u>
EARNINGS PER STOCK UNIT	12	<u>\$0.21</u>	<u>\$0.13</u>

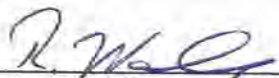
CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021

	Note	2021 \$	2020 \$
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	245,202,022	255,732,243
Deferred tax asset	14	11,192,528	12,162,221
Right-of-use assets	15(a)	<u>15,044,976</u>	<u>21,517,847</u>
		<u>271,439,526</u>	<u>289,412,311</u>
CURRENT ASSETS:			
Receivables	16	150,473,011	144,085,587
Taxation recoverable		3,536,989	2,733,163
Cash and bank balances	17	<u>201,557,896</u>	<u>155,791,576</u>
		<u>355,567,896</u>	<u>302,610,326</u>
		<u>627,007,422</u>	<u>592,022,637</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	18	137,589,247	137,589,247
Capital reserve	19	48,424,370	48,424,370
Retained earnings		<u>202,523,164</u>	<u>146,388,275</u>
		<u>388,536,781</u>	<u>332,401,892</u>
NON-CURRENT LIABILITIES:			
Long term loan	20	54,553,238	75,198,594
Lease liabilities	15(b)	<u>10,059,958</u>	<u>15,767,035</u>
		<u>64,613,196</u>	<u>90,965,629</u>
CURRENT LIABILITIES:			
Payables	21	160,668,486	155,580,912
Current portion of long term loan	20	7,481,882	6,881,813
Current portion of lease liabilities	15(b)	<u>5,707,077</u>	<u>6,192,391</u>
		<u>173,857,445</u>	<u>168,655,116</u>
		<u>627,007,422</u>	<u>592,022,637</u>

Approved for issue by the Board of Directors on 1 March 2022 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 2021

	<u>Note</u>	<u>Share Capital</u> ₡	<u>Capital Reserve</u> ₡	<u>Retained Earnings</u> ₡	<u>Total</u> ₡
BALANCE AT 31 DECEMBER 2019		48,765,008	48,424,370	114,835,737	212,025,115
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>31,552,538</u>	<u>31,552,538</u>
		48,765,008	48,424,370	146,388,275	243,577,653
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		137,589,247	48,424,370	146,388,275	332,401,892
TOTAL COMPREHENSIVE INCOME					
Net profit		<u>-</u>	<u>-</u>	<u>56,134,889</u>	<u>56,134,889</u>
BALANCE AT 31 DECEMBER 2021		<u>137,589,247</u>	<u>48,424,370</u>	<u>202,523,164</u>	<u>388,536,781</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> ₤	<u>2020</u> ₤
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		56,134,889	31,552,538
Items not affecting cash resources:			
Exchange gain on foreign balances		(8,757,559)	(2,535,717)
Amortization of right-of-use asset	15	6,472,871	4,487,285
Depreciation	13	11,659,453	8,676,828
(Gain)/loss on disposal of property, plant and equipment		(14,998)	52,386
Interest income	7	(3,304,660)	(3,766,171)
Interest expense	8	4,289,803	4,625,319
Interest expense on lease liabilities	15(b)	1,474,257	659,171
Taxation expense	11(a)	<u>969,693</u>	<u>6,035,089</u>
		68,923,749	49,786,728
Changes in operating assets and liabilities:			
Receivables		(1,957,105)	(2,406,725)
Payables		1,903,521	173,418
Taxation recoverable		<u>(803,826)</u>	<u>-</u>
		68,066,339	47,553,421
Taxation paid		<u>-</u>	<u>(8,228,915)</u>
Cash provided by operating activities		<u>68,066,339</u>	<u>39,324,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		3,304,660	3,766,171
Proceeds from sale of property, plant and equipment		15,000	410,703
Purchase of property, plant and equipment	13	<u>(1,129,234)</u>	<u>(30,741,777)</u>
Cash provided by/(used in) investing activities		<u>2,190,426</u>	<u>(26,564,903)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid on lease liabilities		(1,474,257)	(659,171)
Interest paid		(4,289,803)	(4,625,319)
Principal paid on lease liabilities		(6,192,391)	(4,385,254)
Loan repayments	17(c)	(28,419,991)	(21,618,155)
Loan proceeds		3,399,304	7,176,714
Issue of shares		<u>-</u>	<u>88,824,239</u>
Cash (used in)/provided by financing activities		<u>(36,977,138)</u>	<u>64,713,054</u>
INCREASE IN CASH AND CASH EQUIVALENTS		33,279,627	77,472,657
Effects of exchange rate translation on cash and cash equivalents		<u>12,486,693</u>	<u>3,940,658</u>
Cash and cash equivalents at beginning of year		45,766,320	81,413,315
		<u>155,791,576</u>	<u>74,378,261</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)		<u>201,557,896</u>	<u>155,791,576</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 and modified by the revaluation of certain property, plant and equipment that are measured at revalued amounts. 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 are immediately relevant to its operations.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2021:

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.

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:

Amendments to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities (effective for accounting periods beginning on or after 1 January 2023). 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 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Basis of preparation (cont'd)

Standards, amendments and interpretation not yet effective and not early adopted (cont'd)

Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the company.

Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022). This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the company.

Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022). The IASB issued its Annual Improvements to IFRSs 2018-2020 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

(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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign currency translation (cont'd)

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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

(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.

(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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(e) Financial instruments (cont'd)

Financial assets (cont'd)

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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases (cont'd)

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.

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 or 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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(i) Leases (cont'd)

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.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

(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.

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.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

(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 simple models and assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of judgements are also required in applying the accounting requirements for measuring ECL, such as:

- 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.

The company has the following types of financial assets that are subject to IFRS 9's expected credit loss model:

- Receivables from policyholders
- Receivables from insurance companies; and
- Cash and cash equivalents.

For cash and cash equivalents the identified impairment loss was immaterial.

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

The company applies the IFRS 9 simplified approach to measuring expected credit loss (ECL) which uses a life time expected loss allowance for receivables from policyholders. To measure the expected credit losses the total amount receivable from policyholders are matched to the amount payable to the insurance companies.

The expected credit loss (ECL) provision is measured on the excess of receivables from policyholders against the payable due to the insurance companies. The risk of exposure of policies outstanding is ultimately with the insurance companies. The company's credit risk exposure from receivables due from insurance companies relates to the commission earned. This exposure is reduced or completely eliminated as the company has the right to cancel the policies once they are in arrears.

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 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category

Financial assets

	<u>Amortised cost</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
Cash and cash equivalents	201,557,896	155,791,576
Receivables	<u>131,459,300</u>	<u>126,766,746</u>
Total financial assets	<u>333,017,196</u>	<u>282,558,322</u>

Financial liabilities

	<u>Financial liabilities at amortised cost</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
Payables	107,982,202	103,197,916
Lease liabilities	15,767,035	21,959,426
Long term loan	<u>62,035,120</u>	<u>82,080,407</u>
Total financial liabilities	<u>185,784,357</u>	<u>207,237,749</u>

(c) Financial risk factors

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's Finance function. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investments of excess liquidity.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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>2021</u>	<u>2020</u>
	\$	\$
Receivables	48,055,587	54,159,251
Cash and bank balances	177,031,244	139,253,287
Long-term loan	(60,035,405)	(82,080,407)
Payables	<u>(46,184,237)</u>	<u>(31,936,963)</u>
	<u>118,867,189</u>	<u>79,395,168</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 8% (2020 - 6%) depreciation and a 2% (2020 - 2%) 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>2021</u>	Effect on Profit before Tax 31 December <u>2021</u> \$	% Change in Currency Rate <u>2020</u>	Effect on Profit before Tax 31 December <u>2020</u> \$
Currency:				
USD	-8	9,509,375	-6	4,763,710
USD	<u>+2</u>	<u>(2,377,344)</u>	<u>+2</u>	<u>(1,587,903)</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 term loan which is 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 term loan 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 2021

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 3% increase /0.5% decrease (2020 - 1% increase/1% decrease) in interest rates on Jamaican dollar borrowings would result in Nil effect due to no JMD borrowings (2020 - NIL) in profit before tax for the company.

A 1% increase/1% decrease (2020 - 1% increase/1% decrease) in interest rates on US dollar borrowings would result in a \$620,351 decrease/\$620,351 increase (2020 - \$820,804 decrease/\$820,804 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>2021</u>	<u>2020</u>
	\$	\$
0 - 30 days	41,612,618	39,361,180
31 - 60 days	34,630,858	34,236,917
61 - 90 days	3,721,006	12,215,025
91 days and over	<u>16,667,500</u>	<u>20,250,593</u>
	<u>96,631,982</u>	<u>106,063,715</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk (cont'd)

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.

(iii) Liquidity risk

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

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

	<u>Within 1</u> <u>Year</u> <u>₹</u>	<u>1 to 2</u> <u>Years</u> <u>₹</u>	<u>2 to 5</u> <u>Years</u> <u>₹</u>	<u>Total</u> <u>₹</u>
31 December 2021				
Trade payables	107,982,202	-	-	107,982,202
Long term loan	10,567,165	10,333,386	78,381,167	99,281,718
Lease liability	<u>5,707,077</u>	<u>3,823,216</u>	<u>7,362,875</u>	<u>16,893,168</u>
Total financial liabilities (contractual maturity dates)	<u>124,256,444</u>	<u>14,156,602</u>	<u>85,744,042</u>	<u>224,157,088</u>
	<u>Within 1</u> <u>Year</u> <u>₹</u>	<u>1 to 2</u> <u>Years</u> <u>₹</u>	<u>2 to 5</u> <u>Years</u> <u>₹</u>	<u>Total</u> <u>₹</u>
31 December 2020				
Trade payables	103,197,916	-	-	103,197,916
Long term loan	10,970,730	10,824,942	148,072,586	169,868,258
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>121,702,028</u>	<u>17,430,782</u>	<u>156,056,299</u>	<u>295,189,109</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

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6. REVENUE:

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the company's business and is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured taking into account contractually defined terms of payment.

7. OTHER OPERATING INCOME:

	<u>2021</u>	<u>2020</u>
	\$	\$
Agency fee	28,409,878	22,796,032
Interest	3,304,660	3,766,171
Foreign exchange translation	4,871,487	(1,375,607)
Miscellaneous	567,247	814,930
Gain on disposal of property, plant and equipment	15,000	-
Rental income	<u>2,445,256</u>	<u>281,678</u>
	<u>39,613,528</u>	<u>26,283,204</u>

8. FINANCE COSTS:

	<u>2021</u>	<u>2020</u>
	\$	\$
Loan interest	4,289,803	4,625,319
Interest - lease liabilities	<u>1,474,257</u>	<u>659,171</u>
	<u>5,764,060</u>	<u>5,284,490</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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9. EXPENSES BY NATURE:

Total administrative, selling and other expenses:

	<u>2021</u> \$	<u>2020</u> \$
Directors' remuneration	27,928,656	17,128,656
Directors' fee	1,854,467	2,368,750
Rent	480,000	683,131
Printing and stationery	2,143,294	2,591,961
Repairs and maintenance	5,750,442	5,985,083
Telephone, cables and postage	3,627,059	3,387,438
Registration fee	24,196,250	18,558,049
Legal and professional fees	14,014,688	12,519,414
Auditors' remuneration	2,300,000	1,850,000
Security	3,852,824	4,408,289
Electricity	3,679,253	4,704,343
Insurance	7,758,906	6,717,311
Subscriptions and donations	322,828	800,283
Bank charges	8,877,411	8,769,515
Foreign travel and entertainment	782,613	874,882
Loss on disposal of property, plant and equipment	-	52,386
Amortization	6,472,871	4,487,285
Staff costs (note 10)	259,420,080	238,594,666
Advertising and promotion	8,577,800	2,994,558
Depreciation	11,659,453	8,676,828
Other	<u>6,486,233</u>	<u>7,897,294</u>
	<u>400,185,128</u>	<u>354,050,122</u>

10. STAFF COSTS:

	<u>2021</u> \$	<u>2020</u> \$
Salaries, wages and statutory contributions	109,264,591	106,646,851
Commission	125,012,990	109,360,868
Travel and accommodation	10,506,133	8,364,589
Staff training and welfare	1,968,826	2,915,493
Group health	10,531,768	9,503,905
Pension	<u>2,135,772</u>	<u>1,802,960</u>
	<u>259,420,080</u>	<u>238,594,666</u>

The company employed eighty-eight (88) persons at the end of the year (2020 - 83).

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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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>2021</u> ₤	<u>2020</u> ₤
Current taxation	18,668,745	12,317,176
Deferred tax (note 14)	<u>969,693</u>	<u>3,746,350</u>
	19,638,438	16,063,526
Adjustment for the effect of tax remission: Current tax	<u>(18,668,745)</u>	<u>(10,028,437)</u>
Tax charge in income statement	<u>969,693</u>	<u>6,035,089</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>2021</u> ₤	<u>2020</u> ₤
Profit before taxation	<u>57,104,582</u>	<u>37,587,627</u>
Tax calculated at applicable tax rate	19,034,861	12,529,209
Adjusted for the effects of:		
Expenses not deducted for tax purposes	6,825,912	4,949,007
Net effect of other charges and allowances	<u>(6,222,335)</u>	<u>(1,414,690)</u>
	19,638,438	16,063,526
Adjustment for the effect of tax remission: Current tax	<u>(18,668,745)</u>	<u>(10,028,437)</u>
Tax charge in income statement	<u>969,693</u>	<u>6,035,089</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

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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 2020 reflected the six split in the number of shares issue up to 21 January 2020.

	<u>2021</u>	<u>2020</u>
Net profit attributable to stockholders (\$)	56,134,889	31,552,538
Weighted average number of ordinary shares (units)	262,500,000	242,704,918
Earnings per stock unit (\$)	<u>\$0.21</u>	<u>\$0.13</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT:

	<u>Land & Building</u> ₡	<u>Office Equipment</u> ₡	<u>Furniture & Fixtures</u> ₡	<u>Motor Vehicles</u> ₡	<u>Total</u> ₡
At cost/valuation					
1 January 2020	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>14,640,506</u>	<u>838,904</u>	<u>729,614</u>	<u>30,741,777</u>
31 December 2020	239,532,753	62,554,144	13,720,779	2,006,438	317,814,114
Additions	-	1,129,234	-	-	1,129,234
Disposal	-	-	(24,420)	-	(24,420)
31 December 2021	<u>239,532,753</u>	<u>63,683,378</u>	<u>13,696,359</u>	<u>2,006,438</u>	<u>318,918,928</u>
Depreciation:					
1 January 2020	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	-	(75,278)	(15,335)	(221,542)	(312,155)
31 December 2020	7,789,876	46,299,970	6,943,205	1,048,820	62,081,871
Charge for the year	4,413,319	5,629,231	1,215,615	401,288	11,659,453
Disposal	-	-	(24,418)	-	(24,418)
31 December 2021	<u>12,203,195</u>	<u>51,929,201</u>	<u>8,134,402</u>	<u>1,450,108</u>	<u>73,716,906</u>
Net Book Value:					
31 December 2021	<u>227,329,558</u>	<u>11,754,177</u>	<u>5,561,957</u>	<u>556,330</u>	<u>245,202,022</u>
31 December 2020	<u>231,742,877</u>	<u>16,254,174</u>	<u>6,777,574</u>	<u>957,618</u>	<u>255,732,243</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

The company's land and building were revalued by Allison Pitter & Company, Chartered (Valuation) Surveyors on an open market value basis at 24 September 2018. In addition, the company's land and building is located at 94D Old Hope Road, Kingston 6. St. Andrew. The surplus arising on revaluation has been taken to Capital Reserve.

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>2021</u> ₤	<u>2020</u> ₤
Deferred tax asset	<u>11,192,528</u>	<u>12,162,221</u>

The movement on the deferred tax account is as follows:

Balance at start of year	12,162,221	15,908,571
Charge for the year (note 11(a))	(969,693)	(3,746,350)
Balance at end of year	<u>11,192,528</u>	<u>12,162,221</u>

Deferred taxation is due to the following temporary differences:

	<u>2021</u> ₤	<u>2020</u> ₤
Decelerated capital allowances	<u>11,192,528</u>	<u>12,162,221</u>

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

	<u>2021</u> ₤	<u>2020</u> ₤
Decelerated capital allowances	<u>11,192,528</u>	<u>12,162,221</u>
Asset at end of year	<u>11,192,528</u>	<u>12,162,221</u>

15. RIGHT-OF-USE ASSETS:

(a) Right-of-use assets:

	<u>Motor Vehicles</u>	
	<u>2021</u> ₤	<u>2020</u> ₤
At 1 January	21,517,847	9,915,131
Addition	-	16,090,001
Amortization	(6,472,871)	(4,487,285)
At 31 December	<u>15,044,976</u>	<u>21,517,847</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

(b) Lease liabilities

	<u>Motor Vehicles</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
At 1 January	21,959,426	10,254,679
Addition	-	16,090,001
Interest expense	1,474,257	659,171
Lease payments	<u>(7,666,648)</u>	<u>(5,044,425)</u>
At 31 December	15,767,035	21,959,426
Less current portion	<u>(5,707,077)</u>	<u>(6,192,391)</u>
	<u>10,059,958</u>	<u>15,767,035</u>

16. RECEIVABLES:

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade receivables	96,631,982	106,063,715
Due from employees	2,343,331	1,857,317
Deposits	34,827,318	20,703,031
Prepayments	12,401,662	14,944,858
Other receivables	<u>4,268,718</u>	<u>516,666</u>
	<u>150,473,011</u>	<u>144,085,587</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>2021</u>	<u>2020</u>
	\$	\$
Cash and bank balances -		
Deposits and short-term investments	170,776,790	114,075,389
Foreign currency accounts	8,125,251	35,713,998
Local currency account	22,579,832	5,819,764
Cash in hand	<u>76,023</u>	<u>182,425</u>
	<u>201,557,896</u>	<u>155,791,576</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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>2021</u>	<u>2020</u>
	%	%
Interest bearing - JA\$ account	2.25	2.50
- US\$ account	<u>3.30</u>	<u>3.79</u>

- (c) Reconciliation of movements of liabilities to cash flows from financing activities:

Amounts represent loans.

	<u>2021</u>	<u>2020</u>
	\$	\$
At 1 January	82,080,407	89,808,869
Cash -		
Loans received	3,399,304	7,176,714
Loan repaid	<u>(28,419,991)</u>	<u>(21,618,155)</u>
	57,059,720	75,367,428
Non-cash -		
Foreign exchange effect	<u>4,975,400</u>	<u>6,712,979</u>
	<u>62,035,120</u>	<u>82,080,407</u>

18. SHARE CAPITAL:

	<u>2021</u>	<u>2020</u>
	\$	\$
Authorised -		
Unlimited Ordinary shares of no par value (2020 - \$50,000,000)		
Issued and fully paid -		
35,000,000 Ordinary shares of no par value	-	48,765,008
262,500,000 Ordinary shares of no par value	<u>137,589,247</u>	<u>100,275,150</u>
	137,589,247	149,040,158
Less: transaction costs of share issue	-	<u>(11,450,911)</u>
	<u>137,589,247</u>	<u>137,589,247</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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>2021</u> ₤	<u>2020</u> ₤
Bank of Nova Scotia Jamaica Limited loan	62,035,120	82,080,407
Less: Current portion	(7,481,882)	(6,881,813)
	<u>54,553,238</u>	<u>75,198,594</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>2021</u> ₤	<u>2020</u> ₤
Trade payables	107,982,202	103,197,916
Due to employees	21,031,669	18,924,592
Other payables and accruals	<u>31,654,615</u>	<u>33,458,404</u>
	<u>160,668,486</u>	<u>155,580,912</u>

CARIBBEAN ASSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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>2021</u>	<u>2020</u>
	<u>\$</u>	<u>\$</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>33,821,503</u>	<u>21,454,656</u>
Directors' remuneration -		
Fees	1,854,467	2,368,750
Management remuneration (included above)	<u>27,928,656</u>	<u>17,128,656</u>
(b) Year-end balances		
Due to -		
Directors (included in payables)	<u>5,212,547</u>	<u>75,822</u>
Due from -		
Directors (included in receivables)	<u>693,259</u>	<u>634,129</u>

23. 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-19 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; and
- 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.

Executive Chairman

PROXY FORM

CARIBBEAN ASSURANCE BROKERS LIMITED

I/We.....
of.....
 being a member/members of Caribbean Assurance Brokers Limited, here-
 by 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 **August 18, 2022** 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 resolu-
 tions referred to. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Resolution 1:

"THAT the 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 Directors Rion Hall and Janice Holness, who retire by rotation and being eligible for re-election, be
 and are hereby re-elected Directors of the Company".

For Against

Resolution 2 (b):

"THAT Mrs. Joyce West-Johnson, having been appointed a Director since the last AGM to fill a casual
 vacancy, automatically retires at this meeting, and being eligible for election, be and is hereby elected as
 a Director of the Company".

For Against

Resolution 2 (c):

"THAT Dr. Leo Walker, being eligible for election, be and is hereby elected a Director of the Company".

For Against

Resolution 3:

"THAT BDO Jamaica, 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 2022

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.

Caribbean Assurance Brokers Limited

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
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