



DEMERARA
MUTUAL 

2020 ANNUAL REPORT

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INVESTING IN **FAMILY**

This year we explore the multitude of options for building and strengthening your family's financial position.



Annual Report 2020

Our Vision

To develop, promote and sustain a customer-focused organisation.

Our Mission

To surpass our customers' expectations by providing superior service through the integration of people and technology.



Demerara Mutual Life Assurance Society Limited

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DEMERARA MUTUAL Offices

HEAD OFFICE

61 & 62 Avenue of the Republic & Robb Street
Georgetown, Guyana
TEL: (592) 225 8991-3 Fax: (592) 225 8994-5
corporate@demeraramutual.com

Clarke's Agency

61 & 62 Avenue of the Republic & Robb Street
Georgetown, Guyana
TEL: (592) 227 6803- 04 Fax - 225 - 3844
c_clarke @demeraramutual.com

Lot 2, Zeskenderen Central Mahaicony

East Coast Demerara, Guyana
TEL: (592) 221 2276/2061
FAX: (592) 221 2283
mahaicony@demeraramutual.com

Mc Pherson's Agency

63 Avenue of the Republic & Robb Street
Georgetown, Guyana
TEL: (592) 225-8991 - 3, Ext 255
j_mcperson@demeraramutual.com

Linden Office

97/98 Republic Avenue
McKenzie, Linden, Guyana
TEL: (592) 444 4687/6087
linden@demeraramutual.com

Berbice Sales Office

Lot 4 Wapping Lane
New Amsterdam,
Berbice, Guyana
TEL: (592) 333 3243 FAX: (592) 333 4724
berbice@demeraramutual.com

GRENADA

Grenada Branch Office

Granby Street
St. George's, Grenada
TEL: (473) 440 2520/3208 FAX: (473) 440 4178
grenada@demeraramutual.com

Roberts Sales Office

Demerara Mutual Office

Granby Street
St George's, Grenada
TEL: (473) 440 2520
w_roberts@demeraramutual.com

ST.LUCIA

St. Lucia's Branch Office

37 Chisel Street
Castries, St. Lucia
TEL: (758) 452 3979/6199
FAX: (758) 451 7729
st.lucia@demeraramutual.com

Dantes' Sales Unit

37 Chisel Street
Castries, St. Lucia
TEL: (758) 453 6034/452 6199
FAX: (758) 451 7729
v_dantes@demeraramutual.com

Kirton's Sales Office

37 Chisel Street
Castries, St. Lucia
Tel: (758) 453.6626/28 Fax: (758) 451.7729
s_charleskirton@demeraramutual.com

Tappin's Sales Office

Bois D'Orange
Gros Islet, Rodney Bay
St Lucia
Tel: (758) 452 9665 Fax: (758) 451 7729
c_tappin@demeraramutual.com

ST. VINCENT

St. Vincent Branch Office/ Sales Office

65 Grenville Street
Kingstown, St. Vincent
TEL: (784) 457 1897 FAX: (784) 456 2686
st.vincent@demeraramutual.com

Gordon's Sales Unit

65 Grenville Street
Kingstown, St. Vincent
TEL: (784) 457 1897 FAX: (784) 456 2686
e_gordon@demeraramutual.com

Phillips' Sales Office

65 Grenville Street
Kingstown, St. Vincent
TEL: (784) 457 1897 FAX: (784) 456 2686
bphillips@demeraramutual.com

**DEMERARA FIRE
AND GENERAL**  **Offices**

HEAD OFFICE

Demerara Fire & General Insurance Company Limited

91 & 92 Avenue of the Republic, Lacytown,
Georgetown, Guyana
TEL: (592) 225 8991-3 FAX: (592) 225 8995
corporate@demeraramutual.com

Branch Offices:

Lot 4 Wapping Lane
New Amsterdam, Berbice, Guyana
TEL: (592) 333 3243/2849 FAX: (592) 333 4724
berbice@demeraramutual.com

Lot 2 Zeskenderen, Section A

Central Mahaicony,
East Coast Demerara, Guyana
TEL: (592) 221 2276/2061 FAX: (592) 221 2283
mahaicony@demeraramutual.com

97/98 Republic Avenue

Mackenzie, Linden, Guyana
TEL: (592) 444 4687, (592) 444 6087
linden@demeraramutual.com

Notice of Date of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 129th Annual General Meeting of members of Demerara Mutual Life Assurance Society Ltd will be held Virtually via Zoom Meeting Portal from its premises 63 Robb Street, Georgetown, Guyana, on Friday 13th August 2021 at 2.45 p.m.

If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 13th August 2021 deliver to the Society's Home Office, a statement in writing in the form of a motion setting forth specifically, such matter.

Whenever any member wishes to vote by proxy at any General Meeting, he/she shall, not less than twenty-four (24) hours before the time at which the Meeting is to take place, deliver or cause to be delivered at the Society's Home Office, a document signed by him/her, in the form (which can be obtained from the Company Secretary) appointing some other member of the Society as his/her proxy.

The Agenda for this meeting will be set out in the Notice to be published in the local Newspapers at least seven (7) days before the date of this Meeting.

Copies of the Financial Statements and the Reports of the Directors and Auditors for 2020 would be available at our Administrative Offices in Guyana, Grenada, St Lucia and St Vincent.

By order of the Board



JAMES K. MORGAN

Company Secretary

Demerara Mutual Life Assurance Society Ltd.

61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana

16th July 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 129th Annual General Meeting of members of Demerara Mutual Life Assurance Society Ltd will be held Virtually via Zoom Meeting Portal from its premises 63 Robb Street, Georgetown, Guyana, on Friday 13th August 2021 at 2.45 p.m.

AGENDA

1. To approve resolution authorising the holding of a virtual 129th annual general meeting due to the restrictions of the Covid 19 Emergency Measures imposed by the Guyana Government under the Public Health Ordinance Cap 145.
2. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2020 and the report of the Auditors thereon.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To elect Auditors and fix their remuneration.
6. To approve an appropriation for donations to charity and for educational purposes.

By order of the Board



JAMES K. MORGAN

Company Secretary

Demerara Mutual Life Assurance Society Ltd.

61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana

16th July 2021

Corporate Information

Demerara Mutual Life Assurance Society Limited Incorporated by Ordinance 19 of 1891

REGISTERED OFFICES:

61 & 62 Avenue of the Republic
& Robb Street
Georgetown, Guyana
Tel. (592) 225-8991-3
Email: corporate@demeraramutual.com

REASSURERS:

Swiss Re Life & Health Canada
150 King St West, Suite 1000
Toronto, Ontario M5H 1J9, Canada

AUDITORS:

TSD LAL & CO.
CHARTERED ACCOUNTANTS
(An Independent Correspondent Firm
of Deloitte Touché Tohmatsu)
77 Brickdam, Stabroek,
Georgetown, Guyana

ACTUARY:

Edward Kuo Consulting Actuary
Actuarial Perspective Inc
2 Robert Speek Parkway
Suite 750
Mississauga, Ontario
L4Z 1H8, Canada

BANKERS:

Guyana Bank for Trade & Industry Limited
47-48 Water Street
Georgetown, Guyana

Republic Bank (Guyana) Limited
38-40 Water Street
Georgetown, Guyana

Citizens Bank Guyana Inc.
231 -233 Camp Street
Georgetown, Guyana

Bank of Nova Scotia
104 Carmichael Street
North Cummingsburg
Georgetown, Guyana

ATTORNEYS-AT-LAW:

Messrs Cameron & Shepherd
2 Avenue of the Republic
Georgetown, Guyana



The DM Family

I'm with Dem





Chairman's Report

Fellow Policyholders, Special Invitees, I extend heartfelt thanks to you for your virtual attendance at today's 129th Annual General Meeting of the Demerara Mutual. I wish to emphasize that 129 years of existence is a very significant achievement and we all should be proud of this journey of Demerara Mutual, the oldest life Insurance Company in Guyana.

Today's meeting is the second Annual General Meeting which we are holding virtually, the first being in 2019, given the Covid 19 pandemic and the enforced guidelines which restricts the gathering we are accustomed to, for our safety from a virus that has infected and taken the lives of so many across the world.

I am pleased, however, that the necessary measures in particular the taking of available vaccines would hopefully result in the mitigation of this deadly health risk and the return of our lives to some level of normalcy.

Your Board of Directors and Management given the Covid challenges, approved and implemented such necessary measures to ensure the safety of its staff and also that the insurance services we owe you were in no way compromised and that your insurance protection was sustained and at all times remained adequate.

I would like to personally convey my gratitude to the Management and staff, both office and field, for their hard work, commitment and dedication to ensuring the continued effective functioning, stability and growth of all of our operations namely in Guyana,

**Ronald
Burch-Smith**
Chairman



Grenada, St Vincent and St Lucia.

DOMESTIC ECONOMIES

Guyana's economy continued to experience significant growth and was projected to have an exceptional growth of about 43.5% for 2020 on account of the oil and gas industry. Economic growth in St Vincent and St Lucia for 2020 was negative. The volcano in St Vincent in April 2021 added to the country's other challenges but their resilience and support from many friends, families and territorial neighbors have seen an acceleration of the recovery process in this territory. The Society took such necessary steps to address the needs of the staff members in St Vincent during this crisis period. Grenada's growth for the year was estimated at 4.0%.

GLOBAL ECONOMY

The world economic outlook estimated that global economy would have contracted by approximately 3.4% for 2020. The global economy is still grappling major setbacks due to the Covid 19 health crisis. Some recovery is now being experienced given the great efforts being made to have persons vaccinated for protection against this virus. The

Chairman's Report

economic hardship was catastrophic given the many lives lost, loss of income and closure of many businesses. This will all take many years to recover from but given our strong will, resilience and positivity there can be some optimism. We expect that COVID-19 with its attendant public health, social and economic effects may be around for quite some time.

We affirm our deepest gratitude to all front line workers, medical personnel, scientists, public officials and all others who have risen to the challenges of the pandemic and given selfless service and in some cases their very lives to mitigate this pandemic and save lives.

FINANCIAL PERFORMANCE

Total revenue: The 2020 Revenue was \$2.12 B compared to \$2.14B in 2019 which was a 1% decrease. The contributions by territory were Guyana - \$951M (45%), Grenada - \$625M (29%), St Lucia - \$301M (14%) and St Vincent - \$245M (12%). The net surplus was \$262M, an increase of 40% over the 2019 results which was \$186M.

Investment income: This amounted to \$590M, a 7% increase compared to the \$550M achieved in 2019. The Company continued to keep under review its investment strategies given the adverse investment climate that exists to achieve greater investment returns.

Management expenses totalled \$642M, a 22% decrease when compared to the previous year amount of \$827.3M. We continued in our efforts to greater control of our expenses to achieve lower expense ratios without compromising on our efficiency and the quality services due to our customers.

Claims paid totaled \$945M, a 43% increase when compared to the \$660M claims paid the previous year. We continue to demonstrate our commitment for the prompt settlement of claims.

REGULATIONS

The insurance industry continued to adjust to a changing regulatory environment. One of the most recent changes was the implementation of IFRS 17, a new accounting standard that will considerably impact the way in which Insurance Companies account for insurance sold. The deadline for implementation of this new standard is 2023. This system will place additional demand on the Society's finance system and policy administration system. The Society has commenced the implementation of IFRS 17 as we are committed to adopting best practice principles that are relevant to our business operations and assure of the Society's ability and resources to comply with this new regulation. This is a costly and time-consuming exercise but it is in the best long term interest of the Insurance industry, policy holders and the general public.

Our corporate governance and risk management framework is being developed and we

Chairman's Report

are working closely with our Regulatory Authorities to ensure that this new requirement of the Insurance Act is satisfied.

The Society is implementing a robust Enterprise Risk Management framework that will aid in managing all aspects of risk to its business objectives. We remain committed to achieving the highest standards of corporate governance in alignment with regulatory requirements.

INFORMATION TECHNOLOGY

The upgrading of our IT infrastructure is continuing. This will ensure the security of our databases from risk of any disaster or cyber-attack and will help us to continue to provide to our policyholders, other clients and the Regularity Authorities, all necessary information and to meet the requirements of the Insurance Act in all the territories where we operate.

Our subsidiary, the Demerara Fire & General has now gone "Live". This newly acquired software is enabling us to better serve you and provide you with real-time information on your general insurance policies and enquiries.

MARKETING

The premium income achieved for 2020 was \$1.53B, which when compared to \$1.59B from the previous year was a 4% decrease. This decrease was due primarily to the adverse effects of the COVID-19 pandemic. The Society, however, remained committed to the welfare of our Clients by offering extensions for the payment of premiums while continuing to enjoy the benefits of financial protection. The Society also encouraged Clients to safeguard against any adverse changes in health by securing health insurance protection.

The Top Producer for the year Mr. Charles Clarke from Guyana, followed by Mr. Wilcox Roberts and Ms. Nathalie Gibbs from Grenada. We extend heartiest congratulations and say thanks to you to our top performers. This is a fitting demonstration of our team's commitment to excellence.

Special attention was given to the strengthening of our sales team in terms of training and the introduction of new product lines. We assure of our resolve to offering you our valued Clients superior products and services that will mitigate your financial risks and satisfy your insurance needs.

Chairman's Report

CORPORATE GOVERNANCE

The Board of Directors has been ensuring that at all the operations where it does business, good governance policies were being followed and maintained. Its timely disclosures and reporting to you the policyholders and the insurance regulators, demonstrate its commitment to adhere to the principles of transparency, accountability and integrity.

FIRE COMPANY SUBSIDIARY

The Demerara Fire & General Insurance Company Ltd, the sole subsidiary of the Life Company, generated total revenue of \$129.3M which was a 2.6% decrease when compared to the 2019 revenue of \$132.8M.

The after tax profit was \$32.3M, a 22.7% decrease when compared to the previous year figure of \$41.9M.

The claims paid totalled \$20.7M. This was a 57% increase when compared to \$13M for the previous year. Management expenses totalled \$47.3M compared to the previous year figure of \$49.1M, a 34% reduction. We continue to make efforts to maintain the number one position for the speedy settlement of claims.

CONCLUSION

I would like to convey to my fellow Directors my sincerest gratitude for the continued use of their expertise and the valuable time afforded for the Society's continued growth in these challenging times.

To the Management and staff, office and field, I also say thanks for your dedication, hard work and resilience to enable the continued efficiency of the Society which saw positive end results for 2020 and for which your Board is most pleased.

Finally to our valued policyholders, I trust you and your families have been keeping safe and are coping with the Covid 19 hardships.

I express my heartfelt gratitude to you also for placing and maintaining your business with the Society and trust that you are satisfied with the service and insurance products we offer to ensure that you and your family are secured financially by having adequate insurance coverage with Demerara Mutual.

I trust that our next meeting would be one where we would meet and socialize as we are accustomed to. Until then please keep safe.

Chief Executive Officer's Report



**Melissa
De Santos**
Chief Executive Officer

INTRODUCTION

The year 2020 was an unprecedented one for all of us including all businesses worldwide. The devastating effects of the Covid 19 pandemic were at the peak in 2020. The losses are immeasurable and irrecoverable considering the many lives lost, closed businesses, loss of income, loss of jobs and the ill health experienced by many.

Management and staff with the guidance of our Board of Directors remained focused and worked assiduously to ensure the safety of our staff, and the stability of the Society while maintaining the quality service we provide to you our policyholders to ensure your financial security.

Regrettably, however, we were unable to reach our 2020 production targets due to the Covid 19 crisis and the strict guidelines which insisted on our distancing from each other and staying at home. We nonetheless seized the opportunity to rethink our marketing strategies to keep in touch with you, our valued policyholders, to ensure that your insurance coverage and security were in no way compromised.

Chief Executive Officer's Report

The well being and safety of our staff and you our Policyholders were of paramount importance. I am pleased that while a few were infected with the virus there was no loss of lives among our staff and policyholders, as far as we knew, in 2020 and those infected recovered speedily. Thanks to God for this and we ask that you continue to take such necessary steps to remain safe as the virus continues to persist. We, for several periods, during the year had to close our offices at all locations and also reduce our hours of work in the best interest of staff safety. Thanks to my Management team and several staff members who went beyond their call of duty and worked from home using the available technology. This ensured that you were provided with needed services and that the efficiency of the Company's operations did not suffer greatly due to this pandemic.

We also offered to our policyholders extended grace periods and encouraged the use of available electronic facilities to pay their premiums. Many of these measures were utilized and helped to ensure that your insurance policies were not terminated for failure to pay your premiums on time. Policy retention was difficult in several cases due to the harsh economic realities and this resulted in increased surrenders.

Our rental income also reduced due to the pandemic. Extension and waiver of rents, however, assisted greatly resulting in most of our tenancies remaining in force.

NEW PRODUCTS

We now have the approval of our Guyana Regulator for sale of some new products. The sale of these products has been launched. We are confident that given the economic changes and the need for the enhancing of your financial security you would find these new products and their benefits most attractive and affordable.

We remind that we now offer different types of life and general insurance coverage you require, i.e., life, motor, health, pension and group. We trust you would make Demlife and Demfire your one-stop shop for your insurance policies.

We assure that notwithstanding the challenging times the Society's Management and staff would continue to take such necessary steps given the Covid 19 crises to ensure the safety of its staff and its continued growth and profitability in all of the territories where we operate.

MARKETING

The Society's Individual Life sales performance in 2020 totalled \$133.9M representing a 30% decline over the previous year's achievement of \$191.2M, mainly due to the effects of the COVID-19. There was a decline in all the territories, the hardest hit being St Lucia. The best performing territories for Individual sales were Grenada and Guyana. The Grenada Sales Office had an achievement of 119% of their annual sales quota, followed

Chief Executive Officer's Report

by the Clarke's Branch of Guyana with an achievement of 109% of quota. Managers and Sales Representatives of these offices must be commended. The Society's Group premiums from all product lines increased by 13% compared to the previous year. The total achievement for 2020 was \$196.8M, when compared to \$171.1M in 2019. Group pension contributions totalled \$749M in comparison to \$694M in 2019. The total value of pensions under management by the Society was now \$6.4B.

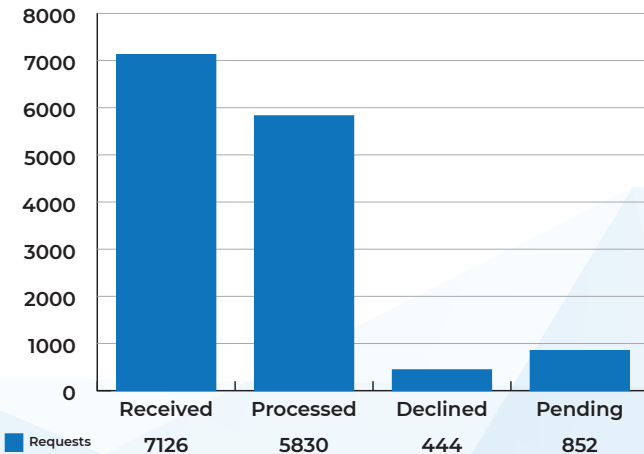
With the expansion of our sales team in Guyana and the Eastern Caribbean territories, and our entrance into new markets and technological advancements, we are poised for greater success and an increase in our market share. We would be expanding our Health line of business to the Eastern Caribbean territories and in Guyana, having introduced exciting new individual life products that would offer you greater financial security and peace of mind.

INSURANCE OPERATIONS

There was a decline in transactions received by the Customer Care Team in 2020 when compared to 2019. This was due to the COVID-19 pandemic. Despite this challenge, however, we were able to process 82% of all transactions received which was a 10% decrease from the previous year.

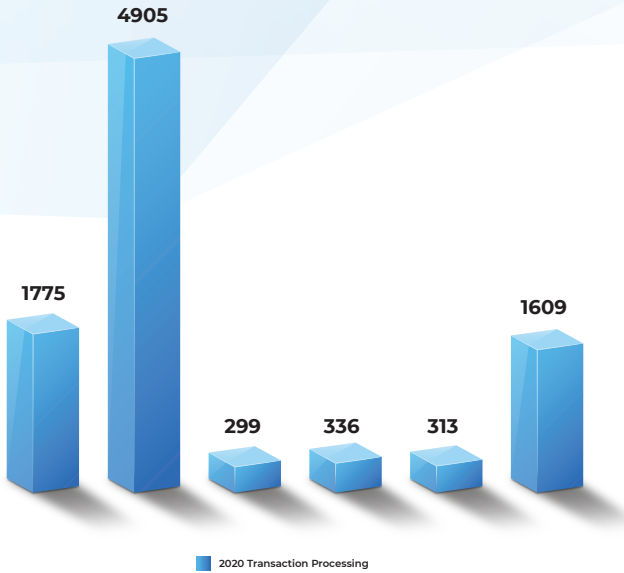
Below is a snapshot of our transactions processed in 2020:

Customers Queries'



Chief Executive Officer's Report

Transactions 2020



CONSERVATION

Our conservation officers continued to work with our Sales Representatives and policyholders to ensure that premium payments were made on time to avoid lapses and to convince our policyholders that it was in their best interest to keep their policies rather than surrender to fulfill temporary needs. At end of the year, 860 policies were reinstated with an annual premium of \$77,743,634.00 and life coverage equating to \$6,824,023,633.00. Surrenders processed in 2020 totalled 248 as compared to 326 in 2019 which represented a 24% reduction.

Group Life and Group Creditors premium income for 2020 totalled \$339M resulting in a 68% increase over the previous year figure of \$201M. This increase was due mainly to an increase in sums assured and new members. We closed the year with a total of 6,153 members for this line of business.

Group Pension contributions received for 2020 totalled \$749M in comparison to \$694M for 2019. Our portfolio size at the end of the year totalled 22 Corporate Clients with 4,580 members.

Group and Individual Health accounted for \$85.9M in premiums of which \$38M was paid in claims to policyholders. We closed the year with a claims ratio of 44%.

Chief Executive Officer's Report

CALL CENTRE

The Call Centre Unit continued to be very active in our conservation efforts. Customers were encouraged to do online requests for loans, withdrawals and also policy changes.

FINANCIAL PERFORMANCE

The Society's financial performance for 2020 was better than that for 2019, and this was due to more prudent management, control of expenses and greater efforts by members of the Sales Team in each of the territories where we operate despite the Covid 19 challenges.

Revenue: Total revenue was \$2.12B compared to \$2.14B in the previous year, a 1% decrease.

Premium: Premium income was \$1.53B compared to \$1.59B in the previous year, a 1% decrease.

Investment: Investment income was \$ 590.6M compared to \$549.5M in 2019, a 7% increase.

Total Expenses: This amounted to \$1.7B compared to \$1.6B for the previous year, a 3.5% increase

Management Expenses: Management expenses totalled \$641.5M compared to \$827.3M for the previous year, a 23% decrease.

Claims: Claims totalled \$553M, an increase of 62% when compared to the previous year figure of \$ 342M.

Valuation: The 2020 Valuation informs of a policy liability of \$13.9B: for the Society's long term insurance business.

HUMAN RESOURCES

The Covid 19 health crisis has created a paradigm shift in the way we do things within the workforce. This new reality caused Human Resources to think and act differently as we focused more on the safety and wellbeing of our employees and the impact on the organization amidst the global pandemic. The Society implemented necessary safety measures to keep its employees and clients as safe as possible in the work environment. Our front line offices were equipped with protective face shields, hand sanitizers dispensers were placed throughout the Society, staff and clients were subjected to temperature testing, wearing of masks and social distancing. We also reduced our office hours for some time to minimize the risk of contracting or spreading the virus. Staff

Chief Executive Officer's Report

members were constantly sensitized about the danger and negative effects of Covid-19 and their role in keeping themselves and others safe. Although 2020 was a challenging year, the Human Resources Department continued to play a critical role in ensuring high staff performance and this was achieved through continuous training.

INFORMATION SYSTEMS

We have been moving forward with the upgrading of our IT infrastructure and continue to work on the following: -

- Getting all of our documents digitized, beginning from the recent ones and working through to the older documents while the new ones are done immediately upon receipt.
- Upgrading of all network cabling at Head Office before moving on to our branches.
- Upgrading of hardware at all of our Offices.
- Upgrading security for our systems and databases to safeguard from risks of any disaster.

REGULATORY/COMPLIANCE MATTERS

The Society continued to fulfill its regulatory obligations across all of the jurisdictions we operate. Our compliance program continued to evolve as the regulatory and business environment changes. One significant change was implementing IFRS 17 by 2023, which would require us adopting new ways of accounting for insurance contracts. This new accounting standard will place additional demand on our finance and policy administration systems. We have begun to take steps to address all necessary changes.

We are committed to implementing a corporate governance and risk management framework that is robust and appropriate for our business in compliance with regulatory requirements. Accordingly, we have been engaging with the Supervisory Authority in Guyana to ensure our corporate governance plans and enterprise risk management framework withstand regulatory scrutiny as required by the new Insurance Act.

As we press forward with our plans to implement a robust enterprise risk management framework, we have recognised the importance of developing a risk culture at all levels of our business operations. Training in enterprise risk management was considered to enhance internal capabilities to manage and evaluate all aspects of risk to the Society's objectives. In addition, this was to ensure quality management of our operations so that our policyholders could maintain confidence in our business

Adherence to our documented AML/CFT procedures remains an integral part of our

Chief Executive Officer's Report

internal compliance. We continue to satisfy our obligations under the AML/CFT Act, ensuring that our insurance products were not used as vehicles for money laundering purposes.

DEMERARA FIRE & GENERAL

Revenue

Total Net Revenue for the year was \$129.3M compared to \$132.8 in 2019 which was a 2.6% decrease. The gross premium income revenue was \$177.4M compared to \$177.7M in 2019.

Profit

Total after tax profit was \$32.3M compared to \$41.7M in 2019. This was a 22.7% decrease.

Expenses

Expense for 2020 totalled \$81.7M compared to \$75.6M in 2019, an 8.6% increase.

CONCLUSION

My sincere thanks to the members of my Management Team and staff, both office and field, in each territory where we operate, namely, Guyana, Grenada, St Lucia and St Vincent. Your dedication, commitment and going beyond the call of duty to ensure the Society's plans, objectives and goals were realized, notwithstanding the challenging encountered, is recognized.

I also would like to express my sincerest appreciation to the Chairman and the Board of Directors for the support and guidance given to me during the year to ensure that I did not vary from the path towards a more efficient and profitable Operation.

Finally to you the policyholders, special thanks for placing your insurance business with The Demerara Mutual and its subsidiary, Demerara Fire & General to satisfy your insurance needs. We remain committed to ensuring that you have a service that is second to none.

Board of Directors

Chairman



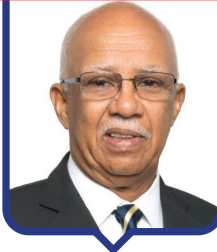
Ronald Burch-Smith
LL.B, MSc

Director



Dr. Leslie Chin
C.C.H., B.Sc., PhD

Director



Clifford Reis
C.C.H

Director



Dr. Mahendra Carpen
M.B.B.A., D.M., F.A.C.P

Director



Dr Arron Fraser
F.C.C.A, M.B.A, PhD

Director



Deenawati Panday
L.L.B.

Director



Maurice Solomon
F.C.C.A.

Director



Carlton Joao
M.B.A.

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Management Team



Melissa De Santos
Chief Executive Officer



Kezia Mc Donald-Eleazer
Finance Controller



James Morgan
Company Secretary



Orlene Charles
Manager
Life Insurance Operations



Sean Seaton
Chief Risk and Compliance Officer



Sharmela Ramsammy
Manager - Customer Care



Asha Ojha
Manager - Fire and General



Mark Critchlow
Manager - Corporate Services



Rayann Shury-Clarke
Manager - Business Development



Timothy Indarsingh
Manager
Information Technology



Denise Lambert
Manager - Human Resources



Bernadette Giddings
Manager - Corporate Care

Director's Report

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Society for the year were the sale of long-term Life Assurance and Pension Schemes.

SUMMARY FINANCIAL RESULTS

A summary of the financial results for the year ended 31st December 2020 is as follows:

	2020	2019
Revenue	2,123,321,425	2,144,351,777
Net profit after taxation	261,907,764	186,764,148
Total Comprehensive income	1,309,239,166	2,509,302,903
Total Assets	30,269,807,384	28,417,207,434
Total Liabilities	14,566,709,398	14,023,348,614

APPOINTMENT OF DIRECTOR

The Board appointed Mr. Carlton Joao as a Director of the Company effective the 26th October 2020. Mr. Joao is a Civil Engineer and presently holds the position as Sales & Marketing Executive of Banks DIH Ltd. Mr. Joao is also the Chairman of Catholic Hospital Inc. We are very confident that Mr. Joao with his expertise will serve the Society well for its continued growth and development.

DIRECTORATE

The Directors who retire by rotation are Ms. Deenawati Panday, Mr Ronald Burch-Smith and Dr Arron Fraser. These Directors are eligible and offer themselves for election.

DIRECTORS' EMOLUMENTS

The emoluments paid to the Society's Directors' for the year 2020 were as follows:

	2020	2019
Mr. Ronald Burch Smith	2,473,368	2,424,876
Mr. Clifford B. Reis, C.C.H.	1,545,828	1,515,516
Dr. Leslie Chin, CCH	1,545,828	1,515,516
Mr. Maurice Solomon	1,545,828	1,515,516
Ms Deenawati Panday	1,545,828	1,515,516
Dr Aaron Fraser	1,545,828	1,595,417
Dr Mahendra Carpen	1,545,828	884,007
Mr. Carlton Joao	257,636	—
	<u>12,005,972</u>	<u>10,966,364</u>

Director's Report

DIRECTORS' INTEREST

The Society's Directors are required to be members of the Society by having a participating life assurance policy with the Society. This requirement was met by all Directors. The sums assured of their respective life assurance policies are:

	Sums Assured		Sums Assured
Mr. Ronald Burch Smith	500,000	Ms. Deenawati Panday	500,000:
Mr. Clifford B. Reis,	100,000:	Dr. Arron Fraser	500,000:
Dr. Leslie Chin,	100,000:	Dr. Mahendra Carpen	1,000,000:
Mr. Maurice Solomon	100,000:	Mr. Carlton Joao	1,000,000:

SERVICE CONTRACTS

Society's Directors have no interest in any of the Service Contracts executed by the Society.

CAPITAL EXPENDITURE

The capital investment for the year 2020 was \$23M.

AUDITORS

The retiring Auditors, TSD LAL & CO are eligible for election and expressed their willingness to be the Society's Auditors for the ensuing year.

VALUATION

The Society's policy liabilities for the long-term insurance business of the Society as at 31st December 2020 were valued as \$13,909,116,963.

SUBSTANTIAL SHAREHOLDINGS

The Society is a substantial shareholder of Banks DIH Ltd. The total share investment which the Society and its subsidiary, the Demerara Fire & General Insurance Company, have in Banks DIH Ltd is 81.57M shares. This represented 9.6% of the shareholding of that Company.

By order of the Board.



JAMES K. MORGAN
Company Secretary

Corporate Governance

THE BOARD OF DIRECTORS

The current members of the Society's Board of Directors are Mr. Ronald Burch-Smith (Chairman) Mr. Clifford B. Reis, C.C.H., Dr. Leslie Chin, C.C.H., Mr. Maurice Solomon, Ms Deenawati Panday, Dr. Arron Fraser, Dr. Mahendra Carpen and Mr Carlton Joao.

The Board of Directors of the Society provides oversight, guidance and stewardship of the Society's operations, risk management functions and activities. It also reviews significant risk issues to be considered by the Board of Directors to better enable timely and effective governance of the Society. Other functions of the Board include:

- a. Reviewing the performance of all operational activities of the Society, holding meetings on a monthly basis and taking decisions for the Society's improved performance and efficiency.
- b. Ensuring that the Company is being managed efficiently and in keeping with the insurance regulations in all the territories where it operates.
- c. Ensuring that the principles of good Corporate Governance are observed and that protection of the rights of its policyholders was in no way compromised.
- d. Establishing strategic objectives and direction of the Society.

INVESTMENT/ FINANCE/MARKETING COMMITTEE

This Committee comprises Mr. Maurice Solomon (Chairman), Mr. Clifford B. Reis, Ms. Deenawati Panday, Dr. Leslie Chin and Dr. M Carpen. This committee reviews the monthly and yearly financial statements of the Company and advises the Board of its recommendations for the improved financial performance of the Society. Other functions include:

FINANCE RESPONSIBILITIES:

- a.Reviews Annual Budgets of the income and expenses of the Society together with capital budgets to ensure its growth, development and efficiency and make recommendation to the Board for approval.
- b.Reviews the monthly Financials of the Society compared to budget and makes recommendation on actions to be taken for improved financial performance.
- c.Ensures the Society is at all times compliant with current financial and accounting standards.

Investment Responsibilities

- i. Examine and approve the investment policy of the Society and review this policy periodically.
- ii.Examine the reports on the quality and performance of the investment portfolio.

Corporate Governance

iii. Review and ensure the insurer's compliance with the Investment Regulation.

MARKETING RESPONSIBILITIES

a. Reviews of the sales performance of the Society and functioning of the respective sales agencies to determine the level of production when compared to budget projections and advise of recommended actions.

b. Addresses the various Marketing issues of the Society to ensure that it is customer focused, its rates are competitive in a highly competitive environment, its products are meeting the expectations of its customers and that its service is of a superior quality.

BUILDING COMMITTEE

The Building Committee comprises of Mar Carlton Joao (Chairman), Mr. Clifford Reis, Drs Mahendra Carpen and Arron Fraser.

The responsibilities of the Building Committee include:

1. Building construction.
2. Ensuring that the Society's properties reflect the Society's image.

AUDIT COMMITTEE

The Audit Committee comprises of Dr. Arron Fraser (Chairman), Mr. Maurice Solomon and Mr. Clifford B. Reis.

The responsibilities of this Committee include:

1. Reviewing the insurer's audit plans (internal and external) to ensure that they are appropriate, risk-based and address all the relevant activities of the Society and ensure that the work of internal and external auditors are coordinated
2. Assessing whether the Society's Accounting and actuarial practices are appropriate and within the bounds of acceptable practice.
3. Oversight of the Society's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

HUMAN RESOURCE/DEATH CLAIMS COMMITTEE

This Committee comprises Directors, Ms Deenawati Panday (Chairperson), (Chairman), Mr. Maurice Solomon, Dr Mahendra Carpen, Dr Arron Fraser and Mr. Carlton Joao.

The responsibilities of this Committee include:

- a) Review of the Society's Human Resource structure to ensure adequacy to achieve the Society's objectives.
- b) Working closely with the Society's Management to ensure a good industrial

Corporate Governance

- climate and staff safety and security.
- c) Ensures that the existing and new policies and guidelines conform not only to local laws, regulations and policies, but also to international conventions and standards pertaining to human rights, equal employment opportunity and working conditions.

DEATH CLAIMS RESPONSIBILITIES.

- i. Reviews claims presented by Management for approval and submits recommendation to the Board for consideration and decision.
- ii. Considers and makes recommendations to the Board on review of claims procedures.

RISK COMMITTEE

The members of this Committee comprise Dr Arron Fraser, Chairman, Dr Leslie Chin, Mr. Clifford B Reis and Mr. Maurice Solomon. This Committee give guidance to the Board on activities of the Society that are risk taking and the approach to be taken by the Society retarding these activities. This Committee also has responsibility for the development of a Risk Appetite Framework which has to be approved by the Board, and to ensure that the Society is within the risk limitations approved by the Board.

Other functions include:

- a. Considering the risk profile with regard to the current and future corporate strategy and risk appetite, identify trends, concentrations, exposures and make recommendations for policy changes if necessary.
- b. Reviewing the designs and implementation of risk management techniques across the Society and the periodic assessment of procedures to measure the techniques effectiveness and adequacy.

By Order of the Board.



James K. Morgan
Company Secretary

2020 Sale Awardees

The following agents are the 2020 Top Producers for the Society and are recognised for their sterling performance



CHARLES CLARKE

CHAIRMAN'S DIAMOND AWARD
TOP PRODUCER 2020
- LIFE & FIRE & MOTOR
CENTURION CLUB



WILCOX ROBERTS

CHAIRMAN'S DIAMOND AWARD
TOP PRODUCER 2020 - LIFE
EIGHTY PLUS CLUB



MICHAEL BLAIR

CHAIRMAN'S BRONZE AWARD
FIFTY PLUS CLUB



LYDIA BUBB-FRAME

CHAIRMAN'S GOLD AWARD
FIFTY PLUS CLUB



NATHALIE GIBBS

CHAIRMAN'S GOLD AWARD
FIFTY PLUS CLUB



RICHARD SEATON

FIFTY PLUS CLUB



HARESH RAMSAMOOJ

CHAIRMAN'S BRONZE AWARD
FIFTY PLUS CLUB

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Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Report on the Audit of Financial Statements

We have audited the financial statements of the Demerara Mutual Life Assurance Society Limited and Subsidiary, which comprise the consolidated statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies set out on pages 2 to 45.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Demerara Mutual Life Assurance Society Limited and Subsidiary as at 31 December 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Group's 2020 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

The Directors/Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary

Financial Statements

to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. The Directors/Management are responsible for overseeing the financial reporting process.

In preparing the financial statements, the Directors/Management are responsible for assessing the Group'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 the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit 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 Auditor's 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 planning and performance of 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 omission, misrepresentations, or the override of internal controls,
- Obtain an understanding of internal controls 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 Group's internal controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,
- Conclude on the appropriateness of the Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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

Financial Statements

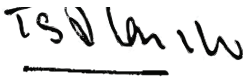
evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern,

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to 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 identified during our audit.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991. The Insurance Act 2016 came into effect in 2018. As explained in Note 31, the Society has five (5) years to be fully compliant.



TSDLAL & CO.

Chartered Accountants

Date: May 31, 2021

77 Brickdam, Stabroek,

Georgetown.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	COMPANY		GROUP	
		2020	2019	2020	2019
		G\$	G\$	G\$	G\$
Revenue					
Premiums	5	1,532,659,899	1,594,772,178	1,639,452,678	1,704,305,185
Investment & other income	6	590,661,526	549,579,599	613,189,515	572,920,250
Total revenue		<u>2,123,321,425</u>	<u>2,144,351,777</u>	<u>2,252,642,193</u>	<u>2,277,225,435</u>
Expenses					
Claims	7	553,577,835	342,537,361	574,279,410	355,682,036
Surrenders	8	391,438,321	317,579,474	391,438,321	317,579,474
Commissions	9	82,403,435	114,656,360	96,161,108	128,022,322
Donations		1,264,756	1,179,461	1,264,756	1,179,461
Management expenses	10	641,500,700	827,319,842	688,783,997	876,451,373
Taxation	11	32,299,329	40,081,578	47,514,142	55,446,900
Total expenses		<u>1,702,484,376</u>	<u>1,643,354,076</u>	<u>1,799,441,734</u>	<u>1,734,361,566</u>
Profit before movement in actuarial liabilities		<u>420,837,049</u>	<u>500,997,701</u>	<u>453,200,459</u>	<u>542,863,869</u>
Change in actuarial liabilities	(24)a	158,929,285	314,233,553	158,929,285	314,233,553
Profit for the year		<u>261,907,764</u>	<u>186,764,148</u>	<u>294,271,174</u>	<u>228,630,316</u>
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		230,671,993	-	237,859,192	-
Remeasurement of defined benefit pension plan	35	85,567,625	405,761,297	85,567,625	405,761,297
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments	22	719,657,315	1,908,795,580	720,161,732	1,957,753,600
Currency translation differences		11,434,469	7,981,878	11,434,469	7,981,878
Others		-	-	-	405,799
Other comprehensive income for the year		<u>1,047,331,402</u>	<u>2,322,538,755</u>	<u>1,055,023,018</u>	<u>2,371,902,574</u>
Total comprehensive income		<u>1,309,239,166</u>	<u>2,509,302,903</u>	<u>1,349,294,192</u>	<u>2,600,532,890</u>

"The accompanying notes form an integral part of these financial statements"

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY	Guarantee capital G\$	Retained earnings G\$	Revaluation reserve G\$	Investment reserve G\$	Exchange difference reserve G\$	Total G\$
Balance at 31 December 2018	100,000	286,068,601	882,915,843	11,797,701,459	(1,082,229,986)	11,884,555,917
Total comprehensive income/ (loss) for the year	-	592,525,445	2,738,727	1,914,785,438	(746,707)	2,509,302,903
Balance at 31 December 2019	100,000	878,594,046	885,654,570	13,712,486,897	(1,082,976,693)	14,393,858,820
Total comprehensive income for the year	-	347,475,389	231,338,170	723,600,347	6,825,260	1,309,239,166
Balance at 31 December 2020	100,000	1,226,069,435	1,116,992,740	14,436,087,244	(1,076,151,433)	15,703,097,986
GROUP						
Balance at 31 December 2018	100,000	406,315,602	925,983,511	11,924,601,608	(1,082,229,986)	12,174,770,735
Total comprehensive income/ (loss) for the year	-	635,406,106	2,130,033	1,963,743,458	(746,707)	2,600,532,890
At 31 December 2019	100,000	1,041,721,708	928,113,544	13,888,345,066	(1,082,976,693)	14,775,303,625
Total comprehensive income for the year	-	379,612,046	238,752,122	724,104,764	6,825,260	1,349,294,192
At 31 December 2020	100,000	1,421,333,754	1,166,865,666	14,612,449,830	(1,076,151,433)	16,124,597,817

"The accompanying notes form an integral part of these financial statements"

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

Notes	COMPANY		GROUP		
	2020	2019	2020	2019	
	G\$	G\$	G\$	G\$	
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,981,073,649	1,743,444,918	2,082,687,976	1,838,970,692
Commercial building	13	608,000,000	597,900,000	608,000,000	597,900,000
Deferred tax asset	14	-	-	-	4,653,649
Intangible assets	23	35,951,070	53,890,890	63,868,455	67,090,891
Investment in subsidiary company		111,863,250	111,863,250	-	-
Other financial assets					
Held to maturity	16(a)	1,498,960,363	1,399,173,559	1,498,960,363	1,399,173,559
Available for sale	16(c)	14,862,392,297	14,142,993,982	15,238,297,087	14,518,058,077
Loans & receivables	16(b)	638,354,772	617,945,804	638,354,772	617,945,804
Retirement benefit asset	35	2,465,842,322	2,316,099,822	2,465,842,322	2,316,099,822
		<u>22,202,437,723</u>	<u>20,983,312,225</u>	<u>22,596,010,975</u>	<u>21,359,892,494</u>
Current assets					
Inventories		4,223,305	5,529,303	4,678,163	5,992,403
Trade and other receivables	19	141,540,508	172,575,323	226,855,273	204,263,953
Accrued interest	20	47,656,589	48,970,183	47,801,137	49,104,487
Tax recoverable		47,536,871	44,750,698	57,650,319	49,360,568
Cash on deposits	21	3,874,725,861	3,927,099,725	4,075,512,584	4,087,249,983
Cash at bank and on hand		3,951,686,527	3,234,969,977	3,981,053,650	3,290,967,255
		<u>8,067,369,661</u>	<u>7,433,895,209</u>	<u>8,393,551,126</u>	<u>7,686,938,649</u>
Total assets		<u>30,269,807,384</u>	<u>28,417,207,434</u>	<u>30,989,562,101</u>	<u>29,046,831,143</u>
Capital and reserves					
Guarantee capital		100,000	100,000	100,000	100,000
Retained earnings		1,226,069,435	878,594,046	1,421,333,754	1,041,721,708
Exchange difference reserve		(1,076,151,433)	(1,082,976,693)	(1,076,151,433)	(1,082,976,693)
Revaluation reserve		1,116,992,740	885,654,570	1,166,865,666	928,113,544
Investment reserve	22	14,436,087,244	13,712,486,897	14,612,449,830	13,888,345,066
		<u>15,703,097,986</u>	<u>14,393,858,820</u>	<u>16,124,597,817</u>	<u>14,775,303,625</u>
Non-current liabilities					
Actuarial liabilities	24(a)	7,468,302,370	7,302,672,490	7,468,302,370	7,302,672,490
Deposit administration fund	24(b)	6,440,814,593	6,152,364,129	6,440,814,593	6,152,364,129
Deferred tax liability		-	-	137,157,006	134,544,760
		<u>13,909,116,963</u>	<u>13,455,036,619</u>	<u>14,046,273,969</u>	<u>13,589,581,379</u>
Current liabilities					
Insurance contract liabilities		71,905,609	24,973,338	146,936,646	96,135,891
Unpaid claims	25(a)	389,080,387	255,614,415	466,796,491	295,351,565
Trade and other payables	27	196,606,439	247,006,956	204,957,178	249,741,397
Current portion of interest-bearing borrowings	26	-	40,717,286	-	40,717,286
		<u>657,592,435</u>	<u>568,311,995</u>	<u>818,690,315</u>	<u>681,946,139</u>
Total equity and liabilities		<u>30,269,807,384</u>	<u>28,417,207,434</u>	<u>30,989,562,101</u>	<u>29,046,831,143</u>

These financial statements were approved on 31st May 2021


 Director
Mr. M Solomon


 Director
Mr. C B Reis

"The accompanying notes form an integral part of these financial statements"

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	COMPANY		GROUP	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
Cash flow from operating activities				
Profit before taxation	453,136,378	541,079,279	500,714,601	598,310,769
Depreciation	17,491,377	35,560,591	21,008,993	39,597,032
Amortization	17,975,531	17,963,629	17,975,531	17,963,629
Investment income	(590,661,526)	(549,579,599)	(613,189,515)	(572,920,250)
Net cash inflow/(outflow) before changes in operating assets	(102,058,240)	45,023,900	(73,490,390)	82,951,180
Decrease in deposits	52,373,865	59,716,006	11,737,400	7,927,455
Decrease / (increase) in receivables, prepayments & intangible assets	32,305,101	(118,264,053)	(36,030,175)	(131,263,438)
Decrease in accrued interest	1,313,594	1,894,673	1,303,350	1,884,470
Increase in retirement obligation	(64,174,875)	(55,498,760)	(64,174,875)	(55,498,760)
Increase in unpaid claims	133,465,972	34,733,592	171,444,926	50,055,304
Increase / (decrease) in insurance & actuarial liabilities	53,632,866	(18,386,323)	57,501,350	(26,015,456)
Increase in deposit admin fund	288,450,464	479,096,741	288,450,464	479,096,741
(Decrease) / increase in trade and other payables	(50,400,516)	69,778,680	(44,784,219)	81,756,710
Cash generated from operations	344,908,231	498,094,456	311,957,831	490,894,206
Taxes paid	(35,085,503)	(37,455,766)	(51,150,245)	(47,719,110)
Net cash generated from operating activities	309,822,728	460,638,690	260,807,586	443,175,096
Investing activities				
Dividend, rent and interest received	569,521,363	530,484,954	592,002,341	552,393,101
Proceeds from sale/redemption of securities	172,476,495	357,167,291	172,476,495	357,167,291
Other income	11,040,162	19,094,645	11,087,174	20,527,149
Purchase of securities	(272,004,300)	(458,998,710)	(272,004,300)	(458,998,710)
Mortgage	(5,485)	684,175	(5,485)	684,175
Policy loans	(20,403,482)	(151,428,236)	(20,403,482)	(151,428,236)
Purchase of property, plant & equipment	(24,448,114)	(18,371,885)	(24,591,117)	(30,200,372)
Disposal of property, plant & equipment	-	-	-	714,426
Net cash provided by investing activities	436,176,639	278,632,234	458,561,626	290,858,824
Financing activities				
Loan repayment	(40,717,286)	(103,968,492)	(40,717,286)	(103,968,492)
Net cash used in financing activities	(40,717,286)	(103,968,492)	(40,717,286)	(103,968,492)
Net increase in cash and cash equivalents	705,282,081	635,302,432	678,651,926	630,065,428
Effect of exchange rates	11,434,469	7,981,878	11,434,469	7,981,878
Net increase in cash and cash equivalents	716,716,550	643,284,310	690,086,395	638,047,306
Cash and cash equivalents at the beginning of period	3,234,969,977	2,591,685,667	3,290,967,255	2,652,919,949
Cash and cash equivalents at the end of period	3,951,686,527	3,234,969,977	3,981,053,650	3,290,967,255
Represented by:				
Cash at bank and on hand	3,951,686,527	3,234,969,977	3,981,053,650	3,290,967,255

"The accompanying notes form an integral part of these financial statements"

NOTES ON THE ACCOUNTS

1 Incorporation and activities

Demerara Mutual Life Assurance Society Limited was incorporated by Ordinance 19 of 1891 and its major activity is the issuance of life assurance.

The wholly owned subsidiary, Demerara Fire and General Insurance Company Limited's major activities are Fire, Motor and General insurance. It was incorporated under the Companies Act Chapter 89:01 in the Co-operative Republic of Guyana on 27 November 1992 and continued under the Companies Act 1991 on April 29, 1997. It commenced operations on July 1, 1993.

The company's registered office is located at 61-62 Avenue of the Republic, Georgetown, Guyana.

No. of employees

The average number of employees of the Group was 99 (2019 - 105)

2 New and amended standards and interpretations

Amendments effective for the current year end

New and Amended Standards	Effective for annual periods beginning on or after
Amendments to IFRS 3, 'Business combinations'	
- Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	
- Interest rate benchmark reform	1 January 2020
Amendments to the Conceptual framework	1 January 2020

None of the above new and amended standards and interpretations had a significant effect on the financial statements of the Company.

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations cont'd

Pronouncements effective in future periods available for early adoption

New and Amended Standards	Effective for annual periods beginning on or after
Amendments to IFRS 16	
- Covid-19-related Rent Concessions	1 June 2020
Amendments to IAS 16 – Proceeds before intended use	1 January 2022
Amendments to IFRS 3	
- Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37	
- Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Amendments to IAS 1	
- 'Presentation of financial statements' on classification of liabilities	1 January 2023
IFRS 17, 'Insurance contracts'	1 January 2023
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture Deferred indefinitely	

The Company has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

IFRS 17, 'Insurance contracts'

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

On transition to IFRS 17, an entity applies IFRS 17 retrospectively to groups of insurance contracts, unless it is impracticable. In this case, the entity is permitted to choose between a modified retrospective approach and the fair value approach. None of the other foregoing standards and amendments is expected to have a material impact on the Company's accounting policies when adopted, except for the one stated above.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified for the revaluation of property, plant and equipment, investment property and investments and the accounting policies conform with International Financial Reporting Standards.

(b) Recognition of income and expenditure

These statements are prepared on the accrual basis.

(c) Investment and other income

Investments are recognized in the financial statements to comply with International Accounting Standards. The company's and group's investments have been classified as "available for sale assets", "investments held to maturity" and "loans and receivables"

"Available for sale" investments are initially recognised at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognized through the statement of comprehensive income until the asset is sold or otherwise disposed, at which time it would be transferred to the statement of profit and loss for that period.

"Investments held to maturity" are carried at amortised cost. Any gain or loss on these investments is recognised in the statement of profit and loss and other comprehensive income when the assets are de-recognised or impaired.

"Loans and Receivables comprise loans, mortgage and bonds. These are stated at amortised cost.

Income from variable return securities is dealt with on a cash basis whilst income on fixed return securities is recognised as it is earned.

NOTES ON THE ACCOUNTS

(d) Property, plant and equipment and depreciation

Land and buildings held for use in the supply of services for administrative purposes are stated in the statement of financial position at their revalued amounts. The revalued amounts are the fair value at the time of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment. Land and buildings are revalued by independent professional valuer on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. Any revaluation increase arising from the revaluation of such land and building is recognized in other comprehensive income and accumulated in revaluation reserve.

Equipment fixtures and vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation provided on a reducing balance basis except for buildings which are depreciated on a straight line basis, at rates sufficient to write off the cost or valuation of assets over its estimated useful lives as stated below:

Furniture, fixtures and equipment 20% per annum

Motor vehicles 25% per annum

Computer appliances 50% per annum

Buildings 2% per annum

No depreciation is provided on Land.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(e) Foreign currency translation

Transactions in currencies other than Guyana Dollars are recorded at the rate of exchange prevailing on the dates of the transactions. At each reporting date monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in the statement of changes in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in Guyana dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the group's exchange difference reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

(f) Pension funding

The fair value of the Plan's assets and the present value of the obligation are actuarially calculated at each year and disclosed on the statement of financial position.

The movement in assets and liabilities of the pension scheme is recognised through the statement of profit or loss and other comprehensive income.

(g) Charge-ups

Charge-ups are done as required by automatic premium loan provision in the policy contract. This provision authorises the insurer to use the cash surrender value to pay any premiums still due at the end of the grace period. This policy is maintained in force while there is a cash surrender value on the policy. When there is insufficient cash surrender value to pay premiums the policy becomes inactive and is written off.

(h) Deferred tax

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

(i) Consolidation

The consolidated accounts incorporate the accounts of Demerara Mutual Life Assurance Society Limited and its wholly owned subsidiary Demerara Fire and General Insurance Company Limited.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in the line with the company.

Investment in subsidiary is carried at historical cost.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(j) Intangible assets

Intangible assets are amortised over a period of five years.

(k) Commercial building

This is an investment property, which is held to earn rentals and/or capital appreciation and is stated at its fair value at the statement of financial position date.

Gains or losses arising from changes in the fair value of investment property are included in the statement of profit and loss and other comprehensive income for the period in which they arise.

All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purpose are accounted for as investment properties and are measured using the fair value model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits are expected from the disposal.

(l) Inventory

Stocks are valued at lower of cost and net realizable value using average cost method.

(m) Insurance contracts

(i) Short term insurance contracts

These contracts are property, motor, group life and health insurance

Property insurance contracts provide coverage to the policy holders property damage or loss of property. These contracts are issued for both commercial property and homeowners' property. Motor insurance provides coverage for damage, theft and personal accident.

Group Life Insurance contracts protect the Group's members from the consequences of events that would affect the ability of the insured or dependent to maintain the current level of income.

Health Insurance contracts cover risk for medical expenses. Benefits are paid on occurrence of the specified insured event either fixed or linked to the extent of the economic loss suffered by policyholders.

Premiums on the contracts are recognised as revenue proportionally over the period of coverage. The portion of premiums received for inforce contracts that relate to unexpired risk at the consolidated statement of financial position date is reported as unearned premium liability.

Premiums are shown before the deduction of commissions.

Claims and loss adjustment expenses are recognised in the statement of comprehensive income, as incurred based on estimated liability for compensation owed to policyholders. They arise from events that have occurred up to the date of the financial statements even if they have not been reported to the Group. Liabilities for unpaid claims are estimated based on techniques such as input of assessment of individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(m) Insurance contracts (continued)

(ii) Long term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death or survival) over a long duration. Premiums are shown before deduction of commissions. Policy benefits are recognised as an expense when incurred.

A liability for policy benefits that are expected to be incurred in the future is established on acceptance of the insured risk. The liability is actuarially determined using the Policy Premium Method as described in Note 34. An actuarial valuation is done annually. Changes in the policyholders' liability are recorded as an expense in the consolidated statement of comprehensive income. Group annuity contracts are determined using accumulated fund values.

Interest sensitive contracts

For these contracts, premiums are recorded as premium income and there is no unbundling of the premium receipt between the insurance and the investment components. The liability is determined as the sum of the liability for the insured risk and the accumulated cash value. The liability is actuarially determined using the Policy Premium Method as described in Note 34.

(iii) Long term insurance contracts with fixed and guaranteed terms and with discretionary participation feature

In addition to insuring events associated with human life (for example death or survival) over a long duration these contracts contain discretionary benefits that entitles the holder to a bonus when declared by the Group. Premiums are shown before deduction of commissions. Policy benefits are recognised as an expense when incurred.

A liability for both guaranteed and discretionary benefits that are expected to be incurred in the future is established on acceptance of the insured risk. The liability is actuarially determined as described in Note 34. Changes in the policyholders' liability are recorded as expense through the statement of comprehensive income.

(iv) Deposit administration contracts

Deposit administration fund represents liabilities under contracts issued by the Society to pension schemes for the provision of pension benefits to their employees. The assets backing these liabilities are managed by the Group but are not legally separated from the Group's general operations. The assets and liabilities of these funds are included on the financial statements. The returns on these funds are guaranteed by the Group by stated interest rates which are revised annually. Liabilities under deposit administration contracts are carried at amortised cost. The company earns administration fees for the management of these funds and incurs interest expense on these funds. Management fees and interest expense are recorded in the income statement. Contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(n) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial instruments carried on the statement of financial position include investments, securities, loans, receivables, payables, accruals, borrowings and cash resources. The recognition methods adopted for the instruments are disclosed in the individual policy statement.

i) Trade receivables

Trade receivables are recognised at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit and loss and other comprehensive income when there is objective evidence that they are not collectable.

ii) Bank borrowings

Interest bearing bank loans and overdrafts are recognised at amortised cost.

iii) Trade payables

Trade payables are recognised at amortised cost.

iv) Cash and cash equivalents

Cash and short term funds are held for the purpose of meeting short term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

v) Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged cancelled or expired.

o) Reinsurance

The Group has reinsurance coverage in place for insurance risk that it underwrites. Relevant amounts are reimbursed to the company for claims paid in accordance with the terms of the reinsurance agreement.

Reinsurance premiums paid reflect amounts due to reinsurers for the financial year net of commissions earned by the Group for ceding business to them. Unexpired reinsurance premium net of the corresponding commission is an estimated amount of reinsurance premium relating to the future accounting period. This is shown under current assets.

p) Claims

Claims are made against the Group in respect of the losses incurred by various classes of insurance policies. Claims are recognised when reported to the Group, whether or not settled at the date of the financial statements.

Claims are reflected in the statement of comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the date of the financial statements is disclosed net of amounts recoverable from reinsurers.

q) Commissions

This represents expenses incurred in the acquisition of insurance business contracts mainly through sales representatives and brokers. Various rates are used in the computation of commissions.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

r) Taxation

Income tax expense represents the sum of the tax payable using varying bases for Guyana and the Caribbean Offices. For Guyana, corporation tax is based on its investment income from the statutory fund with expenses restricted to 12% of investment income.

s) Liability adequacy test

The company and group, upon notification of the occurrence of an insured event, sets up a provision based on best estimates and/or reports received from loss adjusters. At regular intervals the amounts provided for all unpaid claims are reviewed to take into account any material changes advised of by the client and/or broker. At all times therefore, balances reflected as payable on individual claims represent the assessed liability of the company having taken all the information relevant to the individual claims into consideration. Liabilities for all claims are recognised until they are discharged or cancelled, or have expired.

(t) Impairment of tangible assets

At the end of the financial period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

u) Actuarial liability

Actuarial valuations are done at the end of each financial year using the Policy Premium Method as described in Note 34. Changes in the value of these liabilities are recognised through the statement of comprehensive income.

NOTES ON THE ACCOUNTS

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) Available for sale financial assets

In classifying investment securities as available for sale, the company and group has determined that these securities do not meet the criteria for loans and receivables, held for maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

ii) Held to maturity financial assets

The directors have reviewed the Group's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets to maturity.

iii) Useful lives of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

iv) Actuarial liability

This liability was computed by the actuaries based on data provided by management. The computation of the balance assumes that the data is not materially misstated.

v) Trade receivables and other receivables

On a regular basis, management reviews trade receivables and other receivables to assess impairment. Based on the information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.

vi) Ultimate liability arising from claims made under insurance contract

The ultimate liability arising from claims made under insurance contract is likely to be different from initial estimates. Both the timing of settlement and the ultimate liability are subject to uncertainty.

NOTES ON THE ACCOUNTS

5 PREMIUMS	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Life, Health and Annuities Premiums	1,699,431,158	(166,771,259)	1,532,659,899	1,692,707,738	(97,935,560)	1,594,772,178
Group						
Life	1,613,522,566	(166,771,259)	1,446,751,307	1,618,786,200	(97,935,560)	1,520,850,640
Liability	7,296,528	(6,166,060)	1,130,468	5,836,936	(5,149,235)	687,701
Health	85,908,592	-	85,908,592	73,921,538	-	73,921,538
Fire	126,446,821	(69,743,893)	56,702,928	108,350,173	(54,340,150)	54,010,023
Motor	50,480,035	(1,520,652)	48,959,383	56,266,432	(1,431,149)	54,835,283
	<u>1,883,654,542</u>	<u>(244,201,864)</u>	<u>1,639,452,678</u>	<u>1,863,161,279</u>	<u>(158,856,094)</u>	<u>1,704,305,185</u>
	Company			Group		
	2020	2019		2020	2019	
	G\$	G\$		G\$	G\$	
6 INVESTMENT & OTHER INCOME						
Interest, dividends and rent	569,521,364	530,484,954		592,002,343	552,393,101	
Other income	21,140,162	19,094,645		21,187,172	20,527,149	
	<u>590,661,526</u>	<u>549,579,599</u>		<u>613,189,515</u>	<u>572,920,250</u>	
Held to maturity						
Bonds & debentures	60,833,439	40,254,499		60,833,439	40,254,499	
Available for sale						
Shares & stocks	245,705,806	278,170,513		253,189,689	284,931,256	
Loans and receivables						
Policy loans	95,253,898	24,436,678		95,253,898	24,436,678	
Mortgage	-	618,580		-	618,580	
Other financial assets						
Deposits	90,215,104	99,394,904		92,448,463	101,361,246	
Treasury bills	2,581,984	4,705,885		2,581,984	4,705,885	
Other Income	<u>96,071,295</u>	<u>101,998,540</u>		<u>108,882,042</u>	<u>116,612,106</u>	
	<u>590,661,526</u>	<u>549,579,599</u>		<u>613,189,515</u>	<u>572,920,250</u>	
Other Income						
Rent	68,742,486	77,297,501		81,506,223	90,478,563	
Others	27,328,809	24,701,039		27,375,819	26,133,543	
	<u>96,071,295</u>	<u>101,998,540</u>		<u>108,882,042</u>	<u>116,612,106</u>	

NOTES ON THE ACCOUNTS

	COMPANY		GROUP	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
7 CLAIMS (net)				
Motor	-	-	12,049,500	11,354,333
Fire	-	-	8,652,075	1,790,342
Death	319,102,447	140,416,311	319,102,447	140,416,311
Maturity	95,511,168	106,021,073	95,511,168	106,021,073
Annuities paid	99,854,623	54,923,660	99,854,623	54,923,660
T.D. claims	899,830	500,000	899,830	500,000
Health claims	38,115,449	40,380,391	38,115,449	40,380,391
Other Claims	94,318	295,926	94,318	295,926
	<u>553,577,835</u>	<u>342,537,361</u>	<u>574,279,410</u>	<u>355,682,036</u>
8 SURRENDERS				
Cash value surrenders	195,849,166	146,391,541	195,849,166	146,391,541
Investment benefit withdrawals	195,396,016	171,187,933	195,396,016	171,187,933
Annuities	193,139	-	193,139	-
	<u>391,438,321</u>	<u>317,579,474</u>	<u>391,438,321</u>	<u>317,579,474</u>
9 COMMISSIONS				
Life and annuities	82,403,435	114,656,360	82,403,435	114,656,360
Fire	-	-	10,610,803	12,170,944
Motor	-	-	2,995,362	1,161,890
Liability	-	-	151,508	33,128
	<u>82,403,435</u>	<u>114,656,360</u>	<u>96,161,108</u>	<u>128,022,322</u>

NOTES ON THE ACCOUNTS

	COMPANY		GROUP	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
10 MANAGEMENT EXPENSES	<u>641,500,700</u>	<u>827,319,842</u>	<u>688,783,997</u>	<u>876,451,373</u>
This includes:				
Employment cost (a)	258,006,407	283,622,131	280,121,505	301,795,542
Repairs and maintenance	11,834,470	12,608,373	14,627,862	16,778,991
Software license & admin fee	28,846,919	44,982,760	28,846,919	44,982,760
Internet service charge	8,949,937	11,686,075	9,816,702	12,885,395
Utilities	31,399,518	36,467,578	32,669,149	38,065,799
Sales expense	38,883,193	44,615,358	38,883,193	44,615,358
Professional service	28,959,827	31,238,130	28,959,827	31,238,130
Interest & bank charges	8,276,370	17,101,967	8,565,043	17,422,294
Legal fees	228,000	386,827	4,220,897	2,558,849
Facilities	52,436,449	51,807,828	52,663,585	52,213,834
Auditors remuneration	11,098,344	9,243,185	12,643,981	11,315,207
Directors' emoluments (b)	12,005,972	10,966,364	13,860,108	12,700,013
Depreciation	<u>17,491,377</u>	<u>35,560,591</u>	<u>21,008,993</u>	<u>39,597,032</u>
(a) Employment Cost				
Salaries and wages	186,156,921	181,954,448	202,636,321	195,584,083
Other staff costs	<u>71,849,486</u>	<u>101,667,683</u>	<u>77,485,184</u>	<u>106,211,459</u>
	<u>258,006,407</u>	<u>283,622,131</u>	<u>280,121,505</u>	<u>301,795,542</u>
(b) Directors' emoluments				
Chairman- Mr. Ronald Burch Smith	2,473,368	2,424,876	2,927,424	2,878,932
Directors:				
Mr. Clifford B. Reis, CCH	1,545,828	1,515,516	1,772,868	1,742,556
Dr. Leslie Chin	1,545,828	1,515,516	1,772,868	1,742,556
Mr. Maurice Solomon	1,545,828	1,515,516	1,772,868	1,742,556
Ms. Deenwattie Panday	1,545,828	1,515,516	1,772,868	1,742,556
Dr. Aaron Fraser	1,545,828	1,595,417	1,772,868	1,834,410
Dr. Mahendra Carpen	1,545,828	884,007	1,772,868	1,016,447
Mr. Carlton Joao	<u>257,636</u>	<u>-</u>	<u>295,476</u>	<u>-</u>
	<u>12,005,972</u>	<u>10,966,364</u>	<u>13,860,108</u>	<u>12,700,013</u>
11 TAXATION				
Corporation tax & W/tax (varying rates)	13,742,097	19,761,791	24,303,261	27,050,279
Premium Tax	18,557,232	20,319,787	18,557,232	20,319,787
Deferred Tax	-	-	4,653,649	8,076,834
	<u>32,299,329</u>	<u>40,081,578</u>	<u>47,514,142</u>	<u>55,446,900</u>

Tax provisions are made in accordance with the relevant legislation in the various territories. The bases used to compute the provisions for the Life Company and Fire Company are different. Also, the various islands use bases that are different from those used in Guyana.

NOTES ON THE ACCOUNTS

12 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Land G\$	Buildings G\$	Furniture, fittings, equipment and motor vehicles G\$	Total G\$
Cost/valuation				
At 1 January 2019	769,317,245	971,414,989	346,741,235	2,087,473,469
Exchange differences	2,257,764	3,790,152	378,648	6,426,564
Additions	-	-	12,403,026	12,403,026
	<u>771,575,009</u>	<u>975,205,141</u>	<u>359,522,908</u>	<u>2,106,303,058</u>
At 31 December 2019	771,575,009	975,205,141	359,522,908	2,106,303,058
Exchange differences	549,186	921,929	94,638	1,565,753
Revaluation	135,333,941	95,338,052	-	230,671,993
Additions	-	-	23,016,334	23,016,334
Depreciation transfer	-	(58,541,674)	-	(58,541,674)
	<u>907,458,136</u>	<u>1,012,923,448</u>	<u>382,633,881</u>	<u>2,303,015,465</u>
At 31 December 2020	907,458,136	1,012,923,448	382,633,881	2,303,015,465
Comprising:				
Cost	252,066,470	551,322,374	382,633,881	1,186,022,725
Valuation	655,391,666	461,601,074	-	1,116,992,740
	<u>907,458,136</u>	<u>1,012,923,448</u>	<u>382,633,881</u>	<u>2,303,015,464</u>
Depreciation				
At 1 January 2019	-	38,830,800	288,009,045	326,839,845
Exchange differences	-	227,288	230,416	457,704
Charge for the year	-	19,428,300	16,132,291	35,560,591
	<u>-</u>	<u>58,486,388</u>	<u>304,371,752</u>	<u>362,858,140</u>
At 31 December 2019	-	58,486,388	304,371,752	362,858,140
Exchange differences	-	55,286	78,687	133,973
Write back on revaluation	-	(58,541,674)	-	(58,541,674)
Charge for the year	-	-	17,491,377	17,491,377
	<u>-</u>	<u>-</u>	<u>321,941,816</u>	<u>321,941,816</u>
At 31 December 2020	-	-	321,941,816	321,941,816
Net book values:				
At 31 December 2020	<u>907,458,136</u>	<u>1,012,923,448</u>	<u>60,692,064</u>	<u>1,981,073,649</u>
At 31 December 2019	<u>771,575,009</u>	<u>916,718,753</u>	<u>55,151,156</u>	<u>1,743,444,918</u>

NOTES ON THE ACCOUNTS

12 PROPERTY, PLANT AND EQUIPMENT CONT'D

GROUP

	Land G\$	Buildings G\$	Furniture, fittings, equipment and motor vehicles G\$	Total G\$
Cost/valuation				
At 1 January 2019	819,317,245	1,008,114,990	364,169,576	2,191,601,811
Exchange differences	2,257,764	3,790,152	378,648	6,426,564
Additions	-	-	24,231,513	24,231,513
Disposals	-	-	(9,337,462)	(9,337,462)
At 31 December 2019	821,575,009	1,011,905,142	379,442,275	2,212,922,426
Revaluation	143,333,941	96,801,219	-	240,135,160
Exchange differences	549,186	921,929	94,638	1,565,753
Additions	-	-	23,159,337	23,159,337
Depreciation transfer	-	(60,804,842)	-	(60,804,842)
At 31 December 2020	<u>965,458,136</u>	<u>1,048,823,448</u>	<u>402,696,250</u>	<u>2,416,977,834</u>
Comprising:				
Cost	269,066,470	558,767,497	402,696,250	1,230,530,217
Valuation	<u>696,391,666</u>	<u>490,055,951</u>	-	<u>1,186,447,617</u>
At 31 December 2020	<u>965,458,136</u>	<u>1,048,823,448</u>	<u>402,696,250</u>	<u>2,416,977,834</u>
Depreciation				
At 1 January 2019	-	40,359,968	302,160,066	342,520,034
Exchange differences	-	227,288	230,416	457,704
Write back on disposal	-	-	(8,623,036)	(8,623,036)
Charge for the year	-	20,162,300	19,434,732	39,597,032
At 31 December 2019	-	60,749,556	313,202,178	373,951,734
Exchange differences	-	55,286	78,687	133,973
Write back on revaluation	-	(60,804,842)	-	(60,804,842)
Charge for the year	-	-	21,008,993	21,008,993
At 31 December 2020	-	-	<u>334,289,858</u>	<u>334,289,858</u>
Net book values:				
At 31 December 2020	<u>965,458,136</u>	<u>1,048,823,448</u>	<u>68,406,392</u>	<u>2,082,687,976</u>
At 31 December 2019	<u>821,575,009</u>	<u>951,155,587</u>	<u>66,240,098</u>	<u>1,838,970,692</u>

NOTES ON THE ACCOUNTS

	Company and Group	
	2020	2019
	G\$	G\$
13 COMMERCIAL BUILDING		
At 1 January and 31 December	608,000,000	597,900,000

The building is recognized at its current market value using the fair value model. The valuation was done by Patterson Associates on September 28, 2020.

	Group	
	2020	2019
	G\$	G\$
14 DEFERRED TAX ASSET		

Deferred Tax Assets are attributable to tax losses recoverable in future years as follows:

At January 1	4,653,649	12,730,483
Movement for the period	(4,653,649)	(8,076,834)
At December 31	-	4,653,649

	Company and Group	
	2020	2019
	G\$	G\$
15 MORTGAGES		
Guyana	2,318,894	2,318,894
Eastern Caribbean territories	4,815,213	4,809,728
	7,134,107	7,128,622

	Company		Group	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
16 INVESTMENTS				
(a) "Held to Maturity"				
Bonds				
Commonwealth Caribbean Government	1,496,932,917	1,397,212,689	1,496,932,917	1,397,212,689
Other Commonwealth Government - United Kingdom	2,027,446	1,960,870	2,027,446	1,960,870
	1,498,960,363	1,399,173,559	1,498,960,363	1,399,173,559
(b) "Loans & Receivables"				
Policy loans (note 18)	631,220,665	610,817,183	631,220,665	610,817,183
Mortgage (note 15)	7,134,107	7,128,622	7,134,107	7,128,622
	638,354,772	617,945,804	638,354,772	617,945,804
(c) "Available for Sale"				
Guyana - equity	13,691,972,765	12,981,117,781	14,067,877,555	13,356,181,876
- equity	46,105	6,136,439	46,105	6,136,439
Grenada - equity	647,004,287	636,476,122	647,004,287	636,476,122
Trinidad - equity (i)	523,369,140	519,263,640	523,369,140	519,263,640
	14,862,392,297	14,142,993,982	15,238,297,087	14,518,058,077

(i) The Society held 7,000,000 ordinary shares in Mega Life Insurance Company of Trinidad and Tobago. This resulted from a combination of the portfolio of Demerara Life Assurance Company of Trinidad and Tobago and GTM Life Insurance Company of Trinidad and Tobago Limited. A court decision was finalised in 2010 regarding the formation of Mega Life Insurance which resulted in the reversal of the merger and the company's previous holding in Demerara Mutual Life of Trinidad and Tobago of 40% was reinstated. With this court decision, the Society has to decide on whether it would sell or retain its ownership in Demerara Life Demerara Life Assurance Company of Trinidad and Tobago. In the interim this amount would continue to be shown as classified as a held for sale investment rather than an Associate Company until a decision is made.

NOTES ON THE ACCOUNTS

17 FAIR VALUE ESTIMATION

Fair value measurement recognised in the statement of financial position

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The sections that follow provide an analysis of the fair values of the Group's and Company's assets and liabilities based on the following hierarchy contained in IFRS 13:

Level 1: Fair value determination is with reference to quoted prices in active markets for identical assets and liabilities.

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

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

The following table provides analysis of the fair value measurement hierarchy of the Company and Group assets and liabilities:

Assets carried at fair value	2020		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	14,714,927,947	523,369,140	15,238,297,087
Commercial building	608,000,000	-	608,000,000
Property, plant and equipment	<u>2,014,281,584</u>	<u>68,406,392</u>	<u>2,082,687,976</u>

	2019		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	13,998,794,437	519,263,640	14,518,058,077
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	<u>1,772,730,596</u>	<u>66,240,098</u>	<u>1,838,970,694</u>

On September 28, 2020, the Society's Land and Buildings including the Commercial Building in Guyana were professionally revalued by Patterson Associates. The revaluation surplus of G\$414,844,300 is being held in the revaluation reserve.

On September 2, 2020 the Society's Land and Buildings in Grenada were professionally revalued by the firm TVA Consultants Ltd. The revaluation surplus of G\$538,458,030 is being held in revaluation reserve.

On October 12, 2020 the Society's Land and Building in St Lucia were professionally revalued by a certified valuation surveyor (Celsus Baptiste). The revaluation surplus of G\$100,380,864 is being held in revaluation reserve.

On October 22, 2020 the Society's Land and Building in St Vincent were professionally revalued by the firm Horizon Real Estate Ltd. The revaluation surplus of G\$115,231,686 is being held in revaluation reserve.

NOTES ON THE ACCOUNTS

The valuations for property are classified at Level 2. If no revaluation of the land and buildings was done, the net book value of land and buildings would have been approximately G\$1,689,709,607 (2019 - G\$1,373,408,926)

17 FAIR VALUE ESTIMATION CONT'D

Assets and liabilities not carried at fair value

The following tables details the values of assets and liabilities that are not carried at fair value; their fair values are estimated to approximate their carrying values.

Company	2020			2019		
	IFRS 13 Level	Carrying Value	Fair Value	IFRS 13 Level	Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Assets						
Investments						
Held to Maturity	2	1,498,960,363	1,498,960,363	2	1,399,173,559	1,399,173,559
Loans and Receivables	2	638,354,772	638,354,772	2	617,945,804	617,945,804
Trade and other receivables	2	141,540,508	141,540,508	2	172,575,323	172,575,323
Retirement benefit asset	2	2,465,842,322	2,465,842,322	2	2,316,099,822	2,316,099,822
Deposits	2	3,874,725,861	3,874,725,861	2	3,927,099,725	3,927,099,725
Accrued Interest	2	47,656,589	47,656,589	2	48,970,183	48,970,183
Tax recoverable	2	47,536,871	47,536,871	2	44,750,698	44,750,698
Cash on Hand and at Bank	1	3,951,686,527	3,951,686,527	1	3,234,969,977	3,234,969,977
		<u>12,666,303,812</u>	<u>12,666,303,812</u>		<u>11,761,585,091</u>	<u>11,761,585,091</u>
Liabilities						
Unpaid Claims						
	2	389,080,387	389,080,387	2	255,614,415	255,614,415
Actuarial liabilities						
	2	7,468,302,370	7,468,302,370	2	7,302,672,490	7,302,672,490
Deposit administration fund	2	6,440,814,593	6,440,814,593	2	6,152,364,129	6,152,364,129
Trade and other payables	2	268,512,048	268,512,048	2	271,980,294	271,980,294
Current portion of interest-bearing borrowings	2	-	-	2	40,717,286	40,717,286
		<u>14,566,709,398</u>	<u>14,566,709,398</u>		<u>14,023,348,614</u>	<u>14,023,348,614</u>

17 Group

	2020			2019		
		Carrying Value	Fair Value		Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Assets						
Investments						
Held to Maturity	2	1,498,960,363	1,498,960,363	2	1,399,173,559	1,399,173,559
Loans and Receivables	2	638,354,772	638,354,772	2	617,945,804	617,945,804
Trade and other receivables	2	226,855,273	226,855,273	2	204,263,953	204,263,953
Deposits	2	4,075,512,584	4,075,512,584	2	4,087,249,983	4,087,249,983
Retirement benefit asset	2	2,465,842,322	2,465,842,322	2	2,316,099,822	2,316,099,822
Accrued Interest	2	47,801,137	47,801,137	2	49,104,487	49,104,487
Tax recoverable	2	57,650,319	57,650,319	2	49,360,568	49,360,568
Cash on Hand and at Bank	1	3,981,053,650	3,981,053,650	1	3,290,967,255	3,290,967,255
		<u>12,992,030,419</u>	<u>12,992,030,419</u>		<u>12,014,165,431</u>	<u>12,014,165,431</u>
Liabilities						
Unpaid Claims						
	2	466,796,491	466,796,491	2	295,351,565	295,351,565
Actuarial liabilities						
	2	7,468,302,370	7,468,302,370	2	7,302,672,490	7,302,672,490
Deposit administration fund	2	6,440,814,593	6,440,814,593	2	6,152,364,129	6,152,364,129
Trade and other payables	2	351,893,824	351,893,824	2	345,877,288	345,877,288
Current portion of interest-bearing borrowings	2	-	-	2	40,717,286	40,717,286
		<u>14,727,807,278</u>	<u>14,727,807,278</u>		<u>14,136,982,758</u>	<u>14,136,982,758</u>

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of assets and liabilities are determined as follows:

"Loans & Receivables"

These investments are carried net of provision for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties and policy loans are secured by the cash values of the policies.

"Financial instruments where the carrying amounts is equal to fair value"

The carrying amounts of certain financial instruments are assumed to approximate to their fair value due to their short-term nature. These include cash resources and other financial liabilities and assets. Interest bearing borrowings due after one year are fixed by contract and they are not likely to be changed. The fair value is equal to cost.

"Actuarial Liabilities"

These values are determined each year by an Actuary using the policy premium method.

NOTES ON THE ACCOUNTS

18 POLICY LOANS

	Company and Group	
	2020 G\$	2019 G\$
Guyana	38,830,633	61,316,390
Eastern Caribbean Territories	695,304,495	652,308,637
	734,135,128	713,625,027
Policy Loans Provision (i)	102,914,463	102,807,844
	631,220,665	610,817,183
(i) Loans Provision		
Opening Balance	102,807,844	102,369,518
Exchange rate differences	106,619	438,326
Closing Balance	102,914,463	102,807,844

	Company		Group	
	2020 G\$	2019 G\$	2020 G\$	2019 G\$
Prepayments	3,871,669	8,853,928	3,871,669	8,853,928
Loans and advances	17,155,842	17,926,765	17,155,842	17,926,765
Other receivables	152,727,471	177,973,655	238,042,236	209,662,285
Provision for bad debt (i)	(32,214,474)	(32,179,025)	(32,214,474)	(32,179,025)
	141,540,508	172,575,323	226,855,273	204,263,953

(i) Provision for impairment (individually assessed)

Balance as at 1 January	32,179,025	43,971,541	32,179,025	115,440,093
Adjustments during the year	35,449	(11,792,516)	35,449	(83,261,068)
Balance as at 31 December	32,214,474	32,179,025	32,214,474	32,179,025

20 ACCRUED INTEREST

	2020		2019	
	G\$	G\$	G\$	G\$
Grenada	14,814,266	15,412,136	14,814,266	15,412,136
Guyana	17,607,093	17,087,137	17,751,641	17,221,441
Saint Lucia	10,844,954	12,828,355	10,844,954	12,828,355
St. Vincent	4,390,276	3,642,555	4,390,276	3,642,555
	47,656,589	48,970,183	47,801,137	49,104,487

21 CASH ON DEPOSIT

	Company		Group	
	2020 G\$	2019 G\$	2020 G\$	2019 G\$
Guyana	1,906,925,036	1,818,531,785	2,107,711,759	1,978,682,043
Grenada	884,437,788	1,041,074,899	884,437,788	1,041,074,899
St Lucia	698,070,400	685,740,624	698,070,400	685,740,624
London	235,142,067	227,108,873	235,142,067	227,108,873
St Vincent	150,150,570	154,643,544	150,150,570	154,643,544
	3,874,725,861	3,927,099,725	4,075,512,584	4,087,249,983

These are short term deposits with varying rates ranging from 0.01% to 5.00% (2019 - 0.01% to 5.00%)

NOTES ON THE ACCOUNTS

22 INVESTMENT RESERVE

This represents fair value gains on the revaluation of investments

	Company		Group	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
At 1 January	13,712,486,897	11,797,701,459	13,888,345,066	11,924,601,608
Fair value adjustment	719,657,315	1,908,795,580	720,161,732	1,957,753,600
Exchange difference	3,943,032	5,989,858	3,943,032	5,989,858
At 31 December	<u>14,436,087,244</u>	<u>13,712,486,897</u>	<u>14,612,449,830</u>	<u>13,888,345,066</u>

23 INTANGIBLE ASSET

	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
Cost				
At 1 January	89,818,148	89,573,460	103,018,148	89,573,460
Exchange difference	59,519	244,688	59,519	244,688
Additions	-	-	14,717,385	13,200,000
At 31 December	<u>89,877,667</u>	<u>89,818,148</u>	<u>117,795,052</u>	<u>103,018,148</u>
Amortisation				
At 1 January	35,927,258	17,914,692	35,927,258	17,914,692
Exchange difference	23,808	48,937	23,808	48,937
Amortisation for the year	17,975,531	17,963,629	17,975,531	17,963,629
At 31 December	<u>53,926,597</u>	<u>35,927,258</u>	<u>53,926,597</u>	<u>35,927,258</u>
Net Book Value	<u>35,951,070</u>	<u>53,890,890</u>	<u>63,868,455</u>	<u>67,090,891</u>

Represents cost of accounting and policy administration software. The amortization period is five (5) years.

24(a) ACTUARIAL LIABILITIES

	Company and Group	
	2020	2019
	G\$	G\$
Balance at beginning	7,302,672,490	6,962,440,713
Changes in actuarial liabilities	158,929,285	314,233,553
Exchange rate differences	6,700,595	25,998,224
	<u>7,468,302,370</u>	<u>7,302,672,490</u>

An actuarial valuation is done for the Society annually by an independent actuary.

The results are reflected under non-current liabilities in the statement of financial position and is accounted for in accordance with the Society's accounting policy.

24(b) DEPOSIT ADMINISTRATION FUND

	Company and Group	
	2020	2019
	G\$	G\$
Balance at beginning	6,152,364,129	5,673,267,388
Contributions received plus interest	828,389,952	902,266,721
Refund of contributions, claims & benefits	(540,762,552)	(427,356,785)
Effect of Exchange Rate	823,064	4,186,805
	<u>6,440,814,593</u>	<u>6,152,364,129</u>

Deposit administration contracts are issued by the Society to pension schemes for the deposit of pension plan assets with the Society. The assets are included in investments, cash at bank and cash on deposit.

NOTES ON THE ACCOUNTS

25(a) CLAIMS UNPAID	Company		Group	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
Claims unpaid	<u>389,080,387</u>	<u>255,614,415</u>	<u>466,796,491</u>	<u>295,351,565</u>

25(b) DEVELOPMENT CLAIM TABLES

Development of claims tables provide a measure of the Group's ability to estimate the ultimate value of claims for its general insurance subsidiary. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each reporting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

Reporting Year	2013	2014	2015	2016	2017	2018	2019	2020	Total
Gross estimate of cumulative claims cost									
At the end year of claim	37,525,805	11,858,403	2,890,000	6,065,000	5,634,907	5,324,800	7,916,320	47,702,574	124,917,809
One year later	36,111,717	6,069,071	2,484,680	6,065,000	5,634,907	3,740,090	5,635,280	-	-
Two years later	34,280,685	6,069,071	2,484,680	5,399,265	4,891,057	3,440,090	-	-	-
Three years later	34,280,685	6,069,071	2,484,680	5,399,265	2,691,057	-	-	-	-
Four years later	34,280,685	6,069,071	2,484,680	5,224,265	-	-	-	-	-
Five years later	34,280,685	4,961,771	2,300,930	-	-	-	-	-	-
Current estimate of cumulative claims									
cost	34,280,685	4,961,771	2,300,930	5,224,265	2,691,057	3,440,090	5,635,280	47,702,574	106,236,652
Cumulative payments	(9,537,155)	(4,961,771)	(2,300,930)	(3,724,265)	(2,691,057)	(3,145,090)	(2,160,280)	-	(28,520,548)
Outstanding claims recognised in the statement of financial position									
	24,743,530	-	-	1,500,000	-	295,000	3,475,000	47,702,574	77,716,104

26 INTEREST BEARING BORROWINGS

	CITIZENS BANK	GBTI	Company and Group	
	2020	2020	2020	2019
	G\$	G\$	G\$	G\$
At 1 January	31,119,508	9,597,778	40,717,286	144,685,778
Repayments during the year	<u>(31,119,509)</u>	<u>(9,597,778)</u>	<u>(40,717,286)</u>	<u>(103,968,492)</u>
At 31 December	-	-	-	40,717,286
Repayment due within one year	-	-	-	40,717,286
	-	-	-	40,717,286

Citizens Bank Loan

This loan was obtained from Citizens Bank and is repayable over a five year period with a monthly installment of G\$4,430,393 at an interest rate of 8 percent per annum. The loan is secured by shares in Banks DIH invested by the Society. The loan was repaid in the year 2020.

GBTI Loan

This loan was obtained from Guyana Bank for Trade & Industry Ltd and is repayable over a seven year period with a monthly installment of G\$4,868,761 at an interest rate of 12% per annum. The loan is secured by shares in Banks DIH, Demerara Bank and Demerara Distillers Ltd invested by the Society. The loan was repaid in the year 2020.

NOTES ON THE ACCOUNTS

27 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
	2020 G\$	2019 G\$	2020 G\$	2019 G\$
Current liabilities				
Trade and other payables	133,290,880	150,534,460	141,641,620	153,268,901
Accruals	4,858,760	5,173,678	4,858,760	5,173,678
Claim option deposits	376,513	376,378	376,513	376,378
Premiums paid in advance	58,080,286	90,922,440	58,080,286	90,922,440
	<u>196,606,439</u>	<u>247,006,956</u>	<u>204,957,179</u>	<u>249,741,397</u>

28 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Directors, key management personnel and entities where such directors and key management personnel have control or significant influence are considered related parties.

	GROUP	
	2020 G\$	2019 G\$
The company shares a common Chairman and Board of Directors with Demerara Fire and General Insurance Company Limited. Some of the Company's staff and facilities were utilized by Demerara Fire and General Insurance Company Limited during the year.		
Fees Charged	<u>14,627,862</u>	<u>16,778,991</u>
Coverage	<u>861,519,302</u>	<u>861,519,302</u>
Premiums	<u>6,122,687</u>	<u>3,216,988</u>
Key management personnel		
The Society's 5 (2019 - 5) key management personnel comprises its Executive Managers. The remuneration paid during the year to Executive Managers is included among the cost shared by Demerara Fire & General Insurance Ltd.	<u>6,865,555</u>	<u>6,316,571</u>
Directors Emoluments 7 (2019 - 7)	13,860,108	12,700,013

NOTES ON THE ACCOUNTS

	GROUP	
	2020	2019
	G\$	G\$
28 Related party transactions cont'd		
b. Transactions with companies which have one common Director with Demerara Mutual Life Assurance Society Limited.		
- Investments in Banks DIH Limited Shares 81,575,035 (2019 - 81,575,035)	<u>6,526,002,800</u>	<u>6,607,577,835</u>
- Deposits held at Citizens' Bank Limited. Interest earned at the prevailing commercial rates.	<u>1,789,102,546</u>	<u>1,745,464,341</u>
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2019 - 1,000,000)	<u>146,000,000</u>	<u>146,000,000</u>
- Insurance Coverage to Company with common directors		
Coverage	<u>13,740,589,121</u>	<u>14,435,252,358</u>
Premiums	<u>46,352,262</u>	<u>45,408,602</u>

- c. The Society has agreed to indemnify its Directors against any liability which may arise from the performance of their duties, provided that they act honestly and in good faith to the best interest of the Company.

NOTES ON THE ACCOUNTS

29 SEGMENTAL INFORMATION

Line of Business	Life	Health	Fire, General & Liability	Total 2020	Total 2019
	G\$	G\$	G\$	G\$	G\$
Revenue					
Premiums	1,446,751,307	85,908,592	106,792,779	1,639,452,678	1,704,305,185
Investment and other Income	590,661,526	-	22,527,989	613,189,515	572,920,250
Net Policy income	<u>2,037,412,833</u>	<u>85,908,592</u>	<u>129,320,768</u>	<u>2,252,642,193</u>	<u>2,277,225,435</u>
Benefits and expenses					
Claims	515,462,386	38,115,449	20,701,575	574,279,410	355,682,036
Surrenders	391,438,321	-	-	391,438,321	317,579,474
Commissions	82,403,435	-	13,757,673	96,161,108	128,022,322
Donations	1,264,756	-	-	1,264,756	1,179,461
Management expenses	638,403,449	3,097,251	47,283,297	688,783,997	876,451,373
Taxation	32,299,329	-	15,214,813	47,514,142	55,446,900
	<u>1,661,271,676</u>	<u>41,212,700</u>	<u>96,957,358</u>	<u>1,799,441,734</u>	<u>1,734,361,566</u>
Surplus of revenue over expenditure	<u>376,141,157</u>	<u>44,695,892</u>	<u>32,363,410</u>	<u>453,200,459</u>	<u>542,863,869</u>
Change in policy liabilities	<u>158,266,992</u>	<u>662,293</u>	<u>-</u>	<u>158,929,285</u>	<u>314,233,553</u>
Net Surplus after taxation	<u>217,874,165</u>	<u>44,033,599</u>	<u>32,363,410</u>	<u>294,271,174</u>	<u>228,630,316</u>
Assets					
	<u>30,214,838,619</u>	<u>54,968,765</u>	<u>719,754,717</u>	<u>30,989,562,101</u>	<u>29,046,831,143</u>
Liabilities					
	<u>14,556,901,869</u>	<u>9,807,529</u>	<u>298,254,886</u>	<u>14,864,964,284</u>	<u>14,271,527,518</u>

Geographical

Revenue

Guyana	680,639,636	568,120,485
Out of Guyana	<u>958,813,041</u>	<u>1,136,184,700</u>
	<u>1,639,452,678</u>	<u>1,704,305,185</u>

Assets

Guyana	23,530,342,451	21,954,221,836
Out of Guyana	<u>7,459,219,650</u>	<u>7,067,509,307</u>

Liabilities

Guyana	8,343,614,444	7,823,711,019
Out of Guyana	<u>6,521,349,840</u>	<u>6,422,716,499</u>

NOTES ON THE ACCOUNTS

30 PENDING LITIGATION

At the end of the year there were certain pending litigations, the outcome of which cannot be quantified at this stage.

31 INSURANCE ACT 2016

The Insurance Act 2016 came into effect during April 2018. The Society has five (5) years to be fully compliant with the changes of the new Act.

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Company	2020				Total G\$	2019 G\$
	Held to maturity G\$	Loans and receivable G\$	"Available for sale" G\$	Other assets and liabilities at amortised cost G\$		
Assets						
Cash resources	-	-	-	7,826,412,388	7,826,412,388	7,162,069,702
Investments	-	-	14,862,392,297	-	14,862,392,297	14,142,993,982
Bonds	1,498,960,363	-	-	-	1,498,960,363	1,399,173,559
Policy loans	-	631,220,665	-	-	631,220,665	610,817,183
Mortgages	-	7,134,107	-	-	7,134,107	7,128,622
Trade and other receivables	-	141,540,508	-	-	141,540,508	172,575,323
Accrued Interest	-	47,656,589	-	-	47,656,589	48,970,183
Tax Recoverable	-	-	-	47,536,871	47,536,871	44,750,698
	<u>1,498,960,363</u>	<u>827,551,869</u>	<u>14,862,392,297</u>	<u>7,873,949,259</u>	<u>25,062,853,788</u>	
2019	<u>1,399,173,559</u>	<u>814,391,311</u>	<u>14,142,993,982</u>	<u>7,206,820,400</u>		<u>23,588,479,252</u>
Liabilities						
Actuarial Liabilities	-	-	-	7,468,302,370	7,468,302,370	7,302,672,490
Deposit Administration Fund	-	-	-	6,440,814,593	6,440,814,593	6,152,364,129
Claims	-	-	-	389,080,387	389,080,387	255,614,415
Trade and other payables	-	-	-	133,290,880	133,290,880	150,534,460
Others	-	-	-	135,221,167	135,221,167	162,163,120
	-	-	-	<u>14,566,709,397</u>	<u>14,566,709,397</u>	
2019	-	-	-	<u>13,998,248,614</u>		<u>14,023,348,614</u>

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Group	2020				Total G\$	2019 G\$
	Held to maturity G\$	Loans and receivable G\$	"Available for sale" G\$	Other assets and liabilities at amortised cost G\$		
Assets						
Cash resources	-	-	-	8,056,566,234	8,056,566,234	7,378,217,238
Investments	-	-	15,238,297,087	-	15,238,297,087	14,518,058,077
Bonds	1,498,960,363	-	-	-	1,498,960,363	1,399,173,559
Policy loans	-	631,220,665	-	-	631,220,665	610,817,183
Mortgages	-	7,134,107	-	-	7,134,107	7,128,622
Trade and other receivables	-	226,855,273	-	-	226,855,273	204,263,953
Accrued Interest	-	47,801,137	-	-	47,801,137	49,104,487
Tax Recoverable	-	-	-	57,650,319	57,650,319	49,360,568
	<u>1,498,960,363</u>	<u>913,011,182</u>	<u>15,238,297,087</u>	<u>8,114,216,553</u>	<u>25,764,485,185</u>	
2019	<u>1,399,173,559</u>	<u>846,214,245</u>	<u>14,518,058,077</u>	<u>7,427,577,805</u>		<u>24,216,123,685</u>
Liabilities						
Actuarial Liabilities	-	-	-	7,468,302,370	7,468,302,370	7,302,672,490
Deposit Administration Fund	-	-	-	6,440,814,593	6,440,814,593	6,152,364,129
Claims	-	-	-	466,796,491	466,796,491	295,351,565
Trade and other payables	-	-	-	141,641,620	141,641,620	153,268,901
Others	-	-	-	347,409,211	347,409,211	367,870,433
	-	-	-	<u>14,864,964,285</u>	<u>14,864,964,285</u>	
2019	-	-	-	<u>14,246,427,518</u>		<u>14,271,527,518</u>

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The group's management monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

(a) Market risk

The group seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

The group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the group's exposure to market risks or the manner in which it manages these risks.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize these risk. The group does not actively trade in equity investments.

(ii) Foreign currency risk

The group is exposed to foreign currency risk due to fluctuations in exchange rates on balances that are denominated in foreign currencies. The equivalent Guyana Dollar Value of Assets and Liabilities in Pound Sterling, Eastern Caribbean Dollars, Barbados and Trinidad & Tobago dollars are shown below:

	2020				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,379,321	84,723,387	16,419,679	44,625	7,618,149,743
Liabilities	-	(9,162,629)	(457,269)	-	(738,512,448)
	<u>1,379,321</u>	<u>75,560,758</u>	<u>15,962,410</u>	<u>44,625</u>	<u>6,879,637,295</u>

	2019				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,378,199	80,011,340	16,419,679	44,625	7,221,220,502
Liabilities	-	(8,696,043)	(457,269)	-	(700,750,597)
	<u>1,378,199</u>	<u>71,315,297</u>	<u>15,962,410</u>	<u>44,625</u>	<u>6,520,469,905</u>

Foreign Currency Sensitivity Analysis

The following table details the company's sensitivity to a 2.5% increase or decrease in the Guyana dollar against the relevant currencies.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 2.5% against the Guyana dollar. If the currencies were to weaken 2.5% against the Guyana dollar, there would be an equal and opposite impact on the reserves and the balances would be negative.

	£ Sterling impact G\$ M	EC dollar impact G\$ M	TT dollar impact G\$ M	B'dos dollar impact G\$ M
<u>2020</u>	<u>9.90</u>	<u>149.25</u>	<u>12.72</u>	<u>0.12</u>
<u>2019</u>	<u>9.57</u>	<u>140.71</u>	<u>12.62</u>	<u>0.12</u>

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT CONT'D

(a) Market risk cont'd

(iii) Interest rate sensitivity analysis

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Group's profit would have been as illustrated on the following table:

	Increase/decrease in basis points	Impact on profit for year	
		2020	2019
		G\$000	G\$000
Cash and cash equivalents			
Local Currency	+/-50	16,777	14,400
Foreign Currencies	+/-50	2,982	1,775

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iv) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The group's exposure to interest rate risk is continuously monitored to reduce as far as practical adverse interest rate risk.

	Interest Rate Range	Company				
		Maturing 2020				Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	
ASSETS						
Cash resources	1.7	3,874,725,861	-	-	3,951,686,527	7,826,412,388
Investments	8.6	-	1,238,735,239	260,225,124	14,862,392,297	16,361,352,660
Policy loans	12.5	-	631,220,665	-	-	631,220,665
Mortgages	7.5	-	-	7,134,107	-	7,134,107
Loans and advances	12.0	17,155,842	-	-	-	17,155,842
Others		-	-	-	219,578,126	219,578,126
		3,891,881,703	1,869,955,904	267,359,231	19,033,656,950	25,062,853,788
LIABILITIES						
Actuarial liabilities		-	-	-	7,468,302,370	7,468,302,370
Deposit administration fund		-	-	-	6,440,814,593	6,440,814,593
Claims		-	-	-	389,080,387	389,080,387
Trade and other payables		-	-	-	133,290,880	133,290,880
Others	6.0	-	-	-	135,221,167	135,221,167
		-	-	-	14,566,709,397	14,566,709,397
Interest sensitivity gap		3,891,881,703	1,869,955,904	267,359,231		
		Company				
		Maturing 2019				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	Total G\$
ASSETS						
Cash resources	1.7	3,927,099,725	-	-	3,234,969,977	7,162,069,702
Investments	8.6	-	1,143,098,915	256,074,644	14,142,993,982	15,542,167,541
Policy loans	12.5	-	610,817,183	-	-	610,817,183
Mortgages	7.5	-	-	7,128,622	-	7,128,622
Loans and advances	12.0	17,926,765	-	-	-	17,926,765
Others		-	-	-	248,369,439	248,369,439
		3,945,026,490	1,753,916,097	263,203,266	17,626,333,398	23,588,479,252
LIABILITIES						
Actuarial liabilities		-	-	-	7,302,672,490	7,302,672,490
Deposit administration fund		-	-	-	6,152,364,129	6,152,364,129
Claims		-	-	-	255,614,415	255,614,415
Trade and other payables		-	-	-	150,534,460	150,534,460
Others	6.0	40,717,286	-	-	121,445,834	162,163,120
		40,717,286	-	-	13,982,631,328	14,023,348,614
Interest sensitivity gap		3,904,309,204	1,753,916,097	263,203,266		

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT CONT'D

(iv) Interest rate risk cont'd

		Group				
		Maturing 2020				
ASSETS	Interest Rate Range	Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	Total G\$
Cash resources	2.54	4,075,512,584	-	-	3,981,053,650	8,056,566,234
Investments	5.70	-	1,238,735,239	260,225,124	15,238,297,087	16,737,257,450
Policy loans	12.50	-	631,220,665	-	-	631,220,665
Mortgages	7.50	-	-	7,134,107	-	7,134,107
Loans and advances	12.00	17,155,842	-	-	-	17,155,842
Others		-	-	-	315,150,887	315,150,887
		4,092,668,426	1,869,955,904	267,359,231	19,534,501,624	25,764,485,185
LIABILITIES						
Actuarial liabilities		-	-	-	7,468,302,370	7,468,302,370
Deposit administration fund		-	-	-	6,440,814,593	6,440,814,593
Claims		-	-	-	466,796,491	466,796,491
Trade and other payables		-	-	-	141,641,620	141,641,620
Others	6.00	-	-	-	347,409,211	347,409,211
		-	-	-	14,864,964,285	14,864,964,285
Interest sensitivity gap		<u>4,092,668,426</u>	<u>1,869,955,904</u>	<u>267,359,231</u>		

		Group				
		Maturing 2019				
ASSETS		Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	Total G\$
Cash resources	2.54	4,087,249,983	-	-	3,290,967,255	7,378,217,238
Investments	5.70	-	1,143,098,915	256,074,644	14,518,058,077	15,917,231,636
Policy loans	12.50	-	610,817,183	-	-	610,817,183
Mortgages	7.50	-	-	7,128,622	-	7,128,622
Loans and advances	12.00	17,926,765	-	-	-	17,926,765
Others		-	-	-	284,802,243	284,802,243
		4,105,176,748	1,753,916,097	263,203,266	18,093,827,575	24,216,123,686
LIABILITIES						
Actuarial liabilities		-	-	-	7,302,672,490	7,302,672,490
Deposit administration fund		-	-	-	6,152,364,129	6,152,364,129
Claims		-	-	-	295,351,565	295,351,565
Trade and other payables		-	-	-	153,268,901	153,268,901
Others	6.00	40,717,286	-	-	327,153,147	367,870,433
		40,717,286	-	-	14,230,810,232	14,271,527,518
Interest sensitivity gap		<u>4,064,459,462</u>	<u>1,753,916,097</u>	<u>263,203,266</u>		

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT CONT'D

(b) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

At 31 December 2020

Assets	Company			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$		G\$	G\$
Trade and other receivables	141,540,508	-	-	141,540,508
Accrued Interest	47,656,589	-	-	47,656,589
Tax recoverable	47,536,871	-	-	47,536,871
Deposits	3,874,725,861	-	-	3,874,725,861
Policy Loans	-	631,220,665	-	631,220,665
Mortgages	-	-	7,134,107	7,134,107
Bonds	-	1,238,735,239	260,225,124	1,498,960,363
Securities	-	14,862,392,297	-	14,862,392,297
Cash at bank	3,951,686,527	-	-	3,951,686,527
	<u>8,063,146,356</u>	<u>16,732,348,201</u>	<u>267,359,231</u>	<u>25,062,853,788</u>
Liabilities				
Actuarial liabilities	171,217,588	243,597,409	7,053,487,373	7,468,302,370
Deposit administration fund	6,440,814,593	-	-	6,440,814,593
Trade and other payables	-	133,290,880	-	133,290,880
Unpaid Claims	389,080,387	-	-	389,080,387
Others	135,221,167	-	-	135,221,167
	<u>7,136,333,735</u>	<u>376,888,289</u>	<u>7,053,487,373</u>	<u>14,566,709,397</u>
	<u>926,812,621</u>	<u>16,355,459,912</u>	<u>(6,786,128,142)</u>	<u>10,496,144,391</u>

At 31 December 2019

Assets	Company			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$		G\$	G\$
Trade and other receivables	172,575,323	-	-	172,575,323
Accrued Interest	48,970,183	-	-	48,970,183
Tax recoverable	44,750,698	-	-	44,750,698
Deposits	3,927,099,725	-	-	3,927,099,725
Policy Loans	-	610,817,183	-	610,817,183
Mortgages	-	-	7,128,622	7,128,622
Bonds	-	1,143,098,915	256,074,644	1,399,173,559
Securities	-	14,142,993,982	-	14,142,993,982
Cash at bank	3,234,969,977	-	-	3,234,969,977
	<u>7,428,365,906</u>	<u>15,896,910,079</u>	<u>263,203,266</u>	<u>23,588,479,252</u>
Liabilities				
Actuarial liabilities	181,367,027	273,667,429	6,847,638,034	7,302,672,490
Deposit administration fund	6,152,364,129	-	-	6,152,364,129
Trade and other payables	-	150,534,460	-	150,534,460
Unpaid Claims	255,614,415	-	-	255,614,415
Others	162,163,120	-	-	162,163,120
	<u>6,751,508,691</u>	<u>424,201,889</u>	<u>6,847,638,034</u>	<u>14,023,348,614</u>
	<u>676,857,215</u>	<u>15,472,708,190</u>	<u>(6,584,434,768)</u>	<u>9,565,130,638</u>

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT CONT'D

(b) Liquidity risk - cont'd

At 31 December 2020

Assets	Group			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	226,855,273	-	-	226,855,273
Accrued Interest	47,801,137	-	-	47,801,137
Tax recoverable	57,650,319	-	-	57,650,319
Deposits	4,075,512,584	-	-	4,075,512,584
Policy Loans	-	631,220,665	-	631,220,665
Mortgages	-	-	7,134,107	7,134,107
Bonds	-	1,238,735,239	260,225,124	1,498,960,363
Securities	-	15,238,297,087	-	15,238,297,087
Cash at bank	3,981,053,650	-	-	3,981,053,650
	8,388,872,963	17,108,252,991	267,359,231	25,764,485,185
Liabilities				
Actuarial liabilities	171,217,588	243,597,409	7,053,487,373	7,468,302,370
Deposit administration fund	6,440,814,593	-	-	6,440,814,593
Trade and other payables	-	141,641,620	-	141,641,620
Unpaid Claims	466,796,491	-	-	466,796,491
Others	210,252,205	137,157,006	-	347,409,211
	7,289,080,877	522,396,035	7,053,487,373	14,864,964,285
	1,099,792,086	16,585,856,956	(6,786,128,142)	10,899,520,900

At 31 December 2019

Assets	Group			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	204,263,953	-	-	204,263,953
Accrued Interest	49,104,487	-	-	49,104,487
Tax recoverable	49,360,568	-	-	49,360,568
Deposits	4,087,249,983	-	-	4,087,249,983
Policy Loans	-	610,817,183	-	610,817,183
Mortgages	-	-	7,128,622	7,128,622
Bonds	-	1,143,098,915	256,074,644	1,399,173,559
Securities	-	14,518,058,077	-	14,518,058,077
Cash at bank	3,290,967,255	-	-	3,290,967,255
	7,680,946,246	16,271,974,174	263,203,266	24,216,123,686
Liabilities				
Actuarial liabilities	181,367,027	273,667,429	6,847,638,034	7,302,672,490
Deposit administration fund	6,152,364,129	-	-	6,152,364,129
Trade and other payables	-	153,268,901	-	153,268,901
Unpaid Claims	295,351,565	-	-	295,351,565
Others	233,325,673	134,544,760	-	367,870,433
	6,862,408,394	561,481,090	6,847,638,034	14,271,527,518
	818,537,852	15,710,493,084	(6,584,434,768)	9,944,596,168

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT CONT'D

(c) Credit risk
Concentration of Risk

The group is exposed to credit risk in respect of receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the group. The maximum credit risk faced by the group is the balance reflected in the financial statements.

	Company		Group	
	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
Investments				
Held to Maturity(i)	1,498,960,363	1,399,173,559	1,498,960,363	1,399,173,559
Available for sale(i)	14,862,392,297	14,142,993,982	15,238,297,087	14,518,058,077
Cash on Hand & in Bank(ii)	3,951,686,527	3,234,969,977	3,981,053,650	3,290,967,255
Cash on Deposits(ii)	3,874,725,861	3,927,099,725	4,075,512,584	4,087,249,983
Loans Receivables(v)	638,354,772	617,945,804	638,354,772	617,945,804
Trade and other receivables (iii)	141,540,508	172,575,323	222,753,020	199,171,040
Accrued Interest(iv)	47,656,589	48,970,183	47,801,137	49,104,487
Premium Receivable(vi)	-	-	4,102,253	5,092,913
Tax Recoverable	47,536,871	44,750,698	57,650,319	49,360,568
	<u>25,062,853,788</u>	<u>23,588,479,251</u>	<u>25,764,485,185</u>	<u>24,216,123,686</u>

(i) The investments as reflected are assets for which the likelihood of default are considered minimal by the Directors.

(ii) Cash and cash equivalent include balances held in commercial banks. These banks have been assessed by the Society as being credit worthy with very strong capacity to meet obligations as they fall due.

(iii) Included in trade and other receivables are number of advances and loans to staff and sales representatives on which interest is earned.

(iv) Accrued interest represents amounts due or accrued on the various investments of the group.

(v) Included in loans and receivables are policy loans which are fully secured against the cash value of the individual policies.

These amounts would either be received in the next financial year, or would materialise on maturity of the investment(s) in accordance with the terms and conditions.

(vi) Premium receivable represent amounts due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.

The above balance are classified as follows:

	2020	2019	2020	2019
	G\$	G\$	G\$	G\$
Current	141,343,463	147,278,314	222,555,975	173,874,031
Past due over 179 days	197,045	197,009	197,045	197,009
	<u>141,540,508</u>	<u>147,475,323</u>	<u>222,753,020</u>	<u>174,071,040</u>

NOTES ON THE ACCOUNTS

34 INSURANCE RISK MANAGEMENT

The principal risk that the company faces under its insurance contract is that the actual claims and benefit payments exceed the carrying amount of its assets at any one time. This can occur if there is for some reason widespread deaths either due to epidemics, or other social problems within the territories we operate. It is however prudent of the company to ensure that its risks are properly managed. Risk management policies are discussed below.

Firstly there is the company's underwriting principles that seek to ensure that all risks selected are insurable. The fact that the company operates in four different territories helps to guard against concentration of risks in one location. The company's risk is also mitigated through its reinsurance treaties. Guyana cedes liabilities over G\$400,000 for some policies while other policies are ceded for liabilities above G\$2,000,000. In the EC territories, the amount ceded are liabilities over EC\$100,000. This risk is also managed by the careful adjunction of all claims and avoids the payment of fraudulent claims.

The company's risk management would also include the management of its investments as returns on these are pivotal in the covering of its liabilities. The tri-annual valuations and of recent annual valuations allows for constant monitoring of its assets in relation to the liabilities.

Concentration of insurance risk could have material effect on benefits to be paid. The table below presents the concentration of insured benefits across four bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts.

Benefits assured per life assured at the end of 2020	Total benefits insured (G\$ millions)			
	Before reinsurance		After reinsurance	
0M - 3M	13,872	11.2%	12,585	16.3%
3M - 5M	24,155	19.5%	21,219	27.5%
5M - 10M	33,236	26.9%	26,551	34.5%
Over 10M	52,394	42.4%	16,704	21.7%
Total	123,657	100.0%	77,059	100.0%

The majority of insured risk is concentrated in the lower band, reinsurance further reduces the total amount of risk in all bands.

NOTES ON THE ACCOUNTS

34 INSURANCE RISK MANAGEMENT CONT'D

Reserves for future policyholders' benefits

The Canadian Policy Premium Method is used for the determination of reserves for future policyholder benefits of long-term insurance contracts (actuarial liabilities). The reserves for future policyholders' benefits are determined by actuarial valuation yearly and represents an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, expenses, inflation and interest and exchange rates. The assumptions also include provisions for adverse deviation to recognise uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

Policy liabilities are calculated using best estimate assumptions with margins for adverse deviation.

(i) Mortality

The mortality assumptions were based on 1986-92 Canadian Institute of Actuaries select and ultimate mortality tables. An investigation into the Society's mortality experience was performed, and the mortality tables were adjusted to reflect the Society's experience and territorial difference. Provisions for AIDS extra mortality, additional margin was provided for uncertainty based on US experience were added to the expected mortality assumptions.

For payout annuity policies, the mortality assumptions are based on 1983 Society of Actuaries. Individual Annuitant Mortality tables. Mortality improvement was assumed for future years. An additional margin was provided for uncertainty in setting the expected assumptions.

(ii) Interest Rate

Valuation interest rate assumptions were based on the Society's investment portfolio rate of return during the year of valuation. Additional allowances were made for investment income tax investment expenses, asset default and asset/liability mismatch to reflect Society's investment performance and expected future returns.

(iii) Lapse

For individual life insurance policies, an investigation into the Society's lapse experience performed, and the lapse assumption was made based on the Society's experience. An additional margin was provided for uncertainty in setting the expected assumptions.

(iv) Expense and Inflation

Projected commission payments were assumed in accordance with the Society's commission schedule.

Policy maintenance expense assumptions were made based on the Society's operating experience during the year of valuation. An additional margin was provided for uncertainty in setting the expected assumptions.

(iv) Expense and Inflation cont'd

Future expected rate of inflation was assumed based on actual rate of inflation in the countries where the Society operated. During the year of valuation. Premium tax rates were 3% in St Lucia and 5% in St. Vincent. There is no premium tax in Guyana and Grenada. The allowance for investment income tax was made as a deduction from the interest rate whenever applicable. It was assumed that the tax legislation and rates would continue in the future.

(v) Reinsurance

Future reinsurance cash flows were projected according to the reinsurance treaties in force, including reinsurance premiums, reinsurance allowances and reinsurance recovery. The principal reinsurance treaties are with Swiss Re Life & Health Canada.

(vi) Exchange Rate

The cash flow projection and reserve calculation of each individual policy was performed based on its original currency. The valuation results were consolidated among different countries using the exchanged rates as at the valuation date provided by the Society.

NOTES ON THE ACCOUNTS

35 Defined Benefit Asset Company and Group

(a) The amounts recognised in the Statement of Financial Position are as follows:

	Company and Group	
	2020	2019
	G\$	G\$
Present value of obligation	(1,143,106,067)	(1,093,052,820)
Fair value of plan assets	3,608,948,389	3,409,152,642
Net defined benefit asset	<u>2,465,842,322</u>	<u>2,316,099,822</u>

(b) Changes in present value of defined benefit obligation is as follows:

	Company and Group	
	2020	2019
Opening defined benefit obligation	1,093,052,820	968,076,317
Current service cost	27,989,553	26,669,019
Interest cost	43,722,113	38,723,053
Benefits paid	(32,335,296)	(45,023,973)
Actuarial gain	10,676,877	104,608,404
Closing defined benefit obligation	<u>1,143,106,067</u>	<u>1,093,052,820</u>

(c) Changes in fair value of defined benefit obligation are as follows:

Opening fair value of plan assets	3,408,921,325	2,822,916,082
Expected return on plan assets	135,886,541	112,190,177
Contributions paid	8,819,717	8,700,655
Benefits paid	(32,335,296)	(45,023,973)
Actuarial gain	87,656,102	510,369,701
Closing fair value of plan assets	<u>3,608,948,389</u>	<u>3,409,152,642</u>

(d) Amount recognised in the Statement of Comprehensive Income are as follows:

	Company and Group	
	2020	2019
	G\$	G\$
Current service cost	27,989,553	26,669,019
Net interest on defined benefit obligation	(92,164,428)	(73,467,124)
	<u>(64,174,875)</u>	<u>(46,798,105)</u>

Reconciliation of amount recognised in the Statement of Financial Position

	Company and Group	
	2020	2019
Opening Balance	2,316,099,822	1,854,839,765
Net pension cost	55,355,158	46,798,105
Re-measurement recognised in Other Comprehensive Income	85,567,625	405,761,297
Contributions paid	8,819,717	8,700,655
	<u>2,465,842,322</u>	<u>2,316,099,822</u>

NOTES ON THE ACCOUNTS

35 Defined Benefit Asset Company and Group (cont'd)

Experience History	2020	2019	2018	2017
Defined benefit obligation	(1,143,106,067)	(1,093,052,820)	(968,076,317)	(882,455,157)
Fair Value of plan assets	3,608,948,389	3,409,152,642	2,822,916,082	1,708,087,600
Surplus	<u>2,465,842,322</u>	<u>2,316,099,822</u>	<u>1,854,839,765</u>	<u>825,632,443</u>

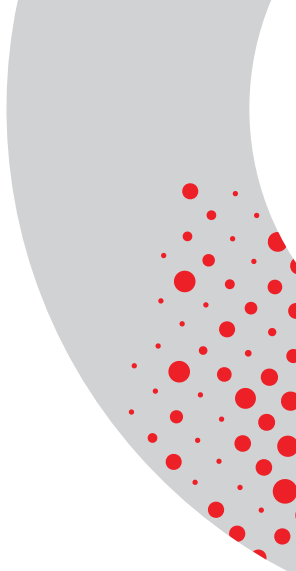
Summary of main assumptions

Discount rate	4%	4%	4%	4%
Salary increases	3%	3%	3%	3%

36 Reclassification

Death claim recoveries previously classified as unpaid claims under current liabilities were subsequently reclassified to trade and other receivables under current asset.

	Debit G\$	Credit G\$
Trade and other receivables	25,100,000	
Unpaid claims		25,100,000






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