



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated June 23, 1966)



51st

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31st December, 2016



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING

51st Annual General Meeting

Notice is hereby given that the Fifty First Annual General Meeting of the above named Company will be held at the Company's Offices at Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Thursday, 27 April, 2017 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Report of the Directors and the Accounts for the year ended 31 December, 2016 and the Report of the Auditors thereon.
2. Election of Directors.
3. To fix the remuneration of the Directors.
4. Election of Auditors.
5. To fix the remuneration of the Auditors.
6. Any other business which may properly be brought before the meeting.

BY ORDER OF THE BOARD

Shaheed Essack
Company Secretary/Finance Controller

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana.

04 April, 2017

N.B. *A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A proxy form requires a \$10.00 stamp.*



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

HEAD OFFICE

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana.
Email: info@hihgy.com
Website: www.hihgy.com
Telephone: 225-1865-7
Fax: 225-7519
P.O. Box: 10188

DIRECTORS

J.G. CARPENTER, B.Sc. - Chairman

W.A. LEE, A.A., B.Sc., B.S.P., E.M.S.C.P., B.Soc.Sc.,
Dip.M., F.C.I.M - Vice Chairman

C.R. QUINTIN

I.A. MCDONALD, A.A., M.A. (Hons) Cantab., F.R.S.L., Hon D.LITT. UWI

P.A. CHAN-A-SUE, A.A., C.C.H., F.C.A.

T.A. PARRIS, B.A. (Econs.), M.A. (Econs. & Ed.)

K. EVELYN, B.A.(Hons) Sheff.Hallam., B.Sc.UMIST., M.B.A. Liv.,
F.C.I.I., A.C.I.B – Chartered Insurer

H. COX, A.C.I.I., Chartered Insurer



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

MANAGEMENT:

- | | |
|--|--|
| Chief Executive Officer | - Keith Evelyn, B.A.(Hons) Sheff. Hallam, B.Sc.UMIST., M.B.A.Liv., F.C.I.I., A.C.I.B. - Chartered Insurer. |
| Manager | - Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A., C.G.A., C.P.C.U. |
| Deputy Manager | - Lalita Sukhram, F.L.M.I., A.C.S., A.R.A. |
| Assistant Life Manager (ag) | - Elizabeth Gopie, F.L.M.I, A.C.S., A.I.R.C. |
| Company Secretary/
Finance Controller | - Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I |
| Chief Accountant | - Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A.affiliate. |
| Accountant/Investment Analyst | - Kin Sue, B.Sc., M.Sc., C.I.S.I. |
| Internal Auditor | - Ronald Stanley, F.C.C.A., C.P.C.U. |
| Legal and Compliance Officer | - Paul Braam, LL.B., L.E.C. |
| Human Resource Manager | - Zaida Joaquin, Dip. P.M., F.L.M.I., A.C.S., A.I.R.C., A.I.A.A., A.R.A. |
| Sales Manager | - Shanomae Baptiste, B.A., P.G. Dip. |
| Business Development Officer | - Savita Singh, B.Sc. |
| Manager - Berbice Operations | - Tajpaul Adjodhea, F.L.M.I. |



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

AUDITORS:

TSD LAL and Company,
Chartered Accountants

ATTORNEYS-AT-LAW:

Cameron & Shepherd
Hughes, Fields & Stoby

MEDICAL ADVISOR:

Dr. Janice Imhoff

CONSULTING ACTUARIES:

Apex Consulting Ltd.

BANKERS:

Republic Bank (Guyana) Limited
Guyana Bank for Trade & Industry Limited
Bank of Nova Scotia
Citizens Bank (Guyana) Inc.
Demerara Bank Ltd.
Bank of Baroda
Guyana Americas Merchant Bank
Lloyds TSB Offshore Private Banking



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BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	45 'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1995 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1 st Avenue, Bartica.
MON REPOS:		130 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot "M" Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village Greater Georgetown.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2016 BY THE CHAIRMAN MR JOHN G. CARPENTER B.Sc .

WELCOME

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 51st Annual General Meeting, to review the performance of the Company for the year ended 31 December, 2016.

Economic Review

Global growth slowed to 3.1 percent in 2016, and is expected to improve slightly in 2017 to 3.4 percent. The forecast, reflects a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit), and weaker than expected growth in the United States. Inflation remained low for most developed countries due to continually depressed commodity prices. Growth prospects have marginally worsened for emerging markets and developing economies, where financial conditions have generally tightened. The near term growth prospects were revised upward for China, due to an expected stimulus policy, but were revised downward for a number of other large economies, most notably India, Brazil, and Mexico.

The Guyana economy only managed to grow by 2 percent for the second quarter of 2016. This growth was predominantly caused by increased production in the mining sector, due to the recent operations of large miners such as Troy Resources and the Aurora Gold Mine. However, other key sectors such as rice, sugar, manufacturing and construction significantly declined. Commodity prices continued to play a major role in the performance of the local economy.

Despite evidence that Guyana's economy is becoming stagnant, the inflation rate has managed to be stable at 1.1 percent during the first half of 2016, which is due to the slight increase in food and fuel prices.

The exchange rate between the Guyana dollar to the United States dollar remained stable at US\$1.00 = GY\$206.50 for the period of 2016, as a result of the surplus in the Overall Balance of Payments.

Performance Review

The Company recorded healthy growth of 9 percent in Gross Revenue from \$752.2 million in 2015 to \$822.4 million at the end of 2016. Even though Expenditure increased by 13 percent between the 2 years to \$213.4 million, we have still managed to increase our Funds for the year before actuarial adjustment by \$267.2 million. This increase resulted from the Gain on Disposal of Investments.

Actuarial adjustments to the Statement of Total Comprehensive Income, reflected increases in Gross Reserves of \$162.5 million. These Reserves, as recommended by our actuary, provide for impending new Regulations and changes in actuarial assumptions. They are designed to give the Company healthy actuarial margins in each of the Company's long term funds.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2016 BY THE CHAIRMAN MR JOHN G. CARPENTER B.Sc .

Our Total Provision for Adverse Deviation as a percentage of Net Liability for 2016 stood at 19 percent. The previous year being 18 percent.

The deficit in Total Comprehensive Income of \$260.8 million at year end 2016 was the result of decrease in the value of local securities, which we expect to recover in 2017.

New Business

The performance of the Individual Life and Annuities Portfolio exceeded all expectation with an increase in New Policies of 52 percent between 2015 and 2016. A total of 343 new policies were issued in 2016, which provided an Annualized Premium Income of \$183.1 million, an increase of 34 percent over the previous year.

However, the Group New Business, slightly decreased from \$151.0 million to \$148.4 million, Group Business generally takes a longer time to materialize.

The Ordinary Life, Group Life, Group Medical and Deposit Administration Funds continued to expand and reached \$4.2 billion at the end of 2016, up from \$4.1 billion at the end of 2015.

These positive results would not have been possible without the effort and support of our Brokers and Sales Team. However, in view of the current market environment, we will continue to defend and build on our market share by aggressively marketing our insurance products through the Brokers and Sales Team.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of \$240.8 million for the year. The cost of claims arising from death under Individual Life policies, after reinsurance recoveries, decreased from \$9.2 million to \$5.1 million. Moreover, the payments, after Reinsurance recoveries, for Group Life claims decreased from \$31.1 million to \$27.8 million. However, these reductions were offset by increases in Group Health Claims, which moved from \$158.9 million to \$188.1 million in 2016.

Payments and provisions to the extent of \$19.2 million were also made in respect of policies, which reached full maturity, and policies, which during the year became eligible for part payments in accordance with the terms of the policies.

Actuarial Valuation

A triennial Actuarial Valuation was completed for the year ended 31 December, 2012 and revealed a surplus of \$724.8 million or Liability Coverage of 1.3 times. A Liability Adequacy test was completed for the year ended 31 December, 2016 and revealed a surplus of \$362.1 million or liability coverage of 1.1 times.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2016 BY THE CHAIRMAN MR. JOHN G. CARPENTER B.Sc .

The Actuarial valuation for the triennial period ended on 31 December, 2015 is in progress.

Insurance Regulation

Various new legislations in draft or enactment, that will impact on the operation of the HIHL are:

- (1) Insurance Act
- (2) Pension Act
- (3) IFRS Exposure Draft on Insurance Contracts
- (4) AML/FATCA

On 30th June 2016, the National Assembly passed a new and comprehensive Insurance Act. This Act was assented to on 18th July, 2016 by the President. However, an implementation date has not yet been set.

The Pension Act remains in its early stage and not likely before the next 2-3 years. Management is currently studying the impact these new legislations would have on our operations and profitability.

IFRS17 (previously refer to as IFRS 4 Phase II) is expected to be issued in early 2017 with an effective date of 2021. This will have massive impact on the current business practices of the insurance industry. The main impact will be on the profit recognition aspect of insurance companies.

HIHL will seek to implement early adoption where possible, and comply with all Insurance and other regulations as they are being introduced.

Insurance Industry

The total domestic insurance sector's resources increase by 1.2 percent to \$49.2 billion. The Life component resources increased by 1.1 percent to \$31.3 billion. This represent 63.6 percent of the total industry's resources. Furthermore, the non-life component also grew by 1.5 percent to \$17.9 billion.

As expected, total insurance premiums also increased by \$31 million to \$13.1 billion, of which, 34.0 percent is apportioned to local life premium.

Future outlook

Global growth is projected at 3.4 percent for 2017. The U.S. economy will likely see a modest upside from stronger business confidence and possibly some tax relief later in 2017. However, global growth mainly hinges on the improvement of the emerging and developing markets, which the International Monetary Fund (IMF) is projecting to grow by 4.6 percent while advanced economies are expected to grow by 1.9 percent.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

**REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER, 2016
BY THE CHAIRMAN MR JOHN G. CARPENTER B.Sc .**

The Guyana economy is expected to grow by a healthy 4.0 percent on the account that key sectors such as the mining and service industries, with gold production predicted to surpass 700,000 ounces in 2017. Favorable fuel prices are expected to continue in 2017, and ought to benefit the economy immensely. However, the rice industry was severely affected by the Venezuelan decision to end the Petrocaribe Agreement. Access to new markets at favourable prices, vital for the survival of the industry, has proven difficult. In addition, the government is planning to restructure the sugar industry to make it economically viable, going forward.

Guyana has begun transitioning into an oil and gas economy, with over 2 billion (confirmed) barrels of highly commercial oil reserves, opening up new industries and opportunities in the country. Therefore, the insurance industry is expected to play a vital role in the petroleum sector from the mining of petroleum products, to its final use, as there is a need for proper risk protection of the industry.

Hand In Hand remains committed to the future development of Guyana. We will continue to enhance the overall experience we provide to our customers, introduce new insurance products, embrace technology and fulfill our corporate social responsibility.

Appreciation

As we enter into our 52nd year in existence, the performance of the company has managed to exceed expectations and augurs well for its future. It is my pleasure to thank most sincerely, our policyholders and all those who supported us during the past year and indeed, over the past five decades. I extend our sincerest gratitude to my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches, for their dedication and commitment, without which our Company would not have achieved the growth and success we have enjoyed over the past five decades.

Thank you,

JOHN G. CARPENTER B.Sc.
CHAIRMAN



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders the Fifty First Annual Report and Audited Financial Statements for the year ended 31 December, 2016.

1. **Principal Activities**

The Company is engaged in the underwriting of long term business and associated insurance activities.

2. **Operational Results**

The Net increase in Funds for the year before actuarial adjustment was \$267.2 million as compared to \$259.4 million for the previous year.

3. **Life Business**

Gross premiums received for Ordinary Life Business for the year was \$128.0 million as compared with \$119.8 million for the previous year.

4. **Annuities**

Annuities received for the year was \$5.3 million as compared with \$128.8 million for the previous year.

5. **Group Business**

Gross premiums received in respect of Group Business amounted to \$526.1 million as compared with \$496.6 million for the previous year.

6. **Ordinary Life Fund**

The Ordinary Life Fund now stands at \$1.1, billion the comparative for the year ended 31 December, 2015 being \$1.0 billion.

7. **Group Life Fund/Single Premium Mortgage Protection**

This fund now stands at \$814.8 million, the comparative for the year ended 31 December, 2015 being \$706.1 million.

8. **Group Health Fund**

The Group Health Fund now stands at \$3.6 million, the comparative for the year ended 31 December, 2015 being \$4.3 million.

9. **Deposit administration Fund**

This fund now stands at \$2.0 billion, the comparative for the year ended 31 December, 2015 being \$2.2 billion.

10. **Actuarial Valuation**

An Actuarial Valuation was completed for the triennium ended 31 December, 2012 which revealed a surplus of \$724 8 million or liability coverage of 1 3 times .The Actuarial valuation for the triennium ended on 31 December, 2015, is in progress .A Liability Adequacy test was completed for the year ended 31 December, 2016 which revealed a surplus of \$362 1 million or liability coverage of 1 1 times .



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

11. **Claims**

Total death claims paid and provided for during the year amounted to \$68.3 million of which \$35.4 million is recoverable from our re-insurer resulting in a net cost to the Company of \$32.9 million. Policies matured during the year were \$19.2 million while medical claims amounted to \$188.1 million.

12. **Investments**

At 31 December, 2016 the total amount invested is \$3.6 billion. Investments in Government, Municipal and other Securities stood at \$2.3 billion, Mortgages amounted to \$60.1 million, Share Purchase Plans \$1.4 million, Loan to Berbice Bridge \$236.0 million and Loans on policies \$71.8 million. The Company continued to invest in local shares during the financial year.

13. **Employee Relations**

Relations with employees throughout the year were cordial. Training is provided at all levels for technical and personal development.

14. **Directorate**

The following Directors retire on this occasion in accordance with Article 141 and 147 of the Articles of Association and being eligible, offer themselves for re-election.

Messrs: J.G. Carpenter
W.A. Lee
T.A. Parris

15. **Corporate Governance**

The Directors apply principles of good governance by adopting policies and procedures for the better management of the Company.

The Board meets monthly and has adopted a structure of mandates granted to committees whilst retaining specific matters for its decisions.

All of the Board members are considered independent and bring wide knowledge, experience and professionalism to the deliberations of the Board.

The committees established by the Board and their Chairpersons are:

Finance and Audit Committee	–	Mr. P.A. Chan-A-Sue
Sales and Marketing Committee	–	Mr. W.A. Lee
Human Resources Committee	–	Mr. C.R. Quintin
Buildings Committee	–	Mr. J.G. Carpenter

16. **Auditors**

The Auditors, TSD Lal and Company, retire and have indicated their willingness to be reappointed.

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

We have audited the financial statements of the Hand in Hand Mutual Life Assurance Company Limited, which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 56.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hand in Hand Mutual Life Assurance Company Limited as at 31 December, 2016, and of 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 Company 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, 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.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Those Charged with Governance of the Financial Statements

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Responsibilities of Those Charged with Governance of the Financial Statements – cont'd

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern basis of accounting unless management either intend to liquidate the Company or to 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 International Standards on Auditing 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 ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Company's financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991 and the Insurance Act 1998.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Rameshwar Lal F.C.C.A.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 31 March, 2017

77 Brickdam,
Stabroek, Georgetown
Guyana.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> G\$	<u>2015</u> G\$
Revenue			
Premiums	5	659,427,952	745,292,943
Reassurance premiums	5	<u>79,202,162</u>	<u>67,382,017</u>
		580,225,790	677,910,926
Investment income			
"Available for Sale"	6	11,787,886	16,526,479
"Loans and Receivables"	6	75,143,961	57,318,652
"Other Income"	6	<u>5,063,008</u>	<u>2,171,812</u>
		<u>91,994,855</u>	<u>76,016,943</u>
Loss on exchange		(1,540,659)	(2,176,015)
Gain on disposal of investments		<u>151,758,626</u>	<u>439,950</u>
		<u>150,217,967</u>	<u>(1,736,065)</u>
		822,438,612	752,191,804
Deduct:			
Expenditure			
Management expenses	7	213,378,606	182,255,243
Commissions	8	72,121,802	56,777,507
Claims	9	240,775,592	221,786,811
Surrenders	10	13,025,107	21,172,286
Annuities and pensions	11	14,708,509	10,290,656
Taxation	12	1,209,535	483,364
		<u>555,219,151</u>	<u>492,765,867</u>
Net increase in funds for the year before actuarial adjustment		<u>267,219,461</u>	<u>259,425,937</u>
Actuarial adjustment to:			
Policyholders' liabilities	24	251,969,946	489,071,676
Contingency reserve	25	(19,000,000)	182,000,000
Reinsurance assets	19	<u>(70,454,033)</u>	<u>(28,142,823)</u>
		<u>162,515,913</u>	<u>642,928,853</u>
Net increase/(decrease) in funds for the year		<u>104,703,548</u>	<u>(383,502,916)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation difference		(17,051,345)	(7,476,922)
Fair value adjustment on investments		<u>(348,517,175)</u>	<u>(153,004,635)</u>
Other comprehensive income		<u>(365,568,520)</u>	<u>(160,481,557)</u>
Total comprehensive income for the year		<u>(260,864,972)</u>	<u>(543,984,473)</u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY AND FUNDS FOR THE YEAR ENDED 31 DECEMBER 2016

	Issued share <u>capital</u> G\$	Other <u>reserve</u> G\$	General <u>reserve</u> G\$	<u>Total</u> G\$
Balance at 1 January 2015	<u>275,000</u>	<u>1,343,197,985</u>	<u>(176,560,211)</u>	<u>1,166,912,774</u>
Changes in equity 2015				
Total comprehensive loss for the year	<u>-</u>	<u>(153,004,635)</u>	<u>(390,979,838)</u>	<u>(543,984,473)</u>
Balance at 31 December 2015	<u>275,000</u>	<u>1,190,193,350</u>	<u>(567,540,049)</u>	<u>622,928,301</u>
Changes in equity 2016				
Total comprehensive loss for the year	<u>-</u>	<u>(348,517,175)</u>	<u>87,652,203</u>	<u>(260,864,972)</u>
Balance at 31 December 2016	<u><u>275,000</u></u>	<u><u>841,676,175</u></u>	<u><u>(479,887,846)</u></u>	<u><u>362,063,329</u></u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	<u>Notes</u>	<u>2016</u> G\$	<u>2015</u> G\$
ASSETS			
Non current assets			
Property, plant & equipment	13	271,851,396	272,225,947
Other assets			
Investments			
"Held to Maturity"	14(a)	58,130,416	69,289,174
"Available for Sale"	14(b)	2,237,971,571	2,563,666,400
"Loans and Receivables"	14(c)	1,105,237,403	1,307,941,911
Reinsurance assets	19	178,731,661	311,936,724
Statutory deposit	16	18,750,000	18,750,000
		<u>3,870,672,447</u>	<u>4,543,810,156</u>
Current assets			
Short Term Loan	14(c)	206,464,868	54,000,000
Interest accrued	17	11,612,685	13,591,166
Receivables and prepayments	18	133,538,555	60,384,793
Stocks of stationery		280,402	421,675
Tax recoverable		9,709,130	8,809,130
Cash on hand and at banks	20	449,548,435	330,482,755
		<u>811,154,075</u>	<u>467,689,519</u>
TOTAL ASSETS		<u>4,681,826,522</u>	<u>5,011,499,675</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	21	275,000	275,000
Other reserve	22	841,676,175	1,190,193,350
General reserve	23	(479,887,846)	(567,540,049)
		<u>362,063,329</u>	<u>622,928,301</u>
Non Current Liabilities			
Policyholders' liabilities	24	1,966,702,322	1,714,732,376
Deposit administration fund	25	2,032,756,287	2,173,402,690
Contingency reserves	26	163,000,000	182,000,000
		<u>4,162,458,609</u>	<u>4,070,135,066</u>
Current liabilities			
Claims admitted or intimated but not paid	27	27,305,626	230,962,598
Tax payable		2,199,479	1,446,616
Payables and accrued expenses	28	121,741,915	71,807,139
Bank overdraft (unsecured)	29	6,057,564	14,219,955
		<u>157,304,584</u>	<u>318,436,308</u>
TOTAL EQUITY AND LIABILITIES		<u>4,681,826,522</u>	<u>5,011,499,675</u>

These Financial Statements were approved by the Board of Directors on 31 March 2017

On behalf of the Board:

.....
.....Director

.....
.....Director

.....Company Secretary/Finance Controller

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u> G\$	<u>2015</u> G\$
Operating activities		
Increase/(decrease) in funds and reserves for the year before taxation	105,913,083	(383,019,552)
Adjustments for:		
Depreciation	1,765,253	2,072,418
Redemption of securities - gain	(151,758,626)	(439,950)
Disposal of property, plant & equipment -loss	56,478	523,956
Investment income	<u>(91,994,855)</u>	<u>(76,016,943)</u>
Decrease in funds for the year before working capital changes	(136,018,667)	(456,880,071)
Decrease/(Increase)in interest accrued	1,978,481	(8,919,699)
Increase in receivables and prepayments	(73,153,762)	(301,993,840)
Decrease/(Increase) in reinsurance assets	133,205,063	(235,288,235)
Decrease in stocks of stationery	141,273	6,899
Increase/(decrease) in claims admitted or intimated but not paid	(203,656,972)	210,213,296
Increase/(decrease) in payables and accrued expenses	49,934,776	(1,438,362)
Increase in policyholders' liabilities	251,969,946	489,071,676
Increase/(decrease) in deposit administration fund	(140,646,403)	153,389,741
Increase/(decrease) in contingency reserve	<u>(19,000,000)</u>	<u>182,000,000</u>
Cash generated from operations	(135,246,265)	30,161,405
Taxes paid	<u>(1,356,671)</u>	<u>(2,746,099)</u>
Net cash provided by (used in) operating activities	<u>(136,602,936)</u>	<u>27,415,306</u>
Investing activities		
Purchase of property, plant & equipment	(1,447,182)	(28,140,827)
Proceeds from redemption of securities	309,785,560	132,267,264
Purchase of securities	(186,741,866)	(450,122,696)
Mortgages repayments	(2,817,009)	1,026,080
Loans on policies repayments	(14,073,351)	(5,234,767)
Short term loan	67,130,000	18,000,000
Dividends and interest received	<u>91,994,855</u>	<u>76,016,943</u>
Net cash used in investing activities	<u>263,831,007</u>	<u>(256,188,003)</u>
Net increase in cash and cash equivalents	127,228,071	(228,772,697)
Cash and cash equivalents at beginning of period	316,262,800	545,035,497
Cash and cash equivalents at end of period	<u><u>443,490,871</u></u>	<u><u>316,262,800</u></u>

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

1. Incorporation and activities

Hand in Hand Mutual Life Assurance Company Limited was incorporated in Guyana on 23 June 1966. It is engaged in the underwriting of long term insurance business and associated insurance activities.

Employees

During the year the number of employees was 26 (2015 – 28).

2. New and amended standards and interpretations

Effective for the current year end

**Effective for
annual periods
beginning
on or after**

New and Amended Standards

IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortization	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
IFRS 10, IFRS 12 & IAS 28 Applying Consolidation Exceptions	1 January 2016
Annual Improvements 2012-2014 Cycle	1 July 2016

Pronouncements effective in future period for early adoption

New and Amended Standards

IAS 12 Income taxes	1 January 2017
IFRS 7 Financial Instruments: Disclosures	1 January 2017
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 “Financial Instrument” with “IFRS 4 “Insurance Contracts”	1 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018
IFRS 15 Revenue from Contracts With Customers	1 January 2018
IFRS 16 Leases	1 January 2019



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

2 . New and amended standards and interpretations -cont'd

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 .

IAS 12 Income Taxes

The amendments to IAS 12 :Income Tax are to be applied retrospectively and are effective from 1 January 2017 with earlier application permitted .The amendments were issued to clarify recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences .

The amendments also clarify that:

- The carrying amount of an asset does not limit the estimation of probably future profits; and that;
- when comparing deductible temporary differences with future taxable profits ,the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

The directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact .

IFRS 4 -Insurance contracts

The amendment to IFRS 4 provides two options for entities that issue insurance contracts within the scope of IFRS 4 :

- a) an option that permits entities to reclassify ,from profit or loss to other comprehensive income , some of the income or expenses arising from designated financial assets;
- b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4;

The directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact .



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations - cont'd

IFRS 9-Financial instrument

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Early adoption must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

- (a) the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may apply early without applying the other requirements in IFRS 9; and
- (b) hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The standard contains specific transitional provisions for:

- (a) classification and measurement of financial assets;
- (b) impairment of financial assets; and
- (c) hedge accounting.

The directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

IFRS 15: Revenue From Contracts With Customers

This standard provides a single, principles based five-step model to be applied to all contracts with customers as follows:

- (a) Identify the contract with the customer;
- (b) Identify the performance obligations in the contract;
- (c) Determine the transaction price;
- (d) Allocate the transaction price to the performance obligations in the contracts;
- (e) Recognize revenue when (or as) the entity satisfies a performance obligation.

New and revised interpretation

Available for early adoption

Effective for annual periods beginning on or after

IFRIC 22 Foreign Currency Transactions and Advance Consideration

1 January 2018



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of “available for sale” investments and conform with International Financial Reporting Standards.

(b) Segregated funds

All income and direct expenses related to the funds are allocated accordingly. Indirect expenses are apportioned based on the amount of premiums generated in the year.

Policyholders’ Liabilities

(i) Ordinary Life

All income and expenses relating to its individual life and annuities businesses are allocated to this fund.

(ii) Group Life

Income and expenses relating to group life businesses are allocated to this fund and is represented by assets included in cash on hand and at banks and securities.

(iii) Group Health

This fund is administered by the company on behalf of several group medical schemes and is represented by assets included in cash on hand and at bank and securities.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies -cont'd

(b) Segregated funds- cont'd

Deposit administration fund

(i) Group pension fund

This fund is administered by the company on behalf of several group pension schemes and is represented by assets included in investments, cash on hand and at bank and on deposit.

(ii) Contingency reserve

This reserve represents a provision approximately eight percent (8%) of the value of the deposit administration fund.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

(d) Reassurance

The company transfers some of its insurance risk to other insurers through reinsurance both locally and overseas. The reinsurer assumes part of the risk and part of the premium originally taken by the company. Reinsurer reimburses the company for claims paid to policyholders according to various standing agreements reached. The company has both treaty and facultative reinsurance. Under a treaty each party automatically accepts specific percentage of the insurers' business. Facultative reinsurance covers specific individual risks that are unusual or so large that it cannot be covered in the company's reinsurance treaties.

Reinsurance premium paid and reinsurance recoveries that are set off against claims are accounted for in the statement of profit or loss and other comprehensive income.

Reinsurance recoveries on outstanding claims are shown as other non current asset in the statement of financial position.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies -cont'd

(e) Foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transaction. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated 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 at the date when the fair value was determined. Gains and losses are recognized in the statement of profit or loss and other comprehensive income.

(f) Management expenses

These expenses are allocated based on the gross premium written on each class of business for the year.

(g) Commission and allowances

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 commission and allowances paid.

(h) Claims

Claims are made against the company for losses incurred by its various policyholders. Management minimizes this expense by prudent underwriting policies and efficient handling and settlement of claims. Management also minimizes this expense by reinsurance.

Claims that are reported but not paid are provided for in the accounts. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.

Claims are recognized when reported to the company, whether or not settled at the end of the reporting period.

Claims are reflected in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the end of the reporting period is disclosed net of amounts recoverable from Reassurers.

(i) Maturities

Some of the company's policies mature after the contractual period has elapsed. Such amounts whether or not claimed for by the policyholder is accrued in the statement of profit or loss and other comprehensive income and provided for as claims admitted or intimated but not paid under current liabilities.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies -cont'd

(j) Taxation

Life insurance business is taxed at 30% on the income from the statutory fund less 12% allowance for expenses.

(k) Property, plant & equipment and depreciation

Land and building held for use in the provision of services, or for administrative purposes is stated in the statement of financial position at cost or revalued amounts. No revaluation was done for the financial year, based on the Directors opinion, the net book value of this land approximated the stated value in the financial statements.

Furniture, equipment and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is calculated on the reducing balance method at the rates specified below which are estimated to write off the cost or valuation of these assets to their residual values over their estimated useful life.

Office furniture and equipment	-	10%
Motor vehicles	-	20%
Computer equipment	-	50%

(l) Investments

Investments are recognized in the financial statements to comply with International Accounting Standards.

The company classifies its investment portfolio into the following categories: “held to maturity”, “available for sale” and “loans and receivables”. Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities were acquired. The classification is reviewed annually.

Held to maturity

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

Available for sale

These investments are initially recognized at cost and adjusted to fair value in subsequent periods.

Gains or losses on “available for sale financial assets” are recognized through the statement of profit or loss and other comprehensive income.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies-cont'd

(l) Investment cont'd

Loans and receivables

Loans and receivables are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize impairment and are written off when the possibility of further recovery seems remote.

Loans and receivables are classified as non-accrual whenever there is reasonable doubt regarding the collectability of principal or interest and principal is ninety days past due.

(m) Financial instruments

Financial assets and liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Receivables

Trade receivables are stated at amortized cost. Appropriate allowances for estimated unrecoverable amounts are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

Payables

Trade payables are recognized at amortized cost.

Cash and cash equivalents

Cash and cash equivalents in the financial statement consist of cash at bank with maturity period of 3 months or less and cash on hand and bank overdraft.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies-cont'd

(m) Financial instruments- cont'd

De-recognition

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

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

(n) Segment Reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a group of assets and operations engaged in providing similar products and services that are subject to risks and returns that are different from those of other business segments.

The company analyses its operations by both business and geographic segments. The primary format of business are those reflecting ordinary life fund, group life fund, group health fund. The Company's secondary format is that of geographic segments reflecting the primary economic environment in which the company has exposure.

(o) Insurance contracts

The company issues contracts that transfer insurance risk.

Short-duration life insurance contracts protect the company's customers from the consequences of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income.

Long-term insurance contracts with fixed and guaranteed terms are contracts that insure events associated with human life such as death over a long duration.

Premiums received and reinsurance premiums ceded are recognized as revenue and expense over the period of coverage.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies-cont'd

(p) Pension Funding

A defined benefit plan was established on 1 January 1971, and was administered under a Trust Deed executed on that date, amended later by supplemental deeds.

This plan was wound up on 31 December, 2014 and replaced with a defined contribution plan.

All employees of the Hand in Hand Mutual Life Assurance Company Limited are contracted with The Hand in Hand Mutual Fire Insurance Company Limited. They provide services to Hand in Hand Mutual Life Assurance Company Limited, for which the company pays on a monthly basis. The company also pays the corresponding portion of pension contribution to the pension scheme.

This plan is also operated for the Sales Representatives of the Hand in Hand Mutual Life Assurance Company Limited. Contributions to the scheme are paid by The Hand in Hand Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by Hand in Hand Mutual Life Assurance Company Limited.

4. Critical accounting judgment and key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

The estimation of the liability arising from claims made under insurance contracts is the company's most critical accounting estimate.

(i) Receivables and other receivables

On a regular basis, management reviews 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.

(ii) 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 should remain the same.

(iii) Other financial assets

In determining the fair value of investments in the absence of a market, the Directors estimate the likelihood of impairment by using discounted cash flows.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

4. Critical accounting judgment and key sources of estimation uncertainty-cont'd

(iv) Method of actuarial valuation

Valuation has been performed on a seriatim, record-by-record basis for each individual life coverage.

Actuarial liabilities have been calculated using the Caribbean Policy Premium Method.

Under this valuation method the reserve is based on cash flow matching. The liability is equal to the value of the assets that will be sufficient, without being excessive, to provide for future policy cash flows. The reserve is strictly prospective.

Acquisition expenses are ignored. Future cash flows are based on best estimates with Provisions for Adverse Deviation. An expected assumption and a Provision for Adverse Deviation must be made for each contingency and factor which materially affects the future cash flows.

Typically, all cash flows are included: premiums, commission expenses, guaranteed and, non-guaranteed benefits such as dividends, reinsurance premiums and benefits, and asset cash flows net of defaults.

Non-guaranteed benefits are based on policyholders' reasonable expectations and for this purpose the company have allowed for future bonuses and dividends.

Cash flows are determined over the term of the liability. The term of the liability is the last possible date to which the policyholder can prolong coverage without requiring consent of the insurer.

Best estimates are used for expected cash flows. These are based on past experience of the Company, where credible, in conjunction with other published data subject to modifications appropriate to the circumstances.

Provisions for Adverse Deviations (PFAD) are added to each expected assumption. The PFADs are to provide for miss-estimation of the mean, and deterioration of the mean. They do not provide for statistical fluctuation, which is effectively catastrophic risk and should be provided for in the capital and surplus held by the Company. The PFADs are to be sufficient, but not excessive.

The Policy Premium Method is an appropriate Method by which to determine the adequacy of the liabilities as it is a Gross Premium Valuation Method with explicit assumptions.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2016			2015		
	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$
Ordinary Life	128,014,426	19,707,136	108,307,290	119,844,501	18,594,108	101,250,393
Annuities	5,324,201	-	5,324,201	128,853,952	-	128,853,952
Group Life	284,015,198	59,495,026	224,520,172	274,066,271	48,787,909	225,278,362
Group Health	242,074,127	-	242,074,127	222,528,219	-	222,528,219
	<u>659,427,952</u>	<u>79,202,162</u>	<u>580,225,790</u>	<u>745,292,943</u>	<u>67,382,017</u>	<u>677,910,926</u>

6 Investment income

	<u>2016</u> G\$	<u>2015</u> G\$
"Available for sale"		
Shares and stocks	<u>11,787,886</u>	<u>16,526,479</u>
"Loans and receivable"		
Policy loans	9,036,409	8,001,915
The Hand in Hand Mutual Fire Ins. Co.	<u>66,107,552</u>	<u>49,316,737</u>
	<u>75,143,961</u>	<u>57,318,652</u>
"Other Income"		
Cash on deposits	5,057,239	2,171,517
Miscellaneous	5,769	295
	<u>5,063,008</u>	<u>2,171,812</u>
	<u>91,994,855</u>	<u>76,016,943</u>
Summary of interest received		
Cash on deposits	5,057,239	2,171,517
Shares and stocks	11,787,886	16,526,479
Policy loans	9,036,409	8,001,915
The Hand in Hand Mutual Fire Ins. Co.	<u>66,107,552</u>	<u>49,316,737</u>
Miscellaneous	5,769	295
	<u>91,994,855</u>	<u>76,016,943</u>



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

	<u>2016</u>	<u>2015</u>
	G\$	G\$
7 Management expenses		
Actuarial fees	7,140,000	12,768,000
Auditor's remuneration	3,979,700	3,722,620
Directors' emoluments (Note a)	5,633,772	5,365,524
Depreciation	1,765,253	2,072,418
Employment cost	154,810,904	113,332,859
Pension contributions	4,964,336	5,700,272
Operating expenses	<u>35,084,641</u>	<u>39,293,550</u>
	<u>213,378,606</u>	<u>182,255,243</u>
(a) Directors' emoluments:		
Chairman: J.G.Carpenter	1,365,672	1,300,644
Non Executive Directors:		
W.A. Lee	853,620	812,976
P.A. Chan-A-Sue	853,620	812,976
I.A. Mc Donald	853,620	812,976
T. A. Parris	853,620	812,976
C.R. Quintin	853,620	812,976
Executive Directors:		
K. Evelyn	-	-
H. Cox	-	-
	<u>5,633,772</u>	<u>5,365,524</u>
8 Commissions		
Ordinary Life	18,053,295	11,822,607
Group Life	40,614,726	33,464,006
Group Health	<u>13,453,781</u>	<u>11,490,894</u>
	<u>72,121,802</u>	<u>56,777,507</u>



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2016			2015		
	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$
Ordinary Life						
Death	9,567,173	4,482,415	5,084,758	234,127,453	224,978,314	9,149,139
Maturities	19,150,895	-	19,150,895	22,333,754	-	22,333,754
Other claims	597,995	-	597,995	322,532	-	322,532
	<u>29,316,063</u>	<u>4,482,415</u>	<u>24,833,648</u>	<u>256,783,739</u>	<u>224,978,314</u>	<u>31,805,425</u>
Group Life	58,749,787	30,933,908	27,815,879	44,780,618	13,693,274	31,087,344
Group Health	188,126,065	-	188,126,065	158,894,042	-	158,894,042
	<u>276,191,915</u>	<u>35,416,323</u>	<u>240,775,592</u>	<u>460,458,399</u>	<u>238,671,588</u>	<u>221,786,811</u>

Claims paid in financial year

	2016			2015		
	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$
Ordinary Life						
Death	6,593,820	4,482,415	2,111,405	29,000,000	24,939,772	4,060,228
Maturities	19,260,895	-	19,260,895	19,918,694	-	19,918,694
Other claims	597,995	-	597,995	322,532	-	322,532
	<u>26,452,710</u>	<u>4,482,415</u>	<u>21,970,295</u>	<u>49,241,226</u>	<u>24,939,772</u>	<u>24,301,454</u>
Group Life	43,491,806	23,441,746	20,050,060	27,530,253	3,838,404	23,691,849
Group Health	169,238,453	-	169,238,453	158,894,042	-	158,894,042
	<u>239,182,969</u>	<u>27,924,161</u>	<u>211,258,808</u>	<u>235,665,521</u>	<u>28,778,176</u>	<u>206,887,345</u>

10 Surrenders

	<u>2016</u> G\$	<u>2015</u> G\$
Ordinary Life	<u>13,025,107</u>	<u>21,172,286</u>

11 Annuities and pensions

Ordinary Life	<u>14,708,509</u>	<u>10,290,656</u>
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12 Taxation

Taxes deducted at source from income on deposits	<u>1,209,535</u>	<u>483,364</u>
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Taxation on the company have been computed based on the applicable tax laws relating to life insurance companies.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

13 Property, plant & equipment

	<u>Freehold Land and building</u> G\$	<u>Office furniture and equipment</u> G\$	<u>Computer equipment</u> G\$	<u>Motor vehicle</u> G\$	<u>Total</u> G\$	<u>2015</u> G\$
Cost						
At 1 January	262,145,258	10,674,039	26,696,850	6,200,000	305,716,147	278,975,565
Additions	258,000	840,332	348,850	-	1,447,182	28,140,827
Disposals	-	(26,230)	(4,832,389)	-	(4,858,619)	(1,400,245)
At 31 December	<u>262,403,258</u>	<u>11,488,141</u>	<u>22,213,311</u>	<u>6,200,000</u>	<u>302,304,710</u>	<u>305,716,147</u>
Depreciation						
At 1 January	-	4,674,477	25,786,070	3,029,653	33,490,200	32,294,071
Charge for the year	-	655,522	475,662	634,069	1,765,253	2,072,418
Written back on disposals	-	(8,211)	(4,793,928)	-	(4,802,139)	(876,289)
At 31 December	<u>-</u>	<u>5,321,788</u>	<u>21,467,804</u>	<u>3,663,722</u>	<u>30,453,314</u>	<u>33,490,200</u>
Net book values:						
At 31 December 2016	<u>262,403,258</u>	<u>6,166,353</u>	<u>745,507</u>	<u>2,536,278</u>	<u>271,851,396</u>	
At 31 December 2015	<u>262,145,258</u>	<u>5,999,562</u>	<u>910,780</u>	<u>3,170,347</u>		<u>272,225,947</u>

14 Investments

	<u>2016</u> G\$	<u>2015</u> G\$
(a) Held to Maturity:		
Local Bonds	10,000,000	10,000,000
Foreign Bond	48,130,416	59,289,174
	<u>58,130,416</u>	<u>69,289,174</u>
(b) Available for sale		
United Kingdom Securities	118,628,955	130,780,546
United Kingdom Stocks	3,256,879	18,001,353
United States Securities	110,129,329	56,834,995
Local Securities	2,005,956,408	2,358,049,506
	<u>2,237,971,571</u>	<u>2,563,666,400</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

14 Investments- cont'd

(c) Loans and Receivables:

	2016 G\$	2015 G\$
(i) Mortgages on properties		
At 1 January	57,888,885	58,925,329
Drawdown/repayments	<u>2,845,463</u>	<u>(1,036,444)</u>
	60,734,348	57,888,885
Less: Provision for impairment (a)	<u>607,343</u>	<u>578,889</u>
At 31 December	<u>60,127,005</u>	<u>57,309,996</u>
(a) Provision for impairment individually assessed		
At 1 January	578,889	589,253
Movement during the year	<u>28,454</u>	<u>(10,364)</u>
At 31 December	<u>607,343</u>	<u>578,889</u>
(ii) Loans on policies	<u>71,814,588</u>	<u>57,741,237</u>
This represents loans granted to policyholders taking into account the cash value of the policies.		
(iii) Share purchase plans		
<i>Beneficiaries:</i>		
Banks DIH Limited	224,780	224,780
Guyana National Industrial Company Inc.	<u>1,211,560</u>	<u>1,211,560</u>
	<u>1,436,340</u>	<u>1,436,340</u>
The capital sums earn interest and are repayable in ten (10) years.		
(iv) Loan to The Hand in Hand Mutual Fire Insurance Company Limited		
At 1 January	1,009,454,338	735,454,338
Additions	155,000,000	310,000,000
Repayment	<u>(222,130,000)</u>	<u>(36,000,000)</u>
At 31 December	<u>942,324,338</u>	<u>1,009,454,338</u>
Current	188,464,868	36,000,000
Long term	<u>753,859,470</u>	<u>973,454,338</u>
	<u>942,324,338</u>	<u>1,009,454,338</u>
(v) Berbice Bridge Co Ltd Loan		
At 1 January	236,000,000	254,000,000
Repayment	<u>-</u>	<u>(18,000,000)</u>
At 31 December	<u>236,000,000</u>	<u>236,000,000</u>
Current	18,000,000	18,000,000
Long term	<u>218,000,000</u>	<u>218,000,000</u>
	<u>236,000,000</u>	<u>236,000,000</u>
At 31 December	<u>1,311,702,271</u>	<u>1,361,941,911</u>
Comprised of:		
Short Term Loan	206,464,868	54,000,000
Loans and Receivables	<u>1,105,237,403</u>	<u>1,307,941,911</u>
	<u>1,311,702,271</u>	<u>1,361,941,911</u>
(iv) Inter-Company Loan		
Interest is charged at a rate of 8% on total of \$687,324,338 and 6% on total of \$255,000,000 per annum. Security held on this loan is an agreement between both Hand in Hand Life and Fire Companies.		
(v) Second Loan		
This loan was granted in January and March 2010 for \$40 million and \$50 million respectively. Capital repayment commenced in 2013.		
Third Loan		
This Loan was granted in June 2011 for \$200M. Capital repayment has not yet commence.		

The terms and conditions for these loans are as follows:

Payment of interest commence immediately and is payable annually for the first three (3) years thereafter repayment of the principal and interest will commence three (3) years after the drawn down by (5) equal annual installments. The rate of interest is 7.5%. Security held on these loans are promissory notes for \$200 million, \$50 million and \$40 million respectively in favour of the company.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 Fair Value estimation

Fair value measurements recognised in the statement of financial position

The following levels were used in the analysis of financial instruments that are measured subsequent to initial recognition at fair value.

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

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

The following assets and liabilities are carried at amortised cost. However, fair values have been stated for disclosure purposes.

	IFRS 13 Level	2016		IFRS 13 Level	2015	
		Carrying Value	Fair Value		Carrying Value	Fair Value
		GS	GS		GS	GS
Assets						
Property, plant and equipment	2	271,851,396	271,851,396	2	272,225,947	272,225,947
Investments:						
Held to Maturity	2	58,130,416	58,130,416	2	69,289,174	69,289,174
Available for sale	2	2,237,971,571	2,237,971,571	2	2,563,666,400	2,563,666,400
Loans and receivables	2	1,105,237,403	1,105,237,403	2	1,307,941,911	1,307,941,911
Statutory deposits	2	18,750,000	18,750,000	2	18,750,000	18,750,000
Reinsurance assets	2	178,731,661	178,731,661	2	311,936,724	311,936,724
Short term loan	2	206,464,868	206,464,868	2	54,000,000	54,000,000
Interest accrued	2	11,612,685	11,612,685	2	13,591,166	13,591,166
Receivables and prepayments	2	133,538,555	133,538,555	2	60,384,793	60,384,793
Cash on hand and at bank	1	449,548,435	449,548,435	1	330,482,755	330,482,755
Tax recoverable	2	9,709,130	9,709,130	2	8,809,130	8,809,130
		<u>4,681,546,120</u>	<u>4,681,546,120</u>		<u>5,011,078,000</u>	<u>5,011,078,000</u>
Liabilities						
Policyholders' liabilities	2	1,966,702,322	1,966,702,322	2	1,714,732,376	1,714,732,376
Deposit administration fund	2	2,032,756,287	2,032,756,287	2	2,173,402,690	2,173,402,690
Contingency reserves	2	163,000,000	163,000,000	2	182,000,000	182,000,000
Claims admitted and intimated but not paid	2	27,305,626	27,305,626	2	230,962,598	230,962,598
Payables and accrued expenses	2	121,741,915	121,741,915	2	71,807,139	71,807,139
Bank overdraft (unsecured)	1	6,057,564	6,057,564	1	14,219,955	14,219,955
Tax payable	2	2,199,479	2,199,479	2	1,446,616	1,446,616
		<u>4,319,763,193</u>	<u>4,319,763,193</u>		<u>4,388,571,374</u>	<u>4,388,571,374</u>

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

The fair values of financial assets and financial liabilities are determined as follows:

"Held to maturity"

The carrying value of these investments were determined using the level 2 fair value measurement.

"Loans and 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 value of the policies.

"Receivables, short term loans and interest accrued"

Receivables, short term loans and interest accrued are net of provisions for impairment. The fair value of receivables is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.

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

Financial instruments where the carrying amounts are equal to fair value:- Due to their short-term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash on hand and at bank, payables and accrued interest, tax liability/recoverable, prepayments, statutory deposits and bank overdraft (unsecured).

"Property, plant and equipment"

Property plant and equipment are carried at cost less depreciation. Management's judgement was used to determine that fair value approximates the carrying value.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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15 Fair value estimation - cont'd

Valuation techniques and assumptions applied for the purpose of measuring fair value - cont'd

The following assets are carried at fair values.

	IFRS 13 Level	2016		IFRS 13 Level	2015	
		Carrying Value G\$	Fair Value G\$		Carrying Value G\$	Fair Value G\$
Financial assets						
Investments:						
Available for sale (a)	2	173,262,161	173,262,161	2	187,615,541	187,615,541
Available for sale (b)	2	2,005,956,408	2,005,956,408	2	2,218,653,530	2,218,653,530
Available for sale (c)	2	58,753,002	58,753,002	2	157,397,329	157,397,329
		<u>2,237,971,571</u>	<u>2,237,971,571</u>		<u>2,563,666,400</u>	<u>2,563,666,400</u>

"Available for sale"

The carrying values of these investments were valued using quoted market prices and from inputs other than quoted prices.

(a) These market values were verified with statements from Lloyd's Bank.

(b) These were valued based on rates from the Guyana Association of Securities Companies and Intermediaries Inc.

(c) These were verified with broker's statements.

16 Statutory deposit	2016 G\$	2015 G\$
Citizens Bank Guyana Inc.	<u>18,750,000</u>	<u>18,750,000</u>

This is a one year statutory term deposit by direct order of the Commissioner of Insurance

17 Interest accrued	2016	2015
Loan to Fire Company	5,969,491	-
Mortgages	251,672	4,186,550
Deposits at banks	532,686	532,513
Interest on Courts Bond	403,288	403,288
Investment Income	4,455,548	8,468,815
	<u>11,612,685</u>	<u>13,591,166</u>

18 Receivables and prepayments	2016	2015
Other receivable (i)	<u>133,538,555</u>	<u>60,384,793</u>

(i) This comprised of securities pending redemption, sales representatives, staff and other sundry receivables.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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19 Reinsurance assets	Ordinary life	Group life	Single premium	Total
	<u>fund</u>	<u>fund</u>	<u>mortgage</u>	
	G\$	G\$	<u>protection</u>	G\$
			G\$	
Balance as at 1 January 2015	45,593,993	6,742,101	24,312,395	76,648,489
Actuarial increase	17,426,273	602,733	10,113,817	28,142,823
Claims recoverable	<u>200,038,542</u>	<u>7,106,870</u>	-	<u>207,145,412</u>
Balance as at 31 December 2015	263,058,808	14,451,704	34,426,212	311,936,724
Actuarial increase/(decrease)	61,508,920	(947,485)	9,892,598	70,454,033
Claims payable	<u>(199,213,542)</u>	<u>(4,445,554)</u>	-	<u>(203,659,096)</u>
Balance as at 31 December 2016	<u>125,354,186</u>	<u>9,058,665</u>	<u>44,318,810</u>	<u>178,731,661</u>

20 Cash on hand and at banks	2016	2015
	G\$	G\$
Non statutory deposits:		
Deposits - others	270,344,293	208,187,886
Current accounts	179,184,142	122,274,869
Cash on hand	<u>20,000</u>	<u>20,000</u>
	<u>449,548,435</u>	<u>330,482,755</u>

The interest rates on deposits vary from 2% to 6%.

21 Share capital			
Authorised			
Number of 6% cumulative redeemable preference shares		<u>10,000</u>	<u>10,000</u>
Issued and fully paid			
2,750 - 6% cumulative redeemable preference shares		<u>275,000</u>	<u>275,000</u>

The Capital of the Company is G\$1,000,000 divided into 10,000 Redeemable Cumulative Preference shares of G\$100 each. This amount issued to The Hand in Hand Mutual Fire Insurance Company Limited is not available for the payment of any expenses or claims incurred by the company until all other funds are exhausted. The company shall be entitled to redeem the whole or any part of the shares as shall be determined by the board.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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22 Other reserve

	<u>2016</u> G\$	<u>2015</u> G\$
At 1 January	1,190,193,350	1,343,197,985
Fair value adjustment on investments	(348,517,175)	(153,004,635)
At 31 December	<u>841,676,175</u>	<u>1,190,193,350</u>

23 General reserve

	<u>2016</u> G\$	<u>2015</u> G\$
At 1 January	(567,540,049)	(176,560,211)
Net increase in fund for the year	104,703,548	(383,502,916)
Currency translation difference	(17,051,345)	(7,476,922)
At 31 December	<u>(479,887,846)</u>	<u>(567,540,049)</u>

24 Policyholders' liabilities

	Ordinary life <u>fund</u> G\$	Group life <u>fund</u> G\$	Single premium mortgage <u>protection</u> G\$	Group health <u>fund</u> G\$	<u>Total</u> G\$
Gross liabilities					
Balance as at 1 January 2015	665,664,670	8,165,691	543,587,580	8,242,759	1,225,660,700
Actuarial increase/(decrease)	338,587,791	7,416,592	146,968,881	(3,901,588)	489,071,676
Balance as at 31 December 2015	<u>1,004,252,461</u>	<u>15,582,283</u>	<u>690,556,461</u>	<u>4,341,171</u>	<u>1,714,732,376</u>
Actuarial increase/(decrease)	144,031,083	(9,594,107)	118,311,601	(778,631)	251,969,946
Balance as at 31 December 2016	<u>1,148,283,544</u>	<u>5,988,176</u>	<u>808,868,062</u>	<u>3,562,540</u>	<u>1,966,702,322</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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25 Deposit Administration Funds

	<u>2016</u> G\$	<u>2015</u> G\$
At 1 January	2,173,402,690	2,020,012,949
Contributions received plus interest	391,039,526	431,685,335
Refund of contributions	(481,595,380)	(244,939,014)
Charges, claims and benefits	<u>(50,090,549)</u>	<u>(33,356,580)</u>
At 31 December	<u><u>2,032,756,287</u></u>	<u><u>2,173,402,690</u></u>

26 Contingency reserves

<u><u>163,000,000</u></u>	<u><u>182,000,000</u></u>
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A Contingency reserve representing approximately 8% of the value of the Deposit Administration Fund was appropriated to the Statutory Fund, in keeping with draft legislation in Guyana.

27 Claims admitted or intimated but not paid

	<u>2016</u> G\$	<u>2015</u> G\$
Ordinary life	9,827,645	210,221,233
Group life	<u>17,477,981</u>	<u>20,741,365</u>
	<u><u>27,305,626</u></u>	<u><u>230,962,598</u></u>

28 Payables and accrued expenses

Other payables	52,871,965	39,249,208
Accruals	<u>68,869,950</u>	<u>32,557,931</u>
	<u><u>121,741,915</u></u>	<u><u>71,807,139</u></u>

29 Bank overdraft (unsecured)

Bank of Nova Scotia	<u><u>6,057,564</u></u>	<u><u>14,219,955</u></u>
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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

30 Pending litigation

There are several income tax appeals pending for the years 1976 - 1988 and 1995 inclusive.

The tax in dispute has been lodged with the Guyana Revenue Authority.

There is an ongoing claim from the Deposit administration fund.

31 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions with related parties.

Related company

The Hand in Hand Mutual Fire Insurance Company Limited and the Hand in Hand Mutual Life Assurance Company Limited share a common Board of Directors.

	<u>2016</u>	<u>2015</u>
	G\$	G\$
(i) Interest received		
Interest received during the year on loans granted to The Hand in Hand Mutual Fire Insurance Company Limited	<u>74,318,129</u>	<u>61,786,265</u>
Loans to The Hand in Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 8% on total of \$687,324,338 and 6% on total of \$255,000,000 per annum.	<u>942,324,338</u>	<u>1,009,454,338</u>
The Hand in Hand Mutual Fire Insurance Company Limited 2,750 - 6% Cumulative Redeemable Preference Shares	<u>275,000</u>	<u>275,000</u>
(ii) Insurance		
Insurance coverage	<u>45,000,000</u>	<u>45,000,000</u>
Premiums for the year	<u>180,000</u>	<u>180,000</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

31 Related party transactions - cont'd

Related company

(iii) Fees paid

The Hand in Hand Mutual Life Assurance Company Limited utilised the staff and facilities of The Hand in Hand Mutual Fire Insurance Company Limited.

	<u>2016</u> G\$	<u>2015</u> G\$
Fees charged	<u>77,262,301</u>	<u>73,969,848</u>

Key management personnel

(i) Compensation

The company's key management personnel comprises of its Directors, its Chief Executive Officer and Managers. The remuneration paid during the year was as follows:

	<u>2016</u> G\$	<u>2015</u> G\$
Short term employee benefits - Managers - 13 (2015 - 13)	<u>27,299,622</u>	<u>23,274,657</u>
Long term benefit is derived from the Pension Scheme.		
Directors' emoluments - 6 (2015 - 6)	<u>5,633,772</u>	<u>5,365,524</u>

(ii) Mortgages

	<u>2016</u> G\$	<u>2015</u> G\$
Interest accrued	<u>-</u>	<u>3,910,630</u>
Balance outstanding	<u>44,022,239</u>	<u>40,000,000</u>

This mortgage was granted in October 2013 for a total of \$40m. The rate of interest is 3.5% per annum. Security held on this mortgage are promissory notes.

(iii) Loans

	<u>2016</u> G\$	<u>2015</u> G\$
Interest paid for the year	<u>1,037,900</u>	<u>769,910</u>
Balance outstanding	<u>68,721,832</u>	<u>41,914,394</u>

These loans were granted in December 2014 - April, 2015 for total of \$11.5m, November, 2015 for \$31m and April, 2016 for \$29m. Capital repayments commenced in 2015. The rate of interest is 6% per annum. Security held on these loans are promissory notes.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis.

	<u>2016</u>				<u>2015</u>	
	Held to maturity	Available for sale	Loans and receivables	Other Assets/Liabilities at amortized cost	Total	Total
	G\$	G\$	G\$	G\$	G\$	G\$
Assets						
Investments	58,130,416	2,237,971,571	1,311,702,271	-	3,607,804,258	3,994,897,485
Statutory deposit	-	-	-	18,750,000	18,750,000	18,750,000
Interest accrued	-	-	11,612,685	-	11,612,685	13,591,166
Receivables and prepayments	-	-	133,538,555	-	133,538,555	60,384,793
Reinsurance contract assets	-	-	178,731,661	-	178,731,661	311,936,724
Tax recoverable	-	-	9,709,130	-	9,709,130	8,809,130
Cash on hand and at banks	-	-	-	449,548,435	449,548,435	330,482,755
	<u>58,130,416</u>	<u>2,237,971,571</u>	<u>1,645,294,302</u>	<u>468,298,435</u>	<u>4,409,694,724</u>	
2015	<u>69,289,174</u>	<u>2,563,666,400</u>	<u>1,756,663,723</u>	<u>349,232,755</u>		<u>4,738,852,053</u>
Liabilities						
Policyholders' liabilities	-	-	-	1,966,702,322	1,966,702,322	1,714,732,376
Deposit Administration Fund	-	-	-	2,032,756,287	2,032,756,287	2,173,402,690
Contingency Reserve	-	-	-	163,000,000	163,000,000	182,000,000
Claims admitted or intimated but not paid	-	-	-	27,305,626	27,305,626	230,962,598
Tax payable	-	-	-	2,199,479	2,199,479	1,446,616
Payables and accrued expenses	-	-	-	121,741,915	121,741,915	71,807,139
Bank overdraft (unsecured)	-	-	-	6,057,564	6,057,564	14,219,955
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,319,763,193</u>	<u>4,319,763,193</u>	
2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,388,571,374</u>		<u>4,388,571,374</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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33 INSURANCE ACT 1998

The Insurance Act 1998 became effective in 2002 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2009. Part XVI of the Act relates to pension plans, their registrations, management and all other stipulations. The company has not fully complied with this section for all the plans it manages. This is a continuing effort.

34 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

The Company 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 risks.

(a) Market risk

The Company's activities exposes it to financial risks of changes in foreign currency exchange rates and interest rates. The Company uses gap analysis, interest rate sensitivity analysis and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company'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 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 minimise the risk.

(ii) Interest rate sensitivity analysis

The table on the following page analyses the sensitivity of interest rates exposure for both financial assets and financial liabilities at the end of the reporting period. The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, there would be an equal and opposite impact on profit and the balances would be negative.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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34 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate sensitivity analysis - cont'd

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

	Increase / decrease in basis point	Impact on profit for year	
		2016	2015
Cash and cash equivalents		GSM	GSM
Local Currency	+/-50	0.88	0.58
Foreign Currencies	+/-50	0.43	0.43

Apart from the foregoing with respect to 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.

(iii) Interest rate risk

The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

The Company's exposures to interest rate risk on financial assets and financial liabilities are listed below:

	Interest Rate %	Maturing				Total G\$
		31-12-2016			Non-interest bearing G\$	
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$		
Assets						
Investments	1.1-7.5	-	58,130,416	-	2,237,971,571	2,296,101,987
Mortgages on properties	3.5-10	3,696,056	20,787,072	35,643,877	-	60,127,005
Loans on policies	15	-	71,814,588	-	-	71,814,588
Berbice Bridge loan	7.50	18,000,000	218,000,000	-	-	236,000,000
Loan to Fire Company	6-8	188,464,868	753,859,470	-	-	942,324,338
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Receivables & prepayments	6-8	62,735,128	37,007,042	26,619,744	7,176,641	133,538,555
Cash on hand and at banks	0.15-3	270,344,293	-	-	179,204,142	449,548,435
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	-	-	-	-	178,731,661	178,731,661
Interest accrued	1.1-10	11,612,685	-	-	-	11,612,685
		<u>554,853,030</u>	<u>1,178,348,588</u>	<u>63,699,961</u>	<u>2,612,793,145</u>	<u>4,409,694,724</u>
Liabilities						
Policyholders' Liabilities	-	-	-	-	1,966,702,322	1,966,702,322
Deposit administration fund	-	-	-	-	2,032,756,287	2,032,756,287
Contingency reserves	-	-	-	-	163,000,000	163,000,000
Claims admitted or intimated but not paid	-	-	-	-	27,305,626	27,305,626
Payables and accrued interest	-	-	-	-	121,741,915	121,741,915
Bank overdraft (unsecured)	-	-	-	-	6,057,564	6,057,564
Tax payable	-	-	-	-	2,199,479	2,199,479
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,319,763,193</u>	<u>4,319,763,193</u>
Interest sensitivity gap		<u>554,853,030</u>	<u>1,178,348,588</u>	<u>63,699,961</u>		



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest Rate %	Maturing				Total
		31-12-2015			Non-interest bearing	
		Within 1 year	1 to 5 years	Over 5 years		
		G\$	G\$	G\$	G\$	G\$
Assets						
Investments	1.1-7.5	-	69,289,174	-	2,563,666,400	2,632,955,574
Mortgages on properties	3.5-10	27,467,731	18,865,419	10,976,846	-	57,309,996
Loans on policies	15	-	57,741,237	-	-	57,741,237
Berbice Bridge loan	7.50	18,000,000	218,000,000	-	-	236,000,000
Loan to Fire Company	6-8	36,000,000	973,454,338	-	-	1,009,454,338
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Receivables & prepayments	6-8	8,973,151	27,903,439	10,670,290	12,837,913	60,384,793
Cash on hand and at banks	0.15-3	208,187,886	-	-	122,294,869	330,482,755
Tax recoverable	-	-	-	-	8,809,130	8,809,130
Reinsurance assets	-	-	-	-	311,936,724	311,936,724
Interest accrued	1.1-10	13,591,166	-	-	-	13,591,166
		<u>312,219,934</u>	<u>1,384,003,607</u>	<u>23,083,476</u>	<u>3,019,545,036</u>	<u>4,738,852,053</u>
Liabilities						
Policyholders' liabilities	-	-	-	-	1,714,732,376	1,714,732,376
Deposit administration fund	-	-	-	-	2,173,402,690	2,173,402,690
Contingency reserves	-	-	-	-	182,000,000	182,000,000
Claims admitted or intimated but not paid	-	-	-	-	230,962,598	230,962,598
Payables & accrued interest	-	-	-	-	71,807,139	71,807,139
Bank overdraft (unsecured)	-	-	-	-	14,219,955	14,219,955
Tax payable	-	-	-	-	1,446,616	1,446,616
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,388,571,374</u>	<u>4,388,571,374</u>
Interest sensitivity gap		<u>312,219,934</u>	<u>1,384,003,607</u>	<u>23,083,476</u>		



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk-cont'd

(iv) Foreign currency risk

The company is exposed to foreign currency risk due to fluctuations in exchange rates on investments and foreign bank balances. The currencies which the company are mainly exposed to are United States Dollar, Pounds Sterling and the Trinidadian Dollar.

The equivalent Guyana dollar value of assets in United States dollar, Pounds Sterling and the Trinidadian dollar are shown below:

	2016				2015			
	£	US\$	T.T\$	<u>Total</u> G\$	£	US\$	T.T\$	<u>Total</u> G\$
Assets	<u>474,732</u>	<u>550,999</u>	<u>1,604,347</u>	<u>270,443,229</u>	<u>533,137</u>	<u>637,399</u>	<u>1,912,554</u>	<u>375,965,021</u>

Foreign currency sensitivity analysis:

The following table details the company's sensitivity to a 3% increase or decrease in the Guyana dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in reserves if the currency were strengthened 3% against the Guyana dollar. If the currencies were weakened 3% against the Guyana dollar, there would be an equal and opposite impact on the reserves and the balances would be negative.

	2016			2015		
	T.T dollar <u>impact</u> G\$ M	£ Sterling <u>impact</u> G\$ M	US dollar <u>impact</u> G\$ M	T.T dollar <u>impact</u> G\$ M	£ Sterling <u>impact</u> G\$ M	US dollar <u>impact</u> G\$ M
Profit/(loss)	<u>1.44</u>	<u>3.35</u>	<u>3.32</u>	<u>1.78</u>	<u>4.64</u>	<u>4.86</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the company.

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

Cash and cash equivalents are held by commercial banks. These Banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The risk is therefore considered very low.

Investments reflected by the company are assets for which the likelihood of default are considered minimal by the Directors.

	<u>2016</u> G\$	<u>2015</u> G\$
Investments		
Held to maturity	58,130,416	69,289,174
Available for sale	2,237,971,571	2,563,666,400
Statutory deposit	18,750,000	18,750,000
Taxes recoverable	9,709,130	8,809,130
Cash at bank	449,528,435	330,462,755
Loans & receivables (i)	1,105,237,403	1,307,941,911
Accrued interest (ii)	11,612,685	13,591,166
Receivables & prepayments (iii)	133,538,555	60,384,793
Reinsurance assets (iv)	178,731,661	311,936,724
	<u>4,203,209,856</u>	<u>4,684,832,053</u>
Provision for impairment	<u>607,343</u>	<u>578,889</u>

(i) Loans and receivables include the sum of \$71,814,588 (2015- \$57,741,237) for loans on policies. These are fully secured against the cash values of the individual policies. Ongoing evaluation is performed on the financial condition of these receivables on a regular basis. This amount also include a loan that is granted to The Hand in Hand Mutual Fire Insurance Company Limited on which interest is earned.

(ii) Accrued interest represents amounts due or accrued on the various investments of the company. These amounts will be received in the next financial year, or will materialise on the maturity of the investment(s) in accordance with their terms and conditions.

(iii) Receivables & prepayments comprised of a number of advances and loans to staff and sales representatives on which interest is earned.

The above receivables and prepayments are classified as follows:.

	<u>2016</u> G\$	<u>2015</u> G\$
Current	89,566,750	49,599,688
Past due but not impaired	43,971,805	10,785,105
	<u>133,538,555</u>	<u>60,384,793</u>
<u>Ageing of past due but not impaired</u>		
31-60 days	30,873,481	6,102,817
61-90 days	5,152,815	2,311,728
91-120 days	1,374,900	1,455,022
over 120 days	6,570,609	915,538
Total	<u>43,971,805</u>	<u>10,785,105</u>

While the foregoing is past due, they are still considered collectible in full. There is no specific impairment of receivables, however, the Company makes a general provision as stated above.

(iv) Reinsurance assets comprise amounts recovered from reinsurers for claims that were paid during the financial year.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(c) Liquidity risk

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

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

	2016					Total G\$
	On Demand	1 to 3	4 to 12	1 to 5	Over 5	
	G\$	months G\$	months G\$	years G\$	years G\$	
Assets						
Available for sale	2,237,971,571	-	-	-	-	2,237,971,571
Held to Maturity	-	-	-	58,130,416	-	58,130,416
Mortgages on properties	160,826	874,736	2,697,828	20,389,700	36,003,915	60,127,005
Loans on policies	-	-	-	71,814,588	-	71,814,588
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Berbice Bridge loan	-	-	18,000,000	218,000,000	-	236,000,000
Loan to The Hand in Hand Mutual Fire Insurance Co. Ltd	-	-	188,464,868	753,859,470	-	942,324,338
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	11,612,685	-	-	-	-	11,612,685
Receivables and prepayments	-	-	-	133,538,555	-	133,538,555
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	178,731,661	-	-	-	-	178,731,661
Cash on deposits	270,344,293	-	-	-	-	270,344,293
Cash on hand & at banks	179,204,142	-	-	-	-	179,204,142
	<u>2,878,025,178</u>	<u>874,736</u>	<u>209,162,696</u>	<u>1,274,482,729</u>	<u>47,149,385</u>	<u>4,409,694,724</u>
Liabilities						
Policyholders' liabilities	-	-	-	1,966,702,322	-	1,966,702,322
Deposit administration fund	-	-	-	2,032,756,287	-	2,032,756,287
Contingency reserve	-	-	-	163,000,000	-	163,000,000
Claims admitted or intimated but not paid	27,305,626	-	-	-	-	27,305,626
Payables and accrued interest	96,517,681	1,868,768	936,088	22,419,378	-	121,741,915
Bank overdraft (unsecured)	6,057,564	-	-	-	-	6,057,564
Tax payable	-	-	2,199,479	-	-	2,199,479
	<u>129,880,871</u>	<u>1,868,768</u>	<u>3,135,567</u>	<u>4,184,877,987</u>	<u>-</u>	<u>4,319,763,193</u>
Net current assets/(liabilities)	<u>2,748,144,307</u>	<u>(994,032)</u>	<u>206,027,129</u>	<u>(2,910,395,258)</u>	<u>47,149,385</u>	<u>89,931,531</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(c) Liquidity risk - cont'd

	2015					Total G\$
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	
	G\$	G\$	G\$	G\$	G\$	
Assets						
Available for sale	2,563,666,400	-	-	-	-	2,563,666,400
Held to Maturity	-	-	-	69,289,174	-	69,289,174
Mortgages on properties	20,232,317	1,847,555	5,665,311	18,477,091	11,087,722	57,309,996
Loans on policies	-	-	-	57,741,237	-	57,741,237
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Berbice Bridge loan	-	-	18,000,000	218,000,000	-	236,000,000
Loan to Hand in Hand Mutual Fire Insurance Co. Ltd	-	-	36,000,000	973,454,338	-	1,009,454,338
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	13,591,166	-	-	-	-	13,591,166
Receivables and prepayments	-	-	-	60,384,793	-	60,384,793
Tax recoverable	-	-	-	-	8,809,130	8,809,130
Reinsurance assets	311,936,724	-	-	-	-	311,936,724
Cash on deposits	208,187,886	-	-	-	-	208,187,886
Cash on hand & at banks	122,294,869	-	-	-	-	122,294,869
	<u>3,239,909,362</u>	<u>1,847,555</u>	<u>59,665,311</u>	<u>1,416,096,633</u>	<u>21,333,192</u>	<u>4,738,852,053</u>
Liabilities						
Policyholders liabilities	-	-	-	1,714,732,376	-	1,714,732,376
Deposit Administration Fund	-	-	-	2,173,402,690	-	2,173,402,690
Contingency reserve	-	-	-	182,000,000	-	182,000,000
Claims admitted or intimated but not paid	230,962,598	-	-	-	-	230,962,598
Payables and accrued interest	32,557,931	345,665	18,892,845	20,010,698	-	71,807,139
Bank overdraft (unsecured)	14,219,955	-	-	-	-	14,219,955
Tax payable	-	-	1,446,616	-	-	1,446,616
	<u>277,740,484</u>	<u>345,665</u>	<u>20,339,461</u>	<u>4,090,145,764</u>	<u>-</u>	<u>4,388,571,374</u>
Net current assets/(liabilities)	<u>2,962,168,878</u>	<u>1,501,890</u>	<u>39,325,850</u>	<u>(2,674,049,131)</u>	<u>21,333,192</u>	<u>350,280,679</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the company is currently organised into three operating divisions - ordinary life fund, group life fund and group health fund. These divisions are the basis on which the company reports its primary segment information.

	2016			Total G\$
	Ordinary Life Fund G\$	Group Life Fund G\$	Group Health Fund G\$	
Revenue				
Premiums	133,338,627	284,015,198	242,074,127	659,427,952
Reassurance premiums	19,707,136	59,495,026	-	79,202,162
	113,631,491	224,520,172	242,074,127	580,225,790
Investment income	53,877,830	37,884,122	232,903	91,994,855
Loss on exchange	-	(1,540,659)	-	(1,540,659)
Gain on disposal of investments	-	151,758,626	-	151,758,626
	167,509,321	412,622,261	242,307,030	822,438,612
Deduct: Expenditure				
Management expenses	54,751,921	116,623,203	42,003,482	213,378,606
Commissions	18,053,295	40,614,726	13,453,781	72,121,802
Claims	24,833,648	27,815,879	188,126,065	240,775,592
Surrenders	13,025,107	-	-	13,025,107
Annuities and pensions	14,708,509	-	-	14,708,509
	125,372,480	185,053,808	243,583,328	554,009,616
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	42,136,841	227,568,453	(1,276,298)	268,428,996
Actuarial adjustments to:				
- Policyholders' liabilities	144,031,083	108,717,494	(778,631)	251,969,946
- Reassurance	(61,508,920)	(8,945,113)	-	(70,454,033)
	(40,385,322)	127,796,072	(497,667)	86,913,083
Unallocated adjustments/expenses:				
Taxation				1,209,535
Contingency reserve				(19,000,000)
Currency translation difference				17,051,345
Fair value adjustment on investments				348,517,175
Total Comprehensive loss for the year				(260,864,972)
<u>Statement of Financial Position</u>				
Segmented assets	1,644,372,183	824,864,139	16,833,913	2,486,070,235
Unallocated assets				2,195,756,287
Total assets				4,681,826,522
Segmented liabilities	1,243,277,422	874,781,885	3,748,120	2,121,807,427
Unallocated liabilities				2,197,955,766
Total liabilities				4,319,763,193



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

	2015			
	Ordinary Life Fund G\$	Group Life Fund G\$	Group Health Fund G\$	Total G\$
Revenue				
Premiums	248,698,453	274,066,271	222,528,219	745,292,943
Reassurance premiums	18,594,108	48,787,909	-	67,382,017
	230,104,345	225,278,362	222,528,219	677,910,926
Investment income	41,285,319	34,220,398	511,226	76,016,943
Loss on exchange	-	(2,176,015)	-	(2,176,015)
Gain on disposal of investments	-	439,950	-	439,950
	271,389,664	257,762,695	223,039,445	752,191,804
Deduct: Expenditure				
Management expenses	60,817,156	67,020,646	54,417,441	182,255,243
Commissions	11,807,247	33,464,006	11,506,254	56,777,507
Claims	31,805,425	31,087,344	158,894,042	221,786,811
Surrenders	21,172,286	-	-	21,172,286
Annuities and pensions	10,290,656	-	-	10,290,656
	135,892,770	131,571,996	224,817,737	492,282,503
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	135,496,894	126,190,699	(1,778,292)	259,909,301
Actuarial adjustments to:				
- Policyholders' liabilities	338,587,791	154,385,473	(3,901,588)	489,071,676
- Reassurance	(17,426,273)	(10,716,550)	-	(28,142,823)
	(185,664,624)	(17,478,224)	2,123,296	(201,019,552)
Unallocated adjustments/expenses:				
Taxation				483,364
Contingency reserve				182,000,000
Currency translation difference				7,476,922
Fair value adjustment on investments				153,004,635
Total Comprehensive loss for the year				(543,984,473)
<u>Statement of Financial Position</u>				
Segmented assets	1,495,487,319	1,154,425,123	6,184,543	2,656,096,985
Unallocated assets				2,355,402,690
Total assets				5,011,499,675
Segmented liabilities	1,272,364,407	754,877,110	4,480,551	2,031,722,068
Unallocated liabilities				2,356,849,306
Total liabilities				4,388,571,374



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

The company's operations is located in Guyana. The geographical segment is defined by the location of the operation from which the sale is made and does not consider the location of the customer.

GEOGRAPHICAL

	Revenue	
	2016 G\$	2015 G\$
Local - Guyana	819,333,779	749,340,864
Overseas	3,104,833	2,850,940
	<u>822,438,612</u>	<u>752,191,804</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and other assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets & liabilities		Additions/disposals/revaluations to assets	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
<u>Assets</u>				
Guyana	4,403,131,887	4,744,080,221	(340,948,334)	471,962,076
Trinidad & Tobago	48,130,416	59,289,174	(11,158,758)	6,496,647
United Kingdom	121,885,834	151,295,285	(29,409,451)	(25,882,835)
United States	110,129,329	56,834,995	53,294,334	38,496,688
	<u>4,683,277,466</u>	<u>5,011,499,675</u>	<u>(328,222,209)</u>	<u>491,072,576</u>
 <u>Liabilities - Guyana</u>	 <u>4,319,763,193</u>	 <u>4,388,571,374</u>		

36 ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2016. This revealed a surplus of G\$362,063,329 (2015 - G\$622,928,301).



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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37 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event will occur and the uncertainty of the amount of the resulting claim.

By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the company faces under its insurance contract is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contract, the smaller the relative variability about the expected outcome will be. The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the company. However, under concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of the type of risk and the level of insured benefits. For example, the company to some extent balances death risk and survival risk across its portfolio. The company has a retention limit of G\$1,500,000 on the vast proportion of lives insured. The company reinsures the excess of the insured benefit over G\$1,500,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The company does not have in place any reinsurance for contracts that insure survival risk.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed pay annuity option. As a result, the amount of insurance risk is also subject to the contract holders' behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contract arises from the unpredictability of long-term changes in overall levels of mortality and variability in contract holder behaviour.

(c) Guaranteed annuity options

The company has no annuity policy with the guaranteed annuity option, hence is not exposed to the risk from variability in contract holder behaviour.

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

(i) Mortality

An assumption was made which reflected the Actuary's knowledge of mortality experience in the Caribbean. The mortality assumption used for all policies was 120% of the CIA 86-92 Male Aggregate Table (240% for Special Whole Life) plus a margin for adverse deviation equal to 15 per thousand (7.5% per thousand for the participating business), divided by life expectancy. In addition, an allowance for AIDS was included in accordance with 100% of that recommended for Canadian Life companies by the Canadian Institute of Actuaries. A margin is added for adverse deviation.

(ii) Investment yields

It is impossible to predict long-term interest rates in the Guyanese environment since the longest government security is 12 months. The valuation as at 31 December, 2014 used an interest assumption of 4.75% scaling down uniformly over 10 years to 3.0% per annum, after tax and after a Margin for Adverse Deviation of 0.85% per annum.

For the current valuation, this assumption has been maintained.

(iii) Persistency

The assumed lapse rates were derived from a lapse study conducted using the company's experience for the period 2011 - 2015. A margin for adverse deviation assumes a 20% fluctuation in the lapse rate for all years.



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NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

Policy liabilities are calculated using best estimate assumptions with margins for adverse deviation - cont'd.

(iv) Expenses

Expenses are based on best estimates of Company experience. Administration expenses per policy increased to \$12,079 per annum for 2016, thereafter, inflation on expenses has been applied at a rate of 1.5% per annum. A margin for Adverse Deviation of 10% per annum on non-participating business at 5% per annum on participating business was maintained. Premium paying policies were given equal weights. Paid up policies have been assigned one-eighth of the expense of premium paying policies. For the single mortgage protection policies expenses was determined as \$3,619 for 2016. The administration expense per policy was set at \$3,619 per annum in 2016 inflating at the same rate as outlined above with a Margin for Adverse Deviation of 10% per annum.

(v) Ongoing review

Actuarial assumptions are continuously reviewed based on emerging Company and industry experience and revised if appropriate and material.

(vi) Margins for adverse deviation assumptions

The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business and its small size.

(vii) Sensitivity Analysis

The following table shows the sensitivity of the Gross/Net Reserves for the Ordinary Life, Individual Annuity and Single Premium Mortgage Protection business to a change in the valuation assumptions as noted:

Sensitivity	<u>G\$000</u>	<u>G\$000</u>
2% Increase in Mortality	15,100	7,200
5% Increase in Expenses	23,400	-
10% Change in Lapse Rates	18,300	13,500
100 Basis Points Decrease in Investment Earnings	237,000	218,600



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

38 Assets held under Trust

Assets

	<u>2016</u> <u>G\$</u>	<u>2015</u> <u>G\$</u>
Statutory Deposit at Citizens Bank	18,750,000	18,750,000
Land & Building	261,284,778	50,000,000
Mortgages	17,011,302	18,925,328
Short term loan - Berbice Bridge Co. Ltd.	236,000,000	254,000,000
	<u>533,046,080</u>	<u>341,675,328</u>

Government Bonds & Bills

Government of Trinidad and Tobago Bond	59,289,174	-
	<u>59,289,174</u>	<u>-</u>

Ordinary Shares-

Guyana-

Demerara Tobacco Co. Ltd.	55,220,760	55,220,760
Demerara Distillers Limited	60,310,248	53,379,964
Carribbean Containers Incorporated	3,964,179	3,964,179
Guyana Bank for Trade and Industry Ltd.	99,365,000	113,373,000
Hand In Hand Trust Corporation	157,367,329	157,367,329
Banks DIH Limited	172,157,820	108,998,019
Republic Bank(Guyana) Limited	1,099,356,072	1,007,857,941
Citizens Bank Guyana Incorporated	546,358,464	703,678,464
Hand In Hand Investment	30,000	30,000
Rupununi Development Co. Ltd.	21,750,000	14,500,000
	<u>2,215,879,872</u>	<u>2,218,369,656</u>

Bond & Debentures of Companies Incorporated in Guyana-

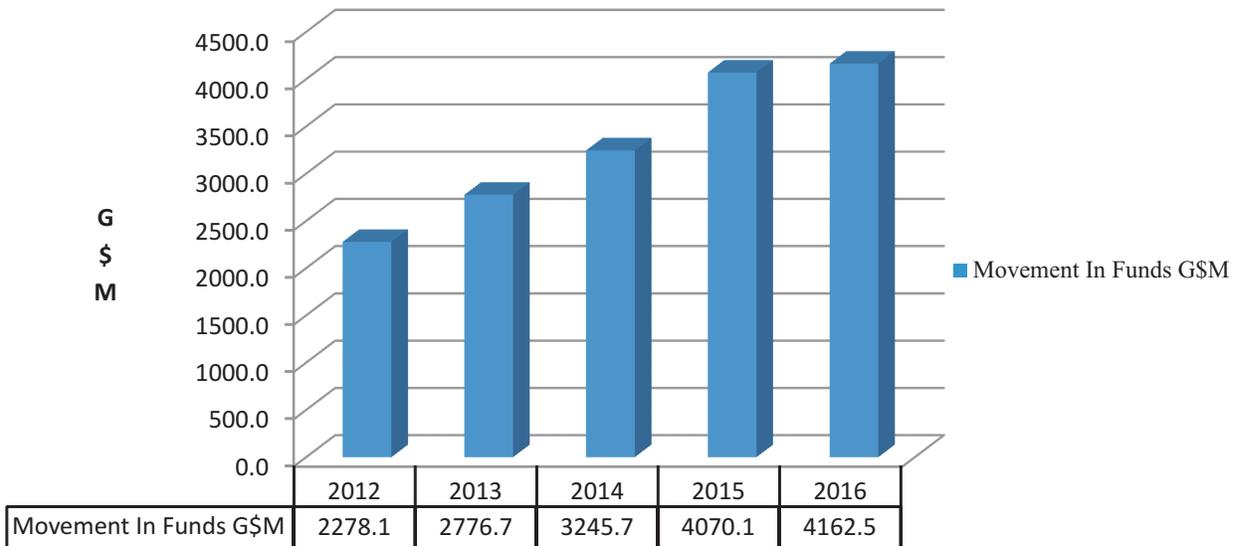
Courts Bond	10,000,000	-
Loan granted to The Hand in Hand Mutual Fire Insurance Company Limited-secured	829,934,615	629,482,304
Fixed Deposit at Republic Bank (Guyana) Limited	63,343,919	-
Fixed Deposit at Bank of Baroda	26,010,000	-
	<u>919,288,534</u>	<u>629,482,304</u>
TOTAL	<u><u>3,737,503,660</u></u>	<u><u>3,189,527,288</u></u>



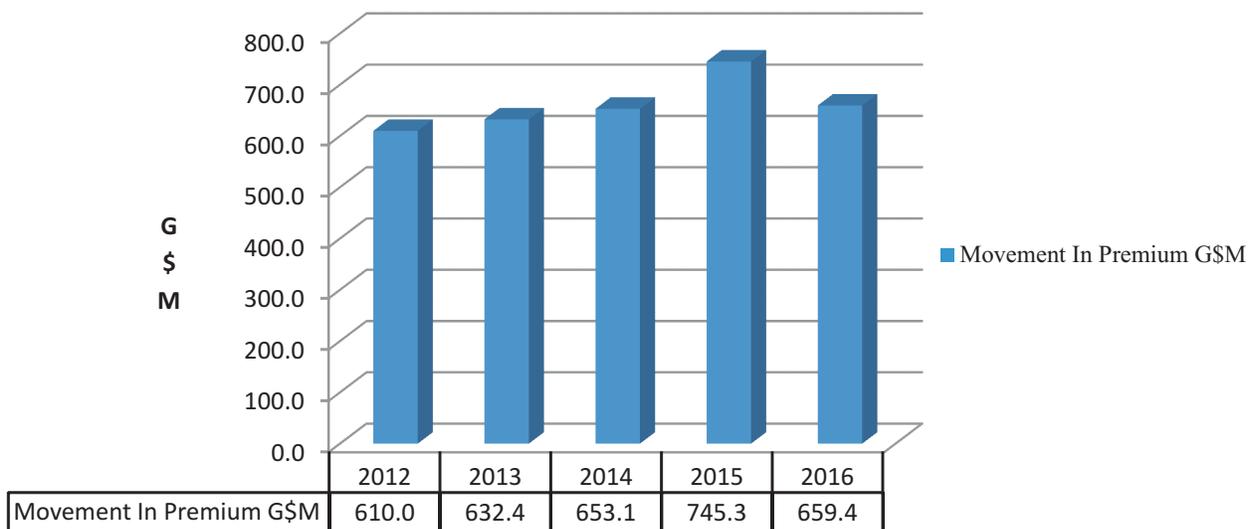
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MUTUAL LIFE ASSURANCE COMPANY LIMITED

Movement In Funds G\$M



Movement In Premium G\$M

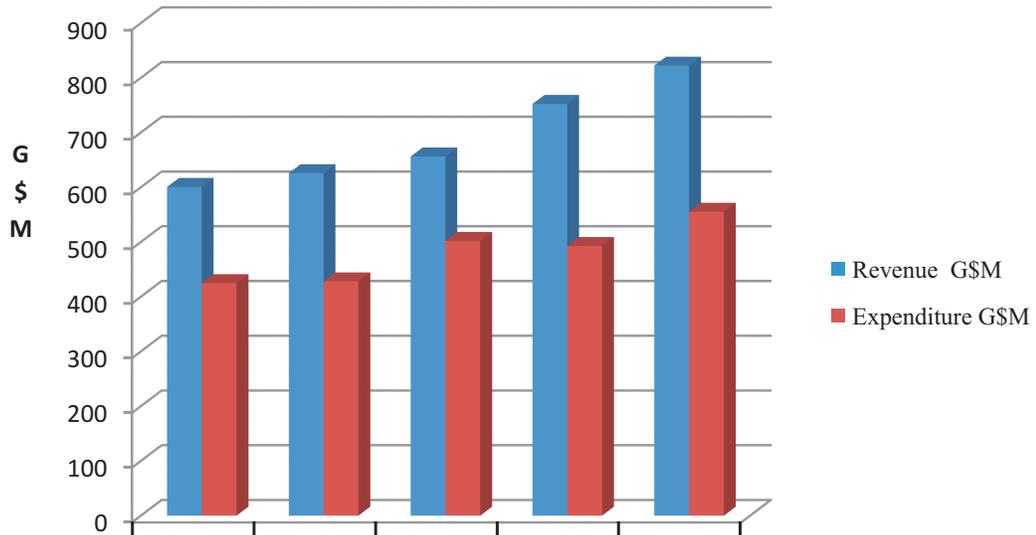




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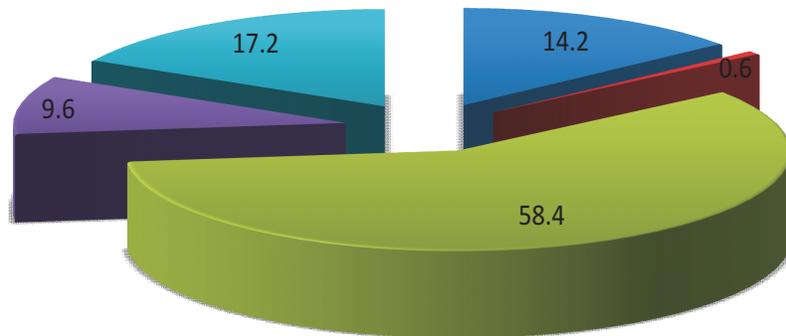
Revenue VS Expenditure



	2012	2013	2014	2015	2016
Revenue G\$M	600.5	625.8	656.2	752.2	822.4
Expenditure G\$M	424.8	428.1	502.1	492.8	555.2

Source Of Revenue

Ordinary Life Premiums	14.2%
Annuities	0.6
Group Premiums	58.4%
Investment Income	9.6%
Other Income	17.2%



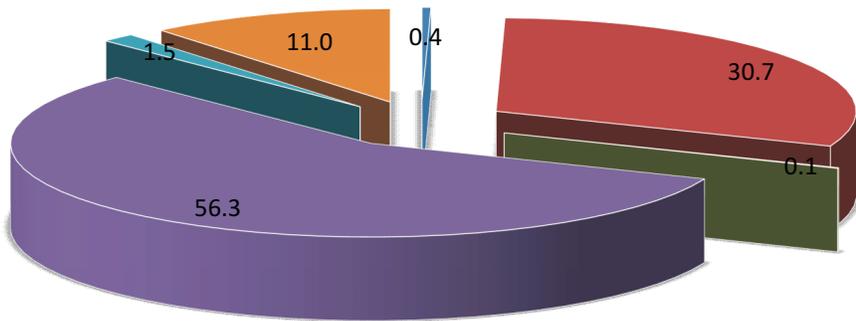


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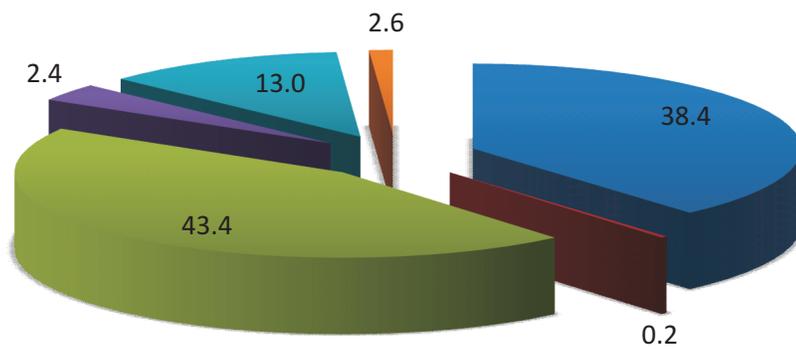
Distribution Of Investment

■ Statutory Deposit	0.4%
■ Loans	30.7%
■ Share Purchase Plan	0.1%
■ Securities & Bonds	59.3%
■ Mortgages	1.5%
■ Cash on Deposit	11%



2016 Expenditure

■ Manag. Exp	38.4
■ Taxation	0.2
■ Claims	43.4
■ Surrenders	2.4
■ Comm.	13.0
■ Annuities	2.6





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MUTUAL LIFE ASSURANCE COMPANY LIMITED

PLANS OF INSURANCE OFFERED:

JOINT WHOLE-OF-LIFE
SPECIAL WHOLE-OF-LIFE
WHOLE-OF-LIFE LIMITED PAYMENT
EXECUTIVE BONUS WHOLE-OF-LIFE
RETIREMENT BONUS WHOLE-OF-LIFE
ANTICIPATED BONUS WHOLE-OF-LIFE
ENDOWMENT
ANTICIPATED ENDOWMENT
SECONDARY SCHOOL EDUCATION ENDOWMENT
UNIVERSITY EDUCATION ENDOWMENT TERM
5 YEARS RENEWABLE & CONVERTIBLE TERM
ANNUITIES (IMMEDIATE AND DEFERRED)
GROUP LIFE
GROUP MEDICAL
GROUP PENSION
GROUP CREDITORS

RIDERS - may be attached to most plans

HOSPITAL INDEMNITY
ACCIDENTAL MEDICAL EXPENSES
ACCIDENTAL DEATH AND DISMEMBERMENT
ACCIDENTAL DISABILITY INCOME
TOTAL PERMANENT DISABILITY
TOTAL DISABILITY WAIVER OF PREMIUM
PAYOR WAIVER OF PREMIUM