

**ISLAND LIFE ASSURANCE CO. LTD**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2023**

**ISLAND LIFE ASSURANCE CO. LTD**

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**ISLAND LIFE ASSURANCE CO. LTD**  
**CHAIRMAN'S STATEMENT**

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On behalf of the Board, I am pleased to submit the Annual Report of Island Life Assurance Co. Ltd for the year 2023.

The Company ended the year with an insurance revenue of Rs 85.8 M as at 31 December 2023 as compared to Rs 82.4M in 2022. The Company's New Business activities increased by 7% with regards to first year premium during the financial year under review.

The volatile global financial markets arising from a wide range of geopolitical and economic headwinds impacted returns with the Company posting an overall asset return of 7.68% (2022: -3.24%) for the year ended 31 December 2023. Investment and other income increased to close at Rs 105.4M (2022: Investment and other loss Rs 14.5M). The increase is mostly attributable to the fair value gains on listed equity and bond investments.

The Company fulfilled its obligations towards its customers with a total amount of Rs 221.9m paid in terms of maturity and survival benefits during the year. The Company also settled death and disability claims of Rs 8.0m.

This year's Financial Statements reflect a significant evolution in our reporting, particularly stemming from the first-time adoption of IFRS 9, 'Financial Instruments,' and IFRS 17, 'Insurance Contracts. The implementation of IFRS 17 marks a fundamental shift in accounting for insurance contracts, moving to a more current-value based approach that enhances transparency and comparability.

The outlook for 2024 for the Company remains challenging in view of the impact of the macroeconomic and geopolitical crises on the social, economic and investment environment.

Against this backdrop, a number of actions and initiatives have been taken to drive sales, improve investment return and reduce costs. These include a consolidation of the workforce by finding suitable replacement for key personnel, a complete review of the Marketing and Sales Strategy including using innovative way to sell and revamping a Life Investment Linked Product, a full review of the investment strategy and the holding company bearing the costs of some senior management salary & other benefits and among others.

I seize the opportunity to thank my fellow Board Members for their collaboration and advice, our dedicated Management, staffs and valued stakeholders for their contribution and support.

DocuSigned by:

*Mr. M Iqbal Oozeer*

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Mr. Mohammad Iqbal Oozeer  
Chairman

Date: 10 June 2025

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE PROFILE**

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**Legal Form and Principal Activity**

The Company is incorporated in Mauritius under the Mauritius Companies Act 2001 as a public company with limited liability.

The principal activity of the Company consists of long-term insurance and individual Personal Pension Plan business.

The Company is regulated under the Mauritius Companies Act 2001, the Insurance Act 2005 and regulations of the Financial Services Commission (the "Commission").

**Directors of the Company**

**Chairman & Non-Executive Director**

Mr. Mohammad Iqbal Oozeer (appointed on 01 January 2024)

**Executive Director**

Mr. Bodun Koomar (resigned on 30 June 2024)

Mr. Chrispinus Mugwang'a (appointed on 29 August 2024)

**Non-Executive Directors**

Mr. Raffi Currimjee

Mr. Sattar Hajee Abdoula

Mr. Rishaad A Currimjee (resigned on 01 April 2023)

**Independent Directors**

Mr. R Lloyd Coombes (resigned on 27 July 2023)

Mr. Ashok Kumar Mepa Kanji Shah

Mr. Ian Etheridge

Ms. Oumila Sibartie

Mrs. Shamima Mallam-Hassam (appointed on 21 February 2024)

**The Company Secretary**

Currimjee Secretaries Limited

**Registered office**

38, Royal Street

Port Louis, Mauritius

**Principal Place of Business**

Corner Leoville L'homme & Sir William Newton Streets

Port Louis, Mauritius

**Auditor**

Deloitte

7<sup>th</sup> 8<sup>th</sup> Floor, Standard Chartered Tower

19-21 Bank Street, Cybercity

Ebene, 72201

Mauritius

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE PROFILE (CONT'D)**

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**Bankers**

- 1. SBM Bank (Mauritius) Ltd**  
1, Queen Elizabeth II Avenue  
Port-Louis  
Mauritius
- 2. The Mauritius Commercial Bank Ltd**  
9-15, Sir William Newton Street  
Port Louis, Mauritius
- 3. Absa Bank (Mauritius) Limited**  
Absa House  
68 Wall Street, Cybercity  
Ebene 72201, Mauritius
- 4. SBI (Mauritius) Ltd**  
SBI Tower Mindspace  
Bhumi Park, 45, Ebene  
Cybercity, Mauritius
- 5. AfrAsia Bank Limited**  
Bowen Square, 10, Dr Ferriere Street  
Port Louis, Mauritius

**Actuaries**

- 1. QED Actuaries and Consultants (Pty) Ltd**  
1st Floor - The Bridle | Hunts End Office  
38 Wierda Road West | Wierda Valley  
Sandton 2196  
Johannesburg  
South Africa
- 2. Aon Solutions Ltd**  
1<sup>st</sup> Floor, The Pod  
Vivea Business Park  
Moka 81406, Mauritius

**Custodian**

- 1. The Mauritius Commercial Bank Ltd**  
1st Floor, Raymond Lamusse Building  
9-11, Sir William Newton Street  
Port Louis, Mauritius

**Investment Manager**

- 1. MCB Investment Management Co Ltd**  
1st Floor, Raymond Lamusse Building  
Sir William Newton Street  
Port Louis, Mauritius

**ISLAND LIFE ASSURANCE CO. LTD****DIRECTORS' REPORT**

The Directors have pleasure in submitting the Annual Report of Island Life Assurance Co. Ltd ("the Company") together with the audited financial statements for the year ended 31 December 2023 as set out on pages 42 to 145.

**Statement of Directors' Responsibilities in respect of the Financial Statements**

Company law requires the Directors to prepare financial statements, for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

**Auditor**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Audit	<b>2,875,000</b>	1,272,895
Tax services	<b>97,000</b>	83,835
Other services – Risk Management Framework	<b>196,000</b>	196,000
	<b>3,168,000</b>	1,552,730

Deloitte Mauritius has been appointed as auditor for year ended 31 December 2023. The decision to appoint the auditor for the year ended 31 December 2024 will be taken at the next board.

**Acknowledgements**

We thank our fellow Members of the Board for their support and guidance throughout the year.

We would like to express our sincere thanks and appreciation to the management and staff for their dedication and sustained hard work in ensuring the success of the Company.


We also thank all our policyholders, business partners and other stakeholders for their contribution to the Company's achievements.

**Approved by the Board of Directors and signed on its behalf.**

DocuSigned by:  
  
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**Chairman**

Date: 10 June 2025

Signed by:  
  
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**Director**

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

Island Life Assurance Co. Ltd ('ILA' or 'the Company') is a Public Interest Entity under the provisions of the Financial Reporting Act and the Board endorses the eight principles espoused by the National Code of Corporate Governance of Mauritius 2016 ('the Code'). The Annual Report of the Company including the Corporate Governance Report is available on the Company's website <https://ila.mu/>

The Board, with the support of its Senior Management Team and driven by the Company's five core values, namely Integrity, Foresight, Responsibility, Passion and Openness, is committed to maintaining and advocating for an effective corporate governance framework while applying the principles of the Code.

The Board recognizes that robust governance practices have been essential for managing operations amidst the volatility, uncertainty, and ambiguity of the current business landscape. The Board's commitment to continually enhancing governance, while preserving the ability to adapt rapidly, has been instrumental in steering through disruptions, overcoming obstacles, and seizing opportunities to drive sustainable growth that aligns with the interests of the shareholder and stakeholders alike.

This report demonstrates the ways in which our solid governance framework, ethical culture, and core business values have equipped the Company and its Senior Management Team to effectively advance through the challenges of this year.

**01: Governance Structure**

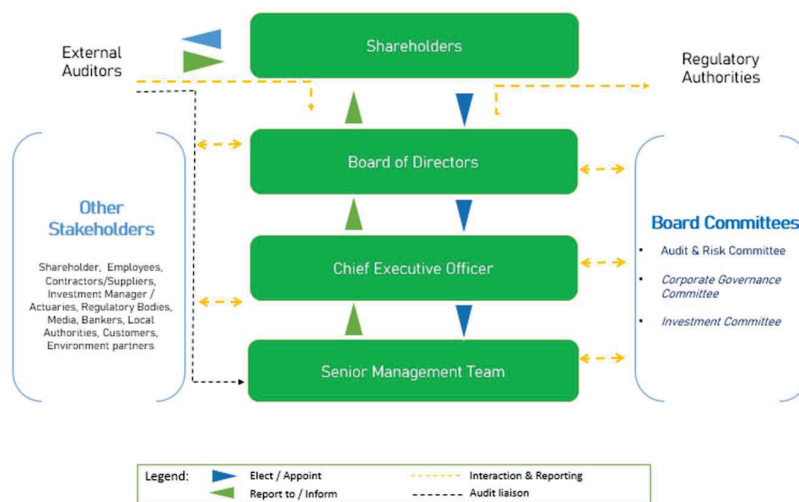
**Statement of Accountabilities**

The Company is led by a committed and unitary Board which assumes the responsibility for leading and controlling the organisation and ensuring that all legal and regulatory requirements are met.

The Board has embraced the following governance initiatives, which are consistent with the recommendations of the Code, to ensure maximum efficiency:

- Adopted a Board Charter which sets out the objectives, roles and responsibilities and composition of the Board of Directors and its Board Committees.
- Identified its key senior governance positions and the Position Statements of the Chairman and the Company Secretary.
- Adopted a Code of Conduct (Code of Ethics) and a Whistleblowing Policy.
- Approved Corporate Governance Framework (as illustrated below)

The Board Charter, Position Statements of the Chairman and Company Secretary, the Code of Conduct and Organisational Chart of the Senior Management Team are available on the website: <https://ila.mu/>



**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**02: The Structure of the Board and its Committees**

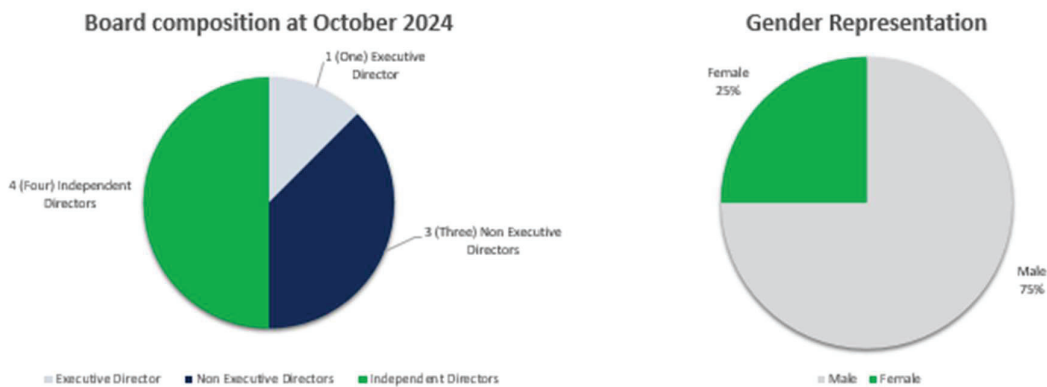
**Size and Composition of the Board**

The Company is led by a unitary Board of eight (8) Directors consisting of four (4) Independent Directors, three (3) Non-Executive Directors including the Chairman, and one (1) Executive Director.

Changes in the Board Composition during the FY 2023 and up to the date of this Report:

- Mr Rishaad Ali Currimjee resigned as Non-Executive Director of the Company on 01 April 2023.
- Mr Lloyd Richard Coombes resigned as Non-Executive Director of the Company on 04 July 2023.
- On 31st December 2023, Mr Anil Carrim Currimjee resigned as Chairman and Director of the Company.
- Mr Bodun Koomar resigned as Chief Executive Officer and Executive Director on 30 June 2024.
- Mr M Iqbal Oozeer appointed as Chairman of the Board of Directors on 01st January 2024.
- Mrs Shamima Mallam-Hassam appointed as Independent Director of the Company on 21 February 2024.
- Mr Chrispinus Onyango Mugwang'a appointed as Chief Executive Officer on 19 June 2024 and Executive Director on 29 August 2024.

The Directors come from different industries and backgrounds with strong business, international and management experience which are crucial given the nature and scope of activities of the Company and the number of Board Committees. The Board is satisfied with the size, having an adequate balanced composition with the requisite range of skills, expertise, and experience to carry out their duties properly.



**Key Senior Governance Positions and Responsibilities**

The profiles of the Directors as at the date of this Report are set out below. The Board has decided to only disclose directorships in public and listed companies. Details of other directorships are available at the Company's registry.

**Mr. M Iqbal Oozeer – Mauritian Citizen & Resident – Chairman and Non-Executive Director  
(Appointed as Chairman on 01 January 2024)**  
*Committee Membership:* Appointed Member of Investment Committee on 25 July 2024

**Qualifications:**

- Fellow Member of the Association of Chartered Certified Accountants, UK.
- Attended a number of professional courses at Alliance Manchester Business School, Euromoney and INSEAD.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

**Key Senior Governance Positions and Responsibilities (cont'd)**

*Experience:*

- Currently Managing Director of Currimjee Jeewanjee and Company Limited.
- Chairman of numerous companies within the Currimjee Group.
- Former Chief Finance Officer of Currimjee Jeewanjee and Company Limited.
- Held key Executive positions in Currimjee Jeewanjee and Company Limited for over thirty years.
- Accountant at Elf Antargaz (Maurice) Ltée from 1987 to 1988.
- Audit Assistant at Kemp Chatteris Deloitte from 1982 to 1986.

*Directorship in other listed and public companies: Compagnie Immobilière Limitée, Emtel Limited and Quality Beverages Limited.*

**Mr. Raffi Currimjee – Mauritian Citizen and Resident - Non-Executive Director**

*Committee Memberships: Member of the Audit & Risk Committee and the Corporate Governance Committee*

*Qualification:*

- BSE Mechanical Engineering and Applied Mechanics, University of Pennsylvania, USA

*Experience:*

- Has held key Executive positions in the Food and Beverage Cluster of the Currimjee Group for the last 27 Years and former Deputy Managing Director of Quality Beverages Limited.
- Director of a number of companies within the Currimjee Group.
- Non-Executive director on the Board of the Mawdsleys Group Investments Limited.

*Directorship in other public and listed companies: Quality Beverages Limited and Compagnie Immobilière Limitée.*

**Mr. Sattar Hajee Abdoula – Mauritian Citizen & Resident – Non-Executive Director**

*Committee Membership: Member of the Audit & Risk Committee*

*Qualifications:*

- Fellow Member of the Institute of Chartered Accountants in England and Wales.
- Member of the Mauritius Institute of Professional Accountants and INSOL International, an international association of restructuring and insolvency professionals.

*Experience:*

- More than 40 years' experience in audit, consultancy and taxation with significant advisory experience.
- Former lead advisor to the Government of Ghana in setting up the Ghana International Financial Services Centre.
- Chief Executive Officer and Head of Taxation and Advisory Services of Grant Thornton Mauritius.
- Non-Executive Chairman of SBM Holdings.

*Directorship in other public and listed companies: None.*

**Mr. Ashok Shah – Dual British & Kenyan Citizen and Resident – Independent Director**

*Committee Membership: Chairman of the Audit & Risk Committee*

*Qualifications:*

- Applied Chemistry
- Chartered Insurer with ACII
- Member of the Chartered Institute of Arbitrators (MCIArb)

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

**Key Senior Governance Positions and Responsibilities (cont'd)**

*Qualifications (cont'd):*

- Associate of Insurance Institute of Kenya (AIK)
- Nominated no. 6 in top 25 CEO's making impact in business in Kenya for 2021 by Business Monthly
- 2021 - MB100 leader Recognised as one of the 100 leader worldwide making an impact through Mindful Business.

*Experience:*

- Currently Group Chief Executive of Apollo Investments Limited.
- Director of CDSC representing the Capital Market Challenge Fund, APA Insurance Ltd, APA Life Assurance, Apollo Asset Management, APA Insurance Uganda, Reliance Insurance Company Ltd (Tanzania)
- 10 years of experience as Board Member of Barclays Bank and ABSA Bank
- Over 50 years of experience within the Insurance Industry both in East Africa and England.
- Lifetime Achievement award for services to the Insurance Industry in 2010

*Directorship in other public and listed companies: None*

**Mr. Ian Etheridge – British Citizen & Resident – Independent Director**

*Committee Memberships:* Chairman of the Corporate Governance Committee and Member of the Audit & Risk Committee

*Qualifications:*

- Qualified as a Fellow of the Chartered Insurance Institute UK and Chartered Insurer following the Fellowship examinations specialising in Life Assurance and the Management of Life Assurance Companies.
- Member of the Chartered Insurance Institute, UK

*Experience:*

- 38 years of experiences working as a global reinsurer, with a successful track record of transforming and growing insurance and reinsurance business across international markets.
- Former Executive Head and Executive Director Swiss Re Life & Health Africa Limited.
- Former Head of Client Management Swiss Re Life & Health UK & Ireland
- Former Executive Director Business Development for Africa, Reinsurance Group of America (RGA)
- Past President of the Chartered Insurance Institute of Cheltenham (1992/1993)

*Directorship in other public and listed companies: None*

**Ms. Oumila Sibartie – Mauritian Citizen & Resident – Independent Director**

*Committee Memberships:* Member of the Audit & Risk Committee and appointed Chairman of the Investment Committee on 25 July 2024

*Qualifications:*

- MA, Economics, University of Akron, Ohio, U.S.A.
- BSc Economics, University of Mauritius
- International Certificate in Investment and Wealth Management Level 3, Chartered Institute for Securities & Investment, London, U.K.
- Certificate in Green & Sustainable Finance, Chartered Banker Institute, London, U.K.
- ACI Dealing Certificate, The Financial Markets Association, Paris, France
- Certificate for Financial Advisers Level 1, IFS School of Finance, London, U.K.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

**Key Senior Governance Positions and Responsibilities (cont'd)**

*Experience:*

- Woman leader and multi-faceted financial professional with over 25 years of global experience in the U.S.A., U.K. and Africa. Independent Board Member of companies across banking, financial services and other economic sectors. Strong advocate of sustainable development. Internationally certified specialist in Green & Sustainable Finance. Globally recognised certified Investment & Wealth Management professional. Wide range of expertise in the fields of investments, finance, accounting, corporate governance, business strategy, audit & risk management, corporate finance, fund & asset management, wealth management, financial planning, treasury, economic analysis, social impact assessment, financial process automation and professional training. Proven track record in the development of financial products & solutions for large corporates, global businesses, public organisations, investment banks, pension funds, asset managers, insurance companies and high net-worth individuals. Enthusiastic speaker participating in forums on key topics relating to the economy, wealth creation, green finance, audit & risk, governance, women empowerment and ESG.
- Fellow Member of the Mauritius Institute of Directors.
- Co-Founder & Director – Lineage Investment Services Ltd, Lineage Hub Ltd.
- Independent Non-Executive Director on entities in the banking, financial services, real estate, hospitality, retail and manufacturing sectors.
- Former Managing Director – Institut de la Formation pour l'Entreprise Ltée.
- Former Business Development Executive & Director – London Institute of Banking & Finance Africa.
- Former Markets Business Development at ABSA Bank Mauritius Ltd.
- Former Fund Manager at SBM Mauritius Asset Managers Ltd.
- Former Equity Product Specialist at Bloomberg LP, U.K. and U.S.A.

*Directorship in other public and listed companies: None*

**Mrs Shamima Mallam-Hassan – Mauritian Citizen & Resident – Independent Director  
 (Appointed on 21 February 2024)**

*Committee Membership:* Appointed Member of the Investment Committee and Corporate Governance Committee on 25 July 2024.

*Qualifications:*

- General management Program – Essec Business School, France
- Maitrise Sciences Economiques – Université Aix-en-Provence, France
- Licence Sciences Economiques - Université Aix-en-Provence, France
- Baccalauréat A1 – Lycée Labourdonnais, Mauritius

*Experience:*

- Successful career with over 20 years in both the public and private sector in the field of Investment Promotion, Business Development, Operations Management, International Marketing, Policy formulation and Advocacy, Strategic Planning, Management, Finance, Compliance and Client relationship and experience.
- Managing Director – Trident Trust Company Mauritius Ltd.
- Currently Chairperson of Mauritius Finance.
- Former Managing Director & Country Executive of Alter Domus (Mauritius) Ltd.
- Former Head of Business Development – CIM Global Business (now IQ-EQ).
- Former Senior Director of the Board of Investment.
- Former Client Manager – Enterprise Mauritius.
- Former Assistant Manager – Mauritius Export Development & Investment Authority.

*Directorship in public and listed companies: None.*

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

**Key Senior Governance Positions and Responsibilities (cont'd)**

**Mr. Chrispinus Mugwang'a – Kenyan Citizen & Mauritian Resident – Appointed on 29 August 2024.**

Committee Membership: Appointed Member of Investment Committee on 09 October 2024

*Qualifications:*

- MBA, Strategic Management.
- Bachelor of Commerce, Marketing option.
- Associateship of the Chartered Insurance Institute (ACII).
- Diploma in Life and Disability Underwriting of the Assurance Medical Society, London UK.
- CIP Exams CII London, awarded Accreditation as a Member of the Society of Technicians in Insurance (MSTI).
- Diploma in Sales and Marketing of the International Association of Business Executives, London.

*Experience:*

- Joined Island Life Assurance Co. Ltd in June 2024 as Chief Executive Officer.
- Former Managing Director of CIC Africa Malawi
- Former Group CEO of Clarkson Insurance Brokers
- Former General Manager of Madison Insurance Company Kenya Limited
- Former Sales & Marketing Manager of Pioneer Assurance Company
- Former Marketing Manager at Trinity Life Assurance Company Limited
- Former Agency Development and Marketing Manager at Apollo Life Insurance Company Limited
- Former Underwriting Clerk at Stallion Insurance Company Limited

*Directorship in public and listed companies: None*

**Mr. Anil C Currimjee – Mauritian Citizen & Resident – Chairman and Non-Executive Director  
 (Resigned on 31 December 2023)**

Committee Membership: Resigned as Member of the Corporate Governance Committee on 31 December 2023.

*Qualifications:*

- B.A. Liberal Arts, Williams College, Massachusetts, USA.
- MBA, London Business School, UK.

*Experience:*

- Chairman of Currimjee Jeewanjee and Company Limited.
- Director of a number of companies within the Currimjee Group.
- President of Business Mauritius.
- Honorary Consul General of Japan in Mauritius from 2004 to 2016.
- Former President of the Mauritius Chamber of Commerce & Industry.
- Former Director of the Mauritius Commercial Bank Ltd.

*Directorship in other listed and public companies: Emtel Limited, African Rainbow Capital Investments Limited and Sanlam Africa Core Real Estate Investments Limited.*

**Mr. Bodun Koomar – Mauritian Citizen & Resident - Executive Director  
 (Resigned on 30 June 2024)**

Committee Membership: Resigned as member of the Investment Committee on 30 June 2024.

*Qualifications:*

- Chartered Insurer.
- Fellow of the Chartered Insurance Institute of UK (FCII).
- Master's in Business Administration (MBA) from University of Surrey (UK).

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

**Key Senior Governance Positions and Responsibilities (cont'd)**

*Experience:*

- Joined Island Life Assurance Co. Ltd in August 2019 as Chief Executive Officer.
- Over 35 years working experience in the insurance industry.
- Previously Chief Operating Officer of the State Insurance Company of Mauritius Ltd Group (SICOM Group) heading the Life, Loans, Human Resources, and Business Development business units of the Group.
- Also worked as Life Manager for a composite insurance company.

*Directorship in other public and listed companies: None*

**Mr. R Lloyd Coombes – Mauritian Citizen & Resident – Non-Executive Director  
 (Resigned on 27 July 2023)**

*Committee Membership: None*

*Qualifications:*

- BSc Mechanical Engineering, University of Natal, South Africa.

*Experience:*

- Former Chairman and current Fellow Member of Institute of Engineers of Mauritius.
- Former President of Mauritius Chamber of Commerce and Industry.
- Former CEO of MCFI Group and Executive Director of Mauvilac Group.
- Former Chairman of BCE Construction Ltd
- Fellow of the Mauritius Institute of Directors.
- Honorary Consul of Monaco since 2007.
- Chairman of Birger Ltd.

*Directorship in other public and listed companies: None.*

**Rishaad A Currimjee – Mauritian Citizen & Resident – Non-Executive Director  
 (Resigned on 01 April 2023)**

*Committee Membership: Resigned as Member of Investment Committee on 01 April 2023*

*Qualifications:*

- B.A, Williams College
- Executive MBA, INSEAD
- Level 1, CFA

*Experience:*

- Started his career at a High Yield fund at ING, New York.
- 10 years' work experience in India in various roles, including Telecom and co-founding a biotech company.
- Former CEO of Commercial at Currimjee Jeewanjee and Co Ltd ("CJ").
- Currently the General Partner at Golden Sparrow, a venture capital fund focused on early-stage investments in India.
- 4 years as Council Member of the Mauritius Chamber of Commerce and Industry, including being Chairman of its business school.

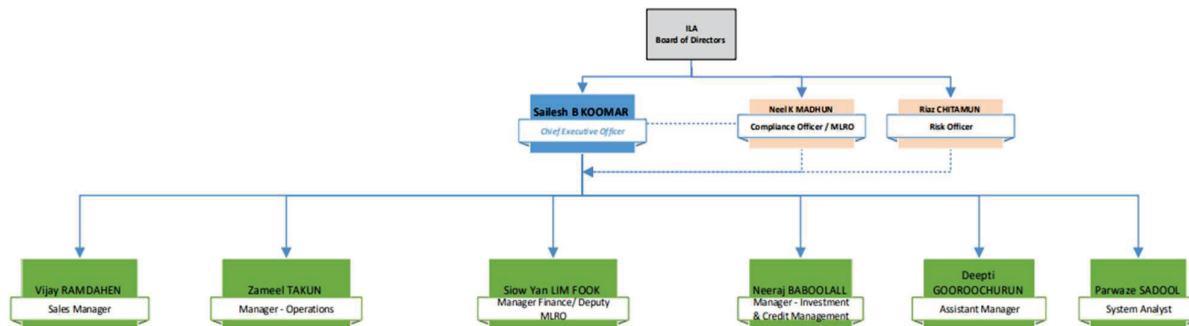
*Directorship in other public and listed companies: None*

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**02: The Structure of the Board and its Committees (cont'd)**

**Organisational Chart of the Senior Management Team**

The organisational chart of the Senior Management Team for the year under review is as follows:



The Organisational Chart of the Company is also available on it's website: <https://ila.mu/>

**Profile of Senior Management Team**

The profiles of the Senior Management Team positions for the year under review and as at date of this Report are set out below.

**Zameel Takun - Operations Manager**

*Qualifications:*

- First Class BSc (Hons) degree in Actuarial Science (Malaysia)
- Master's degree in Quantitative Sciences (Malaysia)

*Experience:*

- Former Assistant Manager MUA life with 11 years of experience in Life Assurance sector.
- Joined the Company on 31st October 2022 as Operations Manager.

**Mr Vinay Anand Ramdahen – Sales Manager**

*Qualifications:*

- Higher School Certificate

*Experience:*

- A seasoned professional with over 25 years of experience in the dynamic world of Insurance Sales.
- He joined MUA as a Salesperson and quickly became a Team Leader, then Field Trainer, Area Coordinator and finally Assistant Manager – Sales.
- During all those years he has developed a passion for helping people safeguard their future and loved ones.
- Over the years he has recruited and trained a diverse range of Salespersons each with unique needs and aspirations.
- Empowering teams to reach their fullest potential and delivering impactful presentations has always been his priority.
- His journey has been marked by continuous learning, adapting to industry trends and steadfast commitment to exceeding customers' expectations.
- Appointed Sales Manager on the 1st of July 2023.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**02: The Structure of the Board and its Committees (cont'd)**

***Profile of Senior Management Team (cont'd)***

**Mr Neeraj Baboolall – Senior Manager, Investment & Credit Management  
 (Resigned on 30 August 2024)**

*Qualifications:*

- BSc (Hons) Economics & Finance (UOL/LSE)
- ACI Dealing Certificate, The Financial Markets Association, Paris
- Academy of Financial Trading (UK) – Diploma

*Experience:*

- More than 10 years of experience in the Financial Sector including in Mauritius, UK & Switzerland
- Core attributes developed in the fields of; Financial & Market Analysis, Portfolio Modelling & Advisory, Financial Risk Management, Treasury & Credit Management, Trading & Settlement, Fund Administration & Reporting and Project Management - Lead the development of the First Trading Lounge for global financial markets in Mauritius.
- Former Senior Administrator for the Institutional and Private Wealth division of GMG Asset Management, a Swiss based investment boutique.
- Former Head of Operations & Business Development at Capstock Ltd, local representative of Saxo Bank & CMC Markets UK.
- Other work experience includes HF Markets Ltd and MUA.

**Ms. Siow Yan Lim Fook – Finance Manager  
 (Resigned on 30 June 2024)**

*Qualifications:*

- Fellow Member of the Association of Chartered Certified Accountants

*Experience:*

- More than 30 years of experience in Finance mainly in the Life Assurance sector.
- Former Finance Manager and Money Laundering Officer at Afri Life Insurance Ltd.
- Former employee of various insurance companies in Mauritius (SICOM, Swan, IOGA Ltd).

**Ms. Rashmee Daby – Finance Manager  
 (Appointed on 28 October 2024)**

*Qualifications:*

- Fellow Member of the Association of Chartered Certified Accountants
- MBA (Specialisation Financial Services), University of Mauritius

*Experience:*

- More than 18 years of experience in Finance mainly in the Financial Services Sector and the Real Estate Sector
- Former Finance Director and Deputy Money Laundering Reporting Officer at Waterstone Realty
- Former employee of various management companies in Mauritius (Intercontinental Trust Ltd, Knights & Johns Management Ltd, MITCO Group)

**Mr. Max Samoisy – Investment and Risk Manager  
 (Appointed on 06 December 2024)**

*Qualifications:*

- BA Law and Management, University of Mauritius
- MSC Finance (Investment Management Stream), BPP University, UK
- Postgraduate Certificate, Trading and Market Analysis, Amplify Trading PLC, UK
- PRM (In progress) Exam I & II Passed, PRMIA, USA

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**02: The Structure of the Board and its Committees (cont'd)**

**Profile of Senior Management Team (cont'd)**

*Experience:*

- More than 12 years of experience in Financial Sector in Mauritius and the UK
- Former Senior Financial Analyst at SWAN Capital Solution
- Former Risk Manager at Axys Leasing Ltd – Private Banking Project
- Former Quantitative Analyst at Basing Hall Analytics (UK)
- Former Investment Analyst at All Seasons Capital Management Ltd and P Conciliarri Ltd
- Former Futures Trader at Amplify Trading PLC (UK)
- Former Relationship Officer- Brokers & Corporate Partners- Financial & Specialities at MUA
- Former Lecturer at Charles Telfair Institute
- Former Senior Management Consultant at Le Marin Villa.

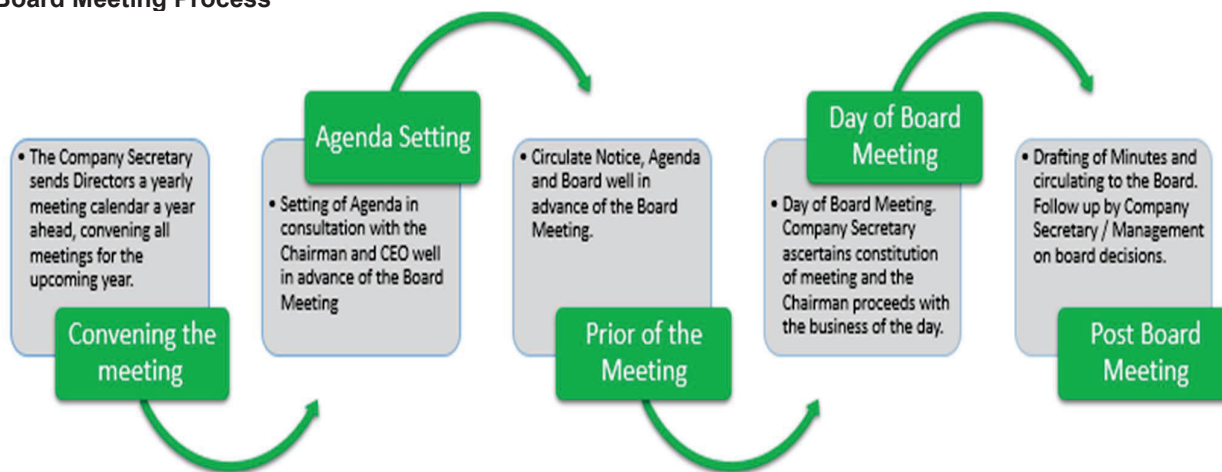
**Company Secretary**

Currimjee Secretaries Limited is the Company Secretary and is represented by Mr. Ramanuj Nathoo, having the requisite qualifications to assume the position.

**Board Responsibilities**

The Board is responsible for leading and controlling the Company as well as meeting all legal and regulatory requirements and acts in the best interest of its Shareholders.

**Board Meeting Process**



**Board Focus areas**

Three (3) Board Meetings were held during the year under review. Board Meetings were organized both in-person and by videoconference to give the opportunity to all Directors to attend and participate.

**Board Committees**

The Board has established three (3) Board Committees to which it has delegated some of its powers and responsibilities to assist in the execution of its responsibilities. The Board nevertheless remains collectively responsible for the decisions and actions taken by the Committees.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**02: The Structure of the Board and its Committees (cont'd)**

*Board Committees (cont'd)*



The Terms of Reference of each of its Committees, as available on the Company’s website, are reviewed annually and any proposed amendments are recommended to the Board for approval.

Audit & Risk Committee	
<b>Composition</b>	<ul style="list-style-type: none"> <li>• <u>Chairperson</u> Mr Ashok Shah (Chairman)</li> <li>• <u>Members:</u> Mr Raffi Currimjee Mr Sattar Hajee Abdoula Mr Ian Etheridge Ms Oumila Sibartie</li> </ul>
<b>Focus areas for year 2023</b>	<ul style="list-style-type: none"> <li>• Review of Audited Financial Statements for financial year 2022.</li> <li>• Review of client service report from external auditor and letter of representation.</li> <li>• Review of internal audit reports, internal audit plan and implementation of audit recommendations.</li> <li>• Approval of external auditor’s engagement letter and client service plan</li> <li>• Interaction with the actuaries on the valuation report.</li> <li>• Consideration of the latest risk profile and risk register of the Company.</li> <li>• Review of Actuarial Reports.</li> </ul>
Investment Committee	
<b>Composition</b>	<ul style="list-style-type: none"> <li>• <u>Chairperson</u> Ms Oumila Sibartie (<i>Appointed as Chairman on 25 July 2024</i>)</li> <li>• <u>Members</u> Mr M Iqbal Oozeer (<i>Stepped down as Chairman of the IC on 25 July 2024</i>) Mr Chrispinus O. Mugwang’a (<i>Appointed on 29 August 2024</i>) Mrs Shamima Mallam-Hassam (<i>Appointed on 25 July 2024</i>) Mr Bodun Koomar (<i>Resigned as Member on 30 June 2024</i>)</li> </ul>
<b>Focus areas for year 2023</b>	<ul style="list-style-type: none"> <li>• Investment Policy Statement Update &amp; Investment Strategy update in line with the Asset &amp; Modelling Exercise carried out by the actuaries.</li> <li>• Review of Investment Committee Charter.</li> <li>• Quarterly Portfolio Review &amp; Performance review of Investment Managers supported by the Investment Advisors</li> <li>• Portfolio Optimisation and Rebalancing Strategy Review</li> </ul>

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

**02: The Structure of the Board and its Committees (cont'd)**

**Board Committees (cont'd)**

Corporate Governance Committee	
<b>Composition</b>	<ul style="list-style-type: none"> <li>• <u>Chairperson</u> Mr Ian Etheridge (Chairman)</li> <li>• <u>Members</u> Mr Raffi Currimjee Mrs Shamima Mallam-Hassam (<i>Appointed on 25 July 2024</i>) Mr Anil C Currimjee (<i>Resigned on 31 December 2023</i>)</li> </ul>
<b>Focus areas for year 2023</b>	<ul style="list-style-type: none"> <li>• Review of the Company's Corporate Governance Report 2022.</li> <li>• Review and recommend disclosures in accordance to the National Code for Corporate Governance.</li> <li>• Review of the Committee's Terms of Reference.</li> <li>• Review and approve the Board Assessment and Individual Director Evaluation Questionnaire or 360 Peer Review.</li> </ul>

**Attendance at Board Meetings and Board Committees**

The table below presents the attendance records at the Company's Board and Committee meetings for the year under review:

Directors	Director's Category	Board Meeting	Audit & Risk Committee	Investment Committee	Corporate Governance Committee
<i>Number of meetings during Year 2023</i>		<b>3</b>	<b>5</b>	<b>4</b>	<b>1</b>
Mr. M Iqbal Oozeer <sup>1</sup>	Chairman & NED	3	-	4	-
Mr. Raffi Currimjee	NED	2	3	-	1
Mr. Sattar Hajee Abdoula	NED	-	1	-	-
Mr. Ashok Shah	ID	3	5	-	-
Mr. Ian Etheridge	ID	3	5	-	1
Ms. Oumila Sibartie	ID	3	5	4	-
Mrs Shamima Mallam-Hassam <sup>2</sup>	ID				
Mr Chrispinus O. Mugwang'a <sup>3</sup>	ED				
Mr. Anil C Currimjee <sup>4</sup>	NED	3	-	-	1
Mr. R Lloyds Coombes <sup>5</sup>	NED	1	-	-	-
Mr Rishaad Ali Currimjee <sup>6</sup>	NED	-	-	2	-
Mr. Bodun Koomar <sup>7</sup>	ED	3	-	4	-

Key: ED – Executive Director / NED: Non-Executive Director / ID: Independent Director

Notes:

- |                                |  |
|--------------------------------|--|
| 1. Mr. M Iqbal Oozeer          | Appointed as Chairman on 01 January 2024         |
| 2. Mrs Shamima Mallam-Hassam   | Appointed as ID on 21 February 2024              |
| 3. Mr. Chrispinus O. Mugwang'a | Appointed as ED on 29 August 2024                |
| 4. Mr Anil C Currimjee         | Resigned as Chairman and NED on 31 December 2024 |
| 5. Mr. R Lloyd Coombes         | Resigned as Director on 04 July 2023             |
| 6. Mr. Rishaad A. Currimjee    | Resigned as NED on 01 April 2023                 |
| 7. Mr. Bodun Koomar            | Resigned as ED on 30 June 2024                   |

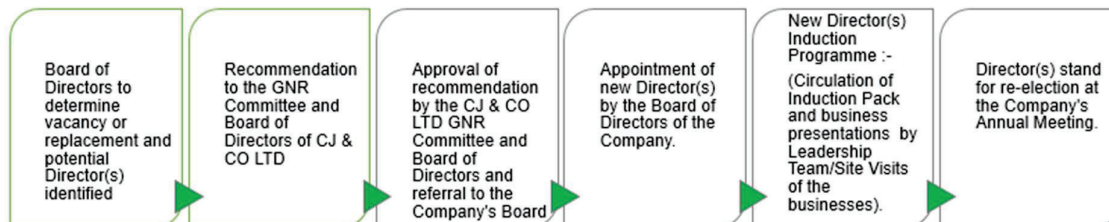
## ISLAND LIFE ASSURANCE CO. LTD CORPORATE GOVERNANCE REPORT 2023

### 03: Director Appointment Procedures

#### Director's Appointment, Re-election, Induction and Orientation

The appointment, re-election and removal of Directors on the Board of the Company is currently deputized to the Governance, Nominations and Remunerations Committee ("GNR Committee") of CJ & CO LTD, which recommends to the Board of the Company, the Directors to be appointed and/or re-elected. All Directors are eligible for re-election at the Annual Meeting of Shareholders.

The nomination and appointment process of Directors for the Board is as per below:



#### Professional Development of Directors

The Board values ongoing professional development and recognizes the importance of all Directors receiving regular training to be able to serve effectively on, and contribute to, the Board and Board Committees.

The Company provides regular updates to the Directors to best develop their knowledge and capabilities. Directors are kept abreast of trends in the business, competitive and regulatory environments regularly at Board Meetings.

Directors are further encouraged to undergo continual professional development to ensure that they can fulfil their obligations and to continually improve the performance of the Board. They are given the opportunity to attend training workshops organised by external facilitators.

The Board also recognises and nurtures talent. To this end, it has put in place a Talent Development Program for key executives to ensure that the Group creates opportunities to develop current and future leaders.

#### Succession Planning

The Board is responsible for the succession planning of Directors and maintains a database of prospective candidates for Board appointments. The GNR Committee of CJ & CO Ltd recommends succession plans for Directors. They ensure that when the replacement of Chairman/Directors are made, candidates with the requisite skills and experience are identified, considering the Company's current and future needs. The Company has a business continuity plan for the Executive Director.

### 04 - Director Duties, Remuneration and Performance

The Directors are aware of their fiduciary duties as laid out in the Companies Act. All Directors are expected to act in the utmost good faith and in the best interests of the Company, which includes the need to exercise care, skill and diligence so as to promote company success through independent judgment.

Newly appointed Directors receive an Induction Pack containing *inter-alia* the following documents to help the Director better understand the Company and the governance system in place for the effective discharge of his/ her duties:

- Corporate Details and high-level Company organigram;
- Governance Framework;
- Code of Conduct;
- Company Constitution; and
- Information on the Company's strategy, major projects and financials.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**04 - Director Duties, Remuneration and Performance (cont'd)****Conflict of Interest and Related Party Transaction Policy**

The Board Charter contains provisions to manage any potential conflict of interest and each Director is required to disclose any actual or potential conflicts of interests and is not allowed to take part in any discussion or decision on transactions in which they have an interest. All such disclosures of interest have been duly recorded in the minutes of Board meetings. The Related Party Transaction Policy outlines the approval process, disclosure and reporting requirements for related party transaction(s) and ensures transparency in the conduct of such transaction(s) in the best interest of the Company and its Shareholders. The Audit & Risk Committee is assigned the responsibility to monitor and report related party transactions outside the normal course of business to the Board.

The Board ensures that all related party transactions are carried out at arm's length. Transactions with related parties are disclosed in the financial statements. The Company Secretary also maintains an interest register, which is available to Shareholders, upon written request to the Company Secretary.

**Information**

The Chairman, with the assistance of the Company's Senior Management Team and the Secretary, ensures that Directors receive necessary information for them to perform their duties and that the Board has sufficient time for consultation and decision making. Ongoing relevant information is also shared with Directors between two Board meetings to keep them abreast of developments.

Directors also have access to the Company's Senior Management Team as and when required with the approval of the Chairman and the Executive Director.

**Information Technology and Information Security Governance**

The Information Technology and Information Security services are outsourced from Currimjee Jeewanjee and Company Limited ("CJ") by the Company.

The governance and overall IT security posture of ILA is looked into from a Group perspective. IT for CJ Group Companies including ILA are hosted on CJ's Private Cloud and the management of this cloud has been outsourced to Emtel under the purview of the Corporate Office of CJ.

In Year 2023, the CJ Private Cloud was consolidated with full storage capacity and new services were added on the cloud both at CJ corporate and the Company level. A new offsite backup system was implemented at CJ DR site for more resilience.

The resilience of the system was tested by carrying out a Vulnerability Assessment / Penetration Testing exercise in December 2023 (i.e. a simulated attack on Internet facing systems to assess their security posture and identify vulnerabilities that could be exploited by a malicious attacker) by an international security firm from South Africa. This exercise covered all internet facing servers under the CJ Private Cloud. The results of the exercise were positive with no critical or major threat detected on the system. A phishing simulation exercise was also carried out and a fall in phishing rate was observed (10% in 2023 v/s 15% in 2022). This is a result of the Information Security Awareness that is conducted yearly. CJ group companies aim to reach the global target of 5% by end 2025 through continued awareness.

The Information Security Management System ('ISMS') Committee, set up by CJ in August 2022 to look into the security postures of CJ Group companies, including ILA, had 3 meetings during Year 2023.

This Committee has enabled in-depth insight into the operations, management of IT risks and IT Security. It is a forum for discussion of all IT blocking factors and reaching informed decisions on the matter.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

**04 - Director Duties, Remuneration and Performance (cont'd)**

**Information Technology and Information Security Governance (cont'd)**

A special attention is being given to risks associated with generative AI and other emerging technologies. Discussions have been initiated with the Mauritius Emerging Technologies Council for collaboration in these new fields.

The outcomes of the ISMS committee meetings are reported to the Company.

In line with its strategic objective of digitalisation at CJ group companies, the use of Cognos BI was reviewed and in December 2023, Cognos BI was replaced by Microsoft Power BI for all financial reporting. The advantage of using Power BI over Cognos BI lies in its simplicity, flexibility and ease of use. The users will be empowered to do their own reporting. The Online Digital Sales system implementation was well under way in 2023.

**Board, Board Committee & Individual Director evaluation**

The Board is evaluated on an annual basis. The exercise is carried out internally through the circulation of a questionnaire. The results and appropriate action plans are presented at the Board. The Board evaluation questionnaire for the year 2023 will be submitted to the Board for approval and will be used to assess the performance of the Board for year 2023. The evaluation of the Audit & Risk Committee will be conducted for year 2023. The feedback will be shared with the respective Committee for formulation of improvement actions as may be required.

**Remuneration Policy**

Independent and Non-Executive Directors' fees are approved by the Board, on the recommendation of the CJ GNR Committee. Independent and Non-Executive Directors (excluding retired Group Executive Directors and Executive Directors of the Currimjee Group) are paid committee fees, in addition to their Directors' fees. They are also remunerated for attendance at Board Meetings. Directors residing overseas are reimbursed travelling expenses (incl. airfares, hotel accommodation and out of pocket expenses) incurred in the performance of their roles and duties.

Remuneration and benefits received by Directors for the financial year 2023 were as follows:

Directors	Director's Category	Year 2023 Rs' 000	Year 2022 Rs' 000
Mr. M Iqbal Oozeer <sup>1</sup>	Chairman & NED	-	-
Mr. Raffi Currimjee	NED	-	-
Mr. Sattar Hajee Abdoula	NED	250	280
Mr. Ashok Shah	ID	660	660
Mr. Ian Etheridge	ID	660	660
Ms. Oumila Sibartie	ID	330	330
Mrs Shamima Mallam-Hassam <sup>2</sup>	ID	-	-
Mr Chrispinus O. Mugwang'a <sup>3</sup>	ED	-	-
Mr. Anil C Currimjee <sup>4</sup>	NED	-	-
Mr. R Lloyds Coombes <sup>5</sup>	NED	60	220
Mr Rishaad Ali Currimjee <sup>6</sup>	NED	-	-
Mr. Bodun Koosmar <sup>7</sup>	ED	-	-

Key: ED – Executive Director / NED: Non-Executive Director / ID: Independent Director

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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## 04 - Director Duties, Remuneration and Performance (cont'd)

### Remuneration Policy (cont'd)

Notes:

- |                                |  |
|--------------------------------|--|
| 1. Mr. M Iqbal Oozeer          | Appointed as Chairman on 01 January 2024         |
| 2. Mrs Shamima Mallam-Hassam   | Appointed as ID on 21 February 2024              |
| 3. Mr. Chrispinus O. Mugwang'a | Appointed as ED on 29 August 2024                |
| 4. Mr Anil C Currimjee         | Resigned as Chairman and NED on 31 December 2023 |
| 5. Mr. R Lloyd Coombes         | Resigned as Director on 04 July 2023             |
| 6. Mr. Rishaad A. Currimjee    | Resigned as NED on 01 April 2023                 |
| 7. Mr. Bodun Koomar            | Resigned as ED on 30 June 2024                   |

None of the Directors has received remuneration in the form of share options.

### Executive Director's Service Contracts

The Executive Director has a service contract with the Company.

### Directors' & Officers' Liability Insurance

A liability insurance cover for Directors and Officers has been subscribed by the Company. The policy provides cover for the risks arising out of acts or omissions of the Directors and Officers of the Company in the performance of their duties, to the extent permitted by law.

### Directors' Interests and Dealings in Shares

The Directors' indirect interests in the stated capital of the Company at 31 December 2023 were as follows:

Indirect Interest in the Company's shares through Currimjee Limited (%)	
Mr. Anil C Currimjee	4.71
Mr. Raffi Currimjee	4.49
Mr. Rishaad Ali Currimjee	5.41

*\*Indirect interest includes shares held in the Company through the ultimate holding company and the Directors' associates.*

## 05 - Risk Governance and Internal Control

### Risk Governance

Risk governance is the architecture within which risk management operates in an organisation. It will reflect, and seek to sustain and evolve, the organisation's risk culture. Since risk management is fundamental to running any business, risk governance is a fundamental part of corporate governance.

Having a good risk governance in place will result in risk being accepted and managed within known and agreed risk appetites. Risk governance will ensure that there is a structure of risk responsibility throughout the organisation. As a result, everybody in the organisation will be aware of their own risk responsibilities and accountabilities and those of others with whom they work. Governance delivers effective accountability, including the accountability of the board of Directors. Risk governance is an integral part of the day-to-day running of the business and is not about just complying with a set of rules. Since operational risk management involves everybody in the organisation, the risk governance framework also encompasses everybody. That means that it can only operate successfully if there are clear and effective lines of communication both up and down the organisation and a culture which promotes transparency, integrity and openness.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**05 - Risk Governance and Internal Control (cont'd)**

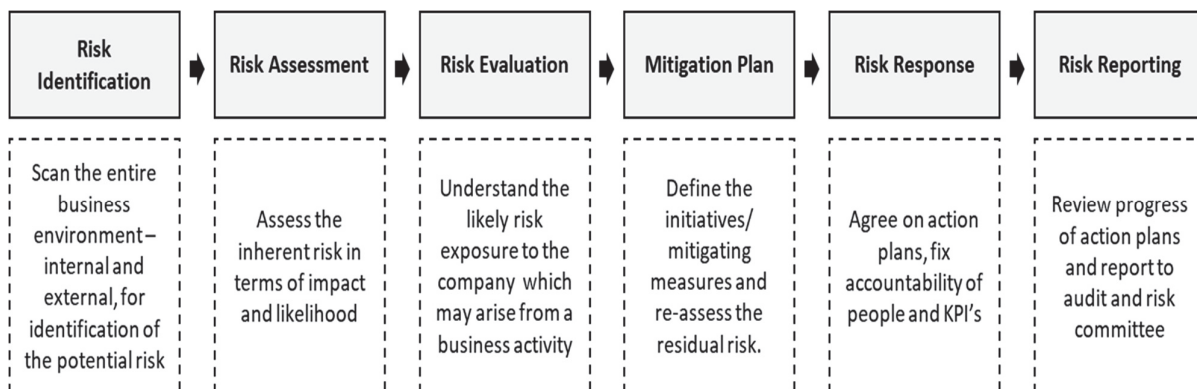
**Risk Governance(cont'd)**

The management of risks is the overall responsibility of the Board of Directors, including the development of risk management strategies and the development of an ongoing risk assessment system for the mitigation of risks, considering the objectives of the Company. Risk governance applies the principles of good governance to the identification, assessment, management and communication of risks.

The Enterprise Risk Management (ERM) Framework falls under the supervision of the Audit & Risk Committee to ensure adequate and effective risk governance. Management takes responsibility for the identification and monitoring of risks within the company as appropriate.

A robust documented process is in place to review and assess the effectiveness of Internal Controls over Financial and Non-Financial reporting, with a purpose to minimize the risk of not achieving the business objectives and also to provide reasonable assurance that the financial statements are free from material mistakes. The Risk Management Framework at Island Life Assurance Co. Ltd consists of a systematic approach to identify risks faced by the Company.

The risk management process is as follows:



The key elements of the Enterprise Risk Management (ERM) Framework are illustrated below:

Effective enterprise risk management is fundamental to real business sustainability and to creating value to shareholders. The Company has a well-established Enterprise Risk Management (ERM) process, which not only covers its operational and business (including strategic and financial) risks, but also its regulatory, societal, human capital, health and safety risks.

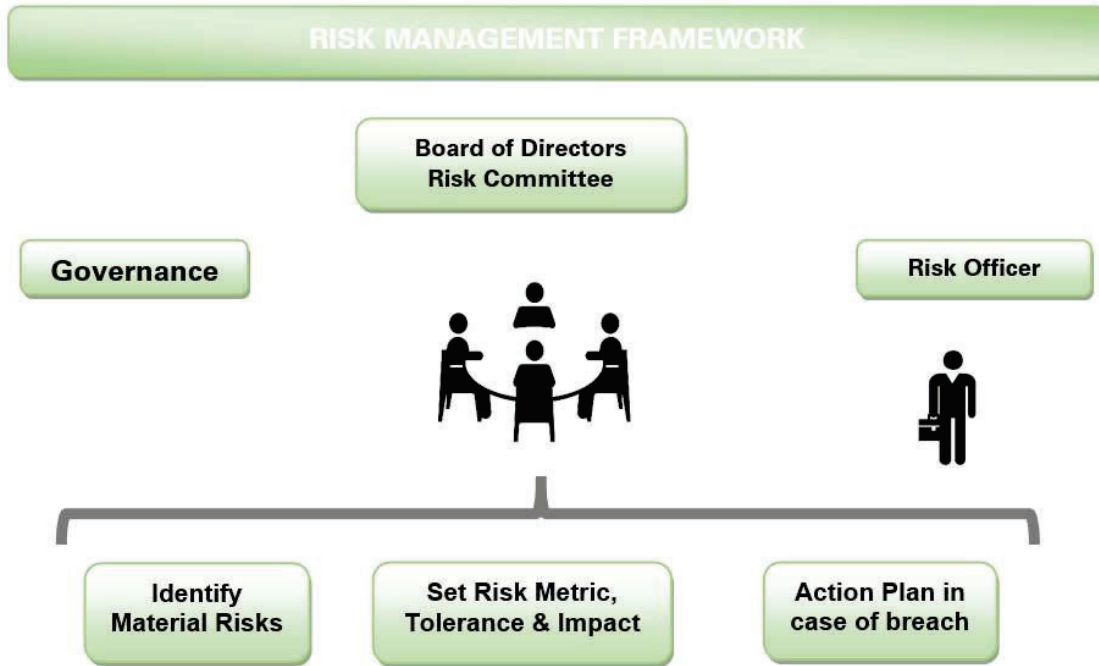
The purpose of the ERM process is to help the Company achieve its objectives by becoming more resilient in the actual business environment, thus ensuring growth across the group by optimising its operations and securing its future. The external context together with the internal environment, form the basis of our understanding of risks and opportunities that may arise.

The key elements of the risk management framework are illustrated below.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**05 - Risk Governance and Internal Control (cont'd)**

**Risk Governance(cont'd)**



Effective 1<sup>st</sup> July 2017, The Financial Services Commission (“FSC”) has, under section 130 of the Insurance Act and section 93 of the Financial Services Act, issued the Insurance (Risk Management) Rules 2016 (‘FSC Rules’), which the Company has implemented and adopted. The main components are as set below:



**Risk profile & Mitigations**

The Company is exposed to a variety of risks, and the key risks are listed below:

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**05 - Risk Governance and Internal Control (cont'd)**

**Risk Governance(cont'd)**

	<b>Risk Category</b>	<b>Risk Name</b>	<b>Risk Description and Context</b>	<b>Mitigating actions</b>
1.	Strategic	Sales and Profitability	<ul style="list-style-type: none"> <li>▪ Risk of change in mix and volume of business.</li> <li>▪ Risk that sales growth lags behind business expenses growth.</li> </ul>	<ul style="list-style-type: none"> <li>▪ We aim to develop other channels and reviewing our business strategy.</li> <li>▪ Business growth targets and sales achievement are closely monitored by the management committee and the board to ensure they align set strategic objectives.</li> </ul>
2.	Financial / Compliance	Solvency	<ul style="list-style-type: none"> <li>▪ Inability to maintain sufficient levels of minimum regulatory capital.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capital is held with comfort margins over minimum statutory and other capital requirements. Besides, liquidity risks are measured on an on-going basis.</li> </ul>
3.	Strategic	Market Disruption	<ul style="list-style-type: none"> <li>▪ Market disruption leading to competitive pressures.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unique products, smart pricing models and different customer experience are offered.</li> </ul>
4.	Compliance	Regulatory	<ul style="list-style-type: none"> <li>▪ Risk of non-compliance with applicable laws, regulation and guidelines.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is a proper mechanism in place to ensure compliance with legal and regulatory obligations (Reinforced compliance and AML/CFT framework to promote and sustain a culture of compliance within the Company).</li> </ul>
5.	Operational	Underwriting & Pricing	<ul style="list-style-type: none"> <li>▪ Mortality/morbidity is significantly heavier than expected.</li> <li>▪ Wrong assessment of underwriting risks and wrong pricing of products.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Underwriting guidelines from Reinsurer, complemented by reinforced underwriting philosophy.</li> <li>▪ Use of Actuary expertise on review of pricing of existing products and profitability and regular monitoring of mortality/morbidity experience internally and by actuary.</li> <li>▪ Conservative in the pricing of our annuity rates.</li> </ul>
6.	Financial	Credit	<ul style="list-style-type: none"> <li>▪ Default from loan customer, entailing high impairment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitoring of ageing of loans and recovery.</li> <li>▪ Assistance by attorney for legal actions.</li> <li>▪ Meet housing loan default customers to arrange for repayment plan/rescheduling of loans.</li> <li>▪ Monitoring and control on parameters used for impairment provisioning</li> <li>▪ Review of repayment terms / refinancing of loans and/or alternatively initiate legal action for recovery.</li> </ul>

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**05 - Risk Governance and Internal Control (cont'd)**

**Risk Governance(cont'd)**

	<b>Risk Category</b>	<b>Risk Name</b>	<b>Risk Description and Context</b>	<b>Mitigating actions</b>
7.	Operational	Systems, Fraud and Cyber Security	<ul style="list-style-type: none"> <li>Risks of loss resulting from inadequate internal processes, human error and systems' malfunction, fraud or from external events.</li> </ul>	<ul style="list-style-type: none"> <li>Premium collection mostly through bank standing order.</li> <li>Clearly defined process on authorised signatories for payments.</li> <li>IT infrastructure with controls.</li> <li>Monitoring risks associated with IT systems' stability, cyber security and internal control environment.</li> </ul>
8.	Human Capital	Talent Management	<ul style="list-style-type: none"> <li>Failure to retain top talent.</li> </ul>	<ul style="list-style-type: none"> <li>Learning &amp; development Policy, focus group/surveys.</li> <li>Engagement Survey and Action Plan (focus group).</li> <li>Healthy work environment which infuses opportunities for growth for individuals.</li> <li>Review of benefits and compensation in line with the industry.</li> </ul>
9.	Operational	Reputational	<ul style="list-style-type: none"> <li>Adverse press/media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Risk of reputational damage due to policyholder's dissatisfaction and bad press coverage.</li> <li>Fair treatment of policyholders and the Company does not compromise on its image, strong brand and culture.</li> </ul>
10.	Strategic	Economic downturn, geo-political instability and changing market conditions	<ul style="list-style-type: none"> <li>Failure to effectively respond to the Local and Global economic crisis directly/ indirectly impacting our business</li> </ul>	<ul style="list-style-type: none"> <li>Business continuity protocol and work out contingency plans applicable in crisis situation and ensure appropriate policies and controls are in place for the new work environment.</li> <li>Close monitoring of key economic indicators.</li> <li>Regular review of strategy at Strategic committee level, including SWOT analysis and re-assessment of the environment.</li> <li>Fair treatment of policyholders and the Company does not compromise on its image, strong brand and culture.</li> </ul>

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**05 - Risk Governance and Internal Control (Cont'd)****Internal Control**

The Board is responsible for reviewing the internal control system and satisfy itself that the system is functioning effectively. Appropriate processes, procedures and policies incorporating relevant internal controls, have been designed and implemented, to provide reasonable assurance that the control objectives are attained.

Whilst retaining the overall responsibilities, the Board has delegated the authority for monitoring and reviewing the effectiveness of the Company's internal control and compliance system to the Audit & Risk Committee. The Board also relies on the internal audit function to report on any weaknesses in the internal control systems and make recommendations to Management and to the Audit & Risk Committee for appropriate actions.

The Board acknowledges that a system of internal control can only provide reasonable but not absolute assurance against the occurrence of misstatements, human error, losses, fraud and other irregularities.

**Data Protection Policy**

The Data Protection Act 2017 (DPA) came in force to strengthen the control and autonomy of data subjects over their personal data. The Company acts as both Controller and Processor. In accordance with Section 22 of the DPA, the Company has adopted policies and implemented appropriate technical and organisational measures to ensure and demonstrates compliance with respect to the processing of personal data of individuals in their daily operation.

The Company has approved a Data Protection Policy with the view to promote a privacy culture within the company. In order to foster a data protection and privacy culture, the Company provides ongoing and appropriate refresher training to further protect the rights and freedoms of data subjects.

**Whistleblower Policy**

The Company's Whistleblower Policy is communicated to the Directors and all employees. The Company aims at encouraging its Directors, employees and anyone associated with the Company, who have concerns about any aspect of malpractices encountered within the Company to come forward and voice those concerns within a defined process with the confidence that they will be treated fairly.

An employee who reasonably believes that inappropriate business conduct is occurring should raise the concern with their immediate supervisor/manager or their superior. This may depend, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If the employee believes that management is involved, he/she should approach a more senior level of management within the company and/or the Chief Human Resource Officer and/or the Chairman of the respective Audit and Risk Committee of the Company and CJ & CO LTD.

The Chairman of the respective Audit and Risk Committee of the Company and CJ & CO LTD shall be notified of all financial or accounting irregularities or suspected irregularities. The policy does not supersede that requirement.

Should the matter have a direct link with the Chief Human Resource Officer of CJ & CO LTD, the Whistleblower is advised to report the case to the Chairman of the HROC.

The Company will take appropriate action to protect the employee when he/she raises a concern in good faith and if the claim of questionable practice is substantiated and proved, appropriate disciplinary action will be taken against the responsible individual(s) up to and including termination of employment. The policy ensures that the whistle-blower's identity is treated with confidentiality.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

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**06 - Reporting with Integrity****Health and Safety**

The Company ensures that its operations are compliant with the Occupational Safety and Health Act 2005. The safety of all stakeholders remain a priority of the company.

**Environment & Sustainability**

An Environment and Sustainability Statement which sets out its commitments and provides guiding principles to ensure that all business activities are in harmony with environmental preservation and sustainability, has been adopted by the Currimjee Group. The environmental commitments are as follows:

- Endeavour to preserve the environment and manage our operations in a sustainable manner for the well-being of future generations.
- Consider environmental and sustainability aspects as an integral part of our business strategy and operating methods.
- Recognise the global challenges due to climate change and diligently honour the Company's responsibility to reduce the environmental impacts of its business operations.
- Continually monitor and improve our environmental performance and support customers', employees', partners', and other stakeholders' environmental and sustainability progress.

These commitments are aligned with the United Nations Sustainable Development Goals (UN SDGs) and are regrouped under four strategic drivers:

- Addressing climate change
- Preserving ecosystems & natural resources
- By product and waste management
- Safe and engaged company and community

**Corporate Social Responsibility**

Within the Currimjee Group, the operating companies allocate their Corporate Social Responsibility (CSR) funds, either in full or partially, to the Currimjee Foundation. The Foundation has the responsibility for overseeing and executing the Group's CSR initiatives. By actively participating in initiatives addressing food security, facilitating education access for vulnerable groups, promoting health and well-being, and preserving the environment, the Foundation aligns itself with the United Nations Sustainable Development Goals (SDGs).

The Company did not make any contribution in year 2023 (2022- Nil) to the Currimjee Foundation nor to any other Foundations.

**Donations**

The Company did not make any political, non-political or charitable donations during the year under review (2022- Nil).

**07 – Audit****Internal Audit**

The Board has outsourced the provision of internal audit services to Ernst & Young (E&Y). As part of their delivery of internal audit services, the Internal Auditor:

- Reviews the risk assessment results of prior years to establish the Company's risk profile, which will enable a three-year risk based internal audit plan (IA plan) to be formulated and agreed upon by the Audit and Risk Committee.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**07 – Audit (cont'd)****Internal Audit (cont'd)**

- Conducts internal audits as per the agreed IA plan and report on the audit outcomes to the Audit and Risk Committee.
- Conducts internal audits using its qualified and competent staff, up to date technology and leading class risk-based methodology in line with IIA standards.
- Performs data analytics enabled internal audits to provide greater coverage over entire populations of data and internal controls, and thereby provide greater insights into areas under review.

The Internal Auditor's methodology aims to proactively drive strategic value to the organization, by providing:

- Key insights that enable the business to focus on the risks that matter and which aim to improve the quality and effect of work delivered.
- Robust mechanism to identify performance improvement opportunities (including robustness and efficiency of operations, quality of information for better decision making, optimizing use of available resources such as technology)
- Strategic insights that improve business performance.
- Prioritization of recommendations to facilitate implementation and sense of achievement.

The Internal Auditor uses the existing risk register and apply their tools, knowledge resources and experience to identify any additional risks they believe are relevant. This forms the basis for crafting a 3-years internal audit plan that focuses on the higher risk areas which will be subject to audits. The deliverables for the above work stream are (1) The Internal Auditor's recommendations for additional risks that apply and are not captured in the existing risk registers of the business units; (2) list of top inherent risks ranked in terms of significance arrived at through a facilitated process with management; and (3) an internal audit plan for 3 years that targets the higher risk areas that lend themselves to internal audits.

Additionally, the Internal Auditor reviews the design and operating effectiveness of the Company's controls in operation for the areas identified as part of the internal audit plan and submit as deliverable, an internal audit report to the Audit & Risk Committee for each internal audit visit, including its observations and agreed upon management actions to remediate control gaps.

The Internal Auditor reports independently to the Chairman of the Audit & Risk Committee on all internal audit matters and is responsible for providing assurance to the Audit & Risk Committee regarding the implementation, operation and effectiveness of the Company's internal control systems. In this respect, reliance is placed on the work undertaken by the Internal Auditor in line with the approved internal audit plan. The plan ensures that all significant areas of the Company's activities are duly covered in turn over a predetermined timeframe. The Internal Auditor has unrestricted access to the Company's records, the Chairman of the Audit & Risk Committee, Senior Management Team for the effective performance of their duties.

Following completion of internal audit engagements, salient internal audit observations are reported to Management in a closing meeting, followed by the issue of the internal audit reports. These reports are then presented at Audit & Risk Committee meetings, to communicate significant audit findings as well as Management's proposed action plans. Regular follow-up audits are also undertaken to monitor progress on the implementation of internal audit recommendations by Management, which are then reported back to the Audit & Risk Committee. The appointed Internal Auditor, Ernst & Young works closely with and shares their internal audit findings with the external auditors.

During the year under review the main audit assignments carried out by E&Y was the Review Compliance with FIAMLA Regulations, Fraudulent Sales and Cash Misappropriation.

**External Audit**

Deloitte was appointed as External Auditors of the Company for the financial year 2023.

**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**07 – Audit (cont’d)**

**External Audit (cont’d)**

The Audit & Risk Committee has reviewed and reported to the Board on the clarity and accuracy of the Company’s financial statements. While conducting their reviews, the Committee considered the following:

- the accounting policies and practices applied;
- material accounting judgements and assumptions made by management or significant issues or audit risks identified by the external Auditor; and
- compliance with relevant accounting standards and other regulatory financial reporting requirements, including the Code of Corporate Governance.

All significant issues raised by the external auditors during the audit are reviewed and monitored at the level of the Audit & Risk Committee until they are fully addressed. The external auditors are free to meet the Audit & Risk Committee without the presence of management should they wish to do so. No such meeting was required during the year under review. Nonetheless, the Chairman of the Audit & Risk Committee regularly consults the External Audit Partner.

The Board is regularly informed of all material issues discussed at the Audit & Risk Committee.

The fees paid to the External Auditors for audit and other services were as follows:

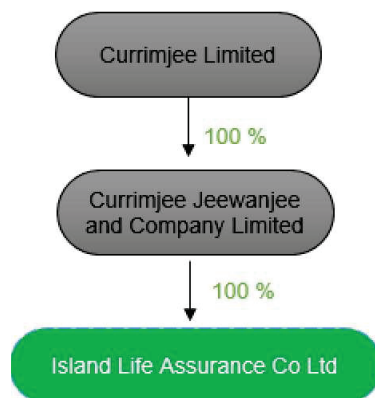
	2023 Rs	2022 Rs
<b>Audit fees</b>	2,875,000	1,272,895
<b>Tax Fees</b>	97,000	83,835
<b>Other Services-Risk Management Framework</b>	196,000	196,000

The Board ensures that provision of non-audit services by the External Audit firm are delivered by a team of officers that is completely independent from the external audit team, to ensure that the Auditor’s objectivity and independence are safeguarded.

**08 - Relations with Shareholders and Other Key Stakeholders**

**Ownership Structure**

As at 31 December 2023, the Company has issued 34,668,400 Ordinary Shares of Rs 10 each and the shareholding structure of the Company is set out below:



**ISLAND LIFE ASSURANCE CO. LTD  
CORPORATE GOVERNANCE REPORT 2023**

**08 - Relations with Shareholders and Other Key Stakeholders (cont'd)**

**Ownership Structure (cont'd)**

**Company Stakeholders**

The Company's key stakeholders are set out in the diagram below:



The Company is committed to respond to the needs and expectations of its key stakeholders and takes into account their interests in its dealings with them. The Board ensures that information is delivered in an open, transparent, meaningful and regular manner to the stakeholders. It engages with its key Stakeholders through existing communications platforms (Annual Report, Shareholder's meetings, Website, Employee Engagement Surveys, Social Media, CJ News & Intranet, Communiqués). The Company promotes effective communication with its Shareholder and the Shareholders of the ultimate holding company and gathers their views at the Shareholders' Meeting. Regular presentations are also made to the Company's bankers.

**Shareholders' Agreement**

The Company has no such agreement with any of its Shareholders for the year under review.

**Calendar of key events**

The calendar of key events for Shareholders is as follows:



**Employee Share Scheme**

For the year under review, there was no Employee Share Scheme in place at the Company's level.

**ISLAND LIFE ASSURANCE CO. LTD**  
**CORPORATE GOVERNANCE REPORT 2023**

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**08 - Relations with Shareholders and Other Key Stakeholders (cont'd)**

**Dividend Policy**

Every year, an actuarial valuation is made by our Actuaries in accordance with the Insurance Act 2005. The purpose of this valuation is to determine the surplus or deficiency of the Life Assurance Fund for the period under review.


The surplus on participating policies is distributed as follows:

- 90% to policyholders as bonuses on policies; and
- 10% to the sole Shareholder through a transfer to Shareholder's fund on a tri-annual basis.

The surplus on non-participating policies accrues to the sole Shareholder and is transferred to Shareholder's funds on a tri-annual basis. The Shareholder's funds are available for the payment of dividends upon the approval from the actuary and recommendation from the Board.


For the year under review, no dividend was paid by the Company (2022 - Nil)

Approved by the Board of Directors and signed on its behalf on 10 June 2025

DocuSigned by:  
  
B9F7E7C53115405...

Mr. M. Iqbal Oozeer

**Chairman**

Signed by:  
  
3CDCB9FB931640A...

Mr. Chrispinus O. Mugwang'a

**Executive Director**

**STATEMENT OF COMPLIANCE**

**(Section 75 (3) of the Financial Reporting Act)**

**Name of Public Interest Entity ("PIE"): Island Life Assurance Co. Ltd**

**Reporting Period: 01 January 2023 to 31 December 2023**

We, the Directors of **Island Life Assurance Co. Ltd**, confirm to the best of our knowledge that the Company has complied with all material obligations and requirements under the Code of Corporate Governance. Reasons for non-compliance, as applicable, have been explained in the Corporate Governance Report, save and except for the following:

**Website disclosures**

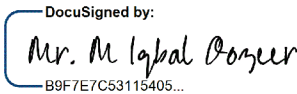
The Board believes that all material information on the Company and its governance framework, recommended to be disclosed on the website as per the Code, is available to shareholders and stakeholders through Annual Report & Financial Statements filed at the Registrar of Companies. The Company has updated its website to contain such disclosure requirements as recommended by the Code.

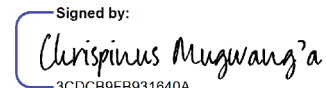
**Principle 1: Governance Structure**

**Details of other directorships**

The Board has decided to only disclose other directorship in public and listed companies. Details of other directorships are available at the Company's registry.

**SIGNED BY:**

**Names:**   
.....  
**Director**

  
.....  
**Director**

Date: 10 June 2025

**CURRIMJEE SECRETARIES LIMITED**

38, Royal Street  
Port Louis

**CERTIFICATE FROM THE COMPANY SECRETARY**

**ISLAND LIFE ASSURANCE CO. LTD**

**UNDER SECTION 166(d) OF THE MAURITIAN COMPANIES ACT 2001**

We certify that in terms of the compliance report as submitted and approved by the Board, the Company has filed with the Registrar of Companies, for the year ended 31 December 2023 all such returns as are required of the Company under the Mauritian Companies Act 2001 of Mauritius.



**Currimjee Secretaries Limited**  
**Per Ramanuj Nathoo (Mr)**  
*Secretary*



Date: 10 June 2025

**Independent auditor’s report to the Shareholder of  
Island Life Assurance Co. Ltd**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of **Island Life Assurance Co. Ltd** (the “Company”) set out on pages 38 to 141, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

**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 Standard Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Transition from IFRS 4 - Insurance contracts (‘IFRS 4’) to IFRS 17 - Insurance contracts (‘IFRS 17’).</b>	
<p>The Company has applied IFRS 17 Insurance Contracts (effective 1 January 2023 with a transition date of 1 January 2022) to insurance and reinsurance contracts it holds, which has resulted in significant changes to its reporting processes and to the financial statements.</p> <p>All contracts were accounted either under the full retrospective approach or fair value approach at transition date.</p> <p>Notes 2 and 28 to the financial statements provide qualitative and quantitative information on the impact of the adoption of IFRS 17 and critical accounting policies chosen, and judgement made.</p> <p>Given the complexity of implementing IFRS 17, particularly in relation to the determination and application of IFRS 17 accounting policies, we have identified the initial application of IFRS 17 as a key audit matter. Key areas of judgement included the assessment of insurance risk significance, determination of contract boundaries, identification of portfolios, level of aggregation for determining risk adjustment, allocation methodology for coverage units and other judgement areas as set out in Note 2 to the financial statements.</p>	<p>We evaluated the IFRS 17 key design and implementation and tested the operating effectiveness of management’s controls over the transition to IFRS 17, including approval of the IFRS 17 accounting policies and their application by the Company.</p> <p>With the support of our internal IFRS 17 and actuarial specialists, our audit procedures comprise the following:</p> <ul style="list-style-type: none"> <li>• Assessed whether the Company’s chosen accounting policies, IFRS 17 key design decisions and valuation methodologies were in compliance with IFRS 17 and that the nature and substance of the policies issued by the Company supported the policy elections made on transition.</li> <li>• Challenged the judgements applied by management in assessing whether contracts transferred significant insurance risk.</li> <li>• Reviewed that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS 17.</li> <li>• Reviewed the IFRS 17 transition models and methodologies for internal consistency and compliance with the requirements of IFRS 17.</li> <li>• Assessed compliance of these groups of contracts with the eligibility criteria in IFRS 17.</li> <li>• Assessed the appropriateness of management’s data and assumptions applied in valuing insurance contract liability balances as at the transition date and related opening adjustment in retained earnings for groups of contracts for which either the full retrospective approach or fair value approach was applied.</li> <li>• Assessed the adequacy of the transition disclosures in accordance with IFRS 17.</li> </ul>

**Independent auditor's report to the Shareholder of  
Island Life Assurance Co. Ltd**

**Key audit matters (cont'd)**

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of life insurance contract assets and liabilities</b>	
<p>As of 31 December 2023, the Company insurance and reinsurance contract assets and liabilities amounting to nil and Rs1,200 billion respectively for remaining coverage on its statement of financial position.</p> <p>At initial recognition, the Company measures a group of insurance contracts as the total of:</p> <ul style="list-style-type: none"> <li>- Fulfilment cash flows, which comprise of:               <ul style="list-style-type: none"> <li>(i) estimates of future cash flows, adjusted to reflect the time value of money and financial risks.</li> <li>(ii) risk adjustment for non-financial risk.</li> </ul> </li> <li>- Contractual service margin (CSM), which represents the unearned profit the Company will recognise as it provides service under the related insurance contracts, where applicable.</li> </ul> <p>PVFCF are associated with significant uncertainties requiring the use of expert judgment within complex actuarial models relying on subjective assumptions in relation to future events. Key assumptions include mortality, lapse and expense assumptions as well as modelled future decisions of management and of policyholders. Moreover, because of the long duration of its insurance products, relatively small changes in key assumptions may have a significant impact on PVFCF.</p> <p>The determination of PVFCF requires the use of complex formulas as well as the construction of models and other computational tools that may be incorrectly designed or configured, and for which inadequate assumptions and/or incomplete or inaccurate input data may be used.</p> <p>Accordingly, we have identified PVFCF within the recorded liability for remaining coverage as a key audit matter.</p> <p>The accounting policies and critical accounting judgments and estimates regarding PVFCF are described in Notes 2(o) and 3 respectively, with additional information presented in Note 9 to the financial statements.</p>	<p>We obtained an understanding of the models used by management related to the estimation of PVFCF.</p> <p>To test PVFCF, our audit procedures were executed with the assistance of our actuarial specialists and included the following:</p> <ul style="list-style-type: none"> <li>• Tested the completeness and accuracy of data, including in-force policyholder data as utilized by the Group to value estimated future cash flows by reconciling such amounts to the underlying accounting records.</li> <li>• Assessed key best estimate assumptions used in selected actuarial models via quantitative and qualitative analysis, including considerations of their reasonableness based on experience studies and our knowledge of the Group and local markets, products offered, publicly available market and macroeconomic data.</li> <li>• Reviewed a sample of experience studies supporting specific assumptions.</li> <li>• Challenged the nature, timing and completeness of changes in key assumptions, models and methods and assessing whether individual changes were errors or refinements of estimates.</li> <li>• Tested the models used through review of the calculation logic on a sample basis as well as through performing independent calculations of PVFCF and comparing the results to those of the Group.</li> <li>• Performed analytical review procedures, including period-to-period analysis of changes in PVFCF and assessing whether such changes appropriately reflect current period facts and circumstances.</li> <li>• We assessed the adequacy of the disclosures in the notes to the financial statements.</li> </ul>

**Other Matter**

The financial statements of Island Life Assurance Co. Ltd for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion thereon on 15 May 2023.

**Other information**

The directors are responsible for the other information. The other information comprises Chairman's Statement, Corporate Profile, Directors' Report, , Corporate Governance Report, , Statement of Compliance, Certificate from the Company Secretary but does not include the financial statements, and our auditor's report thereon.

## **Independent auditor's report to the Shareholder of Island Life Assurance Co. Ltd (cont'd)**

### **Other information (cont'd)**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and the Insurance Act 2005 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditor's report to the Shareholder of  
Island Life Assurance Co. Ltd (cont'd)**

**Report on other legal and regulatory requirements**

*Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company other than in our capacities as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

*Financial Reporting Act 2004*

*Corporate Governance Report*

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

*Insurance Act 2005*

The financial statements have been prepared in the manner and meet the requirements specified in the FSC Rules and Guidelines of the Financial Services Commission.

**Use of this report**

This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.



**Deloitte**

**Chartered Accountants**

10 June 2025



**LLK Ah Hee, FCCA**

**Licensed by FRC**

**ISLAND LIFE ASSURANCE CO. LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 Rs	2022 Rs Restated*
Insurance revenue (Note 7(a))	85,802,051	82,372,300
Insurance service expenses (Note 7(b))	(91,811,113)	(141,393,569)
Net expense from reinsurance contracts held (Note 7(c))	<u>(18,468,651)</u>	<u>(3,983,379)</u>
<b>Total insurance service result</b>	<b><u>(24,477,713)</u></b>	<b><u>(63,004,648)</u></b>
Insurance finance (expense)/income from Insurance contracts issued (Note 8(a))	(143,450,240)	118,439,879
Finance income/(expenses) from reinsurance contracts held (Note 8(b))	<u>11,355,284</u>	<u>(4,518,882)</u>
<b>Net insurance finance (expenses)/income</b>	<b><u>(132,094,956)</u></b>	<b><u>113,920,997</u></b>
<b>Net insurance service result</b>	<b><u>(156,572,669)</u></b>	<b><u>50,916,349</u></b>
<b>Other operating income/(expenses)</b>		
Operating expenses	(34,552,056)	(56,088,471)
Deficit on revaluation of property	-	(1,511,750)
Interest expense	-	(9,323)
Net investment and other income/(expense) (Note 10)	<u>105,427,535</u>	<u>(14,459,665)</u>
	<b><u>70,875,479</u></b>	<b><u>(72,069,209)</u></b>
Loss before tax	(85,697,190)	(21,152,860)
Income tax expense (Note 13)	-	-
Loss for the year	<b><u>(85,697,190)</u></b>	<b><u>(21,152,860)</u></b>
<i>Other comprehensive income:</i>		
<b>Items that will not be reclassified to profit or loss</b>		
Loss on revaluation of land and buildings (Note 15)	-	(15,038,251)
Re-measurements of post-employment benefit obligations (Note 24)	<u>(2,456,000)</u>	<u>11,203,000</u>
Total other comprehensive income for the year, net of tax	<b><u>(2,456,000)</u></b>	<b><u>(3,835,251)</u></b>
Total comprehensive income for the year	<b><u><u>(88,153,190)</u></u></b>	<b><u><u>(24,988,111)</u></u></b>

\*Prior year figures have been restated as a result of a change in accounting policies for the initial application of IFRS 9 and IFRS 17, refer to note 28 for additional information.

The notes on pages 42 to 141 are an integral part of the financial statements.

**ISLAND LIFE ASSURANCE CO. LTD**  
**STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2023**

	2023 Rs	2022 Rs Restated*	01 January 2022 Rs Restated*
<b>ASSETS</b>			
Intangible assets (Note 14)	-	93,747	430,277
Property, plant and equipment (Note 15)	<b>23,561,862</b>	23,889,406	39,246,061
Investment properties (Note 16)	<b>209,380,000</b>	204,880,000	191,672,450
Financial assets at fair value through profit or loss (Note 17)	<b>705,188,116</b>	708,342,726	828,330,216
Insurance contract assets (Note 9)	-	861,935	166,860
Reinsurance contract assets (Note 9)	-	11,695,427	23,037,699
Loans and advances (Note 18)	<b>144,591,415</b>	135,520,745	177,570,226
Other receivables (Note 19)	<b>69,770,653</b>	60,582,901	-
Retirement benefit assets (Note 24)	-	206,000	-
Cash and cash equivalents (Note 20)	<b>69,089,938</b>	89,490,966	116,347,372
<b>Total assets</b>	<b>1,221,581,984</b>	1,235,563,853	1,376,801,161
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital (Note 22)	<b>346,684,000</b>	324,530,000	324,530,000
Accumulated losses	<b>(369,409,234)</b>	(281,256,044)	(271,306,184)
Properties revaluation reserves	-	-	15,038,251
<b>Total equity</b>	<b>(22,725,234)</b>	43,273,956	68,262,067
<b>LIABILITIES</b>			
Insurance contract liabilities (Note 9)	<b>1,195,872,447</b>	1,148,716,888	1,235,111,213
Reinsurance contract liabilities (Note 9)	<b>4,366,861</b>	2,882,180	-
Retirement benefit obligations (Note 24)	<b>2,250,000</b>	-	10,997,000
Other payables (Note 25)	<b>41,817,910</b>	40,690,829	62,430,881
<b>Total liabilities</b>	<b>1,244,307,218</b>	1,192,289,897	1,308,539,094
<b>Total equity and liabilities</b>	<b>1,221,581,984</b>	1,235,563,853	1,376,801,161

\*Prior year figures have been restated as a result of a change in accounting policies for the initial application of IFRS 9 and IFRS 17, refer to note 28 for additional information.

Approved and authorised for issue by the Board of Directors on 10 June 2025 and signed on its behalf by:

DocuSigned by:  B9F7E7C53115405...	Signed by:  3CDCB9FB931640A...	} DIRECTORS
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The notes on pages 42 to 141 are an integral part of the financial statements.

**ISLAND LIFE ASSURANCE CO. LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Share capital Rs	Accumulated losses Rs	Properties Revaluation Reserve Rs	Total equity Rs
At 01 January 2022	324,530,000	46,102,529	-	370,632,529
Impact of adopting IFRS 9	-	(2,291,085)	-	(2,291,085)
IFRS 17 transitional adjustment on reserves	-	(315,117,628)	15,038,251	(300,079,377)
At 01 January 2022 (restated*)	324,530,000	(271,306,184)	15,038,251	68,262,067
Loss for the year (restated*)	-	(21,152,860)	-	(21,152,860)
<u>Other comprehensive income</u>				
Loss on revaluation of land and buildings (Note 15)**	-	-	(15,038,251)	(15,038,251)
Re-measurements of post-employment benefit obligations (Note 24)	-	11,203,000	-	11,203,000
At 31 December 2022 (restated*)	324,530,000	(281,256,044)	-	43,273,956
<i>Transaction with owner</i>				
Share capital issued during the year (Note 22)	<b>22,154,000</b>	-	-	<b>22,154,000</b>
Loss for the year	-	<b>(85,697,190)</b>	-	<b>(85,697,190)</b>
<u>Other comprehensive income</u>				
Re-measurements of post-employment benefit obligations (Note 24)	-	<b>(2,456,000)</b>	-	<b>(2,456,000)</b>
<b>At 31 December 2023</b>	<b>346,684,000</b>	<b>(369,409,234)</b>	-	<b>(22,725,234)</b>

\*Prior year figures have been restated as a result of a change in accounting policies for the initial application of IFRS 9 and IFRS 17, refer to note 28 for additional information.

\*\* The revaluation performed during the year ended 31 December 2022 resulted in revaluation deficit of MUR 16,550,001. Excess of deficit over available surplus was recognised in profit and loss.

The notes on pages 42 to 141 are an integral part of the financial statements.

**ISLAND LIFE ASSURANCE CO. LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 Rs	2022 Rs Restated*
<b><i>Cash flow from operating activities</i></b>		
Loss for the year before taxation	(85,697,190)	(21,152,860)
<i>Adjustments for:</i>		
Amortisation of intangible asset (Note 14)	93,747	336,530
Expected credit losses (Note 18)	(2,801,511)	198,814
Depreciation on property, plant and equipment (Note 15)	1,483,867	1,210,075
Fair value gain on investment properties (Note 16)	(4,500,000)	(16,887,550)
Deficit on revaluation of property	-	1,511,750
(Gain)/loss on disposal of financial assets at fair value through profit or loss (Note 10)	(6,347,812)	2,297,589
Net fair value (gain)/loss on revaluation of financial assets at fair value through profit or loss (Note 10)	(28,526,438)	85,757,100
Loss on revaluation of repossessed properties (Note 19)	2,749,000	-
Net unrealised (gain)/loss on foreign exchange transactions	-	5,882
Interest income (Note 10)	(26,359,088)	(25,378,519)
Dividend income (Note 10)	(11,721,884)	(8,030,017)
<b>Operating loss before working capital changes</b>	<b>(161,627,309)</b>	19,868,794
Decrease/(Increase) in insurance contract assets	861,935	(695,075)
Decrease in reinsurance contract assets	11,695,427	11,342,272
(Increase) in other receivables	(11,936,751)	(10,925,056)
Increase/(decrease) in insurance contract liabilities	47,155,559	(86,394,325)
Increase in reinsurance contract liabilities	1,484,680	2,882,180
Increase/(decrease) in other payables	1,127,081	(21,740,052)
<b>Cash used in operations</b>	<b>(111,239,379)</b>	(85,661,262)
Interest received	26,359,088	25,378,519
Dividends received	11,721,884	8,030,017
<b>Net cash used in operating activities</b>	<b>(73,158,407)</b>	(52,252,726)
<b><i>Cash flow from investing activities</i></b>		
Payments for purchase of property, plant and equipment (Note 15)	(1,156,323)	(2,403,417)
Payments for purchase of financial assets at fair value through profit or loss (Note 17)	(37,623,710)	(41,741,380)
Proceeds from disposal of financial assets at fair value through profit or loss (Note 17)	75,652,570	73,674,181
Net loans granted (Note 18)	(41,761,641)	(22,335,408)
Net refund of loans granted (Note 18)	35,492,482	18,208,226
<b>Net cash generated from investing activities</b>	<b>30,603,378</b>	25,402,202
<b><i>Cash flow from financing activities</i></b>		
Proceeds from issue of share capital (Note 22)	22,154,000	-
<b>Net cash generated from financing activities</b>	<b>22,154,000</b>	-
<b>Net decrease in cash and cash equivalents</b>	<b>(20,401,029)</b>	(26,850,524)
Cash and cash equivalents at beginning of year	89,490,966	116,347,372
Effect of exchange rate changes on cash and cash equivalents	-	(5,882)
Cash and cash equivalents at end of year (Note 20)	<b>69,089,938</b>	89,490,966

\*Prior year figures have been restated as a result of a change in accounting policies for the initial application of IFRS 9 and IFRS 17, refer to note 28 for additional information.

The notes on pages 42 to 141 are an integral part of the financial statements.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**1 GENERAL INFORMATION**

Island Life Assurance Co. Ltd (the "Company") is incorporated in Mauritius under the Mauritius Companies Act 2001 as a public company with limited liability. The principal activity consists of long-term life insurance and individual Personal Pension Plan business. All of its products are delivered to the domestic market. The registered office is situated at 38 Royal Street Port Louis and its principal place of business is situated at Corner Leoville L'Homme & Sir William Newton Street Port Louis.

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***Basis of preparation***

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IASB") and in compliance with the Mauritius Companies Act 2001. The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties, land and buildings and financial assets at fair value through profit and loss (FVTPL).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company is regulated under the Mauritius Companies Act 2001, the Insurance Act 2005 (and regulations of the Financial Services Commission (the "Commission")).

***Going concern***

In accordance with the requirements of IAS 1 - Presentation of Financial Statements, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

At 31 December 2023, the Company had a shareholder's deficit of Rs 22,275,234 (2022: Shareholder's fund of Rs 43,273,956). The directors have made an assessment of the Company's ability to continue as a going concern, and they consider that there is sufficient liquidity to enable it to continue as a going concern for at least the next 12 months, taking into account the following factors:

- Based on management assessment, the forecast cash generated from operations in the 12 months after the signing of these financial statements will be sufficient to meet the liquidity requirements for that period.
- At 31 December 2023, the Company did not have any borrowings nor bank overdrafts balances.
- Based on the cash flow forecast, the Company will be able to meet its payment obligations without requiring any external funding or overdraft facilities.
- Based on the cash flow forecast, management expects increased revenue from growth in the demand for new insurance products and services from the existing customer base, expansion of the customer base, and penetrating niche market for specific insurance products. Strong operating cash flow generation is supported by efficient expense management with monitoring of reinsurance costs and negotiations for better reinsurance rates.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Going concern (cont'd)***

- Management continuously monitors investment risks and employs prudent asset-liability management to mitigate any market shocks. Management has developed and implemented the following asset management and Investment strategy to ensure sustainable performance.
  - Management adheres strictly to the strategic asset allocation thresholds proposed by the statutory actuary, in line with the Investment Rules of the Insurance Act.
  - Regular monitoring and frequent interactions with fund managers are in place to mitigate deviations from accepted tolerance levels.
  - An Asset Liability Matching (ALM) exercise, led by the Company's statutory actuary is currently underway. This exercise will ensure the optimal investment of assets by matching the duration of assets to liabilities, thereby minimising the impact of cash flow volatility. The Investment Managers are also positioning the Company's portfolios towards long-term fixed income products.
- The projected solvency as per the Company's statutory actuary show an improved Minimum Capital Requirements ('MCR') ratio from 103% for the year ended 31 December 2023 to an MCR ratio of 120% for 2024.
- The Company has also obtained letter of financial of support from the holding company. To date, the Company has not sought any financial support from the holding company.
- Thus, having assessed existing cash reserves, the availability of unconditional financial support from the holding company, forecast cash generation, forecast MCR ratio and the ongoing operational requirements and planned payouts, management believes that the going concern assumption remains appropriate in the context of current commitments and available liquidity.

Accordingly, the financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

***Application of new and revised IFRS Accounting Standards***

In the current year, the Company has applied all the new and revised Standards and Interpretations issued by IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 January 2023.

(a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year

The following relevant Standards have been applied in these financial statements. Except for IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments, their application has not had any significant impact on the amounts reported for the current and prior periods but may affect the accounting treatment for future transactions or arrangements.

- IFRS 17, *Insurance contracts*;
- IFRS 9, *Financial instruments as revised in July 2014*;
- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 *Income Taxes*) (effective immediately upon the issue of the amendments and retrospectively).

The Company has initially applied IFRS 17 and IFRS 9, including any consequential amendments to other standards, from 01 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 01 January 2022.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 and IFRS 9 are summarised below.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Application of new and revised IFRS Accounting Standards (cont'd)***

- (a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year (cont'd)

*Impact of initial application of IFRS 17 Insurance Contracts*

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 01 January 2023, with early application permitted. Island Life Assurance Co. Ltd ("the Company"/ "ILA") adopted the standard on 01 January 2023 and restated comparative information. IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts issued and reinsurance contracts held.

- (i) Definition, scope and separation of components

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance. Products underwritten by ILA and reinsurance agreements held were assessed on a contract by contract basis to determine whether they meet the requirements to be considered insurance contracts under IFRS 17. In making this assessment, the Company assessed all substantive rights and obligations, including those arising from law or regulation. It was determined that all products issued by ILA and related reinsurance agreements held meet the IFRS 17 definition of insurance contracts.

An insurance contract may contain one or more components that would be within the scope of another Standard if they were separate contracts. These components could relate to distinct investment components, embedded derivatives not closely related to host insurance contract, or distinct goods and services. An investment component is distinct if, and only if, the investment component and the insurance component are not highly interrelated; and a contract with equivalent terms is sold, or could be sold, separately in the same market or the same jurisdiction, either by entities that issue insurance contracts or by other parties. ILA determined that insurance contracts issued and reinsurance contracts held do not have distinct investment components, distinct embedded derivatives nor distinct goods and services.

- (ii) Transitional approach

An entity is required to apply IFRS 17 fully retrospectively (i.e., apply IFRS 17 as if it had always been applied), unless it is impracticable to do so.

It is impracticable to apply the requirements of the standard fully retrospectively if the entity cannot apply the requirements after making every reasonable effort to do so and the Company does not have access to or cannot extract the granular prior periods information required to apply the standard as if it had always been applied. The determination of impracticability is determined on a product-by-product basis.

ILA determined that it is impracticable to apply IFRS 17 fully retrospectively for contracts inception prior to 01 January 2019. At transition date, 01 January 2022, the Company has transitioned to IFRS 17 applying a combination of a fully retrospective approach and a fair value approach. The Company applied a full retrospective approach for contracts inception after 01 January 2019 and a fair value approach for contracts inception prior to 01 January 2019.

At transition date, the Company derecognised any existing balances that would not exist had IFRS 17 always applied, recognised IFRS 17 balances and recognised any resulting net difference in equity.

There is a negative impact on opening retained earnings at 01 January 2022 on transition to IFRS 17 amounting to MUR 300,079,377 as disclosed in Note 28.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Application of new and revised IFRS Accounting Standards (cont'd)***

- (a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year (cont'd)

*Impact of initial application of IFRS 17 Insurance Contracts (cont'd)*

- (iii) Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

- (iii) Changes to presentation and disclosure

The Company provides disaggregated qualitative and quantitative information about amounts recognised in its financial statements from insurance contracts and significant judgements, and changes in those judgements, when applying the standard.

The Company has not adopted the other amendments as Management does not expect them to have any material impact on the Company.

*Impact of initial application of IFRS 9 Financial Instruments*

Prior to the adoption of IFRS 17, the then Insurance Contracts (IFRS 4) standard was amended to permit entities to defer the application of IFRS 9 until adoption of IFRS17, so that both standards can be applied simultaneously. The Company has applied IFRS 9 for the first time as from 1 January 2022, at the same time as IFRS 17.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require separate presentation in the statement of profit or loss and OCI of interest revenue calculated using the effective interest method.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Application of new and revised IFRS Accounting Standards (cont'd)***

- (a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year (cont'd)

*Impact of initial application of IFRS 9 Financial Instruments (cont'd)*

As permitted by IFRS 7, the Company has not disclosed information about the line item amounts that are reported in accordance with the classification and measurement (including impairment) requirements of IFRS 9 for 2022 and those that would have been reported in accordance with the classification and measurement requirements of IAS 39 for 2023.

IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

- (i) Classification and measurement

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated.

Instead, the hybrid financial instrument as a whole is assessed for classification.

Refer to the accounting policy on Financial Instruments (Note 2) for an explanation on how the Company classifies and measures financial assets and liabilities under IFRS 9.

- (ii) Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The new impairment model applies to financial assets measured at amortised cost, debt securities at FVTOCI and lease receivables. Refer to accounting policy on Financial Instruments for more details.

- (iii) Impact of adoption of IFRS 9

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 and the impact of the change in impairment methodology on retained earnings.

Financial Assets	IAS 39 Carrying Amount 01 Jan 2022 Rs	Reclassification Rs	Remeasurement Rs	IFRS 9 carrying amount 01 Jan 2022 Rs	Retained earnings effect 01 Jan 2022 Rs
Available for Sale					
Listed Securities:					
Local debentures	301,084,515	-	-	301,084,515	-
Less: To FVTPL	-	(301,084,515)	-	(301,084,515)	-
<b>Total</b>	<b>301,084,515</b>	<b>(301,084,515)</b>	<b>-</b>	<b>-</b>	<b>-</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Application of new and revised IFRS Accounting Standards (cont'd)***

- (a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year (cont'd)

Impact of initial application of IFRS 9 Financial Instruments (cont'd)

- (iii) Impact of adoption of IFRS 9 (cont'd)

Financial Assets	IAS 39 Carrying Amount 01 Jan 2022 Rs	Reclassification Rs	Remeasurement Rs	IFRS 9 carrying amount 01 Jan 2022 Rs	Retained earnings effect 01 Jan 2022 Rs
<b>Financial assets measured at FVTPL</b>					
Domestic Quoted shares	200,405,986	-	-	200,405,986	-
Domestic Unquoted shares	66,216,954	-	-	66,216,954	-
Foreign Quoted shares	211,658,487	-	-	211,658,487	-
Foreign Unquoted shares	48,964,275	-	-	48,964,275	-
Add: From Available for Sale	-	301,084,515	-	301,084,515	-
<b>Total</b>	<b>527,245,702</b>	<b>301,084,515</b>	<b>-</b>	<b>828,330,217</b>	<b>-</b>
<b>Financial assets measured at amortised cost</b>					
Cash at bank and Cash in hand	134,387,573	-	-	134,387,573	-
Short term deposits with banks	610,883	-	-	610,883	-
Loans receivable	158,432,732	-	(2,291,085)	156,141,647	(2,291,085)
Trade receivables - Related parties	5,075,813	-	-	5,075,813	-
Deposits placed with financial institutions	3,346,073	-	-	3,346,073	-
Other receivables	40,488,840	-	-	40,488,840	-
<b>Total</b>	<b>342,341,914</b>	<b>-</b>	<b>(2,291,085)</b>	<b>340,050,829</b>	<b>(2,291,085)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Application of new and revised IFRS Accounting Standards (cont'd)***

- (a) New and revised IFRS Accounting Standards and IFRICs that are effective for the financial year (cont'd)

*Impact of initial application of IFRS 9 Financial Instruments (cont'd)*

- (iii) Impact of adoption of IFRS 9 (cont'd)

The table below shows the expected credit losses (ECL) under IAS 39 and IFRS 9.

Financial assets measured at amortised cost	01 January 2022			
	Capital outstanding at 01 Jan 2022 Rs	Provision under IAS 39 Rs	ECL (IFRS 9) Rs	Total ECL Rs
Loans receivable	158,432,732 =====	- =====	(2,291,085) =====	(2,291,085) =====

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities which continue to be measured at amortised cost.

**(b) New and revised IFRS Accounting Standards and IFRICs in issue but not yet effective**

IAS 1	Presentation of financial statements – Amendments regarding classification of liabilities (effective 01 January 2024)
IAS 1	Presentation of financial statements – Amendments regarding classification of debt with covenants (effective 01 January 2024)
IAS 7	Statement of cash flows – Amendments regarding supplier finance arrangements (effective 01 January 2024)
IFRS 7	Financial Instruments Disclosures – Amendments regarding supplier finance arrangements (effective 01 January 2024)
IFRS 7	Financial Instruments Disclosures – Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 9	Financial Instruments – Amendments regarding the classification and measurement of financial instruments (effective 01 January 2026)
IFRS 16	Leases – Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (effective 01 January 2024)
IFRS 18	Presentation and disclosures in financial statements – Original issue (effective 01 January 2027)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

***Material accounting policies***

**(a) Foreign currency translation**

- Functional and presentation currency

Items included in the financial statements are measured in Mauritian rupees, the currency of the primary economic environment in which the Company operates in (the "functional currency"). The financial statements are presented in "Mauritian rupee" ("Rs"), which is the Company's functional and presentation currency.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

- Transactions and balances

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

All other foreign exchange gains and losses are presented within 'Investment and other income'. Translation differences on financial assets held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets classified as available-for-sale are included in investment and other income as the board has agreed to recycle all fair values reserves as they are for policyholders.

**(b) Property, plant and equipment**

Plant and equipment (except land and building) are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land and buildings are stated at revalued amounts. Increases/decreases in the carrying amounts arising on revaluation of land and building are recognised, net of tax, to the property revaluation reserve in equity. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they relate to.

Depreciation of other assets is calculated on the straight-line method at annual rates estimated to allocate their cost or revalued amounts to their estimated residual values over their expected useful lives. The annual rates used are:

Improvement to leasehold building	10%
Furniture & fittings	10%
Computer equipment	33%
Office equipment	10%
Motor vehicles	20%
Building	2%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'Investment and other income' in the statement of comprehensive income.

**(c) Investment properties**

Properties held for long-term rental yields or for capital appreciation or both and that are not occupied by the Company is classified as investment properties.

Investment property comprises freehold land and buildings. It is measured initially at its costs, including related transactions costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuation performed by an independent valuation expert. In performing the valuation, the valuer uses discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates and by making reference to recent sales. The independent valuers also use the highest and best use principle in determining the value of investment property. The change in these assumptions could result in a significant change in the carrying value of investment property. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(c) *Investment properties (cont'd)***

Changes in fair value are recorded in the statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the Company. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the surplus for the year.

Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

**(d) *Intangible asset (Computer software costs)***

Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of directly attributable overheads.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software products;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, not exceeding 3 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**(e) *Financial instruments***

***Financial assets and financial liabilities***

Financial assets and liabilities are recognised on the statement of financial position when the Company has become party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(e) *Financial instruments (cont'd)***

*Financial assets and financial liabilities (cont'd)*

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

(i) Classification and measurement

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below); and
- the entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**Debt instruments measured at amortised cost or at FVTOCI**

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are SPPI. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset.

The entity determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The entity's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

***(e) Financial instruments (cont'd)***

Financial assets (cont'd)

(i) Classification and measurement (cont'd)

**Debt instruments measured at amortised cost or at FVTOCI (cont'd)**

An entity may have more than one business model for managing their financial instruments which reflect how they manage their financial assets in order to generate cash flows. The business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Company considers all relevant information available when making the business model assessment.

However, this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models at each reporting period to determine whether the business models have changed since the preceding period. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

**Financial assets measured at FVTPL**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance contracts liabilities that are linked to the changes in fair value of these assets.
- The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

---

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(e) *Financial instruments (cont'd)***

Financial assets (cont'd)

(i) Classification and measurement (cont'd)

**Equity instruments designated at FVTOCI**

On initial recognition, the entity may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

**Reclassifications**

If the business model under which the entity holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets. During the current financial year there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

**Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss and other exchange differences are recognised in OCI in fair value reserve;
- for financial assets measured at FVTPL, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the fair value reserve.

(ii) Impairment of financial assets

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances;
- other receivables;
- cash and cash equivalents;

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(e) *Financial instruments (cont'd)***

Financial assets (cont'd)

(ii) Impairment of financial assets (cont'd)

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instruments (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk are provided in Note 5.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

**Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

**Credit impaired financial assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

---

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(e) *Financial instruments (cont'd)***

Financial assets (cont'd)

(ii) Impairment of financial assets (cont'd)

**Credit impaired financial assets (cont'd)**

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether the financial assets are credit-impaired at each reporting date.

**Definition of default**

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the entity.

**Write off policy**

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

**Recognition of expected credit losses**

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(iii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in equity instrument which the entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

***Financial liabilities and equity***

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the asset of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

---

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(e) *Financial instruments (cont'd)***

Financial assets (cont'd)

***Financial liabilities and equity (cont'd)***

Financial liabilities

**(i) *Borrowings***

Interest bearing loans and bank overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instalment to the extent that they are not settled in the period in which they arise. Borrowings are subsequently measured at amortised cost.

**(ii) *Accounts payable***

Accounts payable are stated at their amortised cost using the effective interest method.

**(iii) *Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**(iv) *Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

**(f) *Impairment of other non-financial assets***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(g) *Share capital***

Share capital is classified as equity when there is no obligation to transfer cash or other assets.

**(h) *Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

---

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(h) Current and deferred income tax (cont'd)**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on the taxable entity.

**(i) Employee benefits**

- Pensions obligations

The Company operates a multi-employer pension plan, which is both a defined benefit plan and a defined contribution plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The assets of this plan are held in a separate trustee administered fund. The plan is funded by payments from the Company, taking account of the recommendations of independent qualified actuaries. A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. The Company provides retirement benefits for its employees through a defined contribution plan which is funded by contributions from the Company. Under the defined contribution plan, the Company has no legal or constructive obligation to contribute further to what has been contributed into the fund as defined in the rules of the scheme. Pension contributions are charged to profit or loss in the year to which they relate.

The Company has no obligation under the current labour laws to pay a severance allowance on retirement of its employees and is allowed to deduct from this severance allowance up to five times the amount of any annual pension granted at retirement age from the said fund.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The defined benefit obligation is measured as the present value of the estimated future cash outflows using a discount rate by reference to current interest rates and the yields on treasury bills and recent corporate debentures.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in statement of comprehensive income.

A qualified actuary assesses at the end of each reporting period whether the fund accumulated under the defined contribution plan is sufficient to cover for the gratuity obligations as prescribed under the Workers' Rights Act 2019 and determines any additional provision that the Company should make, if any.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

---

**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(i) Employee benefits (cont'd)**

- Termination benefits

Termination benefits become payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: a) when the Company can no longer withdraw the offer of those benefits; and b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**(j) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**(k) Revenue Recognition and Expenses**

- Investment and other income

Investment and other income consists of dividends, interest and rent receivable for the year, realised gain and losses and net fair value gain and losses on revaluation of financial assets through profit or loss. Investment and other income also include fair value reserves and valuation reserves recycled as these are for policyholders.

Dividend income on equity securities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

Interest income is recognised as it accrues, taking into account the effective yield on investment.

Rental income is recognised on an accruals basis.

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs and its original cost or amortised cost as appropriate.

- *Commission receivable*

Commission is recognised on an accrual basis.

- *Commission payable*

Commission is recognised when the insurance policy contract is signed by the policyholder.

- Expenses

Expenses are accounted on an accrual basis.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(k) Revenue Recognition and Expenses (cont'd)**

• ***Consideration for annuities***

Consideration for Annuities represents the Single Premium paid by ILA Managed Pension Fund ("ILAMPF") to Island Life Assurance Co. Ltd, ("ILA") for the purchase of an immediate monthly annuity whenever a member proceeds on retirement. In exchange of the said one-off consideration, the Company guarantees the payment of all the subsequent monthly pension due to the retiring member till the latter's death, subject to a minimum period of 5 years.

With effect from 01 January 2021, the ILA Managed Pension Fund has ceased to buy out annuities with the Company and decided to effect the payment of all monthly pensions for all members who retire as from January 2021 directly from the Pension Fund.

Consequently, the Company's responsibility is now limited to maintaining payment of the monthly pension only for those members who retired prior to 01 Jan 2021 and for whom a consideration was paid by the ILAMPF to the Company at time of their retirement.

**(l) Dividend distribution**

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

**(m) Repossessed collaterals**

Repossessioned collaterals represent financial and non-financial assets acquired by the Company in settlement of overdue loans. The assets are initially recognised at fair value when acquired and are included in property and equipment, other financial assets, investment properties or inventories within other assets depending on their nature and the Company's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

**(n) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

**(o) Insurance contracts**

(i) Classification

Products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance. Products underwritten by ILA and reinsurance agreements held were assessed on a contract-by-contract basis to determine whether they meet the requirements to be considered insurance contracts under IFRS 17. In making this assessment, the Company assessed all substantive rights and obligations, including those arising from law or regulation.

(ii) Level of aggregation (unit of account)

A portfolio of insurance contracts issued comprise of contracts subject to similar risks and managed together. Contracts issued by ILA are:

- (i) Individual Life – with profits
- (ii) Individual Life – without profits
- (iii) Investment Linked
- (iv) Group Life

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(ii) Level of aggregation (unit of account) (cont'd)

These contracts are monitored for profitability and performance together, making use of the same reports. Individual life and group life contracts carry mortality risks and investment linked contracts carry investment (financial) risk. ILA has determined that contracts of a shorter-term nature will respond differently to risk compared to longer-term contracts as there is a different time horizon over which the risks can incur, therefore, the risks are not similar. As such, contracts of short-term nature will not form part of the same portfolio as those of long-term nature. ILA has determined portfolios of insurance contracts issued to be:

- (i) Individual Life – with profits (old),
- (ii) Individual Life – with profits (new),
- (iii) Individual Life – without profits (old),
- (iv) Individual Life – without profits (new),
- (v) Investments Linked,
- (vi) Group Life
- (vii) Shaariah, and
- (viii) Annuity in payment.

The considerations of a portfolio for reinsurance agreements are split into two parts. The first relates to reinsurance treaties and the second to facultative placements.

For each year, the reinsurance treaties held (where ILA is the protected party) are unique from each other in respect of their structure, the risks covered and the cashflows expected as a result of these risks. Each treaty is also managed separately. The reinsurance treaty is held separately in a portfolio on its own.

ILA determined the portfolios of reinsurance contracts held to be Individual Life Reinsurance portfolio, Group Life Reinsurance portfolio and projected new cessions.

An entity shall divide a portfolio of insurance contracts issued into a minimum of a group of contracts that are onerous at initial recognition, if any; a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and a group of the remaining contracts in the portfolio, if any.

An entity is permitted to further subdivide to more granular groups should a need be identified. ILA did not identify the need to further subdivide into more granular groups.

The accounting treatment for reinsurance contracts held is the same regardless of whether a group of contracts is classified as a net gain, no significant possibility of a net gain and the remaining category. As such, a reinsurance contract will form a group on its own.

An entity shall not include contracts issued more than one year apart in the same group; this is achieved by determining annual cohorts. ILA cohort is determined to be 01 January to 31 December.

The Company identified some groups of insurance contracts as onerous at initial recognition.

(iii) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the beginning of the coverage period; the date when the first payment from the policyholder is due or actually received, if there is no due date; and when the Company determines that a group of contracts has become onerous. ILA recognises a group of profitable insurance contracts at the beginning of the coverage period as this is the earlier date. The company recognises a group of onerous contracts when facts and circumstances indicating that the group has become onerous have been identified.

Under PAA, no contracts are assumed to be onerous at initial recognition.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(iii) Recognition (cont'd)

ILA recognises a group of profitable reinsurance contracts at the beginning of the coverage period; and recognises a group of onerous reinsurance contracts at the date the entity recognises an onerous group of underlying insurance contracts.

ILA derecognises a contract when the contract's coverage period has come to an end; when the policy has been cancelled; or when the policy has contractually terminated due to a claim and/or policyholder death if the latter isn't an insured benefit, and when all reported claims and benefit payments have been settled. There were no contracts identified meeting the modification criteria as at 31 December 2023.

(iv) Fulfilment cash flows within contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. In assessing contract boundaries for insurance contracts held, ILA assessed substantive contractual rights and obligations; as well as underwriting practices in setting the premium. ILA determined the contract boundaries to range from one year to more than one year. The Company assessed reinsurance contracts substantive rights and obligations, which include surplus and quota share agreements in assessing contract boundaries for reinsurance contracts held. The contract boundaries for reinsurance contracts held have been determined to range from one year to more than one year.

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts. The present value of future cash flows is required under the liability (asset) for remaining coverage and the liability (asset) for incurred claims. The Company's insurance contracts measured applying the general measurement model (GMM), the cashflow projection model used requires assumption tables to be specified per risk covered as well as lapse rates specified by duration in-force. For the liability for incurred claims, which aren't assumed to be settled within the month the claim is incurred, historic experience is used to derive the balance of claims still to be settled and the settlement pattern. Where data is insufficient, a point estimate of the ultimate claim ratio is used often in combination with the historic data.

When estimating future cash flows, the Company includes all cash flows within the contract boundary including:

Insurance contracts issued:

- Premiums due and received/paid
- Commission due and paid
- Commission clawback due and received
- Premiums due as a result of a premium waiver benefit payment
- Cash back benefits
- Claims paid, including the premium paid as a result of a premium waiver benefit
- Claims incurred but not reported
- Claims reporting but not yet assessed /settled
- These claims include the investment component where applicable, although this cash flow is separately identified
- Partial and Full withdrawal benefits due and paid net of any outstanding policy loan
- Maturity benefits, including those paid over a period of time, or at specific times over the coverage period net of any outstanding policy loan
- Policy loans issued
- Policy loan repayments
- Policy loan interest added
- Premium levy set by the regulator
- Other directly attributable expenses

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(iv) Fulfilment cash flows within contract boundary (cont'd)

Reinsurance contracts held:

- Reinsurance commission due and received/paid
- Reinsurance recoverable due and received
- Claim contingent portion of reinsurance commission
- Profit share payments due and received/paid
- Reinsurance deposits made

(v) Measurement

Initial and subsequent measurement

The IFRS 17 default measurement approach is the GMM; this applies to insurance contracts issued as well as reinsurance contracts issued and held. An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach (PAA) if the entity reasonably expects that the simplification would produce a measurement (applied GMM principles) of the liability for remaining (LRC) for the group that would not differ materially from the one that would be produced applying the PAA principles.

In determining the appropriate IFRS 17 measurement methods for ILA's life products, the length of the contracts' coverage periods and the nature of insurance benefits provided under the contracts are assessed.

Insurance contracts (Shaariah fund) that have been identified to contain direct participation features are required to be measured using the variable fee approach (VFA).

ILA has determined that with-profits policies do not meet the requirements to be measured under the VFA but does contain product features that award increases to the sum assured / the policyholder's fund value that are granted at ILA's discretion, the requirements for the treatment of these discretionary benefits when measured under the GMM.

All insurance contracts issued by ILA are endowments and have been determined to have a contract boundary, as well as the coverage period of more than 12 months. These contracts are measured applying the GMM. The Group Life Portfolio is measured using the PAA as its contract boundary is one year or less. The corresponding reinsurance coverage has also been evaluated under the PAA. Individual cover reinsurance contract held has been determined to have a contract boundary and coverage period of more than 12 months, it is measured applying the GMM and group cover reinsurance contract held has been determined to have contract boundary and a coverage period of 12 months or less, this reinsurance contract is measured applying the PAA.

Determining the present value of future cashflows

The present value of future cash flows is required under the LRC and the LIC. Where the PAA is applied, ILA determines the present value of future cash flows under the LRC if the contracts are onerous. IFRS 17 requires an entity to estimate the probability-weighted mean of the full range of possible outcomes when determining the present value of future cashflows. ILA has adopted a simplified approach to produce the probability weighted mean. For insurance contracts measured under the GMM, the cashflow projection model used requires assumption tables to be specified per risk covered as well as lapse rates specified by duration in-force, these assumption tables are split by age. Other identifying risk factors such as gender are included for more complex life insurance products.

These tables or the multiple of a standard industry-produced table are set using historical claim experience where credible or based on industry practice or reinsurance provided rates where not.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(v) Measurement (cont'd)

Determining the present value of future cashflows (cont'd)

In respect of the LIC, which is not assumed to be settled within the month the claim is incurred, historic experience is used to derive the balance of claims still to be settled and the settlement pattern. Where data is insufficient, a point estimate of the ultimate claim ratio is used often in combination with the historic data.

Where significant past events have resulted in experience in that year differing from the norm, this experience is separated out for analysis purposes and assessed separately for inclusion in the projection assumptions at an appropriate level given the likelihood of this experience repeating itself in the future.

Determining the reinsurance cashflows

Groups of reinsurance contracts held are measured using consistent assumptions where the measurement approach for the underlying groups of insurance contracts is the same. ILA models its reinsurance cash flows applying the same actuarial model that is used to project underlying groups of insurance contract cash flows. ILA will determine the reinsurance LIC by multiplying the liability for the underlying groups of insurance cash flows by the proportion ceded to the reinsurers.

Liability for remaining coverage and liability for incurred claims

*Groups of contracts measured applying the GMM:*

ILA measures the LRC as the sum of the fulfilment cash flows related to future service allocated to the group of insurance contracts and the contractual service margin (CSM) of that group of insurance contracts. For the LRC, the present value of future cashflows is determined at a policy level. The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the entity will recognise as it provides insurance contract services in the future. LIC is determined by fulfilment cash flows relating to past service allocated to the group of insurance contracts.

The LRC is changed by recognition in income and expenses revenue as the insurance service is provided, insurance service expenses for losses on groups of onerous contracts and for reversal of those losses, and insurance finance income or expenses for the effect of the time value of money and the effect of financial risk.

The LIC is changed by recognition of insurance service expenses in respect of claims and expenses incurred during the period and any changes in relation to claims and expenses, and insurance finance income or expenses for the effect of the time value of money and the effect of financial risk.

Changes in the CSM is determined by adjusting for the effect of any new contracts added to the group, interest accreted on the carrying amount of the CSM during the period, the amount recognised as insurance revenue because of the transfer of insurance contract services in the period, and the changes in fulfilment cash flows relating to future service, except to the extent that such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss, or such decreases in the fulfilment cash flows are allocated to the loss component of the LRC.

*Groups of contracts measured applying the PAA:*

On initial recognition the LRC is the premiums received at initial recognition, minus any insurance acquisition cash flows not recognised as expense when incurred, plus or minus any amount arising from the derecognition of insurance acquisition cash flows and any other asset or liability previously recognised for cash flows related to the group of contracts.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(v) Measurement (cont'd)

Liability for remaining coverage and liability for incurred claims (cont'd)

*Groups of contracts measured applying the PAA (cont'd):*

At the end of the period the LRC is determined by the premiums received during the period, minus insurance acquisition cash flows not recognised as expense, plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period, plus any adjustment to a financing component, minus the amount recognised as insurance revenue for services provided in that period, and minus any investment component paid or transferred to the liability for incurred claims.

The LIC is determined by fulfilment cash flows relating to past service allocated to the group of insurance contracts. The LIC is changed by recognition of insurance service expenses in respect of claims and expenses incurred during the period and any changes in relation to claims and expenses, and insurance finance income or expenses for the effect of the time value of money and the effect of financial risk.

Other directly attributable cashflows

All policy administration and maintenance expenses determined to be directly attributable to insurance contracts are assumed to be due to current service provision. No liability is raised in advance of these types of expenses incurring. As each month's expenses are incurred, these amounts are raised within the LIC and released from the LIC to insurance service expense.

Insurance acquisition cashflows

In respect of insurance contracts measured applying the PAA, ILA has an accounting policy choice of whether to expense the insurance acquisition cash flows when incurred or amortise them over the coverage period. With an exception of commission which will be amortised over the coverage period, ILA has elected to recognise insurance acquisition cash flows under the PAA as and when they are incurred.

In respect of insurance contracts measured applying the GMM, ILA will recognise as an asset insurance acquisition cash flows paid before the related group of insurance contracts is recognised. This asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

ILA has adopted a bottom-up approach to determine the discount rates for its risk contracts. For the bottom-up approach, the discount-rate per group of insurance contracts is set equal to the liquid risk-free discount rate plus a liquidity risk premium relevant to the liquidity characteristics contained within the contracts. Government bond yield curves are used as the liquid, risk-free discount rates. To this curve, a liquidity risk premium adjustment is applied based on the liquidity characteristics of the products. Four product liquidity characteristic buckets have been defined, namely: fully liquid, partially liquid, moderately illiquid, and fully illiquid. The LRP's are derived using an analysis of South African corporate bond and market instrument spreads. The instruments have differing liquidity, instrument type and duration and the spreads differences are compared against government bond yields of similar duration. South Africa was chosen given that Mauritius' investment market is too small to be able to perform a detailed analysis.

The impact on the present value of future cash flows and risk adjustment for non-financial risks for the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk are reported immediately within profit or loss, under insurance finance income and expenses.

ILA has elected not to discount insurance contracts and reinsurance contracts measured applying the PAA, due to the short-term nature of these contracts.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**

***Material accounting policies (cont'd)***

**(o) Insurance contracts (cont'd)**

(v) Measurement (cont'd)

Risk adjustment for non-financial risk

Non-financial risks imbedded in ILA insurance contracts issued include mortality risks, surrender/lapse risks, longevity risks and expense risks. ILA has elected to make use of a combination of a qualitative top-down and a quantitative bottom-up approach to determine its confidence level to determine the risk adjustment for non-financial risk. ILA has determined the confidence level to equate to 85th percentile.

The LRC risk adjustment for each portfolio is based on the prescribed technical provision shocks for the Life Underwriting Risk module under the Solvency and Assessment Management regime in South Africa. The calculation uses the Margins for Adverse Deviation Technique. If the valuation assumptions underlying the technical provisions are stressed by the applicable SAM shock, then the resultant change in technical provisions will represent an estimated 1-in-200-year (99.5% confidence level) loss due to the specific shock. To determine the LRC risk adjustment, the prospective reserves are recalculated for each group and the combination of the groups, six times.

When the insurance contracts are measured applying the PAA, the LRC risk adjustment for non-financial risk is determined when the group of insurance contracts is onerous (or when the underlying group of insurance contracts is onerous in respect of groups of reinsurance contracts).

The risk adjustment for the LRC requires a risk adjustment for all prospective reserves such as premiums that have been written but have not yet been fully earned if the product is onerous under PAA.

The LIC risk adjustment ratio is used under the assumption that the historical experience to date provides a good indication of claims, claims-related expenses and operational risk expenses for business that has been entered but is not yet fully earned. Similarly, the expenses added to the LIC risk adjustment percentage is assumed to provide a good indication of expected expenses that will be incurred on business that has not yet been earned. In instances where there is insufficient historic claims data available to perform a detailed statistical analysis, ILA makes use of a confidence level technique in order to calibrate the risk adjustment for the LIC.

Insurance finance income or expenses

The impact of the time value of money on the net carrying amount of insurance contracts is presented under insurance finance income and expenses. This impact will not be disaggregated between profit or loss and other comprehensive income. ILA elects to recognise insurance finance income/expenses in full through profit or loss.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following is a summary of the more material accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(a) Insurance contracts

*Areas of significant judgement*

(i) *Classification*

The Company applies IFRS 17 to insurance contracts it issues and reinsurance contracts held. ILA applied judgement in determining whether insurance contracts issued by the Company and reinsurance contracts held transfer significant insurance risk. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which there is a possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified. Refer to note 2.

The Company applied judgement in determining whether the investment components embedded within the contracts are distinct. In making this assessment, the company evaluated contractual terms and conditions. ILA concluded that the Company does not have distinct investment components Refer to note 2.

All contracts measured by the Company applying the PAA have a coverage period of one year or less. Therefore, no assessment for the PAA was performed.

(ii) *Level of aggregation (unit of account)*

Judgement is applied to determine IFRS 17 insurance contracts, these groups are split between profitable contracts, those with no significant possibility and those with a possibility of becoming onerous. For contracts measured under the premium allocation approach and where a contract issued for a particular product has been loss-making in the past, the profitability bucket for contracts with no significant possibility of becoming onerous is not used. For other approaches, where the present value of net cashflows or combined ratio calibrated to a 95th percentile is still profitable, then contracts will be assigned to the no significant possibility of becoming onerous. Insurance contracts measured applying the PAA are assumed not to be onerous unless there are facts and circumstances indicating otherwise. ILA did not identify the need to further subdivide insurance contracts into more granular groups. Refer to note 2.

Judgement is applied in determining whether the contracts have similar risks and are managed together for identification of portfolios. ILA has determined that contracts of a shorter-term nature will respond differently to risk compared to longer-term contracts as there is a different time horizon over which the risks can incur, therefore, the risks are not similar. As such, contracts of short-term nature will not form part of the same portfolio as those of long-term nature.

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. The Company applied judgement to assess if the Company has the practical ability to reprice the entire contract to reflect the reassessed risks. In making this assessment, the company evaluated all contractual substantive rights and obligations. The Company has determined that contract boundaries are ranging from one year to more than one year.

Other directly attributable expenses

The Company performs regular expense analysis and applies judgement to determine the extent to which overheads are directly attributable to fulfilling insurance contracts. These directly attributable expenses are included in the measurement of insurance contracts.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(a) Insurance contracts (cont'd)

*Areas of significant judgement (cont'd)*

Contractual service margin (CSM) - coverage units

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. Coverage units are not applicable to contracts measured under the PAA. Management has considered the impact of the time value of money on the CSM to be material for the Company. As such, the Company has elected to discount the coverage units used to spread the CSM over the coverage term. The discount rate applied to products measured under the GMM is the rate applicable at the initial recognition of each group of insurance contracts. Currently, ILA does not have any contracts measured applying the VFA.

	31 December 2023		31 December 2022	
	Life Risk insurance contracts issued	Life Risk reinsurance contracts held	Life Risk insurance contracts issued	Life Risk reinsurance contracts held
<b>Number of years until expected to be recognised</b>				
<b>Less than 1 year</b>	<b>12,717,296</b>	<b>4,590,913</b>	11,875,416	1,652,198
<b>1 to 2 years</b>	<b>10,949,828</b>	<b>4,001,669</b>	10,327,391	1,509,771
<b>2 to 3 years</b>	<b>9,623,179</b>	<b>3,483,867</b>	8,837,379	1,429,870
<b>3 to 4 years</b>	<b>8,214,093</b>	<b>3,025,365</b>	7,503,949	1,335,754
<b>4 to 5 years</b>	<b>7,010,991</b>	<b>2,615,035</b>	6,167,833	1,214,648
<b>5 to 10 years</b>	<b>19,884,572</b>	<b>8,607,074</b>	18,180,637	4,292,451
<b>More than 10 years</b>	<b>10,098,144</b>	<b>10,611,619</b>	8,806,714	6,350,812
<b>TOTAL</b>	<b>78,498,103</b>	<b>36,935,542</b>	71,699,319	17,785,504

(iii) Transition amounts

The Company has adopted IFRS 17 fully retrospectively where practicable, where impracticable, the Company has applied the fair value approach.

The fair value approach

ILA applied IFRS 17 at transition date applying a fair value approach for contracts inception prior to 01 January 2019. Under the Fair Value approach, the CSM has been determined to be the difference between the fair value of liability and IFRS 17 fulfilment cash flows. Insurance companies or books of insurance business are not often sold and if they are, the price is not publicly available, as such, the market-related data from which to determine the fair value of the liability is not available.

Establishing a fair value price thus requires significant judgement, ILA has elected to make use of embedded value techniques which are well established in the life insurance industry.

*Critical accounting estimates*

(i) Discount rates

ILA applied the bottom-up approach to determine the discount rates for its risk contracts. The discount-rate per group of insurance contracts is set equal to the liquid risk-free discount rate plus a liquidity risk premium relevant to the liquidity characteristics contained within the contracts. Government bond yield curves are used as the liquid, risk-free discount rates. To this curve, a liquidity risk premium adjustment is applied based on the liquidity characteristics of the products. Four product liquidity characteristic buckets have been defined, namely; fully liquid, partially liquid, moderately illiquid and fully illiquid.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(a) Insurance contracts (cont'd)

*Critical accounting estimates (cont'd)*

(i) Discount rates (cont'd)

The liquidity risk premiums have been stated as follows:

Liquidity Category	Liquidity Risk Premium	
	2023	2022
Fully Liquid	N/A	N/A.
Partially Liquid	0.1250% p.a.	0.1944% p.a.
Moderately illiquid	0.2449% p.a.	0.3887% p.a.
Fully illiquid	0.3749% p.a.	0.5831% p.a.

The liquidity risk premiums are derived using an analysis of South African corporate bond and market instrument spreads. The instruments have differing liquidity, instrument type and duration and the spreads differences are compared against government bond yields of similar duration. South Africa was chosen given that Mauritius's investment market is too small to be able to perform a detailed analysis.

In respect of new business written during the year, the prior year's closing discount rates are used to determine the value of this business at initial recognition.

(ii) Estimate of fulfilment cashflows

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. Refer to note 2.

Expenses directly attributable to insurance contracts are determined and allocated to groups of insurance contracts. The Company adopts a method that accurately reflects the relative benefit received by each group of insurance contracts from the incurred expenses. This allocation is carried out down to the level of individual insurance contract groups.

The Company amortises insurance acquisition cash flows by defining a coverage unit and accreting interest to the unamortised balance each reporting period using the initial recognition discount rate for the group of insurance contracts in question.

For the current reporting period, the actual group of in-force contracts is used and for future reporting periods, the expected number of in-force contracts is used. The initial recognised discount rate is used to determine the coverage units.

(iii) Risk adjustment for non-financial risk

The insurance liability/(asset) carrying amount includes an explicit component called the risk adjustment for non-financial risk that allows for the compensation we require for being exposed to the insurance, lapse and expense risks contained within the Company's insurance contracts. Operational risk specific to the fulfilment of the Company's contractual obligations with policyholders is also included. For individual life business, the risk adjustment for non-financial risk is applied using a margin for adverse deviation technique, where the cash flow projection assumptions used to determine the carrying amount incorporate an allowance for a risk margin; these represent an 85th percentile confidence level of the risk. For group business, a factor of the reserves is used to calculate the risk adjustment for non-financial risk. Refer to note 2.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(b) Expected credit loss (ECL)

A number of significant judgements are required in applying the accounting requirements for measuring the ECL, such as:

- determining criteria for a significant increase in credit risk (SICR);
- choosing appropriate models and assumptions for the measurement of the ECL;
- establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated the ECL; and
- establishing groups of similar financial assets for the purposes of measuring the ECL. For more information, refer to note 5

(c) Fair value measurement

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

*Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- and the fair value of the remaining financial instruments determined using discounted cash flow analysis.

<b>Financial asset</b>	<b>Fair value hierarchy</b>	<b>Significant inputs</b>
Listed equities	Level 1	Quoted share price from the stock exchange
Unlisted shares - local	Level 3	Quoted bond price from the stock exchange
Foreign bonds	Level 3	Market interest rates
Subordinated notes	Level 3	Market interest rates
Treasury bond	Level 3	Market interest rates
Treasury notes	Level 3	Market interest rates

This note sets out the split of financial instruments by fair value hierarchy level, as shown below:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>	<b>Rs</b>
<b>At 31 December 2023</b>				
<b>Equities and similar securities</b>				
Quoted shares - Locally listed	<b>225,091,500</b>	-	-	<b>225,091,500</b>
Quoted shares - Foreign	<b>173,795,250</b>	-	-	<b>173,795,250</b>
Subordinated notes	<b>48,385,798</b>	-	-	<b>48,385,798</b>
Unlisted shares – Local	-	-	<b>55,798,442</b>	<b>55,798,442</b>
Foreign Bonds	-	-	<b>45,363,860</b>	<b>45,363,860</b>
Treasury Bonds	-	-	<b>156,753,266</b>	<b>156,753,266</b>
	-----	-----	-----	-----
<b>Financial assets at fair value through profit or loss</b>	<b>447,272,548</b>	-	<b>257,915,568</b>	<b>705,188,116</b>
	=====	=====	=====	=====

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(c) Fair value measurement (cont'd)

*Valuation techniques used to determine fair values (cont'd)*

	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
At 31 December 2022				
Equities and similar securities				
Quoted shares - Locally listed	222,207,009	-	-	222,207,009
Quoted shares - Foreign	154,537,995	-	-	154,537,995
Subordinated notes	63,225,172	-	-	63,225,172
Unlisted shares – Local	-	-	66,229,959	66,229,959
Foreign Bonds	-	-	38,338,132	38,338,132
Treasury Bonds	-	-	161,308,709	161,308,709
Treasury Notes	-	-	2,495,750	2,495,750
	-----	-----	-----	-----
Financial assets at fair value through profit or loss	439,970,176	-	268,372,550	708,342,726
	=====	=====	=====	=====

*Financial instruments not measured at fair value*

The carrying amounts of cash and cash equivalents and call accounts approximate their fair value.

*Credit risk for financial instruments*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk arising from reinsurance contracts held is described in note 3.

*Management of credit risk for financial instruments*

The Company manages credit risk by setting credit risk limits within the risk appetite set by the Management through the Credit Risk Policy. Asset managers are to operate within these credit limits, and the ERM department monitors whether credit limits are exceeded. Credit limits are set for individual counterparties and geographical and industry concentrations. The Company's policy is to invest in high quality, liquid (i.e. investment grade) financial instruments. If credit risk deteriorates significantly, it is the Company's policy to sell these investments and to purchase high quality, liquid financial instruments in return. The Company does not use credit derivative instruments to manage credit risk.

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVTOCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)**

(c) Fair value measurement (cont'd)

*Management of credit risk for financial instruments (cont'd)*

The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income. For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

(d) Retirement Benefit Obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 24.

(e) Fair value of unlisted securities

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however areas such as credit risk, volatilities and correlations require directors to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Sensitivity has been disclosed in Note 5.

(f) Impairment of loans and receivables

The Company follows the guidance of IAS 36 and IFRS 9 to determine when a loan and receivable is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of the collateral provided is less than the discounted value of the loan and receivable; and the financial health of and short-term business outlook of its customers, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(g) Revaluation of land and building and investment properties

The Company measures its land and buildings and investment properties at revalued amounts with changes in fair value being recognised in Statement of Comprehensive Income. The Company engaged an independent professional valuer to determine the fair value. Properties that are owner-occupied or held with the intention to be sold are estimated based on recent transaction prices for similar properties.

Properties that are held for long-term rental yields and is not occupied by the Company are valued based on the Discounted Cash Flows. Valuation using discounted cash flows is a method for determining the current value of a company using future cash flows adjusted for time value. The future cash flow set is made up of the cash flows within the determined forecast period and a continuing value that represents the cash flow stream after the forecast period.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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#### **4 MANAGEMENT OF INSURANCE RISK**

As an insurance company, the Company is exposed to various risks, these risks cause uncertainty and therefore the challenge for management is to determine what level of uncertainty is acceptable for insurance business as it strives to enhance stakeholder value. The Company issues insurance contracts with the following risk characteristics:

- Transfer of mortality/morbidity risks, with partial transfer of investment risks (participating policies);
- Transfer of mortality/morbidity risks only (pure protection policies);
- Transfer of mortality/morbidity and investment risks (guaranteed savings type policies) and
- Transfer of longevity risks (pension policies).

All these risks expose the Company to significant insurance risk. Refer to note 2.

##### **Risk assessment process**

The Company's board of directors has overall responsibility of establishing and overseeing the Company's risk management framework. The Company has developed and implemented a risk management structure that is designed to identify, assess, control and monitor risks associated with its business. The Company's risk assessment process consists of risk identification, risk analysis, risk evaluation and risk treatment/management of those risks that are relevant to the company's strategic objectives. Risks are identified from a top down (strategic) and bottom up (operational) perspective to create and maintain an integrated view of material risk exposures. Risk analysis provides an input to risk evaluation and informs decisions on how the risks need to be treated. Risk analysis involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences may occur.

The Company analyses quantifiable risks, risks analysed cover the following risk categories:

- insurance risk (consisting of underwriting and reinsurance risk)
- credit risk
- market risk
- operational risk

Management analyses these risks individually and appropriate measures are implemented to monitor and mitigate these risks. Once the relevant risks are better understood, the risk appetite framework governs how the risks should be managed within the Company.

These assessments are reviewed by the board on a regular basis. The Company issues contracts that transfer insurance risk or financial risk or both (refer to note 2 for the general terms of insurance contracts). Insurance risk (i.e. underwriting and reinsurance risk) and investment risk (i.e. market and credit risk) impact the balances and transactions reported in a financial period. The information that follows provides more detail on how the Company manages insurance and investment risk from a financial reporting perspective.

##### **Insurance risk**

Insurance risk refers to the risk of loss as a result of underwriting insurance contracts. More specifically, the Company defines insurance risk to include underwriting risk and reinsurance risk.

##### *Underwriting risk*

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk transferred from the policyholder to the Company, the risk that a policyholder will cancel the contract, the risk that premium provisions (liabilities for remaining cover) turn out to be insufficient to compensate for expected future claims, that the claims provisions (liability for incurred claims) raised for both reported and unreported claims are inadequate, as well as the risk resulting from the volatility of expense payments. The Company manages underwriting risk through its underwriting strategy and proactive claims handling. The underwriting strategy aims to ensure that the portfolio of insurance contracts issued is well diversified and reasonably priced.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

*Reinsurance risk*

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the Company's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. The Company obtains third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the Company's capital.

(a) Management of underwriting risk

(i) Growing the portfolio

Large numbers implies that predictability of claims (in aggregate) increases as the portfolio grows. This reduces the Company's exposure to extreme volatility in claims pay-out.

(ii) Underwriting management

At inception, medical underwriting (as per Grid) is carried out to ensure that the prospect adheres to the minimum health requirements set by the Company and the reinsurer. Financial underwriting is carried out at inception to identify the paying capacity of prospects as well as the justification for insurance. Further, pastime underwriting and/or occupation underwriting identifies risky activities and ensures that the premium charged is commensurate with the risk at hand; or claims underwriting examines the conditions of the death/disability claims and whether any breach of policy conditions may exist.

(iii) Actuarial assumptions

Actuarial assumptions are set based on the Company's actual mortality/morbidity experience and are reviewed annually.

(iv) Reinsurance

Variability in claims pay-out is mitigated by reinsurers who participate in claims above the Company's retention limit. The Company uses individual surplus reinsurance and all amounts in excess of Rs500 000 are reinsured.

(v) Using conservative actuarial assumptions

The Company typically assumes that the insured lives longer than the life expectancy as per the South African mortality tables (SA 85/90). The Company reviews pension pay-outs regularly to ensure that pension is paid to pensioners who are still alive.

(vi) Holding diversified investment portfolios

Holding a diversified investment portfolio, adopting a long-term investment strategy approved by the actuary, keeping a matched investment position, setting the investment return target in accordance with the pricing and reserving assumptions, smoothing of bonuses by using a 3-year declaration period, and adjusting bonuses to reflect actual market performance.

(b) Changes from the previous period

There were no significant changes in the Company's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous period.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(c) Concentration of insurance risk

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured.

**Benefits assured per life assured at the end of 2023**

Rs	Total benefits insured			
	Before reinsurance Rs	%	After reinsurance Rs	%
0 - 200 000	1,010,402,900	5%	1,010,402,900	15%
200 000 - 400 000	1,515,535,307	7%	1,515,309,307	23%
400 000 - 800 000	1,599,480,087	8%	1,476,269,699	23%
800 000 - 1 000 000	390,724,165	2%	224,000,000	3%
More than 1 000 000	16,799,569,266	79%	2,300,500,000	35%

**Benefits assured per life assured at the end of 2022**

Rs	Total benefits insured			
	Before reinsurance Rs	%	After reinsurance Rs	%
0 - 200 000	1,319,291,283	6%	1,319,291,283	17%
200 000 - 400 000	1,875,711,010	9%	1,875,711,010	24%
400 000 - 800 000	2,071,210,040	10%	1,904,539,513	24%
800 000 - 1 000 000	501,998,241	2%	289,000,000	4%
More than 1 000 000	15,401,289,450	73%	2,478,500,000	31%

The following table for annuity insurance contracts illustrates the concentration of risk based on bands that group these contracts in relation to the amount payable per annum as if the annuity were in payment at the year end. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuity payable per annum per life insured	Total annuities payable per annum			
	2023 Rs	%	2022 Rs	%
0 - 20 000	<b>3,070,465</b>	<b>6%</b>	3,167,784	7%
20 000 - 40 000	<b>4,208,484</b>	<b>9%</b>	4,381,400	9%
40 000 - 80 000	<b>10,118,759</b>	<b>21%</b>	9,998,759	21%
80 000 - 100 000	<b>1,757,636</b>	<b>4%</b>	1,757,636	4%
More than 100 000	<b>28,149,169</b>	<b>60%</b>	28,048,135	59%

Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums to terminate the contract completely or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to policyholders' behaviour. On the assumption that policyholders will make decisions rationally overall risk can be assumed to be aggravated by such behaviour.

The risk under any one insurance contract is the possibility that the insured event occurs 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.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(c) Concentration of insurance risk (cont'd)

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. 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.

Frequency and severity of claims

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums to terminate the contract completely or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder 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 ensuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality as the portfolio of insurance contracts reduces due to voluntary terminations.

The actual mortality claim experience versus expected are shown below:

<b>Year</b>	<b>Actual number of death claims</b>	<b>Actual death claim (Rs)</b>	<b>Expected death claim (Rs)</b>	<b>Actual claim/expected claim (%)</b>
2011	41	3,575,562	8,191,451	44
2012	31	3,848,552	10,868,957	35
2013	39	4,709,953	12,334,995	38
2014	29	4,784,529	15,479,908	31
2015	34	10,795,677	19,588,505	55
2016	38	4,625,979	23,432,984	20
2017	41	12,770,307	10,308,235	124
2018	40	6,600,452	10,060,485	66
2019	30	5,965,709	7,525,000	79
2020	42	8,307,955	6,500,000	128
2021	53	12,995,233	7,300,000	178
2022	47	5,077,281	6,000,000	85
2023	73	14,926,897	6,000,000	249
<b>Overall</b>	<b>538</b>	<b>98,984,086</b>	<b>143,590,520</b>	<b>69</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(c) Concentration of insurance risk (cont'd)

*Claim Frequency & Reinsurance Recoveries*

The table below shows the number of death/morbidities claims and reinsurance recoveries.

	<b>2023</b>	2022
No of death/morbidity claims		
Individual Life*	<b>67</b>	40
Group	<b>6</b>	7

\*Number of total permanent disability included above is zero (2022 - 2)

	<b>2023</b>	2022
	<b>Rs' 000</b>	Rs' 000
Reinsurance recoveries		
Individual Life	<b>6,670</b>	15,573
Group	-	-

In relation to the portfolio at risk the incidence of death/morbidity claims has been stable as evidenced by the actuarial assumptions used for the year end valuation.

(d) Sensitivity analysis

The table below analyses how the insurance liabilities would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred.

The results of the sensitivity analysis on the BEL and RA (excluding accruals) of the insurance business can be summarised as follows:

<b>Sensitivity run</b>	<b>BEL + RA (Rs)</b>	<b>Percentage change</b>
Main Basis	1,041,630	-
Renewal expenses plus 10%	1,051,662	0.96%
Withdrawals less 10%	1,056,732	1.45%
Inflation plus 1%	1,047,275	0.54%
Investment return less 1%	1,134,833	8.95%
Mortality (and other claims) plus 10%	1,042,382	0.07%

The results of the sensitivity analysis on the actuarial liabilities (BEL, RA and CSM) of the insurance business can be summarised as follows:

<b>Sensitivity run</b>	<b>Actuarial liabilities (Rs)</b>	<b>Percentage change</b>
Main Basis	1,200,239	-
Renewal expenses plus 10%	1,203,873	0.30%
Withdrawals less 10%	1,208,889	0.72%
Inflation plus 1%	1,205,884	0.47%
Investment return less 1%	1,293,776	7.79%
Mortality (and other claims) plus 10%	1,209,437	0.77%



**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(d) Sensitivity analysis (cont'd)

	Impact on fulfilment cash flows Rs	Impact on CSM Rs	Total increase/ (decrease) in insurance liabilities Rs	Remaining CSM Rs	Impact on profit before tax Rs	Impact on equity Rs
<b>Withdrawals - less 10%</b>						
Insurance contract liabilities	17,815,349	(6,970,802)	10,844,547	71,527,301	(10,844,547)	(10,844,547)
Reinsurance contract assets	(2,713,464)	518,918	(2,194,546)	37,454,460	2,194,546	2,194,546
Net insurance contract liabilities	15,101,885	(6,451,884)	8,650,001	108,981,761	(8,650,001)	(8,650,001)
<b>Renewal expenses - plus 10%</b>						
Insurance contract liabilities	10,032,551	(5,362,142)	4,670,408	73,135,961	(4,670,408)	(4,670,408)
Reinsurance contract assets	-	(1,037,112)	(1,037,112)	35,898,430	1,037,112	1,037,112
Net insurance contract liabilities	10,032,551	(6,399,254)	3,633,296	109,034,391	(3,633,296)	(3,633,296)

31 December 2022

	Fulfilment cash flows Rs	CSM Rs	Total Rs
Insurance contract liabilities as reported			
Insurance contract liabilities	1,063,916,579	71,699,319	1,135,615,898
Reinsurance contract assets	(38,764,132)	17,785,504	(20,978,628)
Net insurance contract liabilities	1,025,152,447	89,484,823	1,114,637,270

	Impact on fulfilment cash flows Rs	Impact on CSM Rs	Total increase/ (decrease) in insurance liabilities Rs	Remaining CSM Rs	Impact on profit before tax Rs	Impact on equity Rs
<b>Mortality rate - plus 10%</b>						
Insurance contract liabilities	15,138,765	(6,804,036)	8,334,729	64,895,283	(8,334,729)	(8,334,729)
Reinsurance contract assets	(14,332,898)	10,001,374	(4,331,524)	27,786,878	4,331,524	4,331,524
Net insurance contract liabilities	805,867	3,197,338	4,003,205	92,682,161	(4,003,205)	(4,003,205)

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(d) Sensitivity analysis (cont'd)

	Impact on fulfilment cash flows Rs	Impact on CSM Rs	Total increase/ (decrease) in insurance liabilities Rs	Remaining CSM Rs	Impact on profit before tax Rs	Impact on equity Rs
<b>Investment return - less 1%</b>						
Insurance contract liabilities	78,784,740	-	78,784,740	71,699,319	(78,784,740)	(78,784,740)
Reinsurance contract assets	(2,611,220)	-	(2,611,220)	17,785,504	2,611,220	2,611,220
Net insurance contract liabilities	76,173,520	-	76,173,520	89,484,283	(76,173,520)	(76,173,520)
<b>Inflation - plus 1%</b>						
Insurance contract liabilities	4,839,215	-	4,839,215	71,699,319	(4,839,215)	(4,839,215)
Reinsurance contract assets	-	-	-	17,785,504	-	-
Net insurance contract liabilities	4,839,215	-	4,839,215	89,484,823	(4,839,215)	(4,839,215)
<b>Withdrawals - less 10%</b>						
Insurance contract liabilities	11,908,010	(5,359,675)	6,548,335	66,339,644	(6,548,335)	(6,548,335)
Reinsurance contract assets	(1,698,925)	305,268	(1,393,657)	18,090,772	1,393,656	1,393,656
Net insurance contract liabilities	10,209,085	(5,054,407)	5,154,679	84,430,416	(5,154,679)	(5,154,679)
<b>Renewal expenses - plus 10%</b>						
Insurance contract liabilities	8,666,773	(4,280,635)	4,386,138	67,418,684	(4,386,136)	(4,386,138)
Reinsurance contract assets	-	(571,451)	(571,451)	17,214,053	571,451	571,451
Net insurance contract liabilities	8,666,773	(4,852,086)	3,814,687	84,632,737	(3,814,685)	(3,814,687)

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**4 MANAGEMENT OF INSURANCE RISK (CONT'D)**

**Insurance risk (cont'd)**

(d) Sensitivity analysis (cont'd)

**31 December 2023**

	LIC as reported Rs	Impact on LIC Rs	Impact on profit before tax Rs	Impact on equity Rs
Insurance contract liabilities	2,757,116			
Reinsurance contract assets	(1,298,742)			
Net insurance contract liabilities	<u>1,458,374</u>			
<b>IBNR Provision - plus 10%</b>				
Insurance contract liabilities		275,712	(275,712)	(275,712)
Reinsurance contract assets		129,874	129,874	129,874
Net insurance contract liabilities		<u>405,586</u>	<u>(145,837)</u>	<u>(145,837)</u>
<b>31 December 2022</b>				
Insurance contract liabilities	1,410,519			
Reinsurance contract assets	(581,074)			
Net insurance contract liabilities	<u>829,445</u>			
<b>IBNR Provision - plus 10%</b>				
Insurance contract liabilities		141,052	(141,052)	(141,052)
Reinsurance contract assets		(58,107)	58,107	58,107
Net insurance contract liabilities		<u>82,945</u>	<u>(82,945)</u>	<u>(82,945)</u>

**ISLAND LIFE ASSURANCE CO. LTD****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**5 MANAGEMENT OF FINANCIAL RISK****Financial risk management**

Market risk arises from the level or volatility of the market prices. Exposure to market risk is measured by the impact of movements in the level of financial variables. This exposure will affect the fulfilment cash flows of insurance and reinsurance contracts, as well as future cash flows of financial instruments. The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investments are not sufficient to fund the obligations arising from its insurance contracts. The Company is primarily exposed to interest rate risk and equity price risk due to the nature of its investments and liabilities.

**(a) Management of market risk**

The Company's investment committee is primarily responsible for managing and overseeing its financial risks, the investment committee is mandated to achieve long-term investment returns in excess of the Company's obligations under insurance and investment contracts. The principal technique of the investment committee is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained.

**(b) Changes from the previous period**

The Company has not changed its risk management process from previous period.

**(c) Analysis of market risk***Fixed and guaranteed insurance contracts*

Insurance contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at the inception of the contract. The component of these benefits is a guaranteed fixed interest rate (for insurance contracts, this rate may apply to maturity and/or death benefits); the company's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable.

- **Liquidity risk**

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position assets and cash components and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Company will be unable to do is inherent in all insurance operations and can be affected by a range of institution-specific and market wide events including, but not limited to, credit events, systemic shocks and natural disasters or catastrophe.

The Company is exposed to daily calls on its available cash resources as a result of claims. The Company maintains a certain level of cash resources in the bank to service the daily claims. Investments are also made in certain liquid investments such as Bank of Mauritius Treasury bills and investments in equity shares that are traded in active markets and can be readily disposed. The Company has also made arrangements in its reinsurance treaty to cater for large claims whereby reinsurers will pay their share of these losses within a short period of time.

- **Foreign exchange risk**

The Company underwrites fixed and guaranteed insurance and investment contracts in Mauritius and invests in a portfolio of assets denominated in Mauritian Rupees and other foreign currencies. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to some investments in foreign currencies.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial risk management (cont'd)**

- Foreign exchange risk (cont'd)

**At 31 December 2023**

	USD	MUR	Non-financial assets/ (liabilities)	Total
	Rs	Rs	Rs	Rs
<b>Assets</b>	<b>180,272,877</b>	<b>767,172,291</b>	<b>233,872,862</b>	<b>1,181,318,030</b>
<b>Liabilities</b>	<b>-</b>	<b>(1,244,307,218)</b>	<b>-</b>	<b>(1,244,307,218)</b>
<b>Net position Rs</b>	<b>180,272,877</b>	<b>(477,134,927)</b>	<b>233,872,862</b>	<b>(62,989,188)</b>

At 31 December 2022

	USD	MUR	Non- financial assets/ (liabilities)	Total
	Rs	Rs	Rs	Rs
Assets	164,524,950	811,281,107	245,306,515	1,221,112,572
Liabilities	-	(1,192,289,897)	-	(1,192,289,897)
Net position Rs	164,524,950	(381,008,790)	245,306,515	28,822,675

A total of **Rs 40,263,955** (2022: Rs 14,451,281) for advances and prepayment have been excluded from other receivables.

The Company has **15%** (2022 – 16%) of its total financial assets denominated in foreign currencies. The foreign currency denominated assets are in USD.

The sensitivity analysis below shows the effect on the total financial assets of the Company when the USD depreciates against the Mauritian rupee ("MUR"), holding other assumptions constant each time.

	Impact on Surplus in 2023 Rs	Impact on Surplus in 2022 Rs
USD depreciates by 5% against the MUR*	<b>(9,013,644)</b>	<b>(8,226,247)</b>

\* If the USD appreciates by 5% against the MUR, there will be a corresponding increase in the surplus also.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial risk management (cont'd)**

• Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The loans and receivables are on a fixed interest rate basis and thus not subject to interest rate fluctuations. All other receivables are interest free and not subject to interest rate risk. The Company may review the leading rate to its clients, due to competition.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at reporting date.

The table below summarises the Company's interest rate risk exposure:

	Up to 1 Year Rs	1 – 5 years Rs	Above 5 years Rs	Non-interest Bearing Rs	Total Rs
<b>At 31 December 2023</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	-	10,055,000	146,699,100	548,434,016	705,188,116
Loans and advances	18,916,709	125,674,706	-	-	144,591,415
Other receivables	-	-	-	28,575,700	28,575,700
Cash and cash equivalents	69,089,938	-	-	-	69,089,938
<b>Total assets</b>	<b>88,006,647</b>	<b>135,729,706</b>	<b>146,699,100</b>	<b>577,009,716</b>	<b>947,445,169</b>
<b>Liabilities</b>					
Other payables	-	-	-	41,817,910	41,817,910
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,817,910</b>	<b>41,817,910</b>
<b>On balance sheet interest sensitivity gap</b>	<b>88,006,647</b>	<b>135,729,706</b>	<b>146,699,100</b>	<b>535,191,806</b>	<b>905,627,259</b>
<b>At 31 December 2022</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	22,285,514	38,435,406	1,013,600	646,608,206	708,342,726
Loans and advances	68,898,189	66,622,556	-	-	135,520,745
Other receivables	-	-	-	42,451,621	42,451,621
Cash and cash equivalents	89,490,966	-	-	-	89,490,966
<b>Total assets</b>	<b>180,674,669</b>	<b>105,057,962</b>	<b>1,013,600</b>	<b>689,059,827</b>	<b>975,806,058</b>
<b>Liabilities</b>					
Other payables	-	-	-	40,690,829	40,690,829
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,690,829</b>	<b>40,690,829</b>
<b>On balance sheet interest sensitivity gap</b>	<b>180,674,669</b>	<b>105,057,962</b>	<b>1,013,600</b>	<b>648,368,998</b>	<b>935,115,229</b>

A total of **Rs 41,194,954** (2022: Rs 18,131,280) for advances, prepayment and repossessed assets have been excluded from other receivables.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial risk management (cont'd)**

- Interest rate risk (cont'd)

Sensitivity Analysis on Interest - bearing instruments

Interest-bearing instruments with a fixed rate give rise to fair value interest rate risk, while interest-bearing instruments with a floating rate give rise to cash flow interest rate risk.

The following table provides an indication of the impact of a 1% change in interest rates on the net income before tax as well as the net comprehensive income of the Company. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

Interest-bearing investments and structured transactions	31 December 2023		31 December 2022 (restated)	
	1% increase Rs	1% decrease Rs	1% increase Rs	1% decrease Rs
<b>Impact on profit before tax</b>				
Subordinated notes	483,858	(483,858)	632,252	(632,252)
Treasury bond	1,567,533	(1,567,533)	1,613,087	(1,613,087)
Treasury notes	-	-	24,958	(24,958)
<b>Total</b>	<b>2,051,391</b>	<b>(2,051,391)</b>	<b>2,270,297</b>	<b>(2,270,297)</b>
<b>Effect of shareholder's equity</b>				
Subordinated notes	411,279	(411,279)	537,414	(537,414)
Treasury bond	1,332,403	(1,332,403)	1,371,124	(1,371,124)
Treasury notes	-	-	21,214	(21,214)
<b>Total</b>	<b>1,743,682</b>	<b>(1,743,682)</b>	<b>1,929,752</b>	<b>(1,929,752)</b>

- Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit risk are: housing loans, policy loans, loans receivable from related parties, fixed deposits placed with financial institutions and cash and cash equivalents.

The Company manages its credit risk as follows:

- Exposure to credit risk arising on loan receivables is managed through analysis of the ability of borrowers to meet interest and capital repayment obligations and by changing the lending limits where appropriate. Exposure to credit risk is also managed by obtaining collaterals and guarantees.
- Fixed deposits placed with financial institutions and cash and cash equivalents – The Company only transacts with highly reputable financial institutions. The credit worthiness of these financial institutions can be assessed by the historical information about the financial strengths of the financial institutions the Company is dealing with. In the opinion of the Company there is no associated risk as these are reputable institutions in the industry.

The Company avoids investment concentration. It assesses credit worthiness of both loans clients and debt issuers. Systematic follow-ups are also made so that the levels of receivables (mainly Group companies) are kept to a reasonable level.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial and market risk (cont'd)**

- Credit risk (cont'd)

	2023 Rs	2022 Rs
<b>Loans and advances, at amortised cost</b>		
Housing loans receivable, net of expected credit loss	21,270,658	23,805,102
Policy loans receivable	343,968	343,968
Loans on call with related companies	99,309,353	98,932,522
Other loans	23,667,436	12,439,153
	<u>144,591,415</u>	<u>135,520,745</u>
<b>Other receivables</b>		
Other receivables	28,575,699	42,451,621
<b>Cash and cash equivalents</b>		
	<u>69,089,938</u>	<u>89,490,966</u>
<b>Total assets bearing credit risk</b>	<u>947,445,168</u>	<u>975,806,058</u>

A total of **Rs 41,194,954** (2022: Rs 18,131,280) for advances, prepayment and repossessed assets have been excluded from other receivables.

The assets are analysed in the table below using Standard & Poor's (S&P), Moody's and Care ratings:

<b>Credit ratings:</b>	2023	2022
<b>A+</b>	-	-
<b>A</b>	3,243,422	3,933,620
<b>A-</b>	-	-
<b>AA-</b>	-	-
<b>BBB+</b>	-	-
<b>Baa1**</b>	-	-
<b>Baa2**</b>	156,754,100	-
<b>CARE MAU AA</b>	-	-
<b>CARE MAU A+</b>	-	-
<b>CARE MAU A+ *</b>	-	-
<b>CARE MAU AA</b>	9,526,680	9,219,370
<b>CARE MAU A*</b>	12,011,622	-
<b>CARE MAU AA-</b>	42,581,110	-
<b>CARE MAU AA*</b>	12,490,816	-
<b>CARE MAU AA-*</b>	-	25,938,665
<b>CARE MAU AAA</b>	-	-
<b>CARE MAU BBB+</b>	5,315,239	-
<b>Unrated****</b>	<u>705,522,179</u>	<u>936,714,403</u>
	<u>947,445,168</u>	<u>975,806,058</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial risk management (cont'd)**

• Credit risk (cont'd)

The ratings for the foreign bonds were taken from ratings provided by Standard & Poor's.

The ratings for local equity (MCB & SBM) and for government treasury bills and notes were taken from ratings provided by Moody's.

The ratings for local bonds were taken from ratings provided by Care Ratings.

The unrated assets consist of equity investments, secured housing and policy loans, unsecured and secured loans receivable from related parties, other receivables, fixed deposits from financial institutions and cash balances.

• Price risk

The Company is subject to price risk due to daily changes in the market values of its equity portfolios. The Company is not directly exposed to commodity price risk but does have indirect commodity price exposure via various equity share holdings. Any change in valuation of these companies due to change in commodity prices will reflect in the change in share price of these companies.

The Company has the following equity investment instruments. Each of the following investments has an individual value of more than 5% of the total quoted equity investment portfolio. Details of the investments below 4%, summarised as "Other", are open to inspection at the registered office of the Company.

	31 December 2023		31 December 2022 (restated)	
	Number of shares	Market Value Rs	Number of shares	Market Value Rs
<b>Direct listed equity exposure</b>				
<b>Local listed equities:</b>				
ENL LTD	779,221	15,311,693	779,221	18,662,343
IBL LTD	506,276	21,820,496	506,276	26,073,214
MCB GROUP LTD	217,715	70,539,660	218,149	52,757,643
Other local listed	10,129,295	117,419,651	12,660,528	124,713,809
	<b>11,632,507</b>	<b>225,091,500</b>	<b>14,164,174</b>	<b>222,207,009</b>
<b>Foreign listed:</b>				
SANDS CAPITAL GLOBAL GROWTH FUND A ACC	18,487	35,086,099	18,487	26,322,726
CAPITAL GROUP NEW PERSPECTIVE FUND FUND Z ACC	43,690	42,555,067	43,690	33,954,436
ARTISAN GLOBAL DISCOVERY FUND I USD	29,915	26,333,282	29,915	21,594,462
FISHER SMALL CAP CORE EQUITY ESG FUND USD	1,681	18,059,936	1,681	14,525,552
Other foreign listed	11,934	51,760,866	16,796	58,140,819
	<b>105,707</b>	<b>173,795,250</b>	<b>110,569</b>	<b>154,537,995</b>
<b>Total local and foreign listed equities</b>		<b>398,886,750</b>		<b>376,745,004</b>

The Company takes a long-term view when agreeing investment mandates with the relevant portfolio managers and looks to build value over a sustained period of time rather than utilising high levels of purchases and sales in order to generate short-term gains from its equity holdings.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial and market risk (cont'd)**

• Price risk (cont'd)

Equity price risk arises from the negative effect that a fall in the market value of equities can have on the Company's net asset value. The Company's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively managed through a variety of modelling methods. The Company sets appropriate risk limits to ensure that no significant concentrations in individual companies arise. The Company's largest investment in any one company comprises 1.4% (2022: 1.2%) of the total assets.

Sensitivity analysis on listed equities and similar securities

At 31 December 2023, the Company's listed equities and similar securities were recorded at their fair value of **Rs398 million** (2022: Rs376 million). A 10% decline or increase in each individual unit price would have the net effect of decreasing or increasing profit before taxation by **Rs39 million** (2022: Rs37million).

• Fair values

The carrying amounts of land and buildings, investment properties, financial assets at fair value through profit or loss, loans and advances, trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values.

• Fair value hierarchy

IFRS 7 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. Management considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's assets and liabilities measured at fair values:

	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
<b>At 31 December 2023</b>				
<b>Assets</b>				
Investment properties	-	-	209,380,000	209,380,000
Financial assets at fair value through profit or loss	447,272,548	-	257,915,568	705,188,116
Land & Building (property, plant & equipment)	-	-	18,138,833	18,138,833
<b>Total assets</b>	<b>447,272,548</b>	<b>-</b>	<b>485,434,401</b>	<b>932,706,949</b>

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the current and prior years.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial and market risk (cont'd)**

- Fair value hierarchy (cont'd)

	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
At 31 December 2022				
Assets				
Investment properties	-	-	204,880,000	204,880,000
Financial assets at fair value through profit or loss	439,970,176	-	268,372,550	708,342,726
Land & Building (property, plant & equipment)	-	-	18,311,054	18,311,054
Total assets	<u>439,970,176</u>	<u>-</u>	<u>491,563,604</u>	<u>931,533,780</u>

The Company is exposed to equity securities and debt securities price risks. If the fair value of the investments increases/decreases by 5%, other factors remaining unchanged, the Company's deficit for the year and financial assets (at fair value through profit or loss) would increase /decrease by **Rs 35,259,405** (2022: Rs 35,417,136).

Given that the Company is materially exposed to price risk, it has set up an investment committee to manage that risk. Members of the investment committee meet at least once every quarter to monitor the investment activities of the Company.

The Company's financial assets valued at fair value through profit or loss are directly related to the fair valuation of the investee entities. The investee entities use various valuations methods to value their underlying investment assets such as the use of share of Net Asset Value ("NAV") of the underlying investment, price earnings ratio, market price of shares at reporting date and the latest redemption price. Level 3 includes investments classified as financial assets at fair value through profit or loss. The investments have been fair valued using comparable trading multiple.

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model:

Description	Fair Value as at 31 Dec 23	Valuation Technique	Unobservable Inputs	Weighted Average Input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted Investment	101,162,300	Comparable trading multiple	PE Ratio	11.45	1	1,608,238 / (1,608,238)
			EV/EBITDA Multiple	6.0391	1	1,623,500 / (1,623,500)
			Discount for minority control	15%	1%	554,394 / (554,394)
			Discount for liquidity	15%	1%	554,394 / (554,394)
			Discount for lack of marketability	14.5%	1%	175,390 / (175,390)
			Size Discount	14.5%	1%	(95,500) / 95,500
Description	Fair Value as at 31 Dec 22	Valuation Technique	Unobservable Inputs	Weighted Average Input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted Investment	104,568,090	Comparable trading multiple	EV/EBITDA Multiple	7.84	1	1,577,372 / (1,577,372)
			Price Multiple	10.26	1	(8,360,746)
			Discount for lack of marketability	18%	1%	(776,229) / 776,229

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial and market risk (cont'd)**

- Fair value hierarchy (cont'd)

The following table presents the movements in level 3 instruments:

<b>At 31 December 2023</b>	<b>Financial asset at fair value through profit or loss Rs</b>	<b>Total Rs</b>
Balance at 01 January 2023	268,372,550	268,372,550
Additions/(disposals)	(15,531,540)	(15,531,540)
Total losses recognised in profit or loss	5,074,558	5,074,558
<b>Balance at 31 December 2023</b>	<b>257,915,568</b>	<b>257,915,568</b>
<b>At 31 December 2022</b>		
Balance at 01 January 2022	120,192,791	120,192,791
Additions/(disposals)	(51,456,991)	(51,456,991)
Transfer from available from sale	227,029,632	227,029,632
Total losses recognised in profit or loss	(27,392,882)	(27,392,882)
<b>Balance at 31 December 2022</b>	<b>268,372,550</b>	<b>268,372,550</b>

**Financial instruments by categories**

**At 31 December 2023**

	<b>Loans and advances Rs</b>	<b>Trade and other receivables Rs</b>	<b>Assets at fair value through profit and loss Rs</b>	<b>Total Rs</b>
Loans and advances	144,591,415	-	-	144,591,415
Other receivables	-	28,575,700	-	28,575,700
Financial assets at fair value through profit or loss	-	-	705,188,116	705,188,116
Cash and cash equivalents	69,089,938	-	-	69,089,938
<b>Balance at 31 December 2023</b>	<b>213,681,353</b>	<b>28,575,700</b>	<b>705,188,116</b>	<b>947,445,169</b>
<b>At 31 December 2022</b>				
Loans and advances	135,520,745	-	-	135,520,745
Other receivables	-	42,451,621	-	42,451,621
Financial assets at fair value through profit or loss	-	-	708,342,726	708,342,726
Cash and cash equivalents	89,490,966	-	-	89,490,966
Balance at 31 December 2022	225,011,711	42,451,621	708,342,726	975,806,058

- Capital management

The Company's objectives when managing capital are:

- To comply with solvency regulations issued by the FSC
- To maximise returns to both shareholder and policyholder while being resilient to investment volatilities
- To foster and consolidate both its short and long term growth strategy
- To match its investment strategy with its product pricing and reserving basis.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**5 MANAGEMENT OF FINANCIAL RISK (CONT'D)**

**Financial and market risk (cont'd)**

- Capital management (cont'd)

The solvency test requires that the excess of admissible assets over liabilities is at least equal to the stress test requirement (also called Minimum Capital Requirement, "MCR"). Admissible assets are balance sheet assets that satisfy requirements of investment rules issued by the FSC; e.g. excess holding in a particular asset class (beyond the maximum allowed) will carry no value for the purpose of solvency requirements. Liabilities are made up of technical provisions and other liabilities. Technical provisions are computed by the Company's actuary in accordance with valuation rules issued by the FSC. These rules require that the actuary builds in a prudent margin when computing liabilities (e.g. to guard against any adverse changes in assumptions). The stress test requirement (MCR) is computed by the actuary in accordance with a formula issued by the FSC. The formula specifies "stress" scenarios (e.g. drop in investment return, increase in expenses) and the MCR is the sum total of the "top-up" capital required to ensure that admissible assets are more than liabilities under all scenarios. The minimum MCR is the higher of Rs 25million or the Company's equivalent of 13 weeks' operating expenses.

Assets that are used to back the MCR are made up of shareholders' capital and retained earnings.

	<b>2023</b>	2022 (Restated)
	%	%
MCR Ratio	<b>103</b>	126

The Solvency position as at 31 December 2023 stood at 103% (126% restated as at 31 December 2022). As a result of the previous MCR ratio being below 100%, shareholders injected capital of Rs74.53 million in 2020 and Rs150 million in 2021 and Rs22.15 million in 2022. The amount injected over the past years were based on targeting an MCR ratio of 100% as at the respective reporting date.

**6 PORTFOLIO INFORMATION**

Portfolio information is derived from internal reports regularly reviewed by the Executive Committee. These reports guide resource allocation and performance assessment within the company. The portfolios are identified based on these reports, which management uses to make strategic and operational decisions.

The Company conducts mainly insurance and investment activities.

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**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Insurance contract portfolio - profit or loss**

	Non Participating Annuity	Non Participating Group Life	Indirect Participating Investments	OCR	Direct Participating Shaariah	Indirect Participating With Profits	Non Participating Without Profits	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31 December 2023								
CSM recognized for services provided	252,416	-	563,605	-	2,257	5,144,908	9,121,265	15,084,451
Change in risk adjustment for non-financial risk for risk expired	19,918	-	6,016	-	476	(1,878,693)	387,453	(1,464,830)
<b>Expected insurance service expenses incurred:</b>	<b>25,302,816</b>	-	<b>43,359</b>	-	<b>415</b>	<b>13,603,389</b>	<b>34,122,297</b>	<b>73,072,276</b>
Claims	24,768,140	-	8,124	-	(1,512)	6,877,121	29,588,322	61,240,195
Expenses	534,676	-	35,235	-	1,927	6,726,268	4,533,975	11,832,081
Recovery of insurance acquisition cash flows	14,061	-	469,104	-	118	1,392,494	4,538,709	6,414,486
Experience adjustments not related to future service	1,092,597	10,310,782	2,778,751	-	-	(9,865,321)	(7,670,105)	(3,353,296)
Restatement and Other Changes	-	-	-	-	-	6,815	(91,987)	(85,172)
Expected premium receipts allocation under the PAA	-	28,815	-	-	-	-	-	28,815
<b>Insurance service expenses</b>	<b>(33,529,667)</b>	<b>(3,279,980)</b>	<b>1,557,858</b>	<b>69,504</b>	<b>(281)</b>	<b>(20,810,893)</b>	<b>(35,817,653)</b>	<b>(91,811,112)</b>
<b>Incurred insurance service expenses:</b>	<b>(30,140,896)</b>	<b>(4,690,499)</b>	<b>40,464</b>	-	<b>(163)</b>	<b>(15,839,736)</b>	<b>(12,955,100)</b>	<b>(63,585,930)</b>
Claims	(29,764,553)	(3,614,900)	50,697	-	-	(7,981,117)	(8,336,350)	(49,646,223)
Expenses	(376,343)	(1,075,599)	(10,233)	-	(163)	(7,858,619)	(4,618,750)	(13,939,707)
Other expenses under the VFA	-	-	-	-	-	-	-	-
Other movements related to current service	-	-	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	(14,061)	-	(469,104)	-	(118)	(1,392,494)	(4,538,709)	(6,414,486)
<b>Changes that relate to past service:</b>	-	1,410,519	-	69,504	-	5,065,984	2,261,357	8,807,364
Changes in estimates in LIC fulfilment cash flows	-	-	-	-	-	(402,876)	(3,000,000)	(3,402,876)
Experience adjustments in claims and other insurance service expenses in LIC	-	1,410,519	-	69,504	-	5,468,860	5,261,357	12,210,240

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Insurance contract portfolio - profit or loss (cont'd)**

31 December 2023 (cont'd)	Non Participating Annuity	Non Participating Group Life	Non Participating Investments	OCR	Direct Participating Shaariah	Indirect Participating With Profits	Non Participating Without Profits	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Changes that relate to future service:</b>	<b>(3,374,710)</b>	-	<b>1,986,497</b>	-	-	<b>(8,644,647)</b>	<b>(20,585,201)</b>	<b>(30,618,061)</b>
Losses for the net outflow recognized on initial recognition	(1,852,040)	-	-	-	-	(163,634)	(286,981)	(2,302,655)
Losses and reversal of losses on onerous contracts – subsequent measurement	(1,522,670)	-	1,986,497	-	-	(8,481,013)	(20,298,220)	(28,315,406)
<b>Insurance service expenses</b>	<b>(33,529,667)</b>	<b>(3,279,980)</b>	<b>1,557,857</b>	<b>69,504</b>	<b>(281)</b>	<b>(20,810,893)</b>	<b>(35,817,653)</b>	<b>(91,811,113)</b>
Insurance finance income/(expenses) from insurance contracts issued	(33,681,060)	-	(3,713,131)	-	-	(55,319,362)	(50,736,688)	(143,450,241)
<b>The effect of time value of money and changes in the time value of money based on the locked-in interest rates:</b>	<b>(6,760,659)</b>	-	<b>(979,973)</b>	-	-	<b>(13,809,947)</b>	<b>(8,408,500)</b>	<b>(29,959,079)</b>
Interest accreted on the carrying amount of the CSM	(102,800)	-	(91,860)	-	-	(1,014,712)	(1,384,411)	(2,593,783)
Interest accreted on present value cash flows	(6,631,088)	-	(888,337)	-	-	(12,489,811)	(6,100,257)	(26,109,493)
Interest accreted on risk adjustment	(26,771)	-	224	-	-	(305,424)	(923,832)	(1,255,803)
Interest accreted on LRC for contracts measured under the PAA.	-	-	-	-	-	-	-	-
The effect of financial risk and changes in financial risk	(26,920,401)	-	(2,733,158)	-	-	(41,509,415)	(42,328,188)	(113,491,162)
<b>Total insurance finance income/(expenses)</b>	<b>(33,681,060)</b>	-	<b>(3,713,131)</b>	-	-	<b>(55,319,362)</b>	<b>(50,736,688)</b>	<b>(143,450,241)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Insurance contract portfolio - profit or loss (cont'd)**

	Non Participating Annuity	Non Participating Group Life	Indirect Participating Investments	OCR	Direct Participating Shaariah	Indirect Participating With Profits	Non Participating Without	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
31 December 2022 (Restated)	23,486,921	7,438,077	6,420,971	-	15,301,480	29,724,852	82,372,301	
Insurance revenue	213,763	-	153,595	-	7,652,272	5,841,719	13,861,349	
CSM recognized for services provided	19,817	-	(57,501)	-	(2,935,746)	122,459	(2,850,971)	
Change in risk adjustment for non-financial risk for risk expired	24,244,181	-	(34,378)	-	15,197,450	28,441,765	67,849,018	
Expected insurance service expenses incurred:	23,734,648	-	(10,619)	-	7,904,520	24,000,529	55,629,078	
Claims	509,533	-	(23,759)	-	7,292,930	4,441,236	12,219,940	
Expenses	1,416	-	179,819	-	(759,357)	2,065,163	1,487,041	
Recovery of insurance acquisition cash flows	(992,256)	6,997,908	6,179,436	-	(11,208,325)	(7,551,306)	(6,574,543)	
Experience adjustments not related to future service Restatement and Other Changes	-	-	-	-	7,355,186	805,052	8,160,238	
Expected premium receipts allocation under the PAA	-	440,169	-	-	-	-	440,169	
Insurance service expenses	(29,004,685)	(1,591,749)	(7,541,657)	781,993	(52,411,811)	(51,625,659)	(141,393,568)	
Incurred insurance service expenses:	(25,188,053)	(3,282,355)	248,200	-	(11,232,034)	(28,254,112)	(67,708,354)	
Claims	(24,828,832)	(2,136,475)	175,723	-	(3,954,211)	(24,103,192)	(54,846,987)	
Expenses	(359,221)	(1,145,880)	72,477	-	(7,277,823)	(4,150,920)	(12,861,367)	
Amortisation of insurance acquisition cash flows	(1,416)	-	(179,819)	-	759,357	(2,065,163)	(1,487,041)	
Changes that relate to past service:	-	1,690,607	-	781,993	9,395,928	8,869,568	20,738,096	
Changes in estimates in LIC fulfilment cash flows	-	-	-	(69,504)	(3,895,568)	(1,211,357)	(5,176,429)	
Experience adjustments in claims and other insurance service expenses in LIC	-	1,690,607	-	851,497	13,291,496	10,080,925	25,914,525	
Changes that relate to future service:	(3,815,217)	-	(7,610,039)	-	(51,335,062)	(30,175,953)	(92,936,271)	
Losses for the net outflow recognized on initial recognition	(1,353,609)	-	(13,467,788)	-	(765,344)	(2,932,095)	(18,518,836)	
Losses and reversal of losses on onerous contracts – subsequent measurement	(2,461,608)	-	5,857,749	-	(50,569,718)	(27,243,858)	(74,417,435)	
Insurance service expenses	(5,517,764)	5,846,328	(1,120,686)	781,993	(37,110,332)	(21,900,808)	(59,021,269)	

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Insurance contract portfolio - profit or loss (cont'd)**

31 December 2022 (Restated)	Non Participating Annuity	Non Participating Group Life	Indirect Participating Investments	OCR	Direct Participating Shaariah	Indirect Participating With Profits	Non Participating Without	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Insurance finance income/(expenses) from insurance contracts issued	24,257,734	-	2,230,370	-	-	42,211,833	49,739,942	118,439,879
The effect of time value of money and changes in the time value of money based on the locked-in interest rates:	(3,533,381)	-	(476,167)	-	-	(6,168,623)	(3,368,929)	(13,547,100)
Interest accreted on the carrying amount of the CSM	(110,704)	-	(2,266)	-	-	(474,375)	(606,624)	(1,193,969)
Interest accreted on present value cash flows	(3,408,018)	-	(473,374)	-	-	(5,522,763)	(2,318,251)	(11,722,406)
Interest accreted on risk adjustment	(14,659)	-	(527)	-	-	(171,485)	(444,054)	(630,725)
The effect of financial risk and changes in financial risk	27,791,115	-	2,706,537	-	-	48,380,456	53,108,871	131,986,979
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-	-	-	-	-	-	-	-
Changes in fair value of underlying items of direct participating contracts	-	-	-	-	-	-	-	-
Effects of risk mitigation option	-	-	-	-	-	-	-	-
<b>Total insurance finance income or expenses</b>	<b>24,257,734</b>	<b>-</b>	<b>2,230,370</b>	<b>-</b>	<b>-</b>	<b>42,211,833</b>	<b>49,739,942</b>	<b>118,439,879</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Reinsurance contract portfolio - profit or loss**

**31 December 2023**

	Reinsurance Group Rs	Reinsurance Individual Rs	Reinsurance Rs	Total Rs
Allocation of the premiums paid	(5,352,620)	(25,287,041)	3,610	(30,636,051)
<b>Amounts recovered from reinsurance:</b>	<b>717,668</b>	<b>1,222,194</b>	-	<b>1,939,862</b>
<b>Incurred insurance service expenses:</b>	<b>1,298,742</b>	<b>5,840,716</b>	-	<b>7,139,458</b>
Claims	1,298,742	6,034,089	-	7,332,831
Expenses	-	(193,373)	-	(193,373)
Other movements related to current service	-	-	-	-
<b>Changes that relate to past service (changes in fulfilment cash flows re LIC):</b>	<b>(581,074)</b>	<b>500,000</b>	-	<b>(81,074)</b>
Changes in estimates in LIC fulfilment cash flows	-	500,000	-	500,000
Experience adjustments in claims and other insurance service expenses in LIC	(581,074)	-	-	(581,074)
<b>Changes that relate to future service:</b>	-	<b>(5,113,769)</b>	-	<b>(5,113,769)</b>
<b>Changes in Risk of Non-Performance</b>	-	<b>(4,753)</b>	-	<b>(4,753)</b>
<b>Insurance service (expense)/result</b>	<b>(4,634,952)</b>	<b>(24,064,847)</b>	<b>3,610</b>	<b>(28,696,189)</b>
Finance income/(expenses) from reinsurance contracts held	-	11,358,894	(3,610)	11,355,284
<b>The effect of time value of money and changes in the time value of money based on the locked-in interest rates:</b>	-	<b>686,670</b>	<b>(3,610)</b>	<b>683,060</b>
Interest accreted on the carrying amount of the CSM	-	(525,386)	(147,240)	(672,626)
Interest accreted on present value cash flows	-	929,404	104,448	1,033,852
Interest accreted on risk adjustment	-	282,652	39,182	321,834
The effect of financial risk and changes in financial risk	-	10,672,224	-	10,672,224
<b>Total insurance finance income or expenses</b>	-	<b>11,358,894</b>	<b>(3,610)</b>	<b>11,355,284</b>
<b>31 December 2022 (Restated)</b>	<b>Reinsurance Group Rs</b>	<b>Reinsurance Individual Rs</b>	<b>Reinsurance Rs</b>	<b>Total Rs</b>
Allocation of the premiums paid	(5,983,026)	(20,123,713)	1,291	(26,105,448)
Amounts recovered from reinsurance:	(44,850)	22,166,920	-	22,122,070
Incurred insurance service expenses:	581,074	14,792,784	-	15,373,858
Claims	581,074	14,961,781	-	15,542,855
Expenses	-	(168,997)	-	(168,997)
Changes that relate to past service (changes in fulfilment cash flows re LIC):	(625,924)	-	-	(625,924)
Changes in estimates in LIC fulfilment cash flows	-	-	-	-
Experience adjustments in claims and other insurance service expenses in LIC	(625,924)	-	-	(625,924)
Changes that relate to future service:	-	7,370,468	-	7,370,468
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent	-	7,370,468	-	7,370,468
Changes in Risk of Non-Performance	-	3,668	-	3,668
<b>Insurance service (expense)/result</b>	<b>(6,027,876)</b>	<b>2,043,207</b>	<b>1,291</b>	<b>(3,983,378)</b>
Finance income/(expenses) from reinsurance contracts held	-	(4,517,590)	(1,291)	(4,518,882)
<b>The effect of time value of money and changes in the time value of money based on the locked-in interest rates:</b>	-	<b>519,795</b>	<b>(1,290)</b>	<b>518,504</b>
Interest accreted on the carrying amount of the CSM	-	16,268	(40,199)	(23,931)
Interest accreted on present value cash flows	-	359,272	30,856	390,128
Interest accreted on risk adjustment	-	144,255	8,053	152,307
The effect of financial risk and changes in financial risk	-	(5,037,385)	-	(5,037,385)
<b>Total finance expenses from reinsurance contracts held</b>	-	<b>(4,517,590)</b>	<b>(1,290)</b>	<b>(4,518,881)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Insurance contract portfolio - financial position**

31 December 2023	Non Participating Annuity Rs.	Non Participating Group Life Rs.	Indirect Participating Investments Rs.	OCR Rs.	Direct Participating Shaariah Rs.	Indirect Participating With Profits Rs.	Non Participating Without Profits Rs.	Total Rs.
<b>LIABILITIES</b>								
<b>Liability for remaining coverage:</b>								
Total estimates of present value of future cash flows:	(238,870,571)	(558,368)	(45,098,628)	-	(496,542)	(520,046,670)	(377,496,677)	(1,182,567,456)
<i>Estimates of present value of future cash flows excluding accrual balance</i>	(235,811,403)	-	(42,252,182)	-	(455,143)	(477,855,961)	(291,150,674)	(1,047,525,363)
<i>Extract of accrual balance</i>	(235,811,403)	-	(42,252,182)	-	(455,143)	(477,855,961)	(291,150,674)	(1,047,525,363)
Risk adjustment for non-financial risk	(1,148,248)	-	89,579	-	(2,561)	(10,839,658)	(44,084,734)	(55,985,622)
Contractual service margin	(1,910,920)	-	(2,936,025)	-	(38,838)	(31,351,051)	(42,261,269)	(78,498,103)
Liability for remaining coverage of contracts measured under the PAA	-	(558,368)	-	-	-	-	-	(558,368)
<b>Liability for incurred claims:</b>								
Estimates of present value of future cash flows	-	(2,757,116)	-	-	-	(4,047,875)	(6,500,000)	(13,304,991)
Risk adjustment for non-financial risk	-	(2,334,795)	-	-	-	(4,047,875)	(6,500,000)	(12,882,670)
<b>Pre-recognition acquisition cash-flows</b>								
	-	-	-	-	-	-	-	-
<b>Total Insurance contract liabilities</b>	<b>238,870,571</b>	<b>3,315,484</b>	<b>45,098,628</b>	<b>-</b>	<b>496,542</b>	<b>524,094,545</b>	<b>383,996,677</b>	<b>1,195,872,447</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

Insurance contract portfolio - financial position

31 December 2022	Non Participating Annuity Rs.	Non Participating Group Life Rs.	Indirect Participating Investments Rs.	OCR Rs.	Direct Participating Shaariah Rs.	Indirect Participating With Profits Rs.	Non Participating Without Profits Rs.	Total Rs.
<b>ASSETS</b>								
Insurance contract assets	-	-	-	-	-	-	1,723,870	1,723,870
Liability for remaining coverage:	-	-	-	-	-	-	1,723,870	1,723,870
Total estimates of present value of future cash flows:	-	-	-	-	-	-	861,935	861,935
Liability for remaining coverage of contracts measured under the PAA	-	-	-	-	-	-	-	-
Pre-recognition acquisition cash-flows	-	-	-	-	-	-	-	-
Total Insurance contract assets	-	-	-	-	-	-	1,723,870	1,723,870
<b>LIABILITIES</b>								
Liability for remaining coverage:	(227,937,056)	(28,815)	(31,372,262)	-	-	(588,131,856)	(289,036,659)	(1,136,506,648)
Total estimates of present value of future cash flows:	(224,791,158)	-	(29,257,735)	-	-	(543,128,723)	(244,022,228)	(1,041,199,844)
<i>Estimates of present value of future cash flows excluding accrual balance</i>	(224,791,158)	-	(29,257,735)	-	-	(543,128,723)	(244,022,228)	(1,041,199,844)
<i>Extract of accrual balance</i>	-	-	-	-	-	-	-	-
Risk adjustment for non-financial risk	(834,610)	-	(25,194)	-	-	(9,589,837)	(18,576,426)	(29,026,067)
Contractual service margin	(2,311,288)	-	(2,089,333)	-	-	(35,413,296)	(26,438,005)	(66,251,922)
Liability for remaining coverage of contracts measured under the PAA	-	(28,815)	-	-	-	-	-	(28,815)
Liability for incurred claims:	-	(1,410,519)	-	(69,504)	-	(5,468,860)	(5,261,357)	(12,210,240)
Estimates of present value of future cash flows	-	(1,171,121)	-	(69,504)	-	(5,468,860)	(5,261,357)	(11,970,842)
Risk adjustment for non-financial risk	-	(239,398)	-	-	-	-	-	(239,398)
Pre-recognition acquisition cash-flows	-	-	-	-	-	-	-	-
Total Insurance contract liabilities	227,937,056	1,439,334	31,372,262	69,504	-	593,600,716	294,298,016	1,148,716,888

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**6 PORTFOLIO INFORMATION (CONT'D)**

**Reinsurance contract portfolio - profit or loss**

<b>31 December 2023</b>	<b>Reinsurance Group Rs</b>	<b>Reinsurance Individual Rs</b>	<b>Reinsurance Rs</b>	<b>Total Rs</b>
<b>LIABILITIES</b>				
<b>Liability for remaining coverage:</b>				
Estimates of present value of future cash flows	-	9,608,642	3,391,071	12,999,713
Risk adjustment for non-financial risk	-	14,818,408	1,047,645	15,866,053
Contractual service margin	-	(32,496,826)	(4,438,716)	(36,935,542)
Liability for remaining coverage of contracts measured under the PAA	(3,940,828)	-	-	(3,940,828)
<b>Liability for incurred claims:</b>				
Estimates of present value of future cash flows	913,338	6,345,000	-	7,258,338
Risk adjustment for non-financial risk	385,405	-	-	385,405
<b>Total Reinsurance contract liabilities</b>	<b>(2,642,085)</b>	<b>(1,724,776)</b>	<b>-</b>	<b>(4,366,861)</b>
31 December 2022 (Restated)				
<b>ASSETS</b>				
<b>Liability for remaining coverage:</b>				
Estimates of present value of future cash flows	-	18,229,371	-	18,229,371
Risk adjustment for non-financial risk	-	8,475,050	-	8,475,050
Contractual service margin	-	(15,008,994)	-	(15,008,994)
<b>Total reinsurance contract assets</b>	<b>-</b>	<b>11,695,427</b>	<b>-</b>	<b>11,695,427</b>
<b>LIABILITIES</b>				
<b>Liability for remaining coverage:</b>				
Risk adjustment for non-financial risk	-	-	768,597	768,597
Contractual service margin	-	-	(2,776,510)	(2,776,510)
Liability for remaining coverage of contracts measured under the PAA	(3,463,254)	-	-	(3,463,254)
<b>Liability for incurred claims:</b>				
Estimates of present value of future cash flows	408,639	-	-	408,639
Risk adjustment for non-financial risk	172,435	-	-	172,435
<b>Total reinsurance contract liabilities</b>	<b>(2,882,180)</b>	<b>-</b>	<b>(2,007,913)</b>	<b>(4,890,093)</b>

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**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**7 INSURANCE SERVICE RESULT**

(a) Insurance revenue

The following tables present an analysis of the insurance revenue recognised during the year.

31 December 2023	Non Participating Annuity Rs.	Non Participating Group Life Rs.	Indirect Participating Investments Rs.	Participating Shaariah Rs.	Direct Participating Shaariah Rs.	Indirect Participating With Profits Rs.	Participating Without Profits Rs.	Non Participating Rs.	Total Rs.
<b>Contracts not measured under the PAA</b>									
CSM recognised for services provided	252,416	-	563,605	2,257	5,144,908	5,256,485	11,219,671		
Change in risk adjustment for non-financial risk for risk expired	19,918	-	6,016	476	(1,878,693)	387,453	(1,464,830)		
Expected insurance service expenses incurred	25,302,816	-	43,359	415	13,603,389	34,122,298	73,072,277		
Recovery of insurance acquisition cash flows	14,061	-	469,104	118	1,392,494	4,538,709	6,414,486		
Experience adjustments not related to future service	1,092,597	-	2,778,751	-	(9,895,321)	(7,670,105)	(13,694,078)		
Restatement and other changes	-	-	-	-	6,815	(91,887)	(85,072)		
<b>Total revenue from contracts not measured under PAA</b>	<b>26,681,808</b>	<b>-</b>	<b>3,860,835</b>	<b>3,266</b>	<b>8,373,592</b>	<b>36,542,953</b>	<b>75,462,454</b>		
<b>Contracts measured under the PAA</b>									
Expected premium receipts allocation under the PAA	-	28,815	-	-	-	-	28,815		
Experience adjustments not related to future service	-	10,310,782	-	-	-	-	10,310,782		
<b>Total revenue from contracts measured under PAA</b>	<b>-</b>	<b>10,339,597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,339,597</b>		
<b>Total revenue from insurance contracts</b>	<b>26,681,808</b>	<b>10,339,597</b>	<b>3,860,835</b>	<b>3,266</b>	<b>8,373,592</b>	<b>36,542,953</b>	<b>85,802,051</b>		

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

7	INSURANCE SERVICE RESULT (CONT'D)	Non Participating Annuity		Non Participating Group Life		Indirect Participating Investments		Direct Participating Shaariah		Indirect Participating With Profits		Non Participating Without Profits		Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
(a)	Insurance revenue (cont'd)													
	31 December 2022 (Restated)													
	Contracts not measured under the PAA	213,763	-	153,595	-	7,652,272	-	-	-	5,841,719	13,861,349	-	-	
	CSM recognised for services provided expired	19,817	-	(57,501)	-	(2,935,746)	-	-	-	122,459	(2,850,971)	-	-	
	Expected insurance service expenses incurred	24,244,181	-	(34,378)	-	15,197,450	-	-	-	28,441,765	67,849,018	-	-	
	Recovery of insurance acquisition cash flows	1,416	-	179,819	-	(759,357)	-	-	-	2,065,163	1,487,041	-	-	
	Experience adjustments not related to future service	(992,256)	6,997,908	6,179,436	-	(11,208,325)	-	-	-	(7,551,307)	(6,574,544)	-	-	
	Restatement and other changes	-	-	-	-	7,355,186	-	-	-	805,052	8,160,238	-	-	
	Total revenue from contracts not measured under PAA	23,486,921	6,997,908	6,420,971	-	15,301,480	-	-	-	29,724,851	81,932,131	-	-	
	Contracts measured under the PAA	-	440,169	-	-	-	-	-	-	-	440,169	-	-	
	Expected premium receipts allocation under the PAA	-	440,169	-	-	-	-	-	-	-	440,169	-	-	
	Total revenue from contracts measured under PAA	-	440,169	-	-	-	-	-	-	-	440,169	-	-	
	Total revenue from insurance contracts	23,486,921	7,438,077	6,420,971	-	15,301,480	-	-	-	29,724,851	82,372,300	-	-	

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**7 INSURANCE SERVICE RESULT (CONT'D)**

(b) Insurance service expenses

The following table present an analysis of the insurance service expenses for all measurement models applicable.

	Participating Annuity	Non Participating Group Life	Non Participating Investments	Indirect Participating	OCR	Direct Participating Shaariah	Indirect Participating With Profits	Non Participating Without Profits	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31 December 2023</b>									
Incurring insurance service expenses:									
Claim	(29,764,553)	(3,614,900)	50,697	(7,981,117)	-	-	(8,336,349)	(49,646,222)	
Expenses	(376,343)	(1,075,599)	(10,232)	(7,858,619)	(163)	(163)	(4,618,750)	(13,939,706)	
Amortisation of insurance acquisition cash flows	(14,061)	-	(469,104)	(1,392,494)	-	(118)	(4,538,709)	(6,414,486)	
Changes that relate to past service:									
Changes in estimates in LIC fulfilment cash flows	-	-	-	(402,876)	-	-	(3,000,000)	(3,402,876)	
Experience adjustments in claims and other insurance service expenses in LIC	-	1,410,519	69,503	5,468,859	-	-	5,261,357	12,210,238	
Changes that relate to future service:									
Losses for the net outflow recognized on initial recognition	(1,852,040)	-	-	(163,634)	-	-	(286,981)	(2,302,655)	
Losses and reversal of losses on onerous contracts – subsequent measurement	(1,522,670)	-	1,986,497	(8,481,013)	-	-	(20,298,220)	(28,315,406)	
<b>Total insurance service expenses</b>	<b>(33,529,667)</b>	<b>(3,279,980)</b>	<b>1,557,858</b>	<b>(20,810,894)</b>	<b>69,503</b>	<b>(281)</b>	<b>(35,817,652)</b>	<b>(91,811,113)</b>	
<b>31 December 2022 (Restated)</b>									
Incurring insurance service expenses:									
Claim	(24,828,832)	(2,136,475)	175,723	(3,954,211)	-	-	(24,103,191)	(54,846,986)	
Expenses	(359,221)	(1,145,881)	72,477	(7,277,823)	-	-	(4,150,920)	(12,861,368)	
Amortisation of insurance acquisition cash flows	(1,416)	-	(179,818)	759,357	-	-	(2,065,163)	(1,487,040)	
Changes that relate to past service:									
Changes in estimates in LIC fulfilment cash flows	-	-	-	(3,895,568)	(69,504)	-	(1,211,357)	(5,176,429)	
Experience adjustments in claims and other insurance service expenses in LIC	-	1,690,607	851,497	13,291,496	-	-	10,080,925	25,914,525	
Changes that relate to future service:									
Losses for the net outflow recognized on initial recognition	(1,353,609)	-	(13,467,788)	(765,344)	-	-	(2,932,095)	(18,518,836)	
Losses and reversal of losses on onerous contracts – subsequent measurement	(2,461,608)	-	5,857,749	(50,569,718)	-	-	(27,243,858)	(74,417,435)	
<b>Total insurance service expenses</b>	<b>(29,004,686)</b>	<b>(1,591,749)</b>	<b>(7,541,657)</b>	<b>(52,411,811)</b>	<b>781,993</b>	<b>-</b>	<b>(51,625,659)</b>	<b>(141,393,569)</b>	

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**7 INSURANCE SERVICE RESULT (CONT'D)**

Net income/(expenses) from reinsurance contracts held

<b>31 December 2023</b>	<b>Reinsurance Group Rs</b>	<b>Reinsurance Individual Rs</b>	<b>Total Rs</b>
Allocation of the premium paid	(5,352,619)	(25,283,432)	(30,636,051)
Incurred insurance service expenses	1,298,742	5,840,716	7,139,458
Changes that relate to past service – changes in the FCF relating to LIC	(581,074)	500,000	(81,074)
Changes that relate to future service	-	5,113,769	5,113,769
Changes in risk of non-performance	-	(4,753)	(4,753)
<b>Total (expense)/income from reinsurance contracts held</b>	<b>(4,634,951)</b>	<b>(13,833,700)</b>	<b>(18,468,651)</b>
<b>31 December 2022 (Restated)</b>			
Allocation of the premium paid	(5,983,027)	(20,122,422)	(26,105,449)
Incurred insurance service expenses	581,074	14,792,784	15,373,858
Changes that relate to past service – changes in the FCF relating to LIC	(625,924)	-	(625,924)
Changes that relate to future service	-	7,370,468	7,370,468
Changes in risk of non-performance	-	3,668	3,668
<b>Total (expense)/income from reinsurance contracts held</b>	<b>(6,027,877)</b>	<b>2,044,498</b>	<b>(3,983,379)</b>

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**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**8 INSURANCE FINANCE INCOME/(EXPENSES)**

(a) Insurance finance income/(expenses)

	Non Participating Annuity Rs	Non Participating Group life Rs	Indirect Participating Investments Rs	Direct Participating Shaariah Rs	Indirect Participating With profits Rs	Non Participating Without profits Rs	Total Rs
<b>31 December 2023</b>							
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	(6,760,659)	-	(979,973)	-	(13,809,947)	(8,408,500)	(29,959,079)
The effect of financial risk and changes in financial risk	(26,920,401)	-	(2,733,158)	-	(41,509,415)	(42,328,187)	(113,491,161)
<b>Total insurance finance expenses</b>	<b>(33,681,060)</b>	<b>-</b>	<b>(3,713,131)</b>	<b>-</b>	<b>(55,319,362)</b>	<b>(50,736,687)</b>	<b>(143,450,240)</b>
<b>31 December 2022 (restated)</b>							
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	(3,533,381)	-	(476,167)	-	(6,168,622)	(3,368,929)	(13,547,099)
The effect of financial risk and changes in financial risk	27,791,115	-	2,706,537	-	48,380,455	53,108,871	131,986,978
<b>Total insurance finance income</b>	<b>24,257,734</b>	<b>-</b>	<b>2,230,370</b>	<b>-</b>	<b>42,211,833</b>	<b>49,739,942</b>	<b>118,439,879</b>

(i) Consideration for annuities

ILA Managed Pension Fund (the "Fund") used to buy-out Annuities for its members who retired ("Pensioners") under the Defined Benefit ("DB") and Defined Contribution ("DC") Schemes respectively, whereby the Company, as appointed Administrator of the Fund, administer the periodical monthly pensions payable to the pensioners from the funds received on purchase of annuities by the Fund.

During the year 2021, the Trustees of the Fund, in consultation with the Fund's Actuary AON Solutions Ltd, carried out an impact assessment for pensions to be paid from the Fund. As a result, with effect from 01 January 2021, the Trustees has decided that pensions payable to pensioners of the Fund will be paid out by the Fund itself and the Fund will no more buy out annuities with the Company.

(ii) Pensions

The Company will continue to administer the periodical monthly pensions payable to the Pensioners of the Fund, for whom annuities were bought out by the Fund, up to 31 December 2023 so long as the Pensioners survives.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**8 INSURANCE FINANCE INCOME/(EXPENSES) (CONT'D)**

(b) Reinsurance finance income/(expenses)

	Reinsurance group Rs	Reinsurance individual Rs	Total Rs
<b>31 December 2023</b>			
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	-	683,060	683,060
The effect of financial risk and changes in financial risk	-	10,672,224	10,672,224
<b>Total Finance income/(expenses) from reinsurance contracts held</b>	-	<b>11,355,284</b>	<b>11,355,284</b>
<b>31 December 2022 (restated)</b>			
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	-	518,503	518,503
The effect of financial risk and changes in financial risk	-	(5,037,385)	(5,037,385)
<b>Total Finance income/(expenses) from reinsurance contracts held</b>	-	<b>(4,518,882)</b>	<b>(4,518,882)</b>

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**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
<b>Insurance Contract Assets</b>		
Movement in carrying amounts - By LRC and LIC - Direct - PAA (Note 9 (i))	-	-
Movement in carrying amounts – By LRC and LIC – Direct - GMM (Note 9 (ii))	-	861,935
	<u>-</u>	<u>861,935</u>
<b>Insurance Contract Liabilities</b>		
Movement in carrying amounts - By LRC and LIC - Direct - PAA (Note 9 (i))	<b>(3,315,483)</b>	(1,439,335)
Movement in carrying amounts – By LRC and LIC – Direct - GMM (Note 9 (ii))	<b>(1,192,060,422)</b>	(1,147,277,553)
Movement in carrying amounts – By LRC and LIC - Direct - VFA (Note 9 (iv))	<b>(496,541)</b>	-
	<u><b>(1,195,872,446)</b></u>	<u>(1,148,716,888)</u>
<b>Reinsurance Contract Assets</b>		
Movement in carrying amounts - By LRC and LIC - Reinsurance- PAA (Note 9(vi))	-	-
Movement in carrying amounts – By LRC and LIC - Reinsurance – GMM (Note 9 (vii))	-	11,695,427
	<u>-</u>	<u>11,695,427</u>
<b>Reinsurance Contract Liabilities</b>		
Movement in carrying amounts - By LRC and LIC - Reinsurance- PAA (Note 9(vi))	<b>(2,642,085)</b>	(2,882,180)
Movement in carrying amounts – By LRC and LIC - Reinsurance - GMM (Note 9(viii))	<b>(1,724,775)</b>	-
	<u><b>(4,366,860)</b></u>	<u>(2,882,180)</u>

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## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)

## 9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

(i) Movement in carrying amounts - By LRC and LIC - Direct - PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		Total Rs
	Excluding loss component Rs	Loss component Rs	Estimates of present value of future cash Rs	Risk adjustment for non-financial risk Rs	
<b>31 December 2023</b>					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	(28,815)	-	(1,171,121)	(239,398)	(1,439,334)
<b>Net opening balance</b>	<b>(28,815)</b>	<b>-</b>	<b>(1,171,121)</b>	<b>(239,398)</b>	<b>(1,439,334)</b>
Insurance revenue	10,339,597	-	-	-	10,339,597
<i>Insurance incurred service expenses:</i>					
Claim	-	-	(3,192,579)	(422,321)	(3,614,900)
Expenses	-	-	(1,075,599)	-	(1,075,599)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	1,171,121	239,398	1,410,519
<b>Total insurance service result</b>	<b>10,339,597</b>	<b>-</b>	<b>(3,097,057)</b>	<b>(182,923)</b>	<b>7,059,617</b>
Insurance finance income (expenses)	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total change in the statement of comprehensive income</b>	<b>10,339,597</b>	<b>-</b>	<b>(3,097,057)</b>	<b>(182,923)</b>	<b>7,059,617</b>
<b>Cash flows (actual cashflows in the period)</b>					
Premiums and premium tax received	10,869,149	-	-	-	10,869,149
Claims and other insurance service expenses paid, including investment components	-	-	(1,933,383)	-	(1,933,383)
<b>Total cash flows</b>	<b>10,869,149</b>	<b>-</b>	<b>(1,933,383)</b>	<b>-</b>	<b>8,935,766</b>
<b>Net closing balance</b>	<b>(558,367)</b>	<b>-</b>	<b>(2,334,795)</b>	<b>(422,321)</b>	<b>(3,315,483)</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	(558,368)	-	(2,334,795)	(422,321)	(3,315,483)
<b>Net closing balance</b>	<b>(558,368)</b>	<b>-</b>	<b>(2,334,795)</b>	<b>(422,321)</b>	<b>(3,315,483)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(i) Movement in carrying amounts - By LRC and LIC - Direct - PAA (Cont'd)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total Rs
	Excluding loss component Rs	Loss component Rs	Estimates of present value of future cash Rs	Risk adjustment for non-financial risk Rs	
31 December 2022					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	(440,170)	-	(1,369,514)	(321,094)	(2,130,778)
<b>Net opening balance</b>	<b>(440,170)</b>	<b>-</b>	<b>(1,369,514)</b>	<b>(321,094)</b>	<b>(2,130,778)</b>
Insurance revenue	7,438,077	-	-	-	7,438,077
<i>Insurance incurred service expenses:</i>					
Claim	-	-	(1,897,077)	(239,398)	(2,136,475)
Expenses	-	-	(1,145,880)	-	(1,145,880)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	1,369,513	321,094	1,690,607
<b>Total insurance service result</b>	<b>7,438,077</b>	<b>-</b>	<b>(1,673,444)</b>	<b>81,696</b>	<b>5,846,329</b>
Insurance finance income (expenses)	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
<b>Total change in the statement of comprehensive income</b>	<b>7,438,077</b>	<b>-</b>	<b>(1,673,444)</b>	<b>81,696</b>	<b>5,846,329</b>
<b>Cash flows (actual cashflows in the period)</b>					
Premiums and premium tax received	7,026,723	-	-	-	7,026,723
Claims and other insurance service expenses paid, including investment components	-	-	(1,871,837)	-	(1,871,837)
<b>Total cash flows</b>	<b>7,026,723</b>	<b>-</b>	<b>(1,871,837)</b>	<b>-</b>	<b>5,154,886</b>
<b>Net closing balance</b>	<b>(28,816)</b>	<b>-</b>	<b>(1,171,121)</b>	<b>(239,398)</b>	<b>(1,439,335)</b>
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	(28,816)	-	(1,171,121)	(239,398)	(1,439,335)
<b>Net closing balance</b>	<b>(28,816)</b>	<b>-</b>	<b>(1,171,121)</b>	<b>(239,398)</b>	<b>(1,439,335)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTD)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(ii) Movement in carrying amounts – By LRC and LIC – Direct - GMM

	Estimates of present value of future cash Rs	Risk adjustment for non-financial risk Rs	CSM			Total Rs
			full retrospective Rs	Fair value Rs	Post transition Rs	
<b>31 December 2023</b>						
Opening insurance contract assets	13,353,999	(7,044,667)	(5,447,397)	-	-	861,935
Opening insurance contract liabilities	(1,051,999,565)	(29,026,066)	(66,251,922)	-	-	(1,147,277,553)
<b>Net opening balance</b>	<b>(1,038,645,566)</b>	<b>(36,070,733)</b>	<b>(71,699,319)</b>	<b>-</b>	<b>-</b>	<b>(1,146,415,618)</b>
<b>Changes that relate to current services</b>						
CSM recognised for services provided	-	-	(11,217,414)	-	-	(11,217,414)
Change in risk adjustment for non-financial risk for risk expired	-	1,478,658	-	-	-	1,478,658
Experience adjustments not related to future service	(495,870)	-	-	-	-	(495,870)
Restatement and Other Changes	85,072	-	-	-	-	85,072
	<b>(410,798)</b>	<b>1,478,658</b>	<b>(11,217,414)</b>	<b>-</b>	<b>-</b>	<b>(10,149,554)</b>
<b>Changes that relate to future services</b>						
Contracts initially recognised in the year	(36,169,901)	4,689,002	33,783,554	-	-	2,302,655
Changes in estimates that adjust the CSM	12,388,851	6,440,584	(18,399,977)	-	-	429,458
Changes in estimates that relate to losses and reversal of losses on onerous contracts	30,749,594	(2,863,646)	-	-	-	27,885,948
	<b>6,968,544</b>	<b>8,265,940</b>	<b>15,383,577</b>	<b>-</b>	<b>-</b>	<b>30,618,061</b>
<b>Changes that relate to past services</b>						
Changes in estimates in LIC fulfilment cash flows	3,402,876	-	-	-	-	3,402,876
Experience adjustments in claims and other insurance service expenses in LIC	(10,799,720)	-	-	-	-	(10,799,720)
	<b>(7,396,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,396,844)</b>
<b>Total insurance service result</b>	<b>(839,098)</b>	<b>9,744,598</b>	<b>4,166,163</b>	<b>-</b>	<b>-</b>	<b>13,071,663</b>
<b>Insurance finance income or expense:</b>						
The effect of and changes in time of time value of money and financial risk	130,688,728	10,167,729	2,593,783	-	-	143,450,240
	<b>130,688,728</b>	<b>10,167,729</b>	<b>2,593,783</b>	<b>-</b>	<b>-</b>	<b>143,450,240</b>
<b>Total change in the statement of comprehensive income</b>	<b>129,849,630</b>	<b>19,912,327</b>	<b>6,759,946</b>	<b>-</b>	<b>-</b>	<b>156,521,903</b>
<b>Cash flows (actual cashflows in the period)</b>						
Premiums and premium tax received	181,219,187	-	-	-	-	181,219,187
Claims and other insurance service expenses paid, including investment components	(277,733,670)	-	-	-	-	(277,733,670)
Insurance acquisition cashflows	(14,362,616)	-	-	-	-	(14,362,616)
<b>Total cash flows</b>	<b>(110,877,099)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(110,877,099)</b>
<b>Net closing balance</b>	<b>(1,057,618,097)</b>	<b>(55,983,060)</b>	<b>(78,459,265)</b>	<b>-</b>	<b>-</b>	<b>(1,192,060,422)</b>
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	(1,057,618,097)	(55,983,060)	(78,459,265)	-	-	(1,192,060,422)
<b>Net closing balance</b>	<b>(1,057,618,097)</b>	<b>(55,983,060)</b>	<b>(78,459,265)</b>	<b>-</b>	<b>-</b>	<b>(1,192,060,422)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(ii) Movement in carrying amounts – By LRC and LIC – Direct - GMM (Cont'd)

	Estimates of present value of future cash flows Rs	Risk adjustment for non-financial risk Rs	CSM			Total Rs
			Full retrospective Rs	Fair value Rs	Post transition Rs	
31 December 2022 (restated)						
Opening insurance contract assets	6,591,627	(2,849,253)	(3,575,515)	-	-	166,859
Opening insurance contract liabilities	(1,141,048,555)	(41,316,146)	(50,615,735)	-	-	(1,232,980,436)
Net opening balance	(1,134,456,928)	(44,165,399)	(54,191,250)	-	-	(1,232,813,577)
Changes that relate to current services						
CSM recognised for services provided	-	-	(4,815,073)	(7,908,418)	(1,137,857)	(13,861,348)
Change in risk adjustment for non-financial risk for risk expired	-	2,671,151	-	-	-	2,671,151
Experience adjustments not related to future service	10,329,249	-	-	-	-	10,329,249
Restatement and Other Changes	(8,160,236)	-	-	-	-	(8,160,236)
	2,169,013	2,671,151	(4,815,073)	(7,908,418)	(1,137,857)	(9,021,184)
Changes that relate to future services						
Contracts initially recognised in the year	(2,207,364)	8,768,082	-	-	11,958,117	18,518,835
Changes in estimates that adjust the CSM	(38,293,272)	20,075,940	2,468,757	10,960,258	4,788,317	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	105,198,729	(30,781,294)	-	-	-	74,417,435
	64,698,093	(1,937,272)	2,468,757	10,960,258	16,746,434	92,936,270
Changes that relate to past services						
Changes in estimates in LIC fulfilment cash flows	5,176,428	-	-	-	-	5,176,428
Experience adjustments in claims and other insurance service expenses in LIC	(24,223,917)	-	-	-	-	(24,223,917)
	(19,047,489)	-	-	-	-	(19,047,489)
Total insurance service result	47,819,617	733,879	(2,346,316)	3,051,840	15,608,577	64,867,597
Insurance finance income or expense:						
The effect of and changes in time of time value of money and financial risk	(110,805,302)	(8,828,545)	1,193,968	-	-	(118,439,879)
	(110,805,302)	(8,828,545)	1,193,968	-	-	(118,439,879)
Total change in the statement of comprehensive income	(62,985,685)	(8,094,666)	(1,152,348)	3,051,840	15,608,577	(53,572,282)
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	176,620,721	-	-	-	-	176,620,721
Claims and other insurance service expenses paid, including investment components	(199,430,731)	-	-	-	-	(199,430,731)
Insurance acquisition cashflows	(10,015,667)	-	-	-	-	(10,015,667)
Total cash flows	(32,825,677)	-	-	-	-	(32,825,677)
Net closing balance	(1,038,645,566)	(36,070,733)	(53,038,902)	(3,051,840)	(15,608,577)	(1,146,415,618)
Closing insurance contract assets	13,353,999	(7,044,667)	(5,447,397)	-	-	861,935
Closing insurance contract liabilities	(1,051,999,565)	(29,026,066)	(66,251,922)	-	-	(1,147,277,553)
Net closing balance	(1,038,645,566)	(36,070,733)	(71,699,319)	-	-	(1,146,415,618)

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(iii) Movement in carrying amounts – By LRC and LIC - Direct - GMM

	Liabilities for remaining coverage		Liabilities for incurred Rs	Total Rs
	Excluding loss Rs	Loss component Rs		
<b>31 December 2023</b>				
Opening insurance contract assets	3,784,231	(2,922,296)	-	861,935
Opening insurance contract liabilities	(943,534,557)	(192,943,276)	(10,799,721)	(1,147,277,554)
<b>Net opening balance</b>	<b>(939,750,326)</b>	<b>(195,865,572)</b>	<b>(10,799,721)</b>	<b>(1,146,415,619)</b>
<b>Insurance revenue – Full retrospective approach</b>				
CSM recognised for services provided	2,000,002	-	-	2,000,002
Change in risk adjustment for non-financial risk for risk expired	142,047	-	-	142,047
Expected insurance service expenses incurred:				
Claims	10,968,496	-	-	10,968,496
Expenses	1,562,045	-	-	1,562,045
Recovery of insurance acquisition cash flows	2,140,427	-	-	2,140,427
Experience adjustment not related to future service	(7,106,235)	-	-	(7,106,235)
	<b>9,706,782</b>	<b>-</b>	<b>-</b>	<b>9,706,782</b>
<b>Insurance revenue – Fair value approach</b>				
CSM recognised for services provided	5,216,222	-	-	5,216,222
Change in risk adjustment for non-financial risk for risk expired	(2,075,443)	-	-	(2,075,443)
Expected insurance service expenses incurred:				
Claims	37,506,370	-	-	37,506,370
Expenses	8,881,592	-	-	8,881,592
Recovery of insurance acquisition cash flows	(2,809,620)	-	-	(2,809,620)
Experience adjustment not related to future service	(2,130,787)	-	-	(2,130,787)
	<b>44,588,334</b>	<b>-</b>	<b>-</b>	<b>44,588,334</b>
<b>Insurance revenue – Post transition</b>				
CSM recognised for services provided	4,001,190	-	-	4,001,190
Change in risk adjustment for non-financial risk for risk expired	468,091	-	-	468,091
Expected insurance service expenses incurred:				
Claims	12,766,842	-	-	12,766,842
Expenses	1,386,517	-	-	1,386,517
Recovery of insurance acquisition cash flows	7,083,561	-	-	7,083,561
Experience adjustment not related to future service	(4,457,055)	-	-	(4,457,055)
Restatement and other changes	(85,073)	-	-	(85,073)
	<b>21,164,073</b>	<b>-</b>	<b>-</b>	<b>21,164,073</b>
Total Insurance revenue – All transition methods	<b>75,459,189</b>	<b>-</b>	<b>-</b>	<b>75,459,189</b>
<b>Insurance service expenses</b>				
Insurance incurred service expenses:				
Claim	-	2,367,221	(48,398,544)	(46,031,323)
Expenses	-	1,103,071	(13,967,015)	(12,863,944)
Amortisation of insurance acquisition cash flows	(6,414,368)	-	-	(6,414,368)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	-	-
Changes that relate to future service:				
Losses for the net outflow recognised on initial recognition	-	(2,302,654)	-	(2,302,654)
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(27,885,948)	-	(27,885,948)
	<b>(6,414,368)</b>	<b>(26,718,310)</b>	<b>(54,968,715)</b>	<b>(88,101,393)</b>
<b>Investment components</b>	<b>222,083,653</b>	<b>-</b>	<b>(222,513,110)</b>	<b>(429,457)</b>
<b>Total insurance service result</b>	<b>291,128,474</b>	<b>(26,718,310)</b>	<b>(277,481,825)</b>	<b>(13,071,661)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(iii) Movement in carrying amounts – By LRC and LIC - Direct - GMM (cont'd)

	Liabilities for remaining coverage		Liabilities for incurred	Total
	Excluding loss component Rs	Loss component Rs		
<b>31 December 2023 (cont'd)</b>				
<b>Insurance finance income/(expenses)</b>				
The effect of and changes in time of time value of money and financial risk	<u>(138,197,204)</u>	<u>(5,253,036)</u>	-	<u>(143,450,240)</u>
	<u>(138,197,204)</u>	<u>(5,253,036)</u>	-	<u>(143,450,240)</u>
Total change in the statement of comprehensive income	<u>152,931,270</u>	<u>(31,971,346)</u>	<u>(277,481,825)</u>	<u>(156,521,901)</u>
<b>Cash flows (actual cashflows in the period)</b>				
Premiums and premium tax received	181,219,187	-	-	181,219,187
Claims and other insurance service expenses paid, 'including investment components	-	-	(277,733,670)	(277,733,670)
Insurance acquisition cash flows	<u>(14,362,616)</u>	-	-	<u>(14,362,616)</u>
	<u>166,856,571</u>	-	<u>(277,733,670)</u>	<u>(110,877,099)</u>
<b>Net closing balance</b>	<u>(953,675,627)</u>	<u>(227,836,918)</u>	<u>(10,547,876)</u>	<u>(1,192,060,421)</u>
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	<u>(953,675,627)</u>	<u>(227,836,918)</u>	<u>(10,547,876)</u>	<u>(1,192,060,421)</u>
<b>Net closing balance</b>	<u>(953,675,627)</u>	<u>(227,836,918)</u>	<u>(10,547,876)</u>	<u>(1,192,060,421)</u>
<b>31 December 2022 (Restated)</b>				
Opening insurance contract assets	215,004	(48,144)	-	166,860
Opening insurance contract liabilities	<u>(1,106,359,703)</u>	<u>(102,396,817)</u>	<u>(24,223,917)</u>	<u>(1,232,980,437)</u>
<b>Net opening balance</b>	<u>(1,106,144,699)</u>	<u>(102,444,961)</u>	<u>(24,223,917)</u>	<u>(1,232,813,577)</u>
Insurance revenue – Full retrospective approach				
CSM recognised for services provided	4,815,073	-	-	4,815,073
Change in risk adjustment for non-financial risk for risk expired	190,898	-	-	190,898
Expected insurance service expenses incurred:				
Claims	11,002,657	-	-	11,002,657
Expenses	1,591,006	-	-	1,591,006
Recovery of insurance acquisition cash flows	4,005,396	-	-	4,005,396
Experience adjustment not related to future service	<u>(8,509,444)</u>	-	-	<u>(8,509,444)</u>
	<u>13,095,586</u>	-	-	<u>13,095,586</u>
Insurance revenue – Fair value approach				
CSM recognised for services provided	7,908,418	-	-	7,908,418
Change in risk adjustment for non-financial risk for risk expired	(3,379,483)	-	-	(3,379,483)
Expected insurance service expenses incurred:				
Claims	40,511,416	-	-	40,511,416
Expenses	10,172,119	-	-	10,172,119
Recovery of insurance acquisition cash flows	(3,295,432)	-	-	(3,295,432)
Experience adjustment not related to future service	<u>(10,149,946)</u>	-	-	<u>(10,149,946)</u>
	<u>41,767,092</u>	-	-	<u>41,767,092</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(iii) Movement in carrying amounts – By LRC and LIC - Direct - GMM (cont'd)

	Liabilities for remaining coverage			Total Rs
	Excluding loss component Rs	Loss component Rs	Liabilities for incurred claims Rs	
31 December 2022 (restated)(cont'd)				
Insurance revenue – Post transition				
CSM recognised for services provided	1,137,857	-	-	1,137,857
Change in risk adjustment for non-financial risk for risk expired	337,615	-	-	337,615
Expected insurance service expenses incurred:				
Claims	4,115,005	-	-	4,115,005
Expenses	456,816	-	-	456,816
Recovery of insurance acquisition cash flows	777,076	-	-	777,076
Experience adjustment not related to future service	5,086,938	-	-	5,086,938
Restatement and other changes	8,160,238	-	-	8,160,238
	<u>20,071,545</u>	<u>-</u>	<u>-</u>	<u>20,071,545</u>
Total Insurance revenue – All transition methods	<u>74,934,223</u>	<u>-</u>	<u>-</u>	<u>74,934,223</u>
Insurance service expenses				
Insurance incurred service expenses:				
Claim	-	1,735,466	(54,445,977)	(52,710,511)
Expenses	-	556,060	(12,271,547)	(11,715,487)
Amortisation of insurance acquisition cash flows	(1,487,040)	-	-	(1,487,040)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	-	-
Changes that relate to future service:	-	-	19,047,489	19,047,489
Losses for the net outflow recognised on initial recognition	-	(18,518,835)	-	(18,518,835)
Losses and reversal of losses on onerous contracts - subsequent measurement	-	(74,417,435)	-	(74,417,435)
	<u>(1,487,040)</u>	<u>(90,644,744)</u>	<u>(47,670,035)</u>	<u>(139,801,819)</u>
Investment components	<u>138,336,499</u>	<u>-</u>	<u>(138,336,499)</u>	<u>-</u>
Total insurance service result	<u>211,783,682</u>	<u>(90,644,744)</u>	<u>(186,006,534)</u>	<u>(64,867,596)</u>
Insurance finance income (expenses)				
The effect of and changes in time of time value 'of money and financial risk	<u>121,215,745</u>	<u>(2,775,867)</u>	<u>-</u>	<u>118,439,878</u>
	<u>121,215,745</u>	<u>(2,775,867)</u>	<u>-</u>	<u>118,439,878</u>
Total change in the statement of comprehensive	<u>179,782,550</u>	<u>(101,781,232)</u>	<u>(47,670,035)</u>	<u>30,331,283</u>
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	176,620,721	-	-	176,620,721
Claims and other insurance service expenses paid, 'including investment components	-	-	(199,430,731)	(199,430,731)
Insurance acquisition cash flows	(10,015,667)	-	-	(10,015,667)
	<u>166,605,054</u>	<u>-</u>	<u>(199,430,731)</u>	<u>(32,825,677)</u>
Net closing balance	<u>(939,750,326)</u>	<u>(195,865,572)</u>	<u>(10,799,720)</u>	<u>(1,146,415,618)</u>
Closing insurance contract assets	3,784,231	(2,922,296)	-	861,935
Closing insurance contract liabilities	<u>(943,534,557)</u>	<u>(192,943,276)</u>	<u>(10,799,720)</u>	<u>(1,147,277,553)</u>
Net closing balance	<u>(939,750,326)</u>	<u>(195,865,572)</u>	<u>(10,799,720)</u>	<u>(1,146,415,618)</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(iv) Movement in carrying amounts – By LRC and LIC - Direct - VFA

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
	Rs	Rs	Rs	Rs
<b>31 December 2023</b>				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	-	-	-	-
<b>Net opening balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance revenue – Post transition</b>				
CSM recognised for services provided	(2,257)	-	-	(2,257)
Change in risk adjustment for non-financial risk for risk expired	(476)	-	-	(476)
Expected insurance service expenses incurred:				
Claims	1,512	-	-	1,512
Expenses	(1,927)	-	-	(1,927)
Recovery of insurance acquisition cash flows	(118)	-	-	(118)
	<b>(3,266)</b>	<b>-</b>	<b>-</b>	<b>(3,266)</b>
<b>Total insurance revenue</b>	<b>(3,266)</b>	<b>-</b>	<b>-</b>	<b>(3,266)</b>
<b>Insurance service expenses</b>				
Insurance incurred service expenses:				
Claim				
Expenses	-	-	(163)	(163)
Amortisation of insurance acquisition cash flows	(118)	-	-	(118)
	<b>(118)</b>	<b>-</b>	<b>(163)</b>	<b>(281)</b>
<b>Total insurance service result</b>	<b>3,148</b>	<b>-</b>	<b>(163)</b>	<b>2,985</b>
<b>Insurance finance income (expenses)</b>				
The effect of and changes in time of time value 'of money and financial risk	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total change in the statement of comprehensive income</b>	<b>3,148</b>	<b>-</b>	<b>(163)</b>	<b>2,985</b>
<b>Cash flows (actual cashflows in the period)</b>				
Premiums and premium tax received	(501,750)	-	-	(501,750)
Claims and other insurance service expenses paid, including investment components	-	-	163	163
Insurance acquisition cash flows	2,061	-	-	2,061
	<b>(499,689)</b>	<b>-</b>	<b>163</b>	<b>(499,526)</b>
<b>Net closing balance</b>	<b>(496,541)</b>	<b>-</b>	<b>-</b>	<b>(496,541)</b>
<b>Closing insurance contract assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing insurance contract liabilities</b>	<b>(496,541)</b>	<b>-</b>	<b>-</b>	<b>(496,541)</b>
<b>Net closing balance</b>	<b>(496,541)</b>	<b>-</b>	<b>-</b>	<b>(496,541)</b>

## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTD)

## 9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

(v) Movement in carrying amounts – By LRC and LIC- Direct - VFA

	Estimates of present value of future cash Rs	Risk adjustment for non -financial risk Rs	CSM (Post transition) Rs	Total Rs
31 December 2023				
Opening insurance contract assets	-	-	-	-
Opening insurance contract liabilities	-	-	-	-
<b>Net opening balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes that relate to current services</b>				
CSM recognised for services provided	-	-	2,257	2,257
Change in risk adjustment for non-financial risk for risk expired	-	476	-	476
Experience adjustments not related to future service	252	-	-	252
	<b>252</b>	<b>476</b>	<b>2,257</b>	<b>2,985</b>
<b>Changes that relate to future services</b>				
Contracts initially recognised in the year	53,809	(2,420)	(51,389)	-
Changes in estimates that adjust the CSM	(9,677)	(617)	10,294	-
	<b>44,132</b>	<b>(3,037)</b>	<b>(41,095)</b>	<b>-</b>
<b>Total insurance service result</b>	<b>44,384</b>	<b>(2,561)</b>	<b>(38,838)</b>	<b>2,985</b>
<b>Insurance finance income or expense:</b>				
The effect of and changes in time of time value of money and financial risk	-	-	-	-
	-	-	-	-
<b>Total change in the statement of 'comprehensive income</b>	<b>44,384</b>	<b>(2,561)</b>	<b>(38,838)</b>	<b>2,985</b>
<b>Cash flows (actual cashflows in the period)</b>				
Premiums and premium tax received	(501,750)	-	-	(501,750)
Claims and other insurance service expenses paid, including investment components	163	-	-	163
Insurance acquisition cash flows	2,061	-	-	2,061
<b>Total cash flows</b>	<b>(499,526)</b>	<b>-</b>	<b>-</b>	<b>(499,526)</b>
<b>Net closing balance</b>	<b>(455,142)</b>	<b>(2,561)</b>	<b>(38,838)</b>	<b>(496,541)</b>
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(455,142)	(2,561)	(38,838)	(496,541)
<b>Net closing balance</b>	<b>(455,142)</b>	<b>(2,561)</b>	<b>(38,838)</b>	<b>(496,541)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTD)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(vi) Movement in carrying amounts - By LRC and LIC - Reinsurance- PAA

	Liabilities for remaining		Liabilities for incurred claims		Total Rs
	Excluding loss component Rs	Loss component Rs	Estimates of present value of future cash Rs	Risk adjustment for non - financial risk Rs	
<b>31 December 2023</b>					
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	<u>(3,463,254)</u>	-	<u>408,639</u>	<u>172,435</u>	<u>(2,882,180)</u>
<b>Net opening balance</b>	<u>(3,463,254)</u>	-	<u>408,639</u>	<u>172,435</u>	<u>(2,882,180)</u>
<b>Allocation of the premiums paid</b>					
Post transition	<u>(5,352,620)</u>	-	-	-	<u>(5,352,620)</u>
	<u>(5,352,620)</u>	-	-	-	<u>(5,352,620)</u>
<b>Net expenses from reinsurance</b>					
Amounts recovered from reinsurance:					
Recoveries of incurred claims and other insurance service expense	-	-	<u>913,338</u>	<u>385,405</u>	<u>1,298,743</u>
Changes related to past service (changes related to incurred claims component)	-	-	<u>(408,639)</u>	<u>(172,435)</u>	<u>(581,074)</u>
	-	-	<u>504,699</u>	<u>212,970</u>	<u>717,669</u>
<b>Total change in the statement of comprehensive income</b>	<u>(5,352,620)</u>	-	<u>504,699</u>	<u>212,970</u>	<u>(4,634,951)</u>
<b>Cash flows (actual cashflows in the period)</b>					
Premiums and premium tax received	<u>(4,875,046)</u>	-	-	-	<u>(4,875,046)</u>
<b>Total cash flows</b>	<u>(4,875,046)</u>	-	-	-	<u>(4,875,046)</u>
<b>Net closing balance</b>	<u>(3,940,828)</u>	-	<u>913,338</u>	<u>385,405</u>	<u>(2,642,085)</u>
Closing reinsurance contract assets	-	-	-	-	-
Closing reinsurance contract liabilities	<u>(3,940,828)</u>	-	<u>913,338</u>	<u>385,405</u>	<u>(2,642,085)</u>
<b>Net closing balance</b>	<u>(3,940,828)</u>	-	<u>913,338</u>	<u>385,405</u>	<u>(2,642,085)</u>

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## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTD)

## 9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

(vi) Movement in carrying amounts - By LRC and LIC - Reinsurance- PAA (cont'd)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total Rs
	Excluding loss component Rs	Loss component Rs	Estimates of present value of future cash Rs	Risk adjustment for non-financial risk Rs	
31 December 2022 (restated)					
Opening insurance contract assets	-	-	440,180	185,744	625,924
Opening insurance contract liabilities	-	-	-	-	-
Net opening balance	-	-	440,180	185,744	625,924
Allocation of the premiums paid					
Post transition	(5,983,026)	-	-	-	(5,983,026)
	(5,983,026)	-	-	-	(5,983,026)
Net expenses from reinsurance					
Amounts recovered from reinsurance:					
Recoveries of incurred claims and other insurance service expense	-	-	408,639	172,435	581,074
Changes related to past service (changes related to incurred claims component)	-	-	(440,180)	(185,744)	(625,924)
	-	-	(31,541)	(13,309)	(44,850)
Total change in the statement of 'comprehensive income	(5,983,026)	-	(31,541)	(13,309)	(6,027,876)
Cash flows (actual cashflows in the period)					
Premiums and premium tax received	(2,519,772)	-	-	-	(2,519,772)
Total cash flows	(2,519,772)	-	-	-	(2,519,772)
Net closing balance	(3,463,254)	-	408,639	172,435	(2,882,180)
Closing reinsurance contract assets	-	-	-	-	-
Closing reinsurance contract liabilities	(3,463,254)	-	408,639	172,435	(2,882,180)
Net closing balance	(3,463,254)	-	408,639	172,435	(2,882,180)

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**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(vii) Movement in carrying amounts – By Component - Reinsurance – GMM

	CSM						
	Estimates of present value of future cash Rs	Risk adjustment for non-financial risk Rs	Full retrospective Rs	Modified retrospective Rs	Fair value approach Rs	Post transition Rs	Total Rs
<b>31 December 2023</b>							
Opening reinsurance contract assets	18,229,372	8,475,050	(1,178,978)	-	191,912	(14,021,929)	11,695,427
Opening reinsurance contract liabilities	2,007,913	768,597	-	-	-	(2,776,510)	-
<b>Net opening balance</b>	<b>20,237,285</b>	<b>9,243,647</b>	<b>(1,178,978)</b>	<b>-</b>	<b>191,912</b>	<b>(16,798,439)</b>	<b>11,695,427</b>
<b>Changes that relate to current services:</b>							
CSM recognised for services received	-	-	-	1,001,488	(1,008,596)	3,436,788	3,429,680
Change in risk adjustment for non-financial risk for risk expired	-	(985,062)	-	-	-	-	(985,062)
Experience adjustments not related to future service	(21,887,333)	-	-	-	-	-	(21,887,333)
	(21,887,333)	(985,062)	-	1,001,488	(1,008,596)	3,436,788	(19,442,715)
<b>Changes that relate to future services</b>							
Contracts initially recognised in the year	-	3,934,066	-	-	-	(3,934,066)	-
Changes in estimates that adjust the CSM	15,585,378	1,118,329	(7,649,807)	-	2,381,189	(15,717,362)	(4,282,273)
Changes in estimates that adjust recoveries of losses on onerous contracts	1,083,888	1,016,928	285,867	-	2,726,870	216	5,113,769
	16,669,266	6,069,323	(7,363,940)	-	5,108,059	(19,651,212)	831,496
<b>Changes that relate to past services</b>							
Changes in fulfilment cash flows re LIC	500,000	-	-	-	-	-	500,000
	(4,753)	-	-	-	-	-	(4,753)
<b>Effect of changes in non-performance risk of reinsurance</b>							
<b>Total net expenses from Reinsurance</b>	<b>(4,722,820)</b>	<b>5,084,261</b>	<b>(7,363,940)</b>	<b>1,001,488</b>	<b>4,099,463</b>	<b>(16,214,424)</b>	<b>(18,115,972)</b>
<b>Insurance finance income or expense:</b>							
The effect of and changes in time of time value of money and financial risk	10,489,764	1,538,146	94,409	-	4,125	(771,159)	11,355,285
	10,489,764	1,538,146	94,409	-	4,125	(771,159)	11,355,285
<b>Total change in the statement of comprehensive income</b>	<b>5,766,944</b>	<b>6,622,407</b>	<b>(7,269,531)</b>	<b>1,001,488</b>	<b>4,103,588</b>	<b>(16,985,583)</b>	<b>(6,760,687)</b>
<b>Cash flows</b>							
Amounts recovered	(6,659,515)	-	-	-	-	-	(6,659,515)
<b>Net closing balance</b>	<b>19,344,714</b>	<b>15,866,054</b>	<b>(8,448,509)</b>	<b>1,001,488</b>	<b>4,295,500</b>	<b>(33,784,022)</b>	<b>(1,724,775)</b>
Closing reinsurance contract assets	-	-	-	-	-	-	-
Closing reinsurance contract liabilities	19,344,714	15,866,054	(8,448,509)	1,001,488	4,295,500	(33,784,022)	(1,724,775)
<b>Net closing balance</b>	<b>19,344,714</b>	<b>15,866,054</b>	<b>(8,448,509)</b>	<b>1,001,488</b>	<b>4,295,500</b>	<b>(33,784,022)</b>	<b>(1,724,775)</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

(vii) Movement in carrying amounts – By Component - Reinsurance – GMM (cont'd)

	CSM						
	Estimates of present value of future cash	Risk adjustment for non-financial risk	Full retrospective	Modified retrospective	Fair value approach	Post transition	Total
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
31 December 2022 (restated)							
Opening reinsurance contract assets	18,650,167	8,077,904	(872,158)	-	(3,444,139)	-	22,411,774
Opening reinsurance contract liabilities	3,081,800	673,974	-	-	-	(3,755,774)	-
Net opening balance	21,731,967	8,751,878	(872,158)	-	(3,444,139)	(3,755,774)	22,411,774
Changes that relate to current services:							
CSM recognised for services received	-	-	-	(40,948)	(40,948)	1,495,205	1,413,309
Change in risk adjustment for non-financial risk for risk expired	-	(932,651)	-	-	-	-	(932,651)
Experience adjustments not related to future service	(5,332,763)	-	-	-	-	-	(5,332,763)
	(5,332,763)	(932,651)	-	(40,948)	(40,948)	1,495,205	(4,852,105)
Changes that relate to future services							
Contracts initially recognised in the year	9,381,360	5,027,161	-	-	-	(5,027,161)	-
Changes in estimates that adjust the CSM	5,387,805	(1,148,660)	(167,060)	585,635	585,635	(9,380,343)	(143,433)
Changes in estimates that adjust recoveries of losses on onerous contracts	14,769,165	(1,380,987)	-	-	-	-	4,006,818
	14,769,165	2,497,514	(167,060)	585,635	585,635	(14,407,504)	3,863,385
Effect of changes in non-performance risk of reinsurance	3,668	-	-	-	-	-	3,668
Total net expenses from Reinsurance	9,440,070	1,564,863	(167,060)	544,687	544,687	(12,912,299)	(985,052)
Insurance finance income or expense:							
The effect of and changes in time of time value of money and financial risk	(3,421,857)	(1,073,094)	133,916	-	(27,481)	(130,366)	(4,518,882)
Total change in the statement of comprehensive income	6,018,213	491,769	(33,144)	544,687	517,206	(13,042,665)	(5,503,934)
Cash flows							
Premiums and premium tax received	(8,059,980)	-	-	-	-	-	(8,059,980)
Amounts recovered	15,572,876	-	-	-	-	-	15,572,876
Total cash flows	7,512,896	-	-	-	-	-	7,512,896
Net closing balance	20,237,285	9,243,647	- 1,178,978	-	191,912	(16,798,439)	11,695,427
Closing reinsurance contract assets	18,229,372	8,475,050	(1,178,978)	-	191,912	(14,021,929)	11,695,427
Closing reinsurance contract liabilities	2,007,913	768,597	-	-	-	(2,776,510)	-
Net closing balance	20,237,285	9,243,647	(1,178,978)	-	191,912	(16,798,439)	11,695,427

## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)

## 9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

(viii) Movement in carrying amounts – By LRC and LIC - Reinsurance - GMM

	Liabilities for remaining coverage		Liabilities for incurred	Total Rs
	Excluding loss component	Loss component		
	Rs	Rs		
<b>31 December 2023</b>				
Opening reinsurance contract assets	(17,385,202)	29,080,629	-	11,695,427
Opening reinsurance contract liabilities	-	-	-	-
<b>Net opening balance</b>	<b>(17,385,202)</b>	<b>29,080,629</b>	<b>-</b>	<b>11,695,427</b>
<b>Allocation of premium paid – Full retrospective approach</b>				
CSM recognised for services provided	100,486	-	-	100,486
Change in risk adjustment for non-financial risk for risk transferred	(257,246)	-	-	(257,246)
Expected recoveries of incurred claims and other insurance service expense	(6,433,721)	-	-	(6,433,721)
Experience adjustment not related to future service	(2,712,505)	-	-	(2,712,505)
	<b>(9,302,986)</b>	<b>-</b>	<b>-</b>	<b>(9,302,986)</b>
<b>Allocation of premium paid – Fair value approach</b>				
CSM recognised for services provided	(1,008,596)	-	-	(1,008,596)
Change in risk adjustment for non-financial risk for risk transferred	(315,120)	-	-	(315,120)
Expected recoveries of incurred claims and other insurance service expense	(5,762,900)	-	-	(5,762,900)
Experience adjustment not related to future service	(1,654,272)	-	-	(1,654,272)
	<b>(8,740,888)</b>	<b>-</b>	<b>-</b>	<b>(8,740,888)</b>
<b>Allocation of premium paid – Post transition</b>				
CSM recognised for services provided	3,436,788	-	-	3,436,788
Change in risk adjustment for non-financial risk for risk transferred	(345,939)	-	-	(345,939)
Expected recoveries of incurred claims and other insurance service expense	(7,407,693)	-	-	(7,407,693)
Experience adjustment not related to future service	(3,823,714)	-	-	(3,823,714)
	<b>(8,140,558)</b>	<b>-</b>	<b>-</b>	<b>(8,140,558)</b>
<b>Total Allocation of premium paid</b>	<b>(26,184,432)</b>	<b>-</b>	<b>-</b>	<b>(26,184,432)</b>
<b>Amount recovered from reinsurance expense</b>				
expense	-	(818,800)	6,659,516	5,840,716
Changes related to past service (changes related to incurred claims component)	-	-	500,000	500,000
Changes that relate to future service (remeasurement)	-	831,498	-	831,498
	<b>-</b>	<b>12,698</b>	<b>7,159,516</b>	<b>7,172,214</b>
Effect of changes in non-performance risk of reinsurers	(4,753)	-	-	(4,753)
<b>Total net expenses from reinsurance</b>	<b>(26,189,185)</b>	<b>12,698</b>	<b>7,159,516</b>	<b>(19,016,971)</b>
<b>Insurance finance income (expenses)</b>				
The effect of and changes in time of time value of money and financial risk	4,649,285	861,000	5,845,000	11,355,285
	<b>4,649,285</b>	<b>861,000</b>	<b>5,845,000</b>	<b>11,355,285</b>
<b>Total change in the statement of comprehensive income</b>	<b>(21,539,900)</b>	<b>873,698</b>	<b>13,004,516</b>	<b>(7,661,686)</b>
<b>Cash flows (actual cashflows in the period)</b>				
Amounts recovered	-	-	6,659,516	6,659,516
	<b>-</b>	<b>-</b>	<b>6,659,516</b>	<b>6,659,516</b>
<b>Net closing balance</b>	<b>(38,925,102)</b>	<b>29,954,327</b>	<b>6,345,000</b>	<b>(2,625,775)</b>
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	(38,925,102)	29,954,327	6,345,000	(1,724,775)
<b>Net closing balance</b>	<b>(38,925,102)</b>	<b>29,954,327</b>	<b>6,345,000</b>	<b>(1,724,775)</b>

## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)

## 9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

(viii) Movement in carrying amounts – By LRC and LIC - Reinsurance - GMM

	Liabilities for remaining coverage		Liabilities for incurred Rs	Total Rs
	Excluding loss component Rs	Loss component Rs		
31 December 2022 (restated)				
Opening reinsurance contract assets	(162,492)	22,574,266	-	22,411,774
Opening reinsurance contract liabilities	-	-	-	-
Net opening balance	(162,492)	22,574,266	-	22,411,774
Allocation of premium paid – Full retrospective approach				
CSM recognised for services provided	518,481	-	-	518,481
Change in risk adjustment for non-financial risk for risk transferred	227,552	-	-	227,552
Expected recoveries of incurred claims and other insurance service expense	6,439,329	-	-	6,439,329
Experience adjustment not related to future service	3,856,861	-	-	3,856,861
	(11,042,223)	-	-	(11,042,223)
Allocation of premium paid – Fair value approach				
CSM recognised for services provided	40,948	-	-	40,948
Change in risk adjustment for non-financial risk for risk transferred	372,603	-	-	372,603
Expected recoveries of incurred claims and other insurance service expense	6,984,649	-	-	6,984,649
Experience adjustment not related to future service	281,044	-	-	281,044
	(7,679,244)	-	-	(7,679,244)
Allocation of premium paid – Post transition				
CSM recognised for services provided	(1,495,205)	-	-	(1,495,205)
Change in risk adjustment for non-financial risk for risk transferred	169,188	-	-	169,188
Expected recoveries of incurred claims and other insurance service expense	3,268,544	-	-	3,268,544
Experience adjustment not related to future service	(541,572)	-	-	(541,572)
	(1,400,955)	-	-	(1,400,955)
Total Allocation of premium paid	(20,122,422)	-	-	(20,122,422)
Amount recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	-	(780,092)	15,572,876	14,792,784
Changes that relate to future service (remeasurement)	-	6,641,401	-	6,641,401
	-	5,861,309	15,572,876	21,434,185
Effect of changes in non-performance risk of reinsurers	3,668	-	-	3,668
Total net expenses from reinsurance	(20,118,754)	5,861,309	15,572,876	1,315,431
Insurance finance income (expenses)				
The effect of and changes in time of time value of money and financial risk	(5,163,937)	645,055	-	(4,518,882)
	(5,163,937)	645,055	-	(4,518,882)
Total change in the statement of comprehensive income	(25,282,691)	6,506,364	15,572,876	(3,203,451)
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	(8,059,980)	-	-	(8,059,980)
Amounts recovered	-	-	15,572,876	15,572,876
	(8,059,980)	-	15,572,876	7,512,896
Net closing balance	(17,385,203)	29,080,630	-	11,695,427
Closing insurance contract assets	(17,385,203)	29,080,630	-	11,695,427
Closing insurance contract liabilities	-	-	-	-
Net closing balance	(17,385,203)	29,080,630	-	11,695,427

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**9 INSURANCE AND REINSURANCE CONTRACTS (CONT'D)**

Effect of Contracts Initially Recognised in the Period for Insurance

	Non-onerous groups of contracts			Onerous groups of contracts			Total Rs
	Contracts acquired in transfers or business combinations Rs	Other contracts Rs	Total Rs	Contracts acquired in transfers or business combinations Rs	Other contracts Rs	Total Rs	
<b>31 December 2023</b>							
<b>Insurance contracts issued initially recognised in the period</b>							
Estimates of the present value of future cash outflows:							
Insurance acquisition cash flows	(11,417,814)	-	(11,417,814)	(506,370)	-	(506,370)	(11,924,184)
Claims and other cash outflows	(132,963,010)	-	(132,963,010)	(5,311,010)	-	(5,311,010)	(138,274,020)
Estimates of the present value of future cash inflows	182,780,084	-	182,780,084	3,641,831	-	3,641,831	186,421,915
Risk adjustment for non-financial risk	(4,564,317)	-	(4,564,317)	(127,105)	-	(127,105)	(4,691,422)
Contractual service margin	(33,834,943)	-	(33,834,943)	-	-	-	(33,834,943)
<b>Losses for the net outflow recognised on initial recognition</b>	-	-	-	(2,302,654)	-	(2,302,654)	(2,302,654)

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**10 NET INVESTMENT AND OTHER INCOME/(EXPENSE)**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Interest income	<b>26,359,088</b>	25,378,519
Dividend income	<b>11,721,884</b>	8,030,017
Other income	<b>27,443,067</b>	23,084,035
Fair value gain on revaluation of investment properties (Note 16)	<b>4,500,000</b>	16,887,550
Fair value loss on revaluation of repossessed properties (Note 19)	<b>(2,749,000)</b>	-
Net fair value gain/(loss) on revaluation of financial assets through profit or loss (Note 17)	<b>28,526,438</b>	(85,757,100)
Net gain/(loss) on disposal of financial assets through profit or loss (Note 17)	<b>6,347,812</b>	(2,297,589)
Increase/(decrease) in ECL (Note 18)	<b>2,801,511</b>	(198,814)
Net gain on foreign exchange transactions	<b>476,735</b>	413,717
	<b>105,427,535</b>	(14,459,665)

During the year, interest income amounting to **Rs 6,717,939** (2022: Rs 5,554,403) was received from related parties (Note 27(iii)).

**11 RESULTS FROM OPERATING ACTIVITIES**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
The following items have been (credited)/charged in arriving at results from operating activities:		
Amortisation of intangible asset (Note 14)	<b>93,747</b>	336,530
Depreciation on plant and equipment (Note 15)	<b>1,483,867</b>	1,210,071
Repairs and maintenance	<b>276,854</b>	2,239,008
Fees payable/paid to auditors for:		
Audit services	<b>2,763,000</b>	1,272,895
Tax services	<b>97,000</b>	83,835
Other services	<b>196,000</b>	196,000
Staff costs (Note 12)	<b>6,634,475</b>	13,622,511
Actuarial fees	<b>3,777,268</b>	4,015,824
Management and secretarial fees to group companies	<b>2,630,986</b>	1,760,519
Net release for Impairment of housing loans	<b>(2,897,206)</b>	71,843

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**12 STAFF COSTS**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Wages and salaries	<b>12,749,875</b>	10,788,110
Social security costs	<b>458,041</b>	393,917
Pension costs – defined benefit plan	<b>1,137,784</b>	996,474
Other benefits	<b>1,789,066</b>	5,915,861
Recovery from holding company (Note 27 (iv))	<b>(9,500,291)</b>	(4,471,851)
	<b><u>6,634,475</u></b>	<u>13,622,511</u>

Since 2020, the holding company has decided to bear 100% the cost of Senior Managers to reduce the expense cost of the Company.

	<b>2023</b>	2022
	<b>Number</b>	Number
Number of employees at year end:		
Full time	<b><u>32</u></b>	<u>29</u>

**13 INCOME TAX**

The Company is liable to income tax at **17%** (includes CSR of 2%) (2022: 17%) on its chargeable income.

Prior to 1 January 2021, as per section 17(5) of Income Tax Regulation, the net income of the Company from its life activity solely was the difference between:

- (a) the income from investment held by the Company in connection with its life insurance business but excluding that attributable to the annuity business and pension business in that income year; and
- (b) the sum of:
  - (i) all management expenses incurred and all commissions paid by the Company; and
  - (ii) all allowable deductions.

The Company also carries annuity business and the net income from this business segment is calculated based on an actuarial report. The total tax payable of the Company is then calculated based on the total chargeable income derived from both its life and annuity business.

However, as from 31 December 2022, as introduced by the Finance Act 2021 and as per Section 50 (1A) of the Income Tax Act, the tax payable by the Company is now the higher of:

- (a) the normal tax payable; or
- (b) 10% of the relevant profit.

“Relevant profit” means profit attributable to shareholders in respect of an income year:

- (a) as reduced by capital gain attributable to shareholders where such gain has been credited to profit or loss of the Company; and
- (b) as increased by any capital loss attributable to shareholders where such loss has been debited to the profit or loss of the Company for that income year.

The Company has a tax loss under the normal computation and also no profit to be attributed to shareholders. Therefore, there is no tax liability for the year.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**13 INCOME TAX (CONTD)**

The tax on the Company's result before income tax expense differs from the theoretical amount that would arise using the basic tax rate of the Company is as follows:

	2023 Rs	2022 Rs
Chargeable income/loss for the year	<u>70,875,479</u>	<u>(72,069,209)</u>
Taxation at applicable rates of 17% (2022: 17%)	<b>12,048,831</b>	<b>(12,251,766)</b>
Tax effects of:		
Income not subject to tax	<b>(9,137,758)</b>	(4,720,585)
Expenses not deductible for tax purposes	<b>2,487,041</b>	4,521,431
Retirement benefit obligation	<b>(212,500)</b>	(1,418,990)
Utilisation of tax losses/ deferred tax assets not recognised	<u><b>(5,185,614)</b></u>	<u>13,869,910</u>
Actual tax charge	<u>-</u>	<u>-</u>

The Company's tax loss at 31 December 2023 was **Rs 34,522,838** (2022: Rs 100,704,369) to carry forward against future taxable profits. The accumulated tax losses are available for set off as follows:

Year Ending	2023 Rs	2022 Rs
31 December 2023	-	15,452,777
31 December 2024	-	12,193,092
31 December 2025	<b>11,898,416</b>	50,434,078
31 December 2026	<b>14,544,003</b>	14,544,003
31 December 2027	<b>8,080,419</b>	8,080,419
31 December 2028	-	-
	<u><b>34,522,838</b></u>	<u>100,704,369</u>

**14 INTANGIBLE ASSETS**

	Total Rs
<b>Computer software</b>	
<i>Cost:</i>	
At 01 January 2022	23,864,567
Additions	<u>-</u>
At 31 December 2022	23,864,567
<b>Additions</b>	<u>-</u>
<b>At 31 December 2023</b>	<u><b>23,864,567</b></u>
<i>Accumulated amortisation:</i>	
At 01 January 2022	23,434,290
Amortisation for the year	<u>336,530</u>
At 31 December 2022	23,770,820
<b>Amortisation for the year</b>	<u><b>93,747</b></u>
<b>At 31 December 2023</b>	<u><b>23,864,567</b></u>
<i>Net book value:</i>	
<b>At 31 December 2023</b>	<u><u>-</u></u>
At 31 December 2022	<u>93,747</u>

Amortisation charge of **Rs 93,747** (2022: Rs 336,530) has been included in 'Operating expenses.'

## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)

## 15 PROPERTY, PLANT AND EQUIPMENT

	Land & building Rs	Improvement to Leasehold building Rs	Furniture & fittings Rs	Computer equipment Rs	Office equipment Rs	Motor Vehicles Rs	Total Rs
<i>Valuation:</i>							
At 01 January 2022	36,150,000	6,489,849	756,357	10,984,874	2,404,254	1,080,000	57,865,334
Additions	-	161,800	-	373,838	1,867,779	-	2,403,417
Revaluation loss	(16,550,001)	-	-	-	-	-	(16,550,001)
At 31 December 2022	19,599,999	6,651,649	756,357	11,358,712	4,272,033	1,080,000	43,718,750
<b>Additions</b>	-	-	-	<b>852,840</b>	<b>303,483</b>	-	<b>1,156,323</b>
<b>At 31 December 2023</b>	<b>19,599,999</b>	<b>6,651,649</b>	<b>756,357</b>	<b>12,211,552</b>	<b>4,575,516</b>	<b>1,080,000</b>	<b>44,875,073</b>
<i>Accumulated depreciation:</i>							
At 01 January 2022	1,021,372	3,265,162	656,196	10,496,816	2,099,728	1,079,999	18,619,273
Charge for the year	267,573	494,544	46,403	301,019	100,532	-	1,210,071
At 31 December 2022	1,288,945	3,759,706	702,599	10,797,835	2,200,260	1,079,999	19,829,344
<b>Charge for the year</b>	<b>172,221</b>	<b>505,331</b>	<b>18,698</b>	<b>518,057</b>	<b>269,560</b>	-	<b>1,483,867</b>
<b>At 31 December 2023</b>	<b>1,461,166</b>	<b>4,265,037</b>	<b>721,297</b>	<b>11,315,892</b>	<b>2,469,820</b>	<b>1,079,999</b>	<b>21,313,211</b>
<b>Net book value: At 31 December 2023</b>	<b>18,138,833</b>	<b>2,386,612</b>	<b>35,060</b>	<b>895,660</b>	<b>2,105,696</b>	<b>1</b>	<b>23,561,862</b>
Net book value: At 31 December 2022	18,311,054	2,891,943	53,758	560,877	2,071,773	1	23,889,406

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**15 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

An experienced, qualified valuer Elevante Property Services, who has relevant professional experience in the localities and categories of the properties held, carried out the last valuation on 31 December 2022.

The valuation of land and buildings has been determined using the fair value basis. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its land and buildings into the three levels prescribed under the accounting standards. Since 2016, the board has approved that the transfer from valuation reserve are for policyholders.

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model for land and building.

Description	Fair Value as at 31 Dec 2023	Valuation Technique	Key Unobservable Inputs	Range of Unobserved inputs 2023
Land&Building	18,138,833	Income (DCF)	Discount Rate Terminal Yield Rental Growth Rate	10.75% 7.75% 3.00%
Description	Fair Value as at 31 Dec 2022	Valuation Technique	Key Unobservable Inputs	Range of Unobserved inputs 2022
Land&Building	18,311,054	Income (DCF)	Discount Rate Terminal Yield Rental Growth Rate	10.80% 7.80% 3.00%

*Sensitivity*

A 5% increase in land and building rates will result in an increase in the value of land and building by **Rs 906,942** (2021 - **Rs 915,553**) with all other variables held constant.

The carrying amounts of buildings that would have been included in the financial statements had the asset been carried at cost less depreciation is as follows. The cost of the building is **Rs 17,003,060** as at 31 December 2023 (2022: Rs 17,003,060) and **Rs 1,461,166** accumulated depreciation in as at 31 December 2023 (2022: Rs 1,288,945).

Carrying amounts that would have been recognised if land and building were stated at cost:

*Land and Building*

	2023 Rs	2022 Rs
Cost	17,003,060	17,003,060
Accumulated depreciation	<u>(1,461,166)</u>	<u>(1,288,945)</u>
Carrying Amount	<u><b>15,541,894</b></u>	<u>15,714,115</u>

**16 INVESTMENT PROPERTIES**

	2023 Rs	2022 Rs
At 01 January	204,880,000	191,672,450
Transfer to other receivables (Note 19 (i))	-	(3,680,000)
Fair value gain on revaluation	<u>4,500,000</u>	<u>16,887,550</u>
At 31 December	<u><b>209,380,000</b></u>	<u>204,880,000</u>

## ISLAND LIFE ASSURANCE CO. LTD

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)

## 16 INVESTMENT PROPERTIES (CONT'D)

Properties have been bought for investment purposes. Any income arising from these investments is primarily the fair value gain expected as a result of market appreciation in the value of these properties. The Company's investment properties were revalued at 31 December 2023 by an independent valuer, Elevante Property Services Ltd based on income approach valuation of the investment properties. The balance above also includes repossessed collateral. Repossessed collateral represents real estate assets acquired by the Company in settlement of overdue loans. The Company expects to dispose of the assets in the foreseeable future.

The properties are held for long-term capital appreciation rather than short-term sale. Rental income arising from the properties owned by the Company amounted to **Rs 12,165,080** (2022 – Rs 9,812,962) and is included in 'Investment and other income'.

Investment properties amounting to **Rs 206,200,000** (2022 – Rs 201,700,000), excluding the repossessed assets, is valued annually by external chartered surveyors and using estimates during the intervention period. Investment properties are valued as an income approach that is based on current rental income plus anticipated uplifts at the next rent review, lease expiry or break options taking into consideration lease incentives and assuming no further growth in estimated rental value of the property. The uplift/discount rates are derived from rates implied by recent market transactions – these inputs are deemed unobservable.

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model for Investment Properties and excludes the repossessed assets.

Description	Fair Value as at 31 Dec		Valuation technique	Key Unobservable Inputs	Range of Unobservable inputs	
	2023	2022			2023	2022
	Rs	Rs			%	%
Investment Properties	<b>206,200,000</b>	201,700,000	Income (DCF)	Discount Rate	<b>10.75</b>	10.75
				Terminal Yield	<b>7.75</b>	7.75
				Rental Growth Rate	<b>3.00</b>	3.00

## Investment Properties Sensitivity Analysis

## Assumptions

	2023		2022	
	-1%	1%	-1%	1%
	Rs	Rs	Rs	Rs
<b>Discount Rate</b>	8,100,000	(7,300,000)	14,379,964	(13,102,683)
<b>Terminal Yield</b>	15,482,808	(11,835,644)	15,174,776	(11,642,934)
<b>Rental Growth</b>	(12,612,151)	13,523,942	(10,133,810)	10,981,216

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTD)**

**17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Quoted Shares Rs	Unquoted Shares Rs	Local Debentures Rs	Total Rs
<b>Domestic</b>				
At 1 January 2022	269,449,304	66,216,954	-	335,666,258
Transfer from Available from Sale	-	-	232,041,196	232,041,196
Additions	37,240,495	-	4,500,885	41,741,380
Disposals	(17,481,845)	(3,698,386)	(52,493,950)	(73,674,181)
Net fair value gain/(loss)	(3,786,433)	3,468,761	(17,692,792)	(18,010,464)
Net loss on disposal	10,661	242,630	(2,550,880)	(2,297,589)
At 31 December 2022	<u>285,432,182</u>	<u>66,229,959</u>	<u>163,804,459</u>	<u>515,466,600</u>
<b>Additions</b>	<b>22,621,334</b>	<b>-</b>	<b>15,002,376</b>	<b>37,623,710</b>
<b>Disposals</b>	<b>(29,690,094)</b>	<b>-</b>	<b>(30,526,250)</b>	<b>(60,216,344)</b>
<b>Net fair value (loss)/gain</b>	<b>(5,431,089)</b>	<b>(10,431,517)</b>	<b>5,115,181</b>	<b>(10,747,425)</b>
<b>Net gain/(loss) on disposal</b>	<b>544,965</b>	<b>-</b>	<b>3,357,500</b>	<b>3,902,465</b>
<b>At 31 December 2023</b>	<b><u>273,477,298</u></b>	<b><u>55,798,442</u></b>	<b><u>156,753,266</u></b>	<b><u>486,029,006</u></b>
	Quoted Shares Rs	Unquoted Shares Rs	Local Debentures Rs	Total Rs
<b>Foreign</b>				
At 1 January 2022	211,658,487	48,964,275	-	260,622,762
Net fair value loss	(57,120,492)	(10,626,144)	-	(67,746,636)
At 31 December 2022	<u>154,537,995</u>	<u>38,338,131</u>	<u>-</u>	<u>192,876,126</u>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disposals</b>	<b>(15,436,226)</b>	<b>-</b>	<b>-</b>	<b>(15,436,226)</b>
<b>Net fair value gain</b>	<b>32,248,134</b>	<b>7,025,729</b>	<b>-</b>	<b>39,273,863</b>
<b>Net gain on disposal</b>	<b>2,445,347</b>	<b>-</b>	<b>-</b>	<b>2,445,347</b>
<b>At 31 December 2023</b>	<b><u>173,795,250</u></b>	<b><u>45,363,860</u></b>	<b><u>-</u></b>	<b><u>219,159,110</u></b>
<b>Total</b>				
<b>At 31 December 2023</b>	<b><u>447,272,548</u></b>	<b><u>101,162,302</u></b>	<b><u>156,753,266</u></b>	<b><u>705,188,116</u></b>
At 31 December 2022	<u>439,970,177</u>	<u>104,568,090</u>	<u>163,804,459</u>	<u>708,342,726</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**18 LOANS AND ADVANCES**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Loans and advances, at amortised cost (i)	<b>160,966,834</b>	154,697,675
Less: Allowance for expected credit loss	<b>(16,375,419)</b>	(19,176,930)
	<b>144,591,415</b>	135,520,745
<i>Loans and advances, at amortised cost:</i>		
Due within 1 year	<b>1,492,712</b>	5,413,172
Due after more than 1 year	<b>159,474,122</b>	149,284,503
	<b>160,966,834</b>	154,697,675

The movement in provision for expected credit loss of loans and advances is as follows:

	<b>2023</b>	2022
	<b>Rs</b>	Rs
As at 01 January	<b>19,176,930</b>	18,978,116
Provision for the year	<b>123,438</b>	198,814
Release during the year	<b>(2,924,949)</b>	-
<b>As at 31 December</b>	<b>16,375,419</b>	19,176,930

(i) Loans and advances

*Secured loans:*

At 01 January	<b>85,482,340</b>	84,986,148
Loans granted	<b>28,488,337</b>	17,219,556
Loans repaid	<b>(32,287,181)</b>	(16,723,364)
<b>At 31 December</b>	<b>81,683,496</b>	85,482,340

*Unsecured loans:*

At 01 January	<b>69,215,335</b>	65,584,345
Loan granted	<b>13,273,304</b>	5,115,852
Loans repaid	<b>(3,205,301)</b>	(1,484,862)
<b>At 31 December</b>	<b>79,283,338</b>	69,215,335

Total loans and advances	<b>160,966,834</b>	154,697,675
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The estimated fair values of loans and advances are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

**The effective interest rates on non-current receivables were as follows:**

	<b>2023</b>	2022
	%	%
<b>Loans and advances</b>	<b>3 - 14</b>	3 - 14

The Company considers an overdue loan receivable as impaired when the loan is overdue for more than 3 months and the value of the mortgaged property is less than the carrying value of the loan receivable. The overdue loans and advances are secured by mortgaged properties.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**18 LOANS AND ADVANCES (CONT'D)**

(i) Loans and advances (cont'd)

The ageing analysis of the loans and advances were as follows:

	2023 Rs	2022 Rs
<i>Not past due</i>	<b>141,875,776</b>	138,427,615
<i>Past due but not impaired</i>		
Between 6 months to 1 year	-	10,546,525
Between 1 to 2 years	-	2,311,455
More than 2 years	-	5,870,270
	<u>-</u>	<u>18,728,250</u>
<i>Past due and impaired</i>		
Between 6 months to 1 year	<b>1,519,990</b>	2,458,302
Between 1 to 2 years	<b>798,827</b>	1,225,327
More than 2 years	<b>16,772,241</b>	12,331,050
	<u>19,091,058</u>	<u>16,014,679</u>
	<u><b>160,966,834</b></u>	<u>173,170,544</u>

The provision for expected credit loss on housing loans amounted to **Rs 15,063,198** (2022: Rs 17,960,404), policy loans amount to **Rs Nil** (2022: Rs 21,725), car loans amount to **Rs 137,660** (2022: Rs 14,222) and group loans amount to **Rs 1,174,561** (2022: Rs 1,180,579)

Disclosures about related party transactions are provided in Note 27.

**19 OTHER RECEIVABLES**

	2023 Rs	2022 Rs
Other receivables - Related parties (Note 27(v))	<b>2,400,417</b>	3,707,740
Other receivables	<b>66,439,236</b>	53,195,161
Repossessed properties (i)	<b>931,000</b>	3,680,000
	<u><b>69,770,653</b></u>	<u>60,582,901</u>
(i) Repossessed properties		
As at 01 January	<b>3,680,000</b>	-
Transfer from Investment Properties (Note 16)	-	3,680,000
Loss on revaluation	<b>(2,749,000)</b>	-
<b>As at 31 December</b>	<u><b>931,000</b></u>	<u>3,680,000</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**20 CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following balance sheet amounts:

	2023 Rs	2022 Rs
Cash at bank and in hand	39,420,108	64,290,660
Short term bank deposits	29,669,830	25,200,306
	<u>69,089,938</u>	<u>89,490,966</u>

**21 STATUTORY DEPOSITS**

Statutory deposits represent amounts placed in term deposits with financial institutions as required by the Mauritius Insurance Act 2005 (the "Act") and are subject to restrictions contained in the Act. These statutory deposits have been pledged in favour of the Financial Services Commission.

At 31 December 2023, statutory deposits comprised of Subordinated Notes certificates amounting to Rs 10,000,000, accounted as financial assets as at fair value through profit or loss.

**22 SHARE CAPITAL**

	2023 Number	2022 Number	2023 Rs	2022 Rs
<i>Authorised:</i>				
Ordinary shares of Rs 10 each	34,668,400	32,453,000	346,684,000	324,530,000
<i>Issued and fully paid:</i>				
Ordinary shares of Rs 10 each	34,668,400	32,453,000	346,684,000	324,530,000
<i>Movement Schedule:</i>				
<b>At 01 January</b>	32,453,000	32,453,000	324,530,000	324,530,000
Share capital issued during the year	2,215,400	-	22,154,000	-
<b>At 31 December</b>	<u>34,668,400</u>	<u>32,453,000</u>	<u>346,684,000</u>	<u>324,530,000</u>

Following a board meeting dated 27 April 2023, it was resolved to increase the share capital by issuing 2,215,400 ordinary shares for Rs 22,154,000.

**23 DEFERRED TAX ASSETS**

A deferred tax asset amounting to **Rs 8,266,803** (2022: Rs 19,417,223) has not been recognised. The directors will consider the recognition of a deferred income tax asset in respect of tax losses carried forward, impairment of receivables and retirement benefit obligation when it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses carried forward can be utilised.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**23 DEFERRED TAX ASSETS (CONT'D)**

	2023 Rs	2022 Rs
Impairment of receivables	(2,783,821)	(2,332,500)
Retirement benefit asset	382,500	35,020
Impact of tax loss	<u>(5,865,482)</u>	<u>(17,119,743)</u>
	<u><b>(8,266,803)</b></u>	<u><b>(19,417,223)</b></u>

**24 RETIREMENT BENEFIT OBLIGATIONS**

The table below outlines where the Company's post-employment amounts and activity are included in the financial statements.

	2023 Rs	2022 Rs
<b>Statement of financial position:</b>		
Defined pension benefit	2,250,000	(206,000)
Due within 1 year	-	-
Due after more than 1 year	<u>2,250,000</u>	<u>(206,000)</u>
	<u><b>2,250,000</b></u>	<u><b>(206,000)</b></u>
<b>Statement of comprehensive income charge:</b>		
<i>Profit or loss:</i>		
Defined pension benefit	<u>919,000</u>	<u>1,383,000</u>
<i>Other comprehensive income:</i>		
Defined pension benefit	<u><b>2,456,000</b></u>	<u><b>(11,203,000)</b></u>

The Company operates a multi-employer defined benefit contribution pension plan and a multi-employer defined benefit pension plan. The plans are either defined benefits plan or defined contribution plan. All new employees joining member companies as from 1 January 2017, are now in defined contribution plan.

	2023 Rs	2022 Rs
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded and unfunded obligations	27,386,000	23,150,000
Fair value of plan assets	(25,136,000)	(23,356,000)
Deficit/(surplus) of funded plans	<u>2,250,000</u>	<u>(206,000)</u>
Liability in the statement of financial position	<u><b>2,250,000</b></u>	<u><b>(206,000)</b></u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**24 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

The movement in the defined benefit obligation over the year is as follows:

	Present value of obligation Rs	Fair value of plan assets Rs	Total Rs
<b>At 1 January 2023</b>	<b>23,150,000</b>	<b>(23,356,000)</b>	<b>(206,000)</b>
Current service cost	974,000	-	974,000
Interest expense/(income)	1,519,000	(1,574,000)	(55,000)
	<u>2,493,000</u>	<u>(1,574,000)</u>	<u>919,000</u>
Re-measurement			
Return on plan asset, excluding amount included in interest expense/(income)	-	75,000	75,000
Loss from change in financial assumptions	2,729,000	-	2,729,000
Experience loss	(17,000)	-	(17,000)
	<u>2,712,000</u>	<u>75,000</u>	<u>2,787,000</u>
Contributions			
Employers	-	(1,250,000)	(1,250,000)
Payment from plans:	(969,000)	969,000	-
<b>At 31 December 2023</b>	<b><u>27,386,000</u></b>	<b><u>(25,136,000)</u></b>	<b><u>2,250,000</u></b>
	Present value of obligation Rs	Fair value of plan assets Rs	Total Rs
<b>At 1 January 2022</b>	28,127,000	(17,130,000)	10,997,000
Current service cost	1,067,000	-	1,067,000
Interest expense/(income)	1,274,000	(958,000)	316,000
	<u>2,341,000</u>	<u>(958,000)</u>	<u>1,383,000</u>
Re-measurement			
Return on plan asset, excluding amount included in interest expense/(income)	-	2,202,000	2,202,000
Gain from change in financial assumptions	(6,055,000)	-	(6,055,000)
Experience loss	(386,000)	-	(386,000)
	<u>(6,441,000)</u>	<u>2,202,000</u>	<u>(4,239,000)</u>
Contributions			
Employers	-	(8,347,000)	(8,347,000)
Payment from plans:	(877,000)	877,000	-
<b>At 31 December 2022</b>	<b><u>23,150,000</u></b>	<b><u>(23,356,000)</u></b>	<b><u>(206,000)</u></b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**24 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

The significant actuarial assumptions were as follows:

	<b>2023</b>	2022
	%	%
Discount rate	<b>5.5</b>	6.7
Salary growth rate	<b>3.5</b>	5.3

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 63.

	<b>2023</b>	2022
Retiring at the end of the reporting period:		
- Male	<b>10.6</b>	9.7
- Female	<b>12.1</b>	1.1
Retiring 20 years after the end of the reporting period:		
- Male	<b>10.6</b>	9.7
- Female	<b>12.1</b>	1.1

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	<b>Impact of defined benefit (asset)/obligation</b>		
	<b>Change in assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
		<b>Rs</b>	<b>Rs</b>
<b>2023</b>			
Discount rate	<b>1%</b>	<b>167,000</b>	<b>72,000</b>
Salary rate	<b>1%</b>	<b>67,000</b>	<b>42,000</b>
<b>2022</b>			
Discount rate	1%	117,000	72,000
Salary rate	1%	65,000	42,000

The above sensitivity analysis has been carried out by recalculating the present value of obligation at the end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumption would have shown smaller variations in the benefit obligation.

**Future cash flows**

- The funding policy is to pay contributions to an external legal entity at the rate recommended by the entity's actuaries.
- Expected employer contribution for next year is Rs. 1,036.
- Weighted average duration of the defined benefit obligation is 15 years.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**24 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

**Description of risks**

The Company operates a final salary defined benefit pension plan for its employees.

The plan exposes the Company to normal risks associated with defined benefit pension plans, such as investment, interest, longevity and salary risks.

- Investment risk: The plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit and if it is higher, it will create a plan surplus.
- Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.
- Longevity risk: The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.
- Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

Following the change in legislation in August 2022 as per the Workers' Rights Act 2019 and the Finance (Miscellaneous Provisions) Act 2022, the Company must pay a lump sum equivalent to:

- 15/26 times of the average monthly remuneration in the last 12 months for each year of service with the Company at retirement to those employees working 6-day weeks, or
- 15/22 (previously 15/22) times of the average monthly remuneration in last 12 months for each year of service with the Company at retirement to those employees working 5-day weeks

Since employees of Island Life Assurance Co Ltd work 5-day weeks, this recent amendment has impacted the IAS 19 disclosure of Residual Retirement Gratuities. The application of this amendment is uncertain but the Company has decided that the results should be prepared assuming that the change in the retirement gratuity formula applies in respect of service from 01 July 2022 onwards only.

	<b>2023</b>	2022
<b>Allocation of plan asset:</b>	%	%
- Equity - Overseas quoted	<b>26</b>	14
- Equity - Local quoted	<b>28</b>	27
- Equity - Local unquoted	<b>1</b>	1
- Debt - Overseas quoted	<b>6</b>	5
- Debt - Local quoted	<b>9</b>	6
- Debt - Local unquoted	<b>15</b>	15
- Investment Funds	<b>0</b>	0
- Cash and other	<b>15</b>	32
	<b>100</b>	100

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**25 OTHER PAYABLES**

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Accruals	<b>39,169,845</b>	37,147,640
Amount due to related parties (Note 27 (v))	<b>2,367,911</b>	2,338,184
Deferred revenue	<b>181,556</b>	181,556
Other payables	<b>98,598</b>	1,023,449
	<b>41,817,910</b>	40,690,829
	<b>41,817,910</b>	40,690,829
Due within 1 year	<b>41,817,910</b>	40,690,829
	<b>41,817,910</b>	40,690,829

**26 COMMITMENTS**

*Capital commitments*

No capital expenditure (2022 - Rs 2,403,417) contracted for at the end of the reporting period was recognised in the financial statements.

**27 RELATED PARTY TRANSACTIONS**

The directors consider Currimjee Jeewanjee and Company Limited, a company incorporated in Mauritius, as the Company's holding company, and Currimjee Limited, a company incorporated in Mauritius, as the Company's ultimate holding company.

The following transactions were carried out with related parties:

(i) Sales of services

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Holding company	<b>655,609</b>	980,543
Other related parties	<b>16,327,647</b>	10,936,404
Directors	<b>1,116,338</b>	1,682,618
Key management personnel	<b>5,208,570</b>	2,999,378
Pension Fund	<b>10,312,704</b>	7,394,443
	<b>33,620,868</b>	23,993,386

(ii) Purchases of services and payments of pensions

Holding company	<b>1,879,739</b>	2,109,277
Other related parties	<b>2,247,675</b>	1,915,063
Directors	<b>666,292</b>	666,292
	<b>4,793,706</b>	4,690,632

(iii) Interest income

Holding company	<b>4,051,959</b>	3,420,000
Other related parties	<b>2,665,980</b>	2,134,403
	<b>6,717,939</b>	5,554,403

(iv) Recovery from Holding Company

Recovery cost	<b>9,500,291</b>	4,471,851
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Since 2020, Currimjee Jeewanjee and Company Ltd has decided to bear 100% the cost of Senior Managers to reduce the expense cost of the Company.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**27 RELATED PARTY TRANSACTIONS (CONTD)**

(v) Year-end balances arising from sales/purchases of services

	2023	2022
	Rs	Rs
<i>Receivables from related parties (Note 19):</i>		
Holding company	-	-
Other related parties	<u>2,400,417</u>	<u>3,707,740</u>
	<u><u>2,400,417</u></u>	<u><u>3,707,740</u></u>
<i>Payables to related parties (Note 25):</i>		
Pension Fund	1,338,253	814,042
Other related parties	<u>1,029,658</u>	<u>1,524,142</u>
	<u><u>2,367,911</u></u>	<u><u>2,338,184</u></u>
<i>Loan to holding company (unsecured):</i>		
At beginning and end of year	57,000,000	57,000,000
Loan advanced during the year	10,000,000	-
Loans repaid during the year	<u>(10,000,000)</u>	<u>-</u>
At end of year	<u><u>57,000,000</u></u>	<u><u>57,000,000</u></u>

The loan to Currimjee Jeewanjee and Company Limited, the Company's holding company, is unsecured, bears interest at **6% to 7%** per annum (2022 – 6% to 7%).

(vi) Loans to related parties

	2023	2022
	Rs	Rs
<i>Loans to related companies (secured and unsecured):</i>		
At beginning of year	43,113,103	33,730,716
Loans granted during the year	7,500,000	16,400,000
Loans repaid during the year	<u>(7,129,187)</u>	<u>(7,017,613)</u>
At end of year	<u><u>43,483,916</u></u>	<u><u>43,113,103</u></u>
<i>Loans to key management personnel (including directors):</i>		
At beginning of year	2,999,379	3,818,456
Loans advanced during the year	3,000,000	-
Loans repaid during the year	<u>(792,403)</u>	<u>(819,077)</u>
At end of year	<u><u>5,206,976</u></u>	<u><u>2,999,379</u></u>

The loans granted to key management personnel are secured and bear interest at **5.0% to 10.0%** per annum as per Company policy.

	2023	2022
	Rs	Rs
<i>Loans on pledge with related parties:</i>		
At beginning of year	416,740	955,817
Loans repaid during the year	<u>(257,942)</u>	<u>(539,077)</u>
At end of year	<u><u>158,797</u></u>	<u><u>416,740</u></u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**27 RELATED PARTY TRANSACTIONS (CONTD)**

(vii) Key management personnel (including independent directors)

	<b>2023</b>	2022
	<b>Rs</b>	Rs
Emoluments	4,754,355	2,861,352
Post-employment benefits	-	382,282
Termination benefits	3,645,715	3,645,715
	<u><b>8,400,070</b></u>	<u><b>6,889,349</b></u>

**28 IMPACT OF INITIAL APPLICATION OF IFRS 17 AND IFRS 9**

IFRS 17 requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. This requirement will provide transparent reporting about a company's financial position and risk.

As per the requirement of IFRS 17 Insurance Contracts, the liability in respect of these assumptions are being recognised in the financial statements. Prior year adjustments have been made to reflect the additional liability in accordance with IAS 8 Accounting Policies - Changes in Accounting Estimates and Errors.

Statement of profit or loss and other comprehensive income - 2022

	<b>As previously reported 2022 Rs</b>	<b>Adjustment Rs</b>	<b>As restated 2022 Rs</b>
Gross premiums	183,647,445	(183,647,445)	-
Insurance premiums ceded to reinsurers	(23,326,208)	23,326,208	-
<b>Net insurance premium</b>	<u>160,321,237</u>	<u>(160,321,237)</u>	<u>-</u>
Insurance revenue	-	82,372,300	82,372,300
Insurance service expenses	-	(141,393,569)	(141,393,569)
Net expenses from reinsurance contracts	-	(3,983,379)	(3,983,379)
<b>Insurance service result</b>	<u>-</u>	<u>(63,004,648)</u>	<u>(63,004,648)</u>
Insurance finance income from Insurance contracts issued	-	118,439,879	118,439,879
Finance expense from reinsurance contracts held	-	(4,518,882)	(4,518,882)
<b>Net Insurance and investment result</b>	<u>-</u>	<u>50,916,349</u>	<u>50,916,349</u>
Deficit on revaluation of property	-	(1,511,750)	(1,511,750)
Net Investment and other (expense)/income	(30,811,001)	16,351,336	(14,459,665)
Interest expense	-	(9,323)	(9,323)
	<u>129,510,236</u>	<u>(94,574,625)</u>	<u>34,935,611</u>
Expenditure	<u>(249,761,041)</u>	<u>193,672,570</u>	<u>(56,088,471)</u>
<b>Deficit for the year</b>	<u>(120,250,805)</u>	<u>99,097,945</u>	<u>(21,152,860)</u>
Transfer to Life insurance fund	109,047,805	(109,047,805)	-
<b>Loss before and after tax</b>	<u>(11,203,000)</u>	<u>(9,949,860)</u>	<u>(21,152,860)</u>
<b>Other comprehensive income</b>			
Loss on revaluation land and buildings	-	(15,038,251)	(15,038,251)
Remeasurement of retirement benefit obligations	11,203,000	-	11,203,000
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>(24,988,111)</u>	<u>(24,988,111)</u>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**28 IMPACT OF INITIAL APPLICATION OF IFRS 17 AND IFRS 9 (CONT'D)**

Statement of Financial Position as at 31 December 2022

	As previously reported 31 Dec 2022 Rs	Adjustment 31 Dec 2022 Rs	As restated 31 Dec 2022 Rs
<b>ASSETS</b>			
Intangible assets	93,747	-	93,747
Property, plant and equipment	23,889,406	-	23,889,406
Investment properties	208,560,000	(3,680,000)	204,880,000
Financial assets at fair value through profit or loss	481,313,094	227,029,632	708,342,726
Available for sale financial assets	227,029,632	(227,029,632)	-
Loans and advances	225,605,020	(90,084,275)	135,520,745
Other receivables	-	60,582,901	60,582,901
Insurance contract assets	-	861,935	861,935
Reinsurance contract assets	-	11,695,427	11,695,427
Retirement benefit obligations	206,000	-	206,000
Cash and cash equivalents *	115,054,641	(25,563,675)	89,490,966
<b>Total assets</b>	<b>1,281,751,540</b>	<b>(46,187,687)</b>	<b>1,235,563,853</b>
<b>EQUITY</b>			
Capital and reserves			
Share capital	324,530,000	-	324,530,000
Retained earnings/Accumulated losses	46,102,529	(327,358,573)	(281,256,044)
Properties revaluation reserve	-	-	-
<b>Total equity</b>	<b>370,632,529</b>	<b>(327,358,573)</b>	<b>43,273,956</b>
<b>LIABILITIES</b>			
Life assurance fund	814,665,744	(814,665,744)	-
Outstanding claims	10,799,720	(10,799,720)	-
Insurance contract liabilities	-	1,148,716,888	1,148,716,888
Reinsurance contract liabilities	-	2,882,180	2,882,180
Trade and other payables	85,653,547	(44,962,718)	40,690,829
<b>Total liabilities</b>	<b>911,119,011</b>	<b>281,170,886</b>	<b>1,192,289,897</b>
<b>Total equity and liabilities</b>	<b>1,281,751,540</b>	<b>(46,187,687)</b>	<b>1,235,563,853</b>

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

**28 IMPACT OF INITIAL APPLICATION OF IFRS 17 AND IFRS 9 (CONT'D)**

Statement of Financial Position as at transition date - 01 January 2022

	<b>As previously reported 01 Jan 2022 Rs</b>	<b>Adjustment 01 Jan 2022 Rs</b>	<b>As restated 01 Jan 2022 Rs</b>
<b>ASSETS</b>			
Intangible assets	430,277	-	430,277
Property, plant and equipment	39,246,061	-	39,246,061
Investment properties	191,672,450	-	191,672,450
Financial assets at fair value through profit or loss	527,245,702	301,084,514	828,330,216
Available for sale financial assets	301,084,515	(301,084,515)	-
Loans and receivables	207,343,459	(29,773,233)	177,570,226
Insurance contract assets	-	166,860	166,860
Reinsurance contract assets	-	23,037,699	23,037,699
Cash and cash equivalents *	134,998,456	(18,651,084)	116,347,372
<b>Total assets</b>	<b>1,402,020,920</b>	<b>(25,219,759)</b>	<b>1,376,801,161</b>
<b>EQUITY</b>			
Capital and reserves			
Share capital	324,530,000	-	324,530,000
Retained earnings/Accumulated losses	46,102,529	(317,408,713)	(271,306,184)
Properties revaluation reserve	-	15,038,251	15,038,251
Total equity	370,632,529	(302,370,462)	68,262,067
<b>LIABILITIES</b>			
Life assurance fund	923,713,549	(923,713,549)	-
Retirement benefit obligations	10,997,000	-	10,997,000
Outstanding claims	24,223,917	(24,223,917)	-
Insurance contract liabilities	-	1,235,111,213	1,235,111,213
Reinsurance contract liabilities	-	-	-
Trade and other payables	72,453,925	(10,023,044)	62,430,881
<b>Total liabilities</b>	<b>1,031,388,391</b>	<b>277,150,703</b>	<b>1,308,539,094</b>
<b>Total equity and liabilities</b>	<b>1,402,020,920</b>	<b>(25,219,759)</b>	<b>1,376,801,161</b>

\*This relates to reclassification of unrepresented cheques from trade and other payables.

**ISLAND LIFE ASSURANCE CO. LTD**  
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONT'D)**

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**29 DIVIDENDS PAID**

No dividend was declared and paid during the year ended 31 December 2023 (2022: Rs Nil).

**30 CONTINGENT LIABILITIES**

The Company has not provided any bank guarantee in the normal course of its activities.

**31 INCORPORATION AND REGISTERED OFFICE**

The Company is incorporated in Mauritius under the Mauritius Companies Act 2001 as a public company with limited liability. The Company's registered office is at 38, Royal Street, Port Louis.

**32 EVENTS AFTER REPORTING DATE**

No other events have been identified after the reporting date which could have an impact on the financial statements or warrant disclosures other than the below:

The Finance (Miscellaneous Provisions) Act 2024 which was gazetted on the 27th July 2024, introduced a new Corporate Climate Responsibility (CCR) Levy at 2% of chargeable income as from year of assessment commencing on 01 July 2024. This new levy is not considered as substantively enacted as the reporting date within the meaning of IAS 12: Income Taxes and hence not provided for in these financial statements.