



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated June 23, 1966)



50th

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31st December, 2015



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING 50th Annual General Meeting

Notice is hereby given that the Fiftieth Annual General Meeting of the above named Company will be held at the Company's Offices at Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Tuesday, May 24, 2016, at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Report of the Directors and the Accounts for the year ended December 31, 2015 and the Report of the Auditors thereon.
2. Election of Directors.
3. To fix the remuneration of the Directors.
4. Election of Auditors.
5. To fix the remuneration of the Auditors.
6. Any other business which may properly be brought before the meeting.

BY ORDER OF THE BOARD

Shaheed Essack
Company Secretary/Finance Controller

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

April 28, 2016

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

HEAD OFFICE

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

DIRECTORS

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

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

C.R. QUINTIN

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

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

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

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

MANAGEMENT:

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

AUDITORS:

TSD LAL and Company
Chartered Accountants

ATTORNEYS-AT-LAW:

Cameron & Shepherd
Hughes, Fields & Stoby

MEDICAL ADVISOR:

Dr. Janice Imhoff

CONSULTING ACTUARIES:

Apex Consulting Ltd.

BANKERS:

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



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BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	45 'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1995 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1 st Avenue, Bartica.
MON REPOS:		30 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Mall Lot "M" Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2015 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Welcome

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 50th Annual General Meeting, to review the performance of the Company for the year ended 31st December, 2015.

Economic Review

Global economic growth diminished to 3.1 percent in 2015, compared to 3.4 in 2014. Growth in the various global regions over the last year has been uneven. The recovery in advanced economies increased modestly due to improved financial conditions and an increase in the labor force.

Emerging markets lagged over the last year due to declining commodity prices, increased financial volatility, and currency depreciation. Developing countries' growth slowed down due to a decline in commodity prices. In particular, oil prices were lower than expected while supply remained relatively high.

Economic growth in Guyana also slowed down in 2015 (3.0 percent vs. 3.8 percent in 2014) due to the decline in various activities. The weakening in production in forestry, fishing, and bauxite together with the decline in overall activities in wholesale & retail trade and construction, have contributed to the contraction. The regression in construction, despite improvements in the previous year, was mainly due to a delay in government spending. Growth was also hindered by the uncertainty surrounding the 2015 elections.

Overall, the economic decline was mitigated by increased production of rice, sugar, gold, and manufacturing of pharmaceuticals, and alcoholic & non-alcoholic beverages. Inflation decreased by 1.8 percent due to the decline in prices for food, transportation, and fuel. It is expected that inflation will moderately increase over the next year.

Performance Review

The company had enjoyed another fruitful year by increasing its Gross Revenue from \$656.2 million in 2014 to \$752.2 million in 2015. This represented an impressive increase of 14.6 percent over the two years. Furthermore, we have managed to marginally reduce our expenditure from \$502.1 million to \$492.8 million over the two comparable years. As a result, our Net Funds before actuarial adjustment increased from \$154.1 million in 2014, to \$259.4 million in 2015.

Actuarial adjustments to the Statement of Total Comprehensive Income, reflected increases in Gross Reserves of \$642.9 million. These Reserves, as recommended by our actuary, provide for impending new Regulations and changes in actuarial assumptions. They are designed to give the Company healthy actuarial margins in each of the Company's long-term funds.

Our Total Provision for Adverse Deviation as a percentage of Net Liability therefore stood at 18% at year-ends 2014 and 2015.



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REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2015 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

These transfers to the various Funds resulted in a deficit in Total Comprehensive Income of G\$544 million at year-end 2015 as against a deficit in Total Comprehensive Income of \$870 million at year-end 2014.

New Business

The performance of the Individual Life and Annuities Portfolio had exceeded all expectation by increasing its New Policies by 61 percent between 2014 and 2015. A total of 226 new policies were issued in 2015, which provided an Annualized Premium Income of \$136.9 million, an increase of 228 percent over the previous year.

In the Group Business, the Company has managed to increase the New Business Premium from \$139.9 million to \$151.0 million even though Group Business generally takes a longer time to materialize.

The Ordinary Life, Group Life, Group Medical and Dependent Administration Funds continued to expand and reached \$4.1 billion at the end of 2015, up from \$3.3 billion at the end of 2014.

These tremendous results would not be possible without the effort and support of our Brokers and Sales team. In the view of the current market environment, we will continue to defend and build on our market share by aggressively marketing our insurance products through the Brokers and Sales team.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of \$221.8 million for the year. The cost of claims arising from death under Individual Life policies, after reinsurance recoveries, had more than doubled from \$3.8 million to \$9.2 million in 2015. Claim payments, after Reinsurance recoveries for Group Life, marginally increased from \$29.3 million to \$31.1 million between 2014 and 2015. However, these increases in Claims were somewhat offset by the slight reduction of the Group Health Claims, which moved from \$162.7 million to \$158.9 million in 2015.

Payments and provisions to the extent of \$22.3 million were also made in respect of policies, which had reached full maturity, and policies, which during the year became eligible for part payments in accordance with the terms of the policies.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2015 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Insurance Regulation

Several new legislations relevant to the operation of the HIHL are in draft stage. There are:

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

Management is currently studying the impact these new legislation would have on our operations and financial results. The new Insurance Act is currently in parliament for approval, while the Pension Act remains in its early stage. In the revised Insurance Act, which is in its final stage, requires Hand in Hand Life to have a Statutory Reserve equivalent to \$500 million. All Insurance Companies in Guyana are required to comply within 5 years after the passing of the Act.

The IFRS on Insurance Contracts will have an impact on the current business practice of the insurance industry, as life insurance premiums are expected to be accounted for differently. The implementation of this new accounting standard has been rescheduled to 2021. Management is optimistic that these new regulations will improve the competition in the correct direction and will ultimately lead to scientific underwriting and improve the solvency of insurance companies. Hand in Hand Mutual Life Assurance Company Limited will seek to implement early adoption where possible, and will continue to comply with all Insurance and other regulations for the budgeted period and beyond.

Actuarial Valuation

An Actuarial Valuation was completed for the triennium ended 31st December, 2012 which revealed a surplus of \$724.8 million or liability coverage of 1.3 times. A Liability Adequacy test was completed for the year ended 31st December, 2015 which revealed a surplus of \$622.9 million or liability coverage of 1.2 times. The Actuarial valuation for the triennium ended on December 31, 2015, is in progress.

Staff and Customer Services

We continue to provide excellent customer service. This is achieved by continuous evaluation and feedback from our customers, to further improve our service. Our staff remains committed to providing, on a consistent basis, a high quality of service to our customers and the general public. We will continue to provide training and relevant courses to enhance our team's professional development.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2015 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Future Economic Outlook

Global growth is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The improvement in global activity is projected to be more gradual than in 2015, especially in emerging and developing economies. However, in advanced economies, a modest and uneven recovery is expected to continue.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016-17. The projected pickup in growth in the next two years despite the ongoing slowdown in China, primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East. However, even this projected partial recovery could be frustrated by new economic or political shocks.

The Guyanese economy is expected to experience healthy growth of 4.4 percent in 2016. This growth is expected to be driven mainly by the agricultural, mining and manufacturing sectors. Inflation is targeted at 2.0 percent due to a moderate increase in food prices. Due to this, the central bank is expected to implement conservative monetary policy to stabilise prices and the exchange rate. Additionally, the central bank is expected to facilitate economic growth by encouraging credit to the private sector.

Appreciation

2016 represents our fiftieth year in existence, and I believe that the Company's performance over the past fifty years augurs well for its future. As we enter this milestone year, it is my pleasure to thank most sincerely, our policyholders and all those who supported us during the past year and indeed, over the past five decades. I extend our sincerest gratitude to my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches, for their dedication and commitment, without which our Company could not have achieved the growth and success we have enjoyed over the past fifty years.

Thank you,

JOHN G. CARPENTER B.Sc.
CHAIRMAN



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders the Fiftieth Annual Report and Audited Financial Statements for the year ended 31st December, 2015

- 1. Principal Activities**
The Company is engaged in the underwriting of long term business and associated insurance activities.
- 2. Operational Results**
The Net increase in Funds for the year before actuarial valuation adjustment was \$259.4 million as compared to \$154.1 million for the previous year.
- 3. Life Business**
Gross premiums received for Ordinary Life Business for the year was \$119.8 million as compared with \$137.9 million for the previous year.
- 4. Annuities**
Annuities received for the year was \$128.8 million as compared with \$19.2 million for the previous year.
- 5. Group Business**
Gross premiums received in respect of Group Business amounted to \$496.6 million as compared with \$495.9 million for the previous year.
- 6. Ordinary Life Fund**
This fund now stands at \$1.0 billion, the comparative for the year ended December 31, 2014 being \$665.7 million.
- 7. Group Life Fund/Single Premium Mortgage Protection**
This fund now stands at \$706.1 million, the comparative for the year ended December 31, 2014 being \$551.7 million.
- 8. Group Health Fund**
This fund now stands at \$4.3 million, the comparative for the year ended December 31, 2014 being 8.2 million.
- 9. Deposit administration Fund**
This fund now stands at \$2.2 billion, the comparative for the year ended December 31, 2014 being \$2.0 billion.
- 10. Actuarial Valuation**
An Actuarial Valuation was completed for the triennium ended 31st December, 2012 which revealed a surplus of \$724.8 million or liability coverage of 1.3 times. A Liability Adequacy test was completed for the year ended 31st December, 2015 which revealed a surplus of \$622.9 million or liability coverage of 1.2 times. The Actuarial valuation for the triennium ended on December 31, 2015, is in progress.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

11. Claims

Total death claims paid and provided for during the year amounted to \$278.9 million of which \$238.7 million is recoverable from our re-insurer resulting in a net cost to the Company of \$40.2 million. Policies matured during the year were \$22.3 million while medical claims amounted to \$158.9 million.

12. Investments

At 31 December, 2015 the total amount invested is \$2.9 billion. Investments in Government, Municipal and other Securities stood at \$2.6 billion, Mortgages amounted to \$57.3 million, Share Purchase Plans \$1.4million, Loan to Berbice Bridge \$236 million and Loans on policies \$57.7 million. The Company continued to invest in Local Shares during the financial year.

13. Employee Relations

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

14. Directorate

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

Messrs: P.A. Chan-A-Sue
C.R. Quintin
I.A. McDonald

15. Corporate Governance

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

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

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

The committees established by the Board and their Chairpersons are:

- | | |
|----------------------------------|---------------------|
| 1. Finance and Audit Committee | Mr. P.A. Chan-A-Sue |
| 2. Sales and Marketing Committee | Mr. W.A. Lee |
| 3. Human Resources Committee | Mr. C.R. Quintin |
| 4. Buildings Committee | Mr. J.G.Carpenter |

16. Auditors

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

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015**

Report on the Financial Statements

We have audited the accompanying financial statements of Hand In Hand Mutual Life Assurance Company Limited which comprise the statement of financial position as at December 31, 2015, 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 a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 54.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015**

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Hand In Hand Mutual Life Assurance Company Limited as at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

The Insurance Act 1998 came into effect in 2002. As explained in Note 33, the company did not fully comply with the requirements of the Act.

TSD LAL & CO

TSD LAL & CO.
CHARTERED ACCOUNTANTS

Date: May 03, 2016

77 Brickdam,
Stabroek, Georgetown,
Guyana



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 G\$	2014 G\$
Revenue			
Premiums	5	745,292,943	653,062,946
Reassurance premiums	5	<u>67,382,017</u>	<u>63,475,441</u>
		677,910,926	589,587,505
Investment income			
"Available for sale"	6	16,526,479	15,865,317
"Loans and receivables"	6	57,318,652	43,042,639
"Other income"	6	<u>2,171,812</u>	<u>1,686,395</u>
		<u>76,016,943</u>	<u>60,594,351</u>
Gain/(loss) on exchange		(2,176,015)	196,135
Gain on disposal of investments		<u>439,950</u>	<u>5,848,540</u>
		<u>(1,736,065)</u>	<u>6,044,675</u>
		<u>752,191,804</u>	<u>656,226,531</u>
Deduct:			
Expenditure			
Management expenses	7	182,255,243	193,538,508
Commissions	8	56,777,507	59,698,819
Claims	9	221,786,811	224,472,562
Surrenders	10	21,172,286	16,932,688
Annuities and pensions	11	10,290,656	5,895,914
Taxation	12	<u>483,364</u>	<u>1,551,975</u>
		<u>492,765,867</u>	<u>502,090,466</u>
Net increase in funds for the year before actuarial adjustment		<u>259,425,937</u>	<u>154,136,065</u>
Actuarial adjustment to:			
Policyholders' liabilities	24	489,071,676	217,872,462
Contingency reserve	26	182,000,000	-
Reinsurance assets	19	<u>(28,142,823)</u>	<u>(9,861,939)</u>
		<u>642,928,853</u>	<u>208,010,523</u>
Net decrease in funds for the year		<u>(383,502,916)</u>	<u>(53,874,458)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation difference		(7,476,922)	25,622,844
Fair value adjustment on investments		<u>(153,004,635)</u>	<u>(842,102,815)</u>
Other comprehensive loss		<u>(160,481,557)</u>	<u>(816,479,971)</u>
Total comprehensive loss for the year		<u>(543,984,473)</u>	<u>(870,354,429)</u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY AND FUNDS FOR THE YEAR ENDED 31 DECEMBER 2015

	<u>Issued share capital</u> G\$	<u>Other reserve</u> G\$	<u>General reserve</u> G\$	<u>Total</u> G\$
Balance at 1 January 2014	<u>275,000</u>	<u>2,185,300,800</u>	<u>(148,308,598)</u>	<u>2,037,267,203</u>
Changes in equity 2014				
Total comprehensive loss for the year	<u>-</u>	<u>(842,102,815)</u>	<u>(28,251,614)</u>	<u>(870,354,429)</u>
Balance at 31 December 2014	<u>275,000</u>	<u>1,343,197,985</u>	<u>(176,560,211)</u>	<u>1,166,912,774</u>
Changes in equity 2015				
Total comprehensive loss for the year	<u>-</u>	<u>(153,004,635)</u>	<u>(390,979,838)</u>	<u>(543,984,473)</u>
Balance at 31 December 2015	<u>275,000</u>	<u>1,190,193,350</u>	<u>(567,540,049)</u>	<u>622,928,301</u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	<u>Notes</u>	<u>2015</u> G\$	<u>2014</u> G\$
ASSETS			
Non current assets			
Plant, property and equipment	13	272,225,947	246,681,494
Other assets			
Investments			
"Held to Maturity"	14(a)	69,289,174	62,792,527
"Available for Sale"	14(b)	2,563,666,400	2,412,349,221
"Loans and Receivables"	14(c)	334,487,573	348,278,886
Reinsurance assets	19	311,936,724	76,648,489
Statutory deposit	16	18,750,000	18,750,000
		<u>3,570,355,818</u>	<u>3,165,500,617</u>
Current assets			
Short Term Loan	14(c)	18,000,000	18,000,000
Interest accrued	17	13,591,166	4,671,467
Receivables and prepayments	18	1,069,839,131	767,845,291
Stocks of stationery		421,675	428,574
Tax recoverable		8,809,130	8,046,280
Cash on hand and at bank	20	330,482,755	555,934,870
		<u>1,441,143,857</u>	<u>1,354,926,482</u>
TOTAL ASSETS		<u>5,011,499,675</u>	<u>4,520,427,099</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	21	275,000	275,000
Other reserve	22	1,190,193,350	1,343,197,985
General reserve	23	(567,540,049)	(176,560,211)
		<u>622,928,301</u>	<u>1,166,912,774</u>
Non - Current Liabilities			
Policyholders' liabilities	24	1,714,732,376	1,225,660,700
Deposit administration fund	25	2,173,402,690	2,020,012,949
Contingency reserve	26	182,000,000	-
		<u>4,070,135,066</u>	<u>3,245,673,649</u>
Current liabilities			
Claims admitted or intimated but not paid	27	230,962,598	20,749,302
Tax payable		1,446,616	2,946,502
Payables and accrued expenses	28	71,807,139	73,245,499
Bank overdraft (unsecured)	29	14,219,955	10,899,373
		<u>318,436,308</u>	<u>107,840,676</u>
TOTAL EQUITY AND LIABILITIES		<u>5,011,499,675</u>	<u>4,520,427,099</u>

These Financial Statements were approved by the Board of Directors on May 03, 2016

On behalf of the Board:

..... Director

..... Director

..... Company Secretary/Finance Controller

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 G\$	2014 G\$
Operating activities		
Decrease in funds and reserves for the year before taxation	(383,019,552)	(52,322,483)
Adjustments for:		
Depreciation	2,072,418	1,867,337
Redemption of securities - gain	(439,950)	(5,848,540)
Disposal of fixed assets - loss	523,956	143,173
Investment income	<u>(76,016,943)</u>	<u>(60,594,351)</u>
Decrease in funds for the year before working capital changes	(456,880,071)	(116,754,864)
Decrease/(increase) in interest accrued	(8,919,699)	8,990,656
Decrease/(increase) in receivables and prepayments	(301,993,840)	65,260,316
Increase in reinsurance assets	(235,288,235)	(7,619,785)
(Increase)/decrease in stocks of stationery	6,899	(146,748)
Increase in claims admitted or intimated but not paid	210,213,296	2,308,715
Increase/(decrease) in payables and accrued expenses	(1,438,362)	355,017
Increase in policyholders' liabilities	489,071,676	217,872,462
Increase in deposit administration fund	153,389,741	261,112,506
Increase in contingency reserve	182,000,000	-
Decrease in insurance contract liabilities	<u>-</u>	<u>(6,136,493)</u>
Cash generated from operations	30,161,405	425,241,782
Taxes paid	<u>(2,746,099)</u>	<u>(7,481,145)</u>
Net cash provided by operating activities	<u>27,415,306</u>	<u>417,760,637</u>
Investing activities		
Purchase of fixed assets	(28,140,827)	(4,566,869)
Proceeds from sale of fixed assets	-	7,000
Proceeds from redemption of securities	132,267,264	54,750,236
Purchase of securities	(450,122,696)	(488,358,034)
Mortgages repayments	1,026,080	902,677
Loans on policies repayments	(5,234,767)	(9,453,791)
MCG- Loan (Giftland Office Max)	-	10,000,000
Share purchase plans repayments	-	4,710,750
Short term loan	18,000,000	18,000,000
Dividends and interest received	<u>76,016,943</u>	<u>60,594,351</u>
Net cash used in investing activities	<u>(256,188,003)</u>	<u>(353,413,680)</u>
Net increase/(decrease) in cash and cash equivalents	(228,772,697)	64,346,957
Cash and cash equivalents at beginning of period	545,035,497	480,688,540
Cash and cash equivalents at end of period	<u>316,262,800</u>	<u>545,035,497</u>

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

1 Incorporation and activities

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

Employees

During the year the number of employees was 28 (2014 – 25).

2 New and amended standards and interpretations

Effective for the current year end

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

New and Amended Standards

IAS 19 Employee Benefits	1 February 2015
Annual Improvements 2010-2012 Cycle	1 February 2015
Annual Improvements 2011-2013 Cycle	1 February 2015

Of the above, the following are relevant to the entity.

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

Annual Improvements

The annual improvements program of the International Accounting Standards Board deals with amendments and clarifications to IFRS.

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments Disclosure
IFRS 9	Financial Instruments
IFRS 14	Regulatory deferral accounts
IFRS 15	Revenue from contracts with customers
IFRS 10/IAS 28	Amendments - Sale or contribution of assets
IFRS 11	Amendments - Disclosure initiative
IAS 1	Amendments - Disclosure initiative
IAS 16/IAS 38	Clarification of acceptable methods of depreciation and amortization
IAS 16/IAS 41	Amendments - Bearer plants
IAS 27	Amendments - Equity method in separate financial statements
IAS 34	Interim Financial Reporting



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations – cont'd

Pronouncements effective in future periods

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortisation	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
Disclosure Initiative Amendments to IAS 1 Annual Improvements 2012-2014 Cycle	1 January 2016 1 July 2016
IFRS 9 Financial Instruments: Classification and Measurement and additions for financial liability accounting	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The Company has not opted for early adoption.

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

IFRS 15: Revenue from Contracts with Customers

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

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when (or as) the entity satisfies a performance obligation.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations – cont'd

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to clarify that a depreciation method for the use of an asset that is not appropriate for property, plant and equipment.

The application of the amendments may have impact on amounts reported in respect of depreciation. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

Disclosure Initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IAS 34 Interim Financial Reporting

IFRS 9-Financial instrument

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

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

The standard contains specific transitional provisions for:

- i) classification and measurement of financial assets;
- ii) impairment of financial assets; and
- iii) hedge accounting.

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies

(a) Accounting convention

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

(b) Segregated funds

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

Policyholders' Liabilities

(i) Ordinary Life

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

(ii) Group Life

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

(iii) Group Health

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

Deposit administration fund

(i) Group pension fund

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

(ii) Contingency reserve

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies -cont'd

(c) Revenue recognition

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

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

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

(d) Reassurance

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

Reinsurance premium paid and reinsurance recoveries that are set off against claims are accounted for in the statement of profit and loss and other comprehensive income. Reinsurance recoveries on outstanding claims are shown as a current asset in the statement of financial position.

(e) Foreign currencies

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

(f) Management expenses

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies -cont'd

(g) Commission and allowances

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

(h) Claims

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

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

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

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

(i) Maturities

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

(j) Taxation

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies -cont'd

(k) Fixed assets and depreciation

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

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

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

Office Machinery and Equipment	-	10%
Motor Vehicles	-	20%
Computers	-	50%

(l) Investments

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

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

Held to maturity

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

Available for sale

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

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies-cont'd

(l) Investment cont'd

Loans and receivables

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

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

(m) Financial instruments

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

Receivables

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

Payables

Trade payables are recognized at amortized cost.

Bank borrowings

Interest bearing bank loans and overdrafts are recognized at amortized cost.

Cash and cash equivalents

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies-cont'd

(m) Financial instruments- cont'd

De-recognition

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

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

(n) Segment Reporting

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

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

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

(o) Insurance contracts

The company issues contracts that transfer insurance risk.

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

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

(p) Pension Funding

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

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

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

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

4. **Critical accounting judgement and key sources of estimation uncertainty**

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

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

(i) Receivables and other receivables

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

(ii) Useful lives of fixed assets

Management reviews the estimated useful lives of fixed assets at the end of each year to determine whether the useful lives should remain the same.

(iii) Other financial assets

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

(iv) Method of actuarial valuation

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

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

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

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

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

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

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

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

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

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



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2015			2014		
	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$	<u>Gross</u> G\$	<u>Reassurance</u> G\$	<u>Net</u> G\$
Ordinary Life	119,844,501	18,594,108	101,250,393	137,978,195	18,407,499	119,570,696
Annuities	128,853,952	-	128,853,952	19,155,382	-	19,155,382
Group Life	274,066,271	48,787,909	225,278,362	282,617,988	45,067,942	237,550,046
Group Health	222,528,219	-	222,528,219	213,311,381	-	213,311,381
	<u>745,292,943</u>	<u>67,382,017</u>	<u>677,910,926</u>	<u>653,062,946</u>	<u>63,475,441</u>	<u>589,587,505</u>

6 Investment income

	<u>2015</u> G\$	<u>2014</u> G\$
"Available for sale"		
Shares and stocks	<u>16,526,479</u>	<u>15,865,317</u>
"Loans and receivable"		
Policy loans	8,001,915	3,989,489
MCG Loan(Giftland)	-	1,976,986
Hand in Hand Mutual Fire Ins.Co.	49,316,737	36,794,294
Share purchase plans	-	281,870
	<u>57,318,652</u>	<u>43,042,639</u>
"Other Income"		
Cash on deposits	2,171,517	1,685,958
Miscellaneous	295	437
	<u>2,171,812</u>	<u>1,686,395</u>
	<u>76,016,943</u>	<u>60,594,351</u>
Summary of interest received		
Cash on deposits	2,171,517	1,685,958
Shares and stocks	16,526,479	15,865,317
Policy loans	8,001,915	3,989,489
Share purchase plans	-	281,870
MCG Loan (Giftland)	-	1,976,986
The Hand in Hand Mutual Fire Ins.Co.	49,316,737	36,794,294
Miscellaneous	295	437
	<u>76,016,943</u>	<u>60,594,351</u>



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

	<u>2015</u>	<u>2014</u>
	G\$	G\$
7 Management expenses		
Actuarial fees	12,768,000	7,552,090
Auditors' remuneration	3,722,620	3,524,924
Directors' emoluments (Note a)	5,365,524	5,109,960
Depreciation	2,072,418	1,867,337
Employment cost	113,332,859	119,270,001
Pension contributions	5,700,272	5,387,625
Operating expenses	<u>39,293,550</u>	<u>50,826,571</u>
	<u>182,255,243</u>	<u>193,538,508</u>
 (a) Directors emoluments:		
Chairman: J.G.Carpenter	1,300,644	1,238,700
Non Executive Directors:		
W.A. Lee	812,976	774,252
P.A. Chan-A-Sue	812,976	774,252
I.A. Mc Donald	812,976	774,252
T. A. Parris	812,976	774,252
C.R. Quintin	812,976	774,252
 Executive Directors:		
K.Evelyn	-	-
H.Cox	-	-
	<u>5,365,524</u>	<u>5,109,960</u>
 8 Commissions		
Ordinary Life	11,822,607	11,022,755
Group Life	33,464,006	38,283,137
Group Health	<u>11,490,894</u>	<u>10,392,927</u>
	<u>56,777,507</u>	<u>59,698,819</u>



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2015			2014		
	<u>Gross</u>	<u>Reassurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reassurance</u>	<u>Net</u>
	G\$	G\$	G\$	G\$	G\$	G\$
Ordinary Life						
Death	234,127,453	224,978,314	9,149,139	3,782,563	-	3,782,563
Maturities	22,333,754	-	22,333,754	26,651,024	-	26,651,024
Other claims	322,532	-	322,532	1,987,917	-	1,987,917
	<u>256,783,739</u>	<u>224,978,314</u>	<u>31,805,425</u>	<u>32,421,504</u>	<u>-</u>	<u>32,421,504</u>
Group Life	44,780,618	13,693,274	31,087,344	67,469,398	38,159,887	29,309,511
Group Health	158,894,042	-	158,894,042	162,741,547	-	162,741,547
	<u>460,458,399</u>	<u>238,671,588</u>	<u>221,786,811</u>	<u>262,632,449</u>	<u>38,159,887</u>	<u>224,472,562</u>

Claims paid in financial year

	2015			2014		
	<u>Gross</u>	<u>Reassurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reassurance</u>	<u>Net</u>
	G\$	G\$	G\$	G\$	G\$	G\$
Ordinary Life						
Death	29,000,000	24,939,772	4,060,228	1,720,250	-	1,720,250
Maturities	19,918,694	-	19,918,694	22,787,255	-	22,787,255
Other claims	322,532	-	322,532	1,987,917	-	1,987,917
	<u>49,241,226</u>	<u>24,939,772</u>	<u>24,301,454</u>	<u>26,495,422</u>	<u>-</u>	<u>26,495,422</u>
Group Life	27,530,253	3,838,404	23,691,849	55,499,976	33,329,041	22,170,935
Group Health	158,894,042	-	158,894,042	162,741,547	-	162,741,547
	<u>235,665,521</u>	<u>28,778,176</u>	<u>206,887,345</u>	<u>244,736,945</u>	<u>33,329,041</u>	<u>211,407,904</u>

10 Surrenders

	2015	2014
	G\$	G\$
Ordinary Life	<u>21,172,286</u>	<u>16,932,688</u>

11 Annuities

Ordinary Life	<u>10,290,656</u>	<u>5,895,914</u>
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12 Taxation

Taxes deducted at source from income on deposits	<u>483,364</u>	<u>1,551,975</u>
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Taxation on the company has been computed based on the applicable tax laws relating to life insurance companies.



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

13 Plant, property and equipment

	Freehold Land and building G\$	Office furniture and equipment G\$	Computer equipment G\$	Motor vehicle G\$	Total G\$	2014 G\$
Cost						
At 1 January	237,860,480	9,143,436	25,771,649	6,200,000	278,975,565	274,803,060
Additions	24,284,778	2,930,848	925,201		28,140,827	4,566,869
Disposals	-	(1,400,245)	-		(1,400,245)	(394,364)
At 31 December	<u>262,145,258</u>	<u>10,674,039</u>	<u>26,696,850</u>	<u>6,200,000</u>	<u>305,716,147</u>	<u>278,975,565</u>
Depreciation						
At 1 January	-	4,946,838	25,110,167	2,237,066	32,294,071	30,670,925
Charge for the year	-	603,928	675,903	792,587	2,072,418	1,867,337
Written back on disposals	-	(876,289)			(876,289)	(244,191)
At 31 December	<u>-</u>	<u>4,674,477</u>	<u>25,786,070</u>	<u>3,029,653</u>	<u>33,490,200</u>	<u>32,294,071</u>
Net book values:						
At 31 December 2015	<u>262,145,258</u>	<u>5,999,562</u>	<u>910,780</u>	<u>3,170,347</u>	<u>272,225,947</u>	
At 31 December 2014	<u>237,860,480</u>	<u>4,196,598</u>	<u>661,482</u>	<u>3,962,935</u>		<u>246,681,494</u>

14 Investments

	2015 G\$	2014 G\$
(a) Held to Maturity:		
Local Bonds	10,000,000	10,000,000
Foreign Bond	59,289,174	52,792,527
	<u>69,289,174</u>	<u>62,792,527</u>
(b) Available for sale		
United Kingdom Securities	130,780,546	161,110,677
United Kingdom Stocks	18,001,353	14,530,581
United States Securities	56,834,995	18,338,307
Local Securities	2,358,049,506	2,218,369,656
	<u>2,563,666,400</u>	<u>2,412,349,221</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

14 Investments- cont'd

(c) Loans and receivables:

	<u>2015</u>	<u>2014</u>
	G\$	G\$
(i) Mortgages on properties		
At 1 January	58,925,329	59,837,124
Repayments	<u>(1,036,444)</u>	<u>(911,795)</u>
	57,888,885	58,925,329
Less: Provision for impairment	<u>578,889</u>	<u>589,253</u>
At 31 December	<u>57,309,996</u>	<u>58,336,076</u>
Provision for impairment individually assessed		
At 1 January	589,253	598,371
Recoveries	<u>(10,364)</u>	<u>(9,118)</u>
At 31 December	<u>578,889</u>	<u>589,253</u>
(ii) Loans on policies	<u>57,741,237</u>	<u>52,506,470</u>
This represents loans granted to policyholders taking into account the cash value of the policies.		
(iii) Share purchase plans		
<i>Beneficiaries:</i>		
Banks DIH Limited	224,780	224,780
Guyana National Industrial Company Inc.	<u>1,211,560</u>	<u>1,211,560</u>
	<u>1,436,340</u>	<u>1,436,340</u>
The capital sums earn interest and are repayable in ten (10) years.		
(iv) Berbice Bridge Loan		
At 1 January	254,000,000	272,000,000
Repayment	<u>(18,000,000)</u>	<u>(18,000,000)</u>
At 31 December	<u>236,000,000</u>	<u>254,000,000</u>
Current	18,000,000	18,000,000
Long term	<u>218,000,000</u>	<u>236,000,000</u>
	<u>236,000,000</u>	<u>254,000,000</u>
Second Loan		
This loan was granted in January and March 2010 for \$40 million and \$50 million respectively. Capital repayment commenced in 2013		
Third Loan		
This Loan was granted in June 2011 for \$200M. Capital repayment has not yet commence.		
The terms and conditions for these loans are as follows: Payment of interest commence immediately and is payable annually for the first three(3) years thereafter repayment of the principal and interest will commence three (3) years after the drawn down by (5) equal annual installments. The rate of interest is 7.5%. Security held on these loans are promissory notes for \$200 million, \$50 million and \$40 million respectively in favour of the company.		
At 31 December	<u>352,487,573</u>	<u>366,278,886</u>
Comprised of:		
Short Term Loan	18,000,000	18,000,000
Loans and Receivables	<u>334,487,573</u>	<u>348,278,886</u>
	<u>352,487,573</u>	<u>366,278,886</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 Fair Value of financial instruments

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

	IFRS 13 Level	2015		IFRS 13 Level	2014	
		Carrying Value G\$	Fair Value G\$		Carrying Value G\$	Fair Value G\$
Assets						
Plant, property and equipment		272,225,947	272,225,947		246,681,494	246,681,494
Investments:						
Held to Maturity	2	69,289,174	69,289,174	2	62,792,527	62,792,527
Loans and receivables	2	334,487,573	334,487,573	2	348,278,886	348,278,886
Statutory Deposits	2	18,750,000	18,750,000	2	18,750,000	18,750,000
Reinsurance assets	2	311,936,724	311,936,724	2	76,648,489	76,648,489
Short term loan	2	18,000,000	18,000,000	2	18,000,000	18,000,000
Accrued and unpaid interest	2	13,591,166	13,591,166	2	4,671,467	4,671,467
Receivables and prepayments	2	1,069,839,131	1,069,839,131	2	767,845,291	767,845,291
Cash resources	2	330,482,755	330,482,755	2	555,934,870	555,934,870
Tax recoverable	2	8,809,130	8,809,130	2	8,046,280	8,046,280
		<u>2,447,411,600</u>	<u>2,447,411,600</u>		<u>2,107,649,304</u>	<u>2,107,649,304</u>
Liabilities						
Policyholders' liabilities	2	1,714,732,376	1,714,732,376	2	1,225,660,700	1,225,660,700
Deposit administration fund	2	2,173,402,690	2,173,402,690	2	2,020,012,949	2,020,012,949
Contingency Reserves	2	182,000,000	182,000,000	2	-	-
Claims admitted and intimated (net of amounts recoverable from reinsurers)	2	230,962,598	230,962,598	2	20,749,302	20,749,302
Insurance Contract Liabilities	2	-	-	2	-	-
Payables and accrued expenses	2	71,807,139	71,807,139	2	73,245,499	73,245,499
Bank overdraft	2	14,219,955	14,219,955	2	10,899,373	10,899,373
Tax payable	2	1,446,616	1,446,616	2	2,946,502	2,946,502
		<u>4,388,571,374</u>	<u>4,388,571,374</u>		<u>3,353,514,325</u>	<u>3,353,514,325</u>

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

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

"Held to maturity"

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

"Loans and receivables"

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

"Receivables, short term loans and accrued and unpaid interest"

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

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

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

"Plant, property and equipment"

Plant, property and equipment are carried at cost less depreciation.



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 Fair Value of Financial Instruments - cont'd

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

The following assets are carried at fair values.

	IFRS 13 Level	2015		IFRS 13 Level	2014	
		<u>Carrying Value</u>	<u>Fair Value</u>		<u>Carrying Value</u>	<u>Fair Value</u>
		G\$	G\$		G\$	G\$
Financial assets						
Investments:						
Available for sale	1	187,615,541	187,615,541	1	177,539,268	177,539,268
Available for sale	2	2,218,653,530	2,218,653,530	2	2,077,412,624	2,077,412,624
Available for sale	3	157,397,329	157,397,329	3	157,397,329	157,397,329
		<u>2,563,666,400</u>	<u>2,563,666,400</u>		<u>2,412,349,221</u>	<u>2,412,349,221</u>

"Available for sale"

The carrying values of these investments were valued using quoted market prices. Quoted market prices are obtained from independent market valutors using level 1 fair value measurements as follows:

Guyana Association of Securities Companies & Intermediaries Inc.
London Stock Exchange

Fair value measurements recognised in the statement of financial position

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

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

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

16 Statutory deposit	<u>2015</u>	<u>2014</u>
	G\$	G\$
 Citizen Bank Inc.	 <u>18,750,000</u>	 <u>18,750,000</u>
 This is a statutory deposit to the direct order of the Commissioner of Insurance		
17 Interest accrued		
 Mortgages	 4,186,550	 2,331,393
Deposits at banks	532,513	574,252
Interest on Courts Bond	403,288	800,000
Investment Income	<u>8,468,815</u>	<u>965,822</u>
	<u>13,591,166</u>	<u>4,671,467</u>
 18 Receivables and prepayments		
 The Hand-in-Hand Mutual Fire Insurance Company Ltd (i)	 1,009,454,338	 735,454,338
Other debtors (ii)	<u>60,384,793</u>	<u>32,390,953</u>
	<u>1,069,839,131</u>	<u>767,845,291</u>

(i) This represent loan to The Hand in Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 8% on total of \$754,454,338 and 6% on total of \$255,000,000 per annum. This loan is secured by unallocated portion of land and building situated at 1- 4 Avenue of the Republic, Georgetown.

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

19 Reinsurance assets	Ordinary life	Group life	Single premium	Total
	<u>fund</u>	<u>fund</u>	<u>mortgage</u>	
	G\$	G\$	<u>protection</u>	G\$
	G\$	G\$	G\$	G\$
Balance as at 1 January 2014	46,070,377	5,860,687	17,097,640	69,028,704
Actuarial increase/(decrease)	3,371,616	(724,432)	7,214,755	9,861,939
Claims recoverable/(payable)	<u>(3,848,000)</u>	<u>1,605,846</u>	<u>-</u>	<u>(2,242,154)</u>
Balance as at 31 December 2014	45,593,993	6,742,101	24,312,395	76,648,489
Actuarial increase	17,426,273	602,733	10,113,817	28,142,823
Claims recoverable	<u>200,038,542</u>	<u>7,106,870</u>	<u>-</u>	<u>207,145,412</u>
Balance as at 31 December 2015	<u>263,058,808</u>	<u>14,451,704</u>	<u>34,426,212</u>	<u>311,936,724</u>

20 Cash on hand and at banks	2015	2014
	G\$	G\$
Non statutory deposits:		
Deposits - others	208,187,886	455,150,181
Current accounts	122,274,869	100,774,689
Cash on hand	20,000	10,000
	<u>330,482,755</u>	<u>555,934,870</u>

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

21 Share capital	2015	2014
Authorised		
Number of 6% cumulative redeemable preference shares	<u>10,000</u>	<u>10,000</u>
Issued and fully paid		
2,750 - 6% cumulative redeemable preference shares	<u>275,000</u>	<u>275,000</u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

22 Other reserve

	<u>2015</u> G\$	<u>2014</u> G\$
At 1 January	1,343,197,985	2,185,300,800
Fair value adjustment on investments	<u>(153,004,635)</u>	<u>(842,102,815)</u>
At 31 December	<u>1,190,193,350</u>	<u>1,343,197,985</u>

23 General reserve

	<u>2015</u> G\$	<u>2014</u> G\$
At 1 January	(176,560,211)	(148,308,597)
Net increase in fund for the year	(383,502,916)	(53,874,458)
Currency translation difference	(7,476,922)	25,622,844
At 31 December	<u>(567,540,049)</u>	<u>(176,560,211)</u>

24 Policyholders' liabilities

	Ordinary life <u>fund</u> G\$	Group life <u>fund</u> G\$	Single premium mortgage <u>protection</u> G\$	Group health <u>fund</u> G\$	<u>Total</u> G\$
Gross liabilities					
Balance as at 1 January 2014	533,190,871	8,092,746	460,419,365	6,085,256	1,007,788,238
Actuarial increase	132,473,799	72,945	83,168,215	2,157,503	217,872,462
Balance as at 31 December 2014	<u>665,664,670</u>	<u>8,165,691</u>	<u>543,587,580</u>	<u>8,242,759</u>	<u>1,225,660,700</u>
Actuarial increase/(decrease)	338,587,791	7,416,592	146,968,881	(3,901,588)	489,071,676
Balance as at 31 December 2015	<u>1,004,252,461</u>	<u>15,582,283</u>	<u>690,556,461</u>	<u>4,341,171</u>	<u>1,714,732,376</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

25 Deposit Administration Funds

	<u>2015</u> G\$	<u>2014</u> G\$
At 1 January	2,020,012,949	1,758,900,443
Contributions received plus interest	431,685,335	331,583,389
Refund of contributions	(244,939,014)	(38,288,958)
Charges, claims and benefits	<u>(33,356,580)</u>	<u>(32,181,925)</u>
At 31 December	<u>2,173,402,690</u>	<u>2,020,012,949</u>

26 Contingency reserve

<u>182,000,000</u>	<u>-</u>
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A Contingency reserve representing approximately 8% of the value of the Deposit Administration Fund was made as advised by the actuary.

27 Claims admitted or intimated but not paid

	<u>2015</u> G\$	<u>2014</u> G\$
Ordinary life	210,221,233	6,878,880
Group life	<u>20,741,365</u>	<u>13,870,422</u>
	<u>230,962,598</u>	<u>20,749,302</u>

28 Payables and accrued expenses

Other payables	39,249,208	22,782,235
Accruals	<u>32,557,931</u>	<u>50,463,264</u>
	<u>71,807,139</u>	<u>73,245,499</u>

29 Bank overdraft (unsecured)

Bank of Nova Scotia	14,219,955	-
Guyana Bank for Trade & Industry Limited	<u>-</u>	<u>10,899,373</u>
	<u>14,219,955</u>	<u>10,899,373</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

30 Pending litigation

There are several income tax appeals pending for the years 1976 - 1988 and 1995 inclusive. The tax in dispute has been lodged with the Guyana Revenue Authority.

31 Related party transactions

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

Listed below are transactions with related parties.

Related company

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

	<u>2015</u> G\$	<u>2014</u> G\$
(i) Interest received		
Interest received during the year on loans granted to The Hand-in-Hand Mutual Fire Insurance Company Limited	<u>61,786,265</u>	<u>58,009,048</u>
Loans to The Hand-in-Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 8% on total of \$754,454,338 and 6% on total of \$255,000,000 per annum.	<u>1,009,454,338</u>	<u>735,454,338</u>
The Hand in Hand Mutual Fire Insurance Company Limited 2,750 - 6% Cumulative Redeemable Preference Shares	<u>275,000</u>	<u>275,000</u>
(ii) Insurance		
Insurance coverage	<u>45,000,000</u>	<u>45,000,000</u>
Premiums for the year	<u>180,000</u>	<u>180,000</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

31 Related party transactions - cont'd

Related company

(iii) Fees paid

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

	<u>2015</u> G\$	<u>2014</u> G\$
Fees charged	<u>73,969,848</u>	<u>77,323,317</u>

Key management personnel

(i) Compensation

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

	<u>2015</u> G\$	<u>2014</u> G\$
Short term employee benefits - Managers - 10 (2014 - 10)	<u>34,149,053</u>	<u>34,826,725</u>
Long term benefit is derived from the Pension Scheme.		
Directors' emoluments - 6 (2014 - 6)	<u>5,365,524</u>	<u>5,109,960</u>

(ii) Mortgages

	<u>2015</u> G\$	<u>2014</u> G\$
Interest accrued	<u>3,910,630</u>	<u>2,050,677</u>
Balance outstanding	<u>40,000,000</u>	<u>40,000,000</u>

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

(iii) Loans

	<u>2015</u> G\$	<u>2014</u> G\$
Interest paid for the year	<u>769,910</u>	<u>36,275</u>
Balance outstanding	<u>41,914,394</u>	<u>3,043,545</u>

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis.

	<u>2015</u>				<u>2014</u>	
	<u>Held to maturity</u> G\$	<u>Available for sale</u> G\$	<u>Loans and receivables</u> G\$	<u>Other Assets/Liabilities at amortized cost</u> G\$	<u>Total</u> G\$	<u>Total</u> G\$
Assets						
Investments	69,289,174	2,563,666,400	352,487,573	-	2,985,443,147	2,841,420,634
Statutory deposit	-	-	-	18,750,000	18,750,000	18,750,000
Interest accrued	-	-	13,591,166	-	13,591,166	4,671,467
Receivables and prepayments	-	-	1,069,839,131	-	1,069,839,131	767,845,291
Reinsurance contract assets	-	-	311,936,724	-	311,936,724	76,648,489
Tax recoverable	-	-	8,809,129	-	8,809,129	8,046,280
Cash on hand and at banks	-	-	330,482,755	-	330,482,755	555,934,870
	<u>69,289,174</u>	<u>2,563,666,400</u>	<u>2,087,146,478</u>	<u>18,750,000</u>	<u>4,738,852,052</u>	
2014	<u>62,792,527</u>	<u>2,412,349,221</u>	<u>1,779,425,283</u>	<u>18,750,000</u>		<u>4,273,317,031</u>
Liabilities						
Policyholders' liabilities	-	-	-	1,714,732,376	1,714,732,376	1,225,660,700
Deposit administration fund	-	-	-	2,173,402,690	2,173,402,690	2,020,012,949
Contingency reserve	-	-	-	182,000,000	182,000,000	-
Claims admitted	-	-	-	230,962,598	230,962,598	20,749,302
Taxation	-	-	-	1,446,616	1,446,616	2,946,502
Payables and accrued expenses	-	-	-	71,807,139	71,807,139	73,245,499
Bank overdraft	-	-	-	14,219,955	14,219,955	10,899,373
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,388,571,374</u>	<u>4,388,571,374</u>	
2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,353,514,325</u>		<u>3,353,514,325</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 INSURANCE ACT 1998

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

34 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

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

(a) Market risk

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

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual security, of its issuer, or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) Interest sensitivity analysis

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest sensitivity analysis - cont'd

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

	Increase / decrease in basis point	Impact on profit for year	
		2015	2014
Cash and cash equivalents		GSM	GSM
Local currency	+/-50	0.58	1.78
Foreign currencies	+/-50	0.43	0.32

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

(iii) Interest rate risk

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

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

	Interest Rate %	Maturing				Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Assets						
Investments	1.1-7.5	-	69,289,174	-	2,563,666,400	2,632,955,574
Mortgages on properties	3.5-6	-	57,309,996	-	-	57,309,996
Loans on policies	15	-	57,741,237	-	-	57,741,237
Berbice Bridge loan	7.50	18,000,000	218,000,000	-	-	236,000,000
Share purchase plans	8.5-13	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Receivables & prepayments	6-8	8,973,151	27,903,439	1,020,124,628	12,837,913	1,069,839,131
Cash on hand and at banks	0.15-3	208,187,886	-	-	122,294,869	330,482,755
Others		-	-	-	334,337,020	334,337,020
		<u>235,161,037</u>	<u>448,993,846</u>	<u>1,021,560,968</u>	<u>3,033,136,202</u>	<u>4,738,852,053</u>
Liabilities						
Policyholders' liabilities	-	-	-	-	1,714,732,376	1,714,732,376
Deposit administration fund	-	-	-	-	2,173,402,690	2,173,402,690
Contingency reserves	-	-	-	-	182,000,000	182,000,000
Claims	-	-	-	-	230,962,598	230,962,598
Payables	-	-	-	-	71,807,139	71,807,139
Bank overdraft	-	14,219,955	-	-	-	14,219,955
Others	-	-	-	-	1,446,616	1,446,616
		<u>14,219,955</u>	<u>-</u>	<u>-</u>	<u>4,374,351,419</u>	<u>4,388,571,374</u>
Interest sensitivity gap		<u>220,941,082</u>	<u>448,993,846</u>	<u>1,021,560,968</u>		



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest Rate %	Maturing				Total G\$
		31-12-2014				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Assets						
Investments	1.1-7.5	-	62,792,527	-	2,412,349,221	2,475,141,748
Mortgages on properties	3.5-6	-	58,336,076	-	-	58,336,076
Loans on policies	15	-	52,506,470	-	-	52,506,470
Berbice Bridge loan	7.50	18,000,000	236,000,000	-	-	254,000,000
Share purchase plans	8.5-13	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Debtors & prepayments	6-8	735,454,338	-	-	32,390,953	767,845,291
Cash on hand and at banks	0.15-3	455,160,181	-	-	100,774,689	555,934,870
Others		-	-	-	89,366,236	89,366,236
		<u>1,208,614,519</u>	<u>428,385,073</u>	<u>1,436,340</u>	<u>2,634,881,099</u>	<u>4,273,317,031</u>
Liabilities						
Policyholders' liabilities	-	-	-	-	1,225,660,700	1,225,660,700
Deposit administration fund	-	-	-	-	2,020,012,949	2,020,012,949
Claims	-	-	-	-	20,749,302	20,749,302
Payables	-	-	-	-	73,245,499	73,245,499
Bank overdraft	-	10,899,373	-	-	-	10,899,373
Others	-	-	-	-	2,946,502	2,946,502
		<u>10,899,373</u>	<u>-</u>	<u>-</u>	<u>3,342,614,952</u>	<u>3,353,514,325</u>
Interest sensitivity gap		<u>1,197,715,146</u>	<u>428,385,073</u>	<u>1,436,340</u>		



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk-cont'd

(iv) Foreign currency risk

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

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

	2015				2014			
	£	US\$	T.T\$	<u>Total</u> G\$	£	US\$	T.T\$	<u>Total</u> G\$
Assets	533,137	637,399	1,912,554	342,016,121	566,585	544,769	1,702,985	337,932,390

Foreign currency sensitivity analysis:

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

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

	2015			2014		
	T.T dollar <u>impact</u> G\$ M	£ Sterling <u>impact</u> G\$ M	US dollar <u>impact</u> G\$ M	T.T dollar <u>impact</u> G\$ M	£ Sterling <u>impact</u> G\$ M	US dollar <u>impact</u> G\$ M
Profit/(loss)	1.78	4.64	3.84	1.58	5.27	3.28



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(b) Credit risk

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

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

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

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

	<u>2015</u> G\$	<u>2014</u> G\$
Investments		
Held to maturity	69,289,174	62,792,527
Available for sale	2,563,666,400	2,412,349,221
Statutory deposit	18,750,000	18,750,000
Taxes recoverable	8,809,130	8,046,280
Cash on hand and at bank	330,482,755	555,934,870
Loans & receivables(i)	352,487,573	366,278,886
Accrued interest(ii)	13,591,166	4,671,467
Receivables & prepayments (iii)	1,069,839,131	767,845,291
Insurance contract assets (iv)	<u>311,936,724</u>	<u>76,648,489</u>
	<u>4,738,852,053</u>	<u>4,273,317,031</u>
Provision for impairment	<u>578,889</u>	<u>589,253</u>

(i) Loans and receivables include the sum of \$ 57,741,237 for loans on policies. These are fully secured against the cash values of the individual policies. Ongoing evaluation is performed on the financial condition of these receivables on a regular basis.

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

(iii) Receivables & prepayment comprise a number of advances and loans to staff and sales representative on which interest is earned. Also include a loan that is granted to The Hand in Hand Mutual Fire Insurance Company Limited on which interest is earned.

The above receivables and prepayments are classified as follows:

	<u>2015</u> G\$	<u>2014</u> G\$
Current	1,059,054,026	740,958,532
Past due but not impaired	10,785,105	26,886,759
Impaired	-	-
	<u>1,069,839,131</u>	<u>767,845,291</u>
<u>Ageing of past due but not impaired</u>		
31-60 days	6,102,817	9,279,519
61-90 days	2,311,728	1,452,334
91-120 days	1,455,022	1,452,334
over 120 days	<u>915,538</u>	<u>14,702,572</u>
Total	<u>10,785,105</u>	<u>26,886,759</u>

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(c) Liquidity risk

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

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

	2015					
	On Demand	1 to 3	4 to 12	1 to 5	Over 5	Total
	G\$	months	months	years	years	G\$
Assets						
Securities	2,563,666,400	-	-	-	-	2,563,666,400
Bonds	-	-	-	69,289,174	-	69,289,174
Mortgages on properties	20,232,317	1,847,555	5,665,311	18,477,091	11,087,722	57,309,996
Loans on policies	-	-	-	57,741,237	-	57,741,237
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Berbice Bridge loan	-	-	18,000,000	218,000,000	-	236,000,000
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	13,591,166	-	-	-	-	13,591,166
Receivables and others	-	-	-	1,069,839,131	8,809,130	1,078,648,261
Insurance contract assets	311,936,724	-	-	-	-	311,936,724
Cash on deposits	208,187,886	-	-	-	-	208,187,886
Cash on hand & at banks	122,294,869	-	-	-	-	122,294,869
	<u>3,239,909,362</u>	<u>1,847,555</u>	<u>23,665,311</u>	<u>1,452,096,633</u>	<u>21,333,192</u>	<u>4,738,852,053</u>
Liabilities						
Policyholders liabilities	-	-	-	1,714,732,376	-	1,714,732,376
Deposit administration fund	-	-	-	2,173,402,690	-	2,173,402,690
Contingency reserve	-	-	-	182,000,000	-	182,000,000
Claims	230,962,598	-	-	-	-	230,962,598
Payables	32,557,931	345,665	18,892,845	20,010,698	-	71,807,139
Bank overdraft	14,219,955	-	-	-	-	14,219,955
Insurance contract liabilities	-	-	-	-	-	-
Others	-	-	1,446,616	-	-	1,446,616
	<u>277,740,484</u>	<u>345,665</u>	<u>20,339,461</u>	<u>4,090,145,764</u>	<u>-</u>	<u>4,388,571,374</u>
Net current assets/(liabilities)	<u>2,962,168,878</u>	<u>1,501,890</u>	<u>3,325,850</u>	<u>(2,638,049,131)</u>	<u>21,333,192</u>	<u>350,280,679</u>
	2014					
	On Demand	1 to 3	4 to 12	1 to 5	Over 5	Total
	G\$	months	months	years	years	G\$
Assets						
Securities	2,412,349,221	-	-	-	-	2,412,349,221
Bonds	-	-	-	62,792,527	-	62,792,527
Mortgages on properties	131,783	258,469	811,626	6,509,778	50,624,420	58,336,076
Loans on policies	-	-	-	52,506,470	-	52,506,470
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Berbice Bridge loan	-	-	18,000,000	236,000,000	-	254,000,000
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	4,671,467	-	-	-	-	4,671,467
Receivables and others	-	-	767,845,291	-	8,046,280	775,891,571
Insurance contract assets	76,648,489	-	-	-	-	76,648,489
Cash on deposits	455,160,181	-	-	-	-	455,160,181
Cash on hand & at banks	100,774,689	-	-	-	-	100,774,689
	<u>3,049,735,830</u>	<u>258,469</u>	<u>786,656,917</u>	<u>376,558,774</u>	<u>60,107,040</u>	<u>4,273,317,031</u>
Liabilities						
Policyholders liabilities	-	-	-	1,225,660,700	-	1,225,660,700
Deposit Administration Fund	-	-	-	2,020,012,949	-	2,020,012,949
Claims	20,749,302	-	-	-	-	20,749,302
Payables	50,463,264	2,161,396	3,275,555	17,345,284	-	73,245,499
Bank overdraft	10,899,373	-	-	-	-	10,899,373
Insurance contract liabilities	-	-	-	-	-	-
Others	-	-	2,946,502	-	-	2,946,502
	<u>82,111,939</u>	<u>2,161,396</u>	<u>6,222,057</u>	<u>3,263,018,933</u>	<u>-</u>	<u>3,353,514,325</u>
Net current assets/(liabilities)	<u>2,967,623,891</u>	<u>(1,902,927)</u>	<u>780,434,860</u>	<u>(2,886,460,159)</u>	<u>60,107,040</u>	<u>919,802,706</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting

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

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

	2015			
	Ordinary Life Fund G\$	Group Life Fund G\$	Group Health Fund G\$	Total G\$
Revenue				
Premiums	248,698,453	274,066,271	222,528,219	745,292,943
Reassurance premiums	18,594,108	48,787,909	-	67,382,017
	<u>230,104,345</u>	<u>225,278,362</u>	<u>222,528,219</u>	<u>677,910,926</u>
Investment income	41,285,319	34,220,398	511,226	76,016,943
Gain/(loss) on exchange	-	(2,176,015)	-	(2,176,015)
Gain on disposal of investments	-	439,950	-	439,950
	<u>271,389,664</u>	<u>257,762,695</u>	<u>223,039,445</u>	<u>752,191,804</u>
Deduct: Expenditure				
Management expenses	60,817,156	67,020,646	54,417,441	182,255,243
Commissions	11,807,247	33,464,006	11,506,254	56,777,507
Claims	31,805,425	31,087,344	158,894,042	221,786,811
Surrenders	21,172,286	-	-	21,172,286
Annuities and pensions	10,290,656	-	-	10,290,656
	<u>135,892,770</u>	<u>131,571,996</u>	<u>224,817,737</u>	<u>492,282,503</u>
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	<u>135,496,894</u>	<u>126,190,699</u>	<u>(1,778,292)</u>	<u>259,909,301</u>
Actuarial adjustments to:				
- Policyholders' liabilities	338,587,791	154,385,473	(3,901,588)	489,071,676
- Reassurance	(17,426,273)	(602,733)	(10,113,817)	(28,142,823)
	<u>(185,664,624)</u>	<u>(27,592,041)</u>	<u>12,237,113</u>	<u>(201,019,552)</u>
Unallocated adjustments/expenses:				
Taxation				483,364
Contingency reserve				182,000,000
Currency translation difference				7,476,922
Fair value adjustment on investments				153,004,635
Total Comprehensive loss for the year				<u>(543,984,473)</u>
Statement of Financial Position				
Segmented assets	<u>1,495,487,319</u>	<u>1,154,425,123</u>	<u>6,184,543</u>	<u>2,656,096,985</u>
Unallocated assets				<u>2,355,402,690</u>
Total assets				<u>5,011,499,675</u>
Segmented liabilities	<u>1,272,364,407</u>	<u>754,877,110</u>	<u>4,480,551</u>	<u>2,031,722,068</u>
Unallocated liabilities				<u>2,356,849,306</u>
Total liabilities				<u>4,388,571,374</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

	2014			Total G\$
	Ordinary Life Fund G\$	Group Life Fund G\$	Group Health Fund G\$	
Revenue				
Premiums	157,133,577	282,617,988	213,311,381	653,062,946
Reassurance premiums	<u>18,407,499</u>	<u>45,067,942</u>	-	<u>63,475,441</u>
Investment income	138,726,078	237,550,046	213,311,381	589,587,505
Gain/(loss) on exchange	32,058,674	28,169,794	365,883	60,594,351
Gain on disposal of investments	-	196,135	-	196,135
	<u>-</u>	<u>5,848,540</u>	<u>-</u>	<u>5,848,540</u>
	<u>170,784,752</u>	<u>271,764,515</u>	<u>213,677,264</u>	<u>656,226,531</u>
Deduct: Expenditure				
Management expenses	52,976,297	95,282,338	45,279,873	193,538,508
Commissions	11,022,755	38,283,137	10,392,927	59,698,819
Claims	32,421,504	29,309,511	162,741,547	224,472,562
Surrenders	16,932,688	-	-	16,932,688
Annuities and pensions	5,895,914	-	-	5,895,914
	<u>119,249,158</u>	<u>162,874,986</u>	<u>218,414,347</u>	<u>500,538,491</u>
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	<u>51,535,594</u>	<u>108,889,529</u>	<u>(4,737,083)</u>	<u>155,688,040</u>
Actuarial adjustments to:				
- Policyholders' liabilities	132,473,799	83,241,160	2,157,503	217,872,462
- Reassurance	<u>(3,371,616)</u>	<u>724,432</u>	<u>(7,214,755)</u>	<u>(9,861,939)</u>
	<u>(77,566,589)</u>	<u>24,923,937</u>	<u>320,169</u>	<u>(52,322,483)</u>
Unallocated adjustments/expenses: Taxation				1,551,975
Currency translation difference				(25,622,844)
Fair value adjustment on investments				<u>842,102,815</u>
Total Comprehensive loss for the year				<u>(870,354,429)</u>
<u>Statement of Financial Position</u>				
Segmented assets	<u>1,261,638,954</u>	<u>1,233,198,501</u>	<u>5,576,695</u>	<u>2,500,414,150</u>
Unallocated assets				<u>2,020,012,949</u>
Total assets				<u>4,520,427,099</u>
Segmented liabilities	<u>728,328,836</u>	<u>50,329,620</u>	<u>8,308,838</u>	<u>786,967,294</u>
Unallocated liabilities				<u>2,566,547,031</u>
Total liabilities				<u>3,353,514,325</u>



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

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

GEOGRAPHICAL

	Revenue	
	2015	2014
	G\$	G\$
Local - Guyana	749,340,864	646,028,013
Overseas	2,850,940	10,198,518
	<u>752,191,804</u>	<u>656,226,531</u>

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

	Carrying amount of segment assets & liabilities		Additions/disposals/revaluations to assets	
	2015	2014	2015	2014
	G\$	G\$	G\$	G\$
<u>Assets</u>				
Guyana	4,744,080,221	4,272,118,145	471,962,076	(404,269,744)
Trinidad & Tobago	59,289,174	52,792,527	6,496,647	-
United Kingdom	151,295,285	177,178,120	(25,882,835)	11,327,783
United States	56,834,995	18,338,307	38,496,688	2,746,303
	<u>5,011,499,675</u>	<u>4,520,427,099</u>	<u>491,072,576</u>	<u>(390,195,658)</u>
<u>Liabilities - Guyana</u>	<u>4,388,571,374</u>	<u>3,353,514,325</u>		

36 Actuarial Valuation

An actuarial valuation of the Company was done as at 31 December 2015. This revealed a surplus of G\$622,928,301 (2014 - \$G1,166,912,774).



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

37 Insurance Risk

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

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

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

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

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

(a) Frequency and severity of claims

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

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

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

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

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

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

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

(c) Guaranteed annuity options

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

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

(i) Mortality

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

(ii) Investment yields

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

For the current valuation, this assumption has been maintained.

(iii) Persistency

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



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

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

(iv) Expenses

Expenses are based on best estimates of Company experience. Administration expenses per policy increased to \$11,900 per annum for 2015, thereafter, inflation on expenses has been applied at a rate of 1.5% per annum. A margin for Adverse Deviation of 10% per annum on non-participating business at 5% per annum on participating business was maintained. Premium paying policies were given equal weights. Paid up policies have been assigned one-eighth of the expense of premium paying policies. For the single mortgage protection policies, expenses was determined as \$3,875 for 2015. The administration expense per policy was set at \$3,875 per annum in 2015 inflating at the same rate as outlined above with a Margin for Adverse Deviation of 10%.

(v) Ongoing review

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

(vi) Margins for adverse deviation assumptions

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

(vii) Sensitivity Analysis

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

Sensitivity	G\$000	G\$000
2% Increase in Mortality	14,100	10,600
5% Increase in Expenses	26,200	20,200
10% Change in Lapse Rates	18,700	20,300
100 Basis Points Decrease in Investment Earnings	210,800	121,300



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MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

38 Assets held under Trust

The Company established and maintained a statutory fund to place in trust assets equivalent to the liabilities and reserve as prescribed by Section 46 (4) of the Insurance Act 1998. The Company had obtained the approval of the Bank of Guyana Insurance Supervision Department regarding the trustees and the content of trust deed prior to the creation of the trust.

The parties of the trust are Hand In Hand Mutual Life Assurance Company Limited and Republic Bank (Guyana) Limited with total amount of G\$3,189,527,288 (2014- G\$2,714,859,006).

Assets

	<u>2015</u> <u>G\$</u>	<u>2014</u> <u>G\$</u>
Statutory Deposit at Citizens Bank	18,750,000	18,750,000
Land & Building	50,000,000	50,000,000
Mortgages	18,925,328	19,837,123
Short term loan - Berbice Bridge	254,000,000	-
	<u>341,675,328</u>	<u>88,587,123</u>

Ordinary Shares-

Guyana-

Demerara Tobacco Co. Ltd	55,220,760	40,696,300
Demerara Distillers Limited	53,379,964	43,168,145
Carribbean Containers Incorporated	3,964,179	4,172,820
Guyana Bank for Trade and Industry Ltd.	113,373,000	89,880,000
Hand In Hand Trust Corporation	157,367,329	157,367,329
Banks DIH Limited	108,998,019	109,974,720
Republic Bank(Guyana) Limited	1,007,857,941	576,228,000
Citizens Bank Guyana Incorporated	703,678,464	1,571,913,200
Hand In Hand Investment	30,000	30,000
Rupununi Development Co. Ltd	14,500,000	14,500,000
	<u>2,218,369,656</u>	<u>2,607,930,514</u>

Loan granted to The Hand in Hand Mutual Fire Insurance Company Limited-secured

629,482,304	18,341,369
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TOTAL

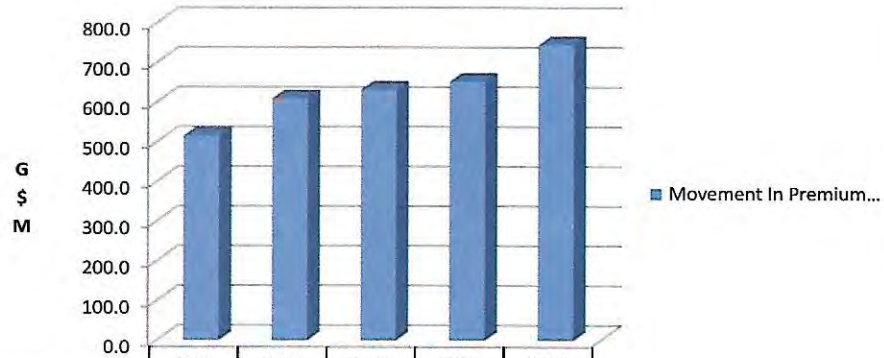
<u>3,189,527,288</u>	<u>2,714,859,006</u>
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HAND-IN-HAND

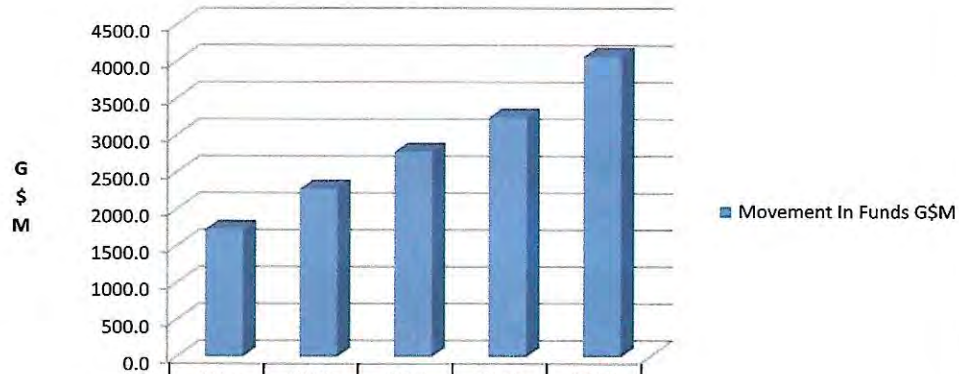
MUTUAL LIFE ASSURANCE COMPANY LIMITED

Movement In Premium G\$M



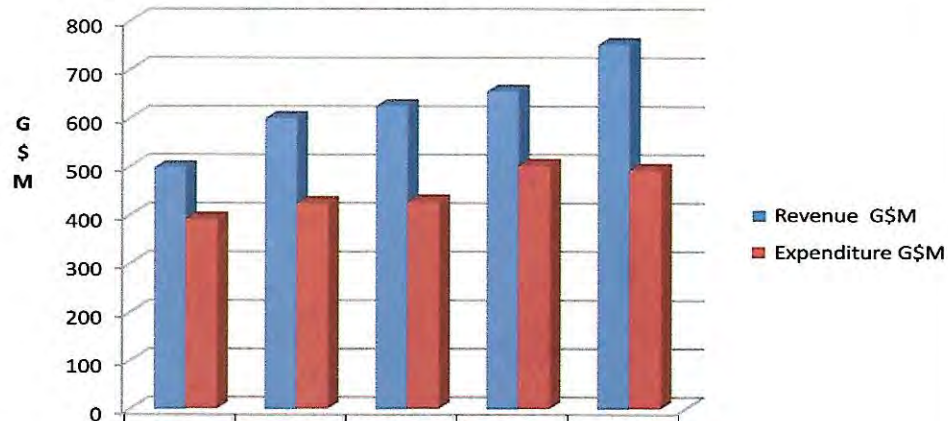
Year	2011	2012	2013	2014	2015
Movement In Premium G\$M	515.7	610.0	632.4	653.1	745.3

Movement In Funds G\$M



Year	2011	2012	2013	2014	2015
Movement In Funds G\$M	1727.9	2278.1	2776.7	3245.7	4070.1

Revenue VS Expenditure



Year	2011	2012	2013	2014	2015
Revenue G\$M	498.3	600.5	625.8	656.2	752.2
Expenditure G\$M	392.1	424.8	428.1	502.1	492.8



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

PLANS OF INSURANCE OFFERED:

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

RIDERS - may be attached to most plans

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

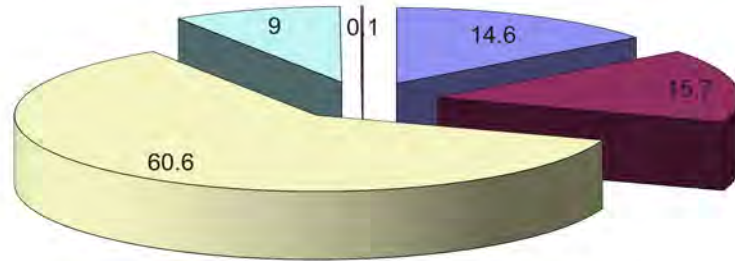


HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

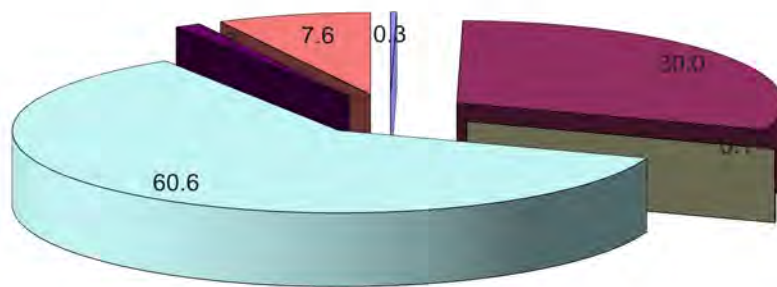
Source Of Revenue

- Ordinary Life Premiums 14.6%
- Annuities 15.7
- Group Premiums 60.6%
- Investment Income 9%
- Other Income 0.1%



Distribution Of Investment

- Statutory Deposit 0.3%
- Loans 30%
- Share Purchase Plan 0.1%
- Securities & Bonds 60.6%
- Mortgages 1.3%
- Cash on Deposit 7.6%



2015 Expenditure

- Manag. Exp
- Taxation
- Claims
- Surrenders
- Comm.
- Annuities

