



Guardian General Insurance Jamaica Limited

Financial Statements
31 December 2025

Guardian General Insurance Jamaica Limited

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31 December 2025

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2 Expression of Opinion

This opinion relates to the values of the contract liabilities as summarized in Section 2.2 of this report.

2.1 Appointed Actuary's Report

I certify that:

- a) I am a member in good standing with my governing actuarial body, Canadian Institute of Actuary and comply with its Rules of Professional Conduct and Standard of Practice.
- b) I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of Guardian General Insurance Jamaica Limited; and
- c) The valuation of actuarial reserves and other policy liabilities of Guardian General Insurance Jamaica Limited was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my opinion the amount of the actuarial reserves and other policy liabilities of Guardian General Insurance Jamaica Limited reported in its annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2025 is appropriate for this purpose and the annual financial statements present fairly the results of the valuation.

Montréal, Canada
March 26, 2026



Xavier Bénarosch
Fellow, Canadian Institute of Actuaries



Independent auditor's report

To the Members of Guardian General Insurance Jamaica Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Guardian General Insurance Jamaica Limited (the Company) as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

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Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.



PricewaterhouseCoopers

Chartered Accountants

Kingston, Jamaica

31 March 2026

Guardian General Insurance Jamaica Limited

Statement of Comprehensive Income

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$'000	2024 \$'000
Insurance revenue	10	13,915,757	14,447,077
Insurance service expenses	10	(22,463,876)	(4,179,704)
Net income/(expenses) from reinsurance contracts held	10	<u>9,242,003</u>	<u>(9,635,697)</u>
Insurance service result		<u>693,884</u>	<u>631,676</u>
Investing activities			
Investment income from financial assets measured at amortised cost and fair value through other comprehensive income	16	570,719	564,690
Investment income from financial assets measured at fair value through profit or loss	16	10,997	54,986
Net fair value gain	17	79,739	233,383
Other income/(losses)	19	197,405	(6,551)
Net impairment (losses)/income on financial assets	20	<u>(7,685)</u>	<u>19,226</u>
Net income from investing activities		<u>851,175</u>	<u>865,734</u>
Finance expenses from insurance contracts issued	10	(192,438)	(181,155)
Finance income from reinsurance contracts held	10	<u>28,996</u>	<u>30,665</u>
Net insurance finance expenses		<u>(163,442)</u>	<u>(150,490)</u>
Net insurance and investment result		<u>1,381,617</u>	<u>1,346,920</u>
Fee income	18	<u>149,230</u>	<u>245,130</u>
Net income from all activities		<u>1,530,847</u>	<u>1,592,050</u>
Operating expenses	21	(543,428)	(504,817)
Finance charges	22	<u>(15,327)</u>	<u>(3,060)</u>
Profit before taxation		972,092	1,084,173
Taxation	23	<u>(421,275)</u>	<u>(314,115)</u>
Profit for the year		<u>550,817</u>	<u>770,058</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value income on debt securities at fair value through other comprehensive income		117,003	74,977
Net change in allowance for expected credit losses on debt securities at fair value through other comprehensive income		1,206	(1,157)
Taxation relating to components of other comprehensive income		<u>(95,502)</u>	<u>(12,894)</u>
Net other comprehensive income that may be reclassified subsequently to profit or loss		<u>22,707</u>	<u>60,926</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of post-retirement medical benefit obligations	14	3,200	(200)
Taxation relating to components of other comprehensive income		<u>(1,067)</u>	<u>1,633</u>
Net other comprehensive income that will not be reclassified subsequently to profit or loss		<u>2,133</u>	<u>1,433</u>
Other comprehensive income for the period, net of tax		<u>24,840</u>	<u>62,359</u>
Comprehensive income attributable to equity holders of the company		<u>575,657</u>	<u>832,417</u>

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

Guardian General Insurance Jamaica Limited

Statement of Financial Position

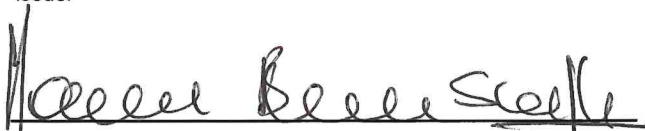
31 December 2025

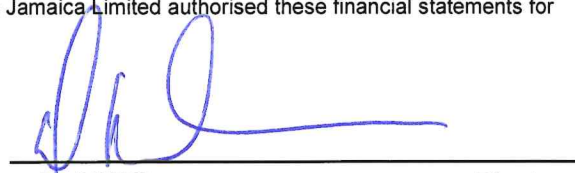
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$'000	2024 \$'000
Assets			
Property, plant and equipment	5	79,385	86,614
Right-of-use assets	6	133,329	33,686
Investment securities	7	6,466,350	6,290,221
Loans and receivables	8	7,072,124	1,510,840
Deferred tax assets	9	78,612	43,614
Reinsurance contract assets	10	18,388,956	2,173,659
Taxation recoverable		147,522	147,522
Related company balances	28	1,026	18,088
Cash and cash equivalents	11	<u>9,546,192</u>	<u>5,610,856</u>
Total assets		<u>41,913,496</u>	<u>15,915,100</u>
Equity and liabilities			
Share capital	12	1,138,500	1,138,500
Reserves	13	497,443	474,736
Retained earnings		<u>4,790,188</u>	<u>4,883,238</u>
Total equity		<u>6,426,131</u>	<u>6,496,474</u>
Liabilities			
Insurance contract liabilities	10	24,164,910	7,143,557
Reinsurance contract liabilities	10	3,629,009	66,274
Lease liabilities	6	148,773	37,377
Post-retirement medical benefit obligations	14	57,400	17,500
Deferred tax liabilities	9	274,448	194,481
Provision for taxation		204,249	–
Other liabilities	15	6,996,353	1,950,379
Related company balances	28	<u>12,223</u>	<u>9,058</u>
Total liabilities		<u>35,487,365</u>	<u>9,418,626</u>
Total equity and liabilities		<u>41,913,496</u>	<u>15,915,100</u>

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

On 30 March 2026, the Board of Directors of Guardian General Insurance Jamaica Limited authorised these financial statements for issue.


 Karen Bhoorasingh
 Director


 David Williams
 Director

Guardian General Insurance Jamaica Limited

Statement of Changes in Equity

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 December 2023		1,138,500	413,810	4,386,147	5,938,457
Net profit for the year		–	–	770,058	770,058
Other comprehensive income		–	60,926	1,433	62,359
Total comprehensive income		–	60,926	771,491	832,417
Transactions with owners -:					
Dividends	24	–	–	(274,400)	(274,400)
Balance at 31 December 2024		1,138,500	474,736	4,883,238	6,496,474
Net profit for the year		–	–	550,817	550,817
Other comprehensive income		–	22,707	2,133	24,840
Total comprehensive income		–	22,707	552,950	575,657
Transactions with owners -:					
Dividends	24	–	–	(646,000)	(646,000)
Balance at 31 December 2025		<u>1,138,500</u>	<u>497,443</u>	<u>4,790,188</u>	<u>6,426,131</u>

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

Guardian General Insurance Jamaica Limited

Statement of Cash Flows

Year ended 31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Profit before taxation		972,092	1,084,173
Adjustment for non-cash items	25	<u>(715,124)</u>	<u>(770,682)</u>
Operating profit before changes in operating assets/liabilities		256,968	313,491
Net increase in insurance contract liabilities		17,021,353	415,418
Net increase in reinsurance contract assets/liabilities		(12,652,562)	(26,691)
Net decrease in loans and receivables		(5,561,284)	(86,368)
Net increase/(decrease) in other operating assets/liabilities		<u>5,066,203</u>	<u>(217,355)</u>
Cash provided by operating activities		4,130,678	398,495
Interest and dividend received		640,733	653,228
Net taxation paid		<u>(268,626)</u>	<u>(332,001)</u>
Net cash provided by operating activities		<u>4,502,785</u>	<u>719,722</u>
Cash flows from investing activities			
Purchase of investment securities		(387,551)	(478,306)
Proceeds from sale of investment securities		537,783	1,513,263
Purchase of property, plant and equipment	5	(19,343)	(43,554)
Proceeds on sale of property, plant and equipment		<u>7,542</u>	<u>12,105</u>
Net cash provided by investing activities		<u>138,431</u>	<u>1,003,508</u>
Cash flows from financing activities			
Payment of principal portion of lease liabilities	6	(39,844)	(27,580)
Dividends paid to equity holders of the company	24	<u>(646,000)</u>	<u>(274,400)</u>
Net cash used in financing activities		<u>(685,844)</u>	<u>(301,980)</u>
Net increase in cash and cash equivalents		3,955,372	1,421,250
Summary of net cash and cash equivalents			
Cash and cash equivalents at beginning of year		5,610,856	4,198,762
Effect of exchange rate on cash and cash equivalents		(13,557)	(27,225)
Effect of impairment (loss)/gain		<u>(6,479)</u>	<u>18,069</u>
At end of year	11	<u>9,546,192</u>	<u>5,610,856</u>

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

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

1. Incorporation and principal activities of the Company

Guardian General Insurance Jamaica Limited (the "Company") is a limited liability company, incorporated and domiciled in Jamaica, with registered office at 19 Dominica Drive, Kingston 5, Jamaica. The Company is a wholly-owned subsidiary of Guardian Company St. Lucia Holdings Limited (formerly Globe Holdings Limited) which is incorporated in St. Lucia. Guardian Company St. Lucia Holdings Limited is a wholly-owned subsidiary of Guardian Holdings Limited, a company which is incorporated in the Republic of Trinidad and Tobago. Effective May 2019, the ultimate parent became Portland Holdings Inc., incorporated in Canada and controlled by the Honourable Michael A. Lee-Chin, OJ through NCB Financial Company (NCBFG), a company domiciled in Jamaica and listed on the Jamaica Stock Exchange (JSE).

The Company is licensed to operate as a general insurance company under the Insurance Act 2001. Its principal activity is the underwriting of property and casualty risks.

The financial statements were authorised for issue by the directors on 30 March 2026. The directors have the power to amend and reissue the financial statements.

2. Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Transactions denominated in foreign currencies are translated into Jamaican dollars at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date.

2.1 Basis of preparation

These financial statements are prepared in accordance with IFRS Accounting Standards.

The financial statements have been prepared under the historical cost basis except for certain investment securities measured at fair

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

(a) New standards and amendments/revisions to published standards and interpretations effective in 2025

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new interpretations and amendments, and have determined that there are no material impact which are relevant to its operations.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.1 Basis of preparation (continued)

(b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company

The following is a list of new IFRS reporting standards, interpretations and amendments issued that are not yet effective as at 31 December 2025 and have not been early adopted by the Company. The Company expects to implement these standards when they become effective.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual reporting periods beginning on or after 1 January 2026)

These amendments:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Company does not expect these amendments to have a material impact on the financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (effective for annual reporting periods beginning on or after 1 January 2026)

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the

following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows

The Company does not expect these amendments to have a material impact on the financial statements.

IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective for annual reporting periods beginning on or after 1 January 2026)

IFRS 18 replaces IAS 1, 'Presentation of financial statements'. The new concepts introduced in IFRS 18 include the structure of the statement of profit or loss, disclosures for profit or loss performance measures that are reported outside of the financial statements, and enhanced principles on aggregation and disaggregation for both the primary statements and the notes to the financial statements. This new standard is expected to impact the Company's financial statements and the extent and nature of this impact is being assessed.

IFRS 19, 'Subsidiaries without Public Accountability' – Disclosures (effective for annual reporting periods beginning on or after 1 January 2026)

This is a new, optional standard that can only be applied to subsidiaries that do not have public accountability and whose ultimate or immediate parent produces publicly available, consolidated financial statement that are compliant with IFRS Accounting Standards. Subsidiaries applying IFRS 19 will be subject to a reduced disclosure requirement burden. The Company is conducting an assessment to determine the extent to which the implementation of IFRS 19 is applicable and appropriate for its subsidiaries.

There are no other IFRS Accounting Standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.2 Foreign currency translation

(a) Translation of transactions in foreign currencies

The financial results of Company are prepared in the currency in which they conduct their ordinary course of business, which is referred to as functional currency.

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

(b) Translation to the presentation currency

In preparing the financial statements, the results and financial position of the Company transactions are translated from their respective functional currencies to Jamaican dollars, the presentation currency, as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

2.3 Property, plant and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment, if any. Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment, if any. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property and equipment and intangible assets with the exception of freehold land, on which no depreciation is provided, are depreciated/amortised on a straight-line basis over the estimated useful lives of the assets as follows:

Computer and Equipment	33 1/3 %
Furniture and fixtures	10% - 20%
Motor vehicles	20%
Leasehold improvements	Shorter of period of lease or useful life of asset

The residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.4 Financial assets

(a) Initial recognition and measurement

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

The Company's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, and other loans and receivables.

(b) Classification and subsequent measurement

Debt instruments

Subsequent to initial recognition, the Company's debt instruments are measured in accordance with the business models determined by the Company's respective business units for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classified its debt instruments:

(ii) Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

(iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of income in the period in which it arises. The Company may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading, or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

The Company reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

The Company determines their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- ▶ the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- ▶ how performance of the group of assets is evaluated and reported to management;
- ▶ the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ▶ how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- ▶ the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.4 Financial assets (continued)

(b) Classification and subsequent measurement (continued)

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

The solely payment of principal and interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Company's business units assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Subsequent to initial recognition, the Company measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the statement of comprehensive income.

(c) Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- ▶ The rights to receive cash flows from the asset have expired.
- ▶ The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- ▶ The Company has transferred its rights to receive cash flows from the asset and either:
 - (i) has transferred substantially all the risk and rewards of the asset, or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the statement of comprehensive income.

2.5 Impairment of assets

(a) Financial assets

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- ▶ Debt securities that are determined to have low credit risk at the reporting date; and
- ▶ Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

Loss allowances for ECL are presented in the financial statements as follows:

- ▶ Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the statement of comprehensive income.
- ▶ Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the statement of comprehensive income with the corresponding entry recognised in other comprehensive income.

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2. Material accounting policies (Continued)

2.5 Impairment of assets (continued)

(a) Financial assets (continued)

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- ▶ Debt securities that are determined to have low credit risk at the reporting date; and
- ▶ Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

Loss allowances for ECL are presented in the financial statements as follows:

- ▶ Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the statement of comprehensive income.
- ▶ Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the statement of comprehensive income with the corresponding entry recognised in other comprehensive income.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- ▶ the remaining lifetime probability of default as at the reporting date; with
- ▶ the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

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2. Material accounting policies (Continued)

2.5 Impairment of assets (continued)

(a) Financial assets (continued)

Significant increase in credit risk (continued)

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- ▶ Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- ▶ Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- ▶ Actual or expected significant changes in the operating results of the debtor;
- ▶ Significant increases in credit risk on other financial instruments of the debtor;
- ▶ Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor;
- ▶ Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

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

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments carried at fair value through comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- ▶ Significant financial difficulty of the debtor or issuer;
- ▶ A breach of contract, such as a default or past due event;
- ▶ The disappearance of an active market for a financial asset because of financial difficulties;
- ▶ It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- ▶ Rating agencies' assessments of creditworthiness.

Definition of default

The Company considers a financial asset to be in default when:

- ▶ the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ▶ the debtor is past due more than 90 days unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In assessing whether a debtor is in default, the Company considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

Write-off

The Company writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

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2. Material accounting policies (Continued)

2.5 Impairment of assets (continued)

(a) Financial assets (continued)

Measurement of expected credit losses

The measurement of expected credit losses is a function of:

- (i) Probability of default (PD);
- (ii) Loss given default (LGD); and
- (iii) Exposure at default (EAD).

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Company includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The mechanics of the expected credit losses method are summarised below:

- ▶ A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- ▶ When a financial instrument has shown a significant increase in credit risk since initial recognition, the Company records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- ▶ A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Company records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- ▶ Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

(b) Non-financial assets

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is applied to project future cash flows after the third year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

The Company measures financial instruments at fair value at each statement of financial position date.

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2. Material accounting policies (Continued)

2.6 Fair value measurement

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level consists mainly of various unquoted equity and debt securities.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.7 Offsetting financial instruments

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

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.9 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

(a) Summary of measurement approaches

The Company applies the Premium Allocation Approach (PAA) as its measurement model for all insurance contracts.

Contracts issued	Measurement model
<u>Property and Casualty</u>	
Property; motor; casualty such as employers' liability and public liability; marine; accident; engineering; bonding and crime	Premium Allocation Approach
<u>Short term reinsurance contracts - Property & Casualty</u>	
Property; motor; casualty; marine; accident; engineering; bonding and crime	Premium Allocation Approach

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2. Material accounting policies (Continued)

2.10 Insurance contracts

(b) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more, on a present value basis, than the benefits payable if the insured event did not occur.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. The Company does not have any investment contracts with discretionary participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets.

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria: The contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;

The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;

The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of significant loss.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held or issued and insurance contracts with or without direct participation features, unless specifically stated otherwise.

(c) Aggregation bases for disclosure purposes

Insurance contracts are classified into five main categories.

(i) Property and casualty insurance contracts

These contracts are principally property, motor, casualty (employers' liability, public liability), and marine contracts.

Property insurance contracts indemnify the Company's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks.

Motor insurance contracts indemnify the Company's customers for their legal requirement under the respective country's road traffic legislation, which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Company's customers against actions from third parties, which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Company's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the statement of financial position date, even if they have not yet been reported to the Company. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported ('IBNR'), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are recognised within claims expense in the current year.

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(d) Unit of account

The Company manages insurance contracts issued by product lines and certain sub-categories, where each sub-category includes contracts that are subject to similar risks. All insurance contracts within a specified sub-category represent a portfolio of contracts. All PAA portfolios are disaggregated into annual cohorts regardless of their issue date. Each portfolios are further disaggregated as follows:

- (i) Contracts that are onerous at initial recognition;
- (ii) Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) A Company of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Company without performing an individual contract assessment

For the property and casualty contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determine whether contracts have a significant possibility of becoming onerous. This assessment is performed at a portfolio level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into quarterly and annual cohorts in line with how this was defined for insurance contracts. These portfolios then were further disaggregated as follows:

- (i) Contracts for which there is a net gain at initial recognition, if any;
- (ii) Contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- (iii) Remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance, by treaty and sub-divided by line of business. This information is used as a basis for price negotiations with reinsurers as well as setting retention amounts. The Company's assessment of the performance of the treaties have concluded that some reinsurance contracts held are in a net cost position without a significant possibility of a net gain arising subsequently while other reinsurance contracts have a net gain at initial recognition.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- ▶ Cash flows relating to embedded derivatives that are required to be separated;
- ▶ Cash flows relating to distinct investment components; and
- ▶ Promises to transfer distinct goods or distinct non-insurance services.

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(d) Unit of account (continued)

The Company does not have any products with components that require separation. The Company therefore applies IFRS 17 to all components of the contract. In assessing whether the contract should be further separated, the following considerations are made:

- (i) Whether there is interdependency between the different risks covered;
- (ii) Whether components lapse together; and
- (iii) Whether components can be priced and sold separately.

The Company does not have any contracts that require further separation of insurance contracts.

(e) Recognition and Derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- ▶ The beginning of the coverage period;
- ▶ The date when the first payment from the policyholder is due or actually received, if there is no due date; and
- ▶ When the Company determines that a Company of contracts become onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition on transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised from the earlier of:

- ▶ The beginning of the coverage period of the Company; and
- ▶ The date the Company recognised an onerous Company of underlying insurance contracts, if the Company entered into the related reinsurance contract held in the Company at or before that date.

The Company does not recognise a group of quota share reinsurance contracts held until it has recognised at least one insurance contract in a Company of the underlying insurance contracts, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held. A gap between the start of the coverage period for a quota share contract and that of the underlying contracts rarely occurs in practice.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- ▶ Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- ▶ The contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in the regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(e) Recognition and Derecognition (continued)

(a) If the modified terms had been included at contract inception and the Company would have concluded that the modified contract:

- (i) Is not in scope of IFRS 17;
- (ii) Results in different separable components;
- (iii) Results in a different contract boundary; or
- (iv) Belongs to a different Company of contracts.

(b) The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Company:

- (a) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
- (b) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- (a) If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- (b) If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- (c) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(f) Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a Company or contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) Are based on a probability weighted mean of the full range of possible outcomes;
- (b) Are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- (c) Reflect conditions existing at the measurement date.

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(f) Measurement (continued)

Fulfilment cash flows

Fulfilment cash flows within contract boundary (continued)

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the Company of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to Note 3 (b).

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at a policy level, which is then aggregated into the relevant profitability Company, cohorts, and portfolios.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the group of underlying insurance contracts.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Company of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (a) The Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) Both of the following criteria are satisfied:
 - (i) The Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - (ii) the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(f) Measurement (continued)

Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to group of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- (a) To that group; and
- (b) To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that Company.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The Company does not pay (or recognise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs to originate a group of insurance contracts before they are recognised. The Company therefore does not recognise insurance acquisition cash flows assets.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 3 (e).

Initial and subsequent measurement - Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The PAA eligibility test was applied to risk-attaching reinsurance contracts, and it was concluded that the PAA can also be used for such contracts.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amounts of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (a) The LRC; and
- (b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) The remaining coverage; and
- (b) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) Decreased for insurance acquisition cash flows paid in the period;
- (c) Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and
- (d) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

Initial and subsequent measurement - Groups of contracts measured under the PAA (continued)

(f) Measurement (continued)

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) Increased for ceding premiums paid in the period; and
- (b) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA, the LIC contracts typically have a settlement period of one year and less, and therefore the future cash flows are not adjusted for the time value of money. For property and casualty and group life insurance contracts, future cash flows are adjusted for the time value of money since these insurance contracts sometimes have claims with a settlement period of over one year. Some of these insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (salvage). The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to note 2.15 (g)) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

The Company does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

(g) Amounts recognised in comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in an exchange for those services.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Guardian General Insurance Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(g) Amounts recognised in comprehensive income (continued)

Insurance service expenses

Insurance service expenses include the following:

- (a) Incurred claims and benefits excluding investment components reduced by loss component allocations;
- (b) Other incurred directly attributable insurance service expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- (c) Amortisation of insurance acquisition cash flows;
- (d) Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- (e) Changes that relate to future service (i.e. losses/reversals on onerous Company of contracts from changes in the loss components).
- (f) Insurance acquisition cash flows assets impairment.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of comprehensive income.

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of a group of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- (a) Reinsurance expenses;
- (b) Incurred claims recovery;
- (c) Other incurred directly attributable insurance service expenses;
- (d) Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- (e) Effect of changes in risk of reinsurer non-performance;
- (f) Amounts relating to accounting for onerous Company of underlying insurance contracts issued:
 - i. Income on initial recognition of onerous underlying contracts;

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the Company of insurance contracts arising from:

- (a) The effect of the time value of money and changes in the time value of money; and
- (b) The effect of financial risk and changes in financial risk.

(h) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

Guardian General Insurance Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.10 Insurance contracts (continued)

(i) Receivables and payables other than those for contracts under IFRS 17

Receivables and payables are recognised when due. These include amounts due to and from agents and brokers. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income.

2.11 Taxation

Taxation in the statement of comprehensive income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the statement of comprehensive income, except where it relates to items charged or credited to the statement of comprehensive income, in which case, deferred tax is also dealt with in the statement of comprehensive income.

2.12 Employee benefits

(a) Pension scheme

The Company operates a defined contribution scheme. A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employees' benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(b) Leave accrual

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

(d) Employee benefit obligations

Post-retirement medical benefits are provided for the pensioners of the Company. Post retirement obligation included in the financial statements has been actuarially determined by an independent qualified actuary that was appointed by management. The actuarial valuation was conducted in accordance with the requirements of IAS 19, using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of comprehensive income in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

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2. Material accounting policies (Continued)

2.12 Employee benefits (continued)

(d) Employee benefit obligations

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under expenses in profit or loss:

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
 Net interest expense or income

e) Cash-based long-term performance incentive plan

The Group operates a cash-based long-term performance incentive plan for eligible executives. Accruals are made annually based on the ultimate expected and approved payments to eligible executives of the Company.

f) Bonus plan

The Company recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

g) Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

2.13 Revenue recognition

Revenue comprises the fair value for services rendered after eliminating revenue within the Company. Revenue is recognised as follows:

(a) Insurance revenue

Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.10.

(b) Investment income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(c) Realised and unrealised investment gains and losses

Gains and losses on investments measured at amortised cost or at fair value through profit or loss are recognised in profit or loss.

Unrealised gains and losses on investments measured at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Commission income from brokerage activities and fronting contracts

Commissions are recognised on the accrual basis.

2.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- ▶ the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- ▶ the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- ▶ the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Material accounting policies (Continued)

2.14 Leases (continued)

The Company as a lessee

The Company mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods but may have extension options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist. The Company does not revalue any of its right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- ▶ fixed lease payments (including in-substance fixed payments), less any lease incentives;
- ▶ variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- ▶ lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- ▶ penalty payments for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in the leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments. The Company did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2024 and 2025.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Company as a lessee

The Company applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets to leases that are considered to be low value. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

2.15 Dividend distributions

Dividend distributions to the Company's shareholders are recognised as an appropriation in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

2.16 Finance charges

Finance charges are recognised as an expense in the period in which they are incurred.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

3. Critical accounting estimates and judgments in applying accounting policies

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

(a) Insurance contracts

Definition and classification

Definition and classification determines whether contracts are in the scope of IFRS 17 and, for contracts determined to be in scope of IFRS 17, what measurement model is applicable.

Determining whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk requires judgement. Refer to Note 2.10 which gives details on how the Company determines the classification of insurance products with investment components as insurance or investment contracts.

Determining whether a contract issued that does not transfer significant insurance risk, meets the definition of an investment contract with discretionary participation features, requires judgement. The Company does not issue any investment contracts with discretionary participation features.

Determining whether contracts that were determined to be in the scope of IFRS 17 meet the definition of an insurance contract with direct participation features requires judgement:

- a) Whether the pool of underlying items is clearly identified;
- b) Whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying
- c) Whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

The Company has no investment contracts with discretionary participation features.

The Company applies the PAA to some insurance contracts with a coverage period of more than one year. The eligibility assessment involved significant judgement on whether the application of the PAA will produce a measurement of the liability for the LRC that would not differ materially from the one that would be produced applying the GMM.

Unit of account

Judgement is involved in combination of insurance contracts and separation of distinct components, however the Company neither separated components of its insurance contracts nor combined any insurance contracts.

Judgements involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together) are not an area of significant judgement for the Company. This is due to the Company historically managing its insurance and reinsurance portfolios in a way that, consistent with regulatory considerations, clearly distinguishes groups of products by their associated risks.

Judgement is required in aggregating insurance contracts issued on initial recognition into Groups of onerous contracts, Groups of contracts with no significant possibility of becoming onerous and Groups of other contracts. A similar grouping assessment is required for reinsurance contracts held.

For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of

For insurance contracts issued measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a Company of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous Company's profitability and whether any loss component remeasurement is required. In 2024 and 2025, the Company did not identify any facts or circumstances that might have indicated that a Company of contracts measured under the PAA had become onerous. All contracts measured by the Company in 2024 and 2025 under the PAA were determined to be non-onerous on initial recognition.

Measurement - Fulfilment cash flows

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. Judgements is involved to determine when the Company is capable of repricing the entire contracts to reflect the reassessed risks, when policyholders are obliged to pay premiums and when premiums reflect risks beyond the coverage period. Only those liabilities or assets relating to expected premiums or claims driven by substantive rights and obligations are recognised within the boundary of the insurance contract. The Company applied judgement to the determination of the contract boundaries of several deferred annuity products with guaranteed annuitisation rates.

The Company uses judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to fulfilment of the contract. The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts. Refer to Note 3 (d).

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Critical accounting estimates and judgments in applying accounting policies (continued)

(b) Discount rates

The bottom-up approach was applied in the determination of the discount rates for different products.

The bottom-up approach was used to derive the discount rate for the cash flows of all relevant insurance contracts. Under this approach, the discount rate is determined as the government yield curve for the relevant territory, which is adjusted for a credit risk premium and an illiquidity premium. The credit risk premium is quantified by finding the average spread between the government yield curve and the of the US Treasury yield curve is risk free. The illiquidity premium is determined by differences in liquidity characteristics between the financial assets used to derive the government yield and the relevant liability cash flows, as illustrated by government bond bid-ask spreads. The government yield curve and the relevant liability are denominated in the same currency as the product being measured for the portfolios denominated in Jamaican dollars. Given the limited term of the government yield curves, for the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method. The ultimate rate for the Jamaica curve was 10.87%.

Observable market information was used from 2010 to capture the low interest environment that much of the world, including the Caribbean, has been in since the 2008 financial crisis. Going back further than this point was considered inappropriate as it is not reflective of the current economic environment.

Cash flows varying based on underlying items are discounted using a discount rate that reflects the variability of the underlying assets. The participating contracts include investment components where cash flows vary based on the return of investment assets. The cash flows arising from the investment component are discounted using the expected return of the assets supporting the investment component. There are limited financial guarantees in these products. The liabilities associated with these guarantees are measured using a market consistent deterministic interest scenario.

The weighted average yield curves used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

	As at 31 December 2025				As at 31 December 2024			
	1 year	5 years	10 years	20 years	1 year	5 years	10 years	20 years
Property and casualty								
- Jamaica	7.43%	8.03%	8.71%	9.87%	7.40%	7.80%	8.90%	10.3%

(c) Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is based on a best estimate deterministic scenario that specifies the amount, timing and probability of cash flows.

Expenses related cash flows are determined at a cohort level and are allocated on a systematic basis similar to the activity based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows and expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts initiated for the period, and in force for the period, respectively. Claims settlement related expense are allocated based on the number of claims incurred.

Uncertainty of future claims and benefit payments arises primarily from the variability in policyholder behaviour. The interest rate guarantee embedded in insurance contracts was measured using a best estimate deterministic scenario, representing the most likely future interest rate

For the short-term insurance contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

Guardian General Insurance Jamaica Limited

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3. Critical accounting estimates and judgments in applying accounting policies (continued)

(d) Methods used to measure the risk adjustment for non-financial risk

The risk adjustment was calculated on a one-year basis given the short-term nature of the contracts in this segment. These calculations are performed at a Line of Business level. The risk adjustment is then allocated on a basis proportional to the discounted present value of future cash flows. To determine the variability of the reserves for property and casualty contracts, the Company used the Over dispersed- Poisson (ODP) Bootstrap approach. The ODP Bootstrap approach is widely used in the Property & Casualty industry for estimating loss reserve variability. The Company used this approach to replicate the paid and incurred chain-ladder methods. The various portfolios were analysed using aggregated loss triangles up to a particular accident year for which valuations are carried out. The confidence level range was 70% to 75% (2024: 70% to 75%).

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered by the Company's business units in determining the business model for a Company of assets are disclosed in Note 2.9(b).

(e) Impairment losses on financial assets

The measurement of ECL allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements and estimates include:

- ▶ The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- ▶ The segmentation of financial assets when their ECL is assessed on a collective basis
- ▶ Development of ECL models, including the various formulas and the choice of inputs
- ▶ Use of macroeconomic data for internal credit ratings and outlooks, to derive associated probabilities of default as prescribed by external rating agencies such as Standard & Poor's and Moody's
- ▶ Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- ▶ Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

Guardian General Insurance Jamaica Limited

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3. Critical accounting estimates and judgments in applying accounting policies (continued)

(f) Impairment losses on financial assets (continued)

The Company regularly reviews its internal models in the context of actual loss experience and adjusts when necessary.

Forward-looking macroeconomic variables

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECL and Lifetime ECL is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic environment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modelled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

The carrying amounts of expected credit loss allowance on financial assets as at 31 December 2024 and 2025 are disclosed in Note 4.2.3(e).

(g) Taxation

Taxation expense recognised in the statement of comprehensive income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current income tax is calculated at tax rates that have been enacted at statement of financial position date.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

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

(h) Hurricane Melissa Impact

The financial results related to Hurricane Melissa are subject to significant estimation uncertainty. Management has exercised considerable judgment in determining the amounts recognised for the anticipated insurance claims and reinsurance recoveries. These estimates are based on information available as of the reporting date, and incorporate preliminary loss adjuster reports, historical experience, and updated macroeconomic scenarios. The actual outcome may differ from these estimates as additional information becomes available, including final adjuster reports and settlement of claims.

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4. Management of Insurance and Financial Risk

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The Company faces under its insurance contracts the risk that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

4.1.1 Property and Casualty insurance risks

(a) Exposures to risks and how they arise

Property

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding and hurricanes) and their consequences (for example, subsidence claims). The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.

Casualty

There are several variables that affect the risk arising from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

(b) Objectives, policies and processes for managing risks

Property

For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year. The Company also has the right to re-price the risk on renewal and the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The Company analyses the property exposures using in-house and external modelling tools and purchases sufficient reinsurance protection to cover its perceived liabilities.

The Company's reinsurance arrangements include proportional quota share and surplus arrangements and non-proportional excess of loss placements on a per claimant and a per occurrence basis.

Property insurance risk concentration by product and geography is included in the tables below with reference to the carrying amount of the insurance contract liabilities arising from these contracts.

	31 December 2025			31 December 2024		
	Business \$'000	Residential \$'000	Total \$'000	Business \$'000	Residential \$'000	Total \$'000
Jamaica	18,025,132	2,336,516	20,361,648	3,337,444	437,289	3,774,733

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(expressed in Jamaican dollars unless otherwise indicated)

4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Property and Casualty insurance risks (continued)

(b) Objectives, policies and processes for managing risks (continued)

Casualty

Risk exposures for casualty insurance can be affected by several factors. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (subrogation).

The Company's reinsurance arrangements include non-proportional excess of loss placements on a per claimant and a per occurrence basis. Casualty insurance risk concentration by product and geography is included in the tables below with reference to the carrying amount of the insurance contract liabilities arising from these contracts.

	31 December 2025				31 December 2024			
	Employer's \$'000	Public \$'000	Other \$'000	Total \$'000	Employer's \$'000	Public \$'000	Other \$'000	Total \$'000
Jamaica	182,149	596,592	3,024,521	3,803,262	190,103	649,948	2,528,773	3,368,824

(c) Methods used to measure risks

Property

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Company's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims and relatively little claims are expected to have occurred without being reported at year end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

Casualty

The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to claims incurred but not reported.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a liability for incurred claims, consisting of probability weighted discounted cash flows and a risk adjustment, and a liability for remaining coverage, consisting of the unearned premiums received less acquisition costs.

In calculating the liability, the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

In estimating the liability for incurred claims, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. The portion of the liability for incurred claims that have not yet been reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. These claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened.

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4. Management of Insurance and Financial Risk (continued)

4.1 Insurance risk (continued)

4.1.1 Property and Casualty insurance risks (continued)

(c) Methods used to measure risks (continued)

Casualty (continued)

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year. Note 10.3 presents the development of the estimate of ultimate claim cost for claims notified in a given year. This gives an indication of the accuracy of the Company's estimation technique for claims payments.

(d) Changes in assumptions

The Company's assumptions in respect of property and casualty insurance contracts have not significantly changed from the prior year.

(e) Sensitivity analysis

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA, and thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

	2025			
	Property		Casualty	
	Profit or loss impact \$'000	Equity impact \$'000	Profit or loss impact \$'000	Equity impact \$'000
Worsening of unpaid claims and expenses - 5% increase				
- Insurance contract liabilities	(787,603)	(525,095)	(150,788)	(100,530)
- Reinsurance contract assets	629,183	419,476	10,542	7,028
- Reinsurance contract liabilities	-	-	33,428	22,286
	2024			
	Property		Casualty	
	Profit or loss impact \$'000	Equity impact \$'000	Profit or loss impact \$'000	Equity impact \$'000
Worsening of unpaid claims and expenses - 5% increase				
- Insurance contract liabilities	(53,934)	(35,958)	(119,625)	(79,754)
- Reinsurance contract assets	32,787	21,859	5,282	3,522
- Reinsurance contract liabilities	-	-	28,236	18,825

4.2 Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk include market risk (currency risk, interest rate risk and other price risk), liquidity risk and credit risk.

Risk management is carried out by Executive Investment Committees and Risk Management departments, with direct support from the Actuarial departments, as well as the respective business units. It is conducted in accordance with policies and frameworks approved by the Company's Board of Directors, ensuring alignment with the organisation's risk appetite, governance standards, and strategic objectives. The Company identifies, evaluates and manages financial risks in close co-operation with the operating units. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – currency risk, interest rate risk and other price risk, each of which are considered below.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company manages its foreign exchange net exposure by ensuring that it continuously monitors its foreign currency position to ensure that there are adequate foreign assets available to meet its foreign liabilities.

The Company also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle.

The Company has an Executive Investment Committee, which has oversight for the management of currency risk. The Jamaica exposure to currency risk is also mitigated by the requirements of the Insurance Act 2001, which does not allow more than 15% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

Concentrations of currency risk

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December.

	US \$'000	JMD \$'000	Total \$'000
As at 31 December 2025			
Financial Assets			
Reinsurance contract assets	4,751,001	13,637,955	18,388,956
Investment securities (excluding equities)	1,871,212	4,574,744	6,445,956
Loans and receivables	6,654,030	418,094	7,072,124
Related party balances	831	-	831
Cash and cash equivalents	3,973,004	5,573,188	9,546,192
Total assets	17,250,078	24,203,981	41,454,059
Financial Liabilities			
Insurance contract liabilities	13,151,267	11,013,643	24,164,910
Reinsurance contract liabilities	6,460	3,622,549	3,629,009
Lease liabilities	-	148,773	148,773
Other liabilities	5,988,755	1,007,598	6,996,353
Related party balances	11,311	912	12,223
Total liabilities	19,157,793	15,793,475	34,951,268
Net financial position	(1,907,715)	8,410,506	6,502,791
As at 31 December 2024			
Financial Assets			
Reinsurance contract assets	1,110,020	1,063,639	2,173,659
Investment securities (excluding equities)	1,716,492	4,573,729	6,290,221
Loans and receivables	1,234,817	276,023	1,510,840
Related party balances	18,088	-	18,088
Cash and cash equivalents	660,785	4,950,071	5,610,856
Total assets	4,740,202	10,863,462	15,603,664
Financial Liabilities			
Insurance contract liabilities	2,707,747	4,435,810	7,143,557
Reinsurance contract liabilities	118	66,156	66,274
Lease liabilities	21,490	15,887	37,377
Other liabilities	1,161,394	788,985	1,950,379
Related party balances	8,573	485	9,058
Total liabilities	3,899,322	5,307,323	9,206,645
Net financial position	840,880	5,556,139	6,397,019

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(expressed in Jamaican dollars unless otherwise indicated)

4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(a) Currency risk (continued)

The following table presents analysis of how a possible shift in market currency exchange rates might impact the insurance contract liability balances

Change in variables	JMD	USD
2025	-3.0%	0.0%
2024	3.0%	0.0%
	2025	2024
	\$'000	\$'000
Impact on profit of loss	57,231	25,226

(b) Interest rate risk

Exposure is managed largely by the use of natural hedges that arise by matching interest-sensitive assets with liabilities of a similar nature. The Company also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee and the pricing of products by the actuarial function. The investment portfolio return is continually monitored by the Investment Committees. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17 and investment assets, as well as the net impact on profit or loss and equity. The Company's other financial assets and liabilities are not significantly sensitive to interest rates. For the sensitivity analysis, a 2% movement in interest rates was used for 2025 for the Jamaican market (2024:2%). The following table shows the estimated effect of an increase or decrease in the above rates on the profit or loss and fair value reserve.

	2025	2024
	Equity	Equity
	Investment	Investment
	assets	assets
	\$'000	\$'000
Increase in interest rates	(499,932)	(534,586)
Decrease in interest rates	412,075	369,040

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

4.2.2 Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the

Certain of the Company's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Company monitors liquidity on a regular basis. An internally constituted Executive Investment Committee set limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk

There are no individual contracts or policyholders who have the potential to influence the withdrawal of a significant amount of liabilities.

The following tables analyse the insurance and financial liabilities of the Company into relevant maturity based on the remaining period to the contractual or expected maturity date. Financial liabilities are at contractual undiscounted cash flows and investment contracts are at expected undiscounted cash flows. Insurance contract liabilities include both actual and expected contractual undiscounted cash flows as they relate to both the LRC and the LIC.

Contractual/Expected Undiscounted Cash Flows

	Carrying amount \$000	Total \$000	1 years \$000	2 years \$000	3 years \$000	4 years \$000	5 years \$000	Over 5 years \$000
As at 31 December 2025								
Insurance Contract Liabilities	24,164,910	29,414,252	14,707,126	14,707,126	-	-	-	-
Reinsurance contract liabilities	3,629,009	3,630,008	3,630,008	-	-	-	-	-
Other liabilities	6,996,353	6,881,230	6,881,230	-	-	-	-	-
Lease liabilities	148,773	204,294	55,913	57,661	57,276	33,444	-	-
Related party balances	12,223	12,223	12,223	-	-	-	-	-
	34,951,268	40,142,007	25,286,500	14,764,787	57,276	33,444	-	-
Investment securities	6,466,350	8,599,322	434,339	303,690	209,252	268,502	266,997	7,116,542
Loans and receivables	7,072,124	7,058,169	7,058,169	-	-	-	-	-
Reinsurance contract assets	18,388,956	19,015,172	9,507,586	9,507,586	-	-	-	-
Cash and cash equivalents	9,546,192	9,571,931	9,571,931	-	-	-	-	-
Related party balances	831	831	831	-	-	-	-	-
Total financial assets	41,474,453	44,245,425	26,572,856	9,811,276	209,252	268,502	266,997	7,116,542

Contractual/Expected Undiscounted Cash Flows

	Carrying amount \$000	Total \$000	1 years \$000	2 years \$000	3 years \$000	4 years \$000	5 years \$000	Over 5 years \$000
As at 31 December 2024								
Insurance Contract Liabilities	7,143,557	7,745,624	3,872,812	3,872,812	-	-	-	-
Reinsurance contract liabilities	66,274	90,579	90,579	-	-	-	-	-
Other liabilities	1,950,379	1,860,547	1,860,547	-	-	-	-	-
Lease liabilities	37,377	37,583	19,230	3,831	4,639	5,445	4,438	-
Related party balances	9,058	9,058	9,058	-	-	-	-	-
	9,206,645	9,743,391	5,852,226	3,876,643	4,639	5,445	4,438	-
Investment securities	6,290,221	8,266,441	410,036	343,176	256,820	208,684	279,249	6,768,476
Loans and receivables	1,510,840	1,501,614	1,501,614	-	-	-	-	-
Reinsurance contract assets	2,173,659	2,197,964	1,098,982	1,098,982	-	-	-	-
Cash and cash equivalents	5,610,856	5,619,245	5,619,245	-	-	-	-	-
Related party balances	18,088	18,088	18,088	-	-	-	-	-
Total financial assets	15,603,664	17,603,352	8,647,965	1,442,158	256,820	208,684	279,249	6,768,476

Property and casualty contracts issued and reinsurance contracts held have zero amounts payable on demand.

4.2.3 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to the Company. Each subsidiary in the various jurisdictions has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions, and the right to obtain collateral (including guarantees) should unfavourable events occur.

Collateral held as security for mortgage loans and other loans includes physical or tangible residential and commercial edifices as well as legal rights to insurance portfolio and other assets of the respective borrowers. The EIC initiates regular portfolio reviews, monitors counterparty creditworthiness and evaluates potential transaction risks with a view towards early problem identification and protection against unacceptable credit-related losses.

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(a) Credit risk management and exposures for insurance and reinsurance assets

The Company has significant credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Company's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations.

The Company structures the levels of credit risk arising from ceded reinsurance by incorporating limits into its reinsurance treaties on the maximum size of policy. The Company does not seek to manage its credit risk via other characteristics such as limiting exposure to a single counterparty or groups of counterparties, given the relative size of the Company to its reinsurers.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

The Company actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Company's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

(b) Assets bearing credit risk

Below is an analysis of assets bearing credit risk.

	Gross exposure		Net carrying amount	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Investment securities measured at fair value through other comprehensive income	4,296,780	4,168,143	4,296,780	4,168,143
Reinsurance contract assets	18,388,956	2,173,659	18,388,956	2,173,659
Loans and receivables	7,072,124	1,510,840	7,072,124	1,510,840
Cash and cash equivalents	9,564,813	5,622,997	9,546,192	5,610,856
	<u>39,322,673</u>	<u>13,475,639</u>	<u>39,304,052</u>	<u>13,463,498</u>

(c) Credit quality of reinsurance and financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from individuals and short-term securities.

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(c) Credit quality of reinsurance and financial assets (continued)

The following tables set out the credit quality analysis for financial assets measured at amortised cost and fair value through other comprehensive

	12-month ECL	
	2025 \$'000	2024 \$'000
Investment securities measured at fair value through other comprehensive income		
A	496,845	517,499
Below BBB	3,799,935	3,650,644
Carrying value	<u>4,296,780</u>	<u>4,168,143</u>

	Not credit impaired	
	2025 \$'000	2024 \$'000
Loans and receivables		
Not rated	<u>7,072,124</u>	<u>1,510,840</u>

	12-month ECL	
	2025 \$'000	2024 \$'000
Cash and cash equivalents		
A	4,115,174	1,194,040
BBB	67,777	10,012
Below BBB	5,381,862	4,418,945
Gross carrying amount	9,564,813	5,622,997
Loss allowance	(18,621)	(12,141)
Net carrying amount	<u>9,546,192</u>	<u>5,610,856</u>

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	2025 \$'000	2024 \$'000
Reinsurance assets		
A	<u>18,388,956</u>	<u>2,173,659</u>

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(d) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. Reconciling items include the following:

- ▶ New assets originated or purchased, which reflect the allowance related to assets newly recognized during the period.
- ▶ Assets derecognised, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- ▶ Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement of the allowance.
- ▶ Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; unwinding of the time value discount due to the passage of time; and changes in probabilities of default and losses given default. For the year ended 31 December 2025, the Company made further refinements of its recently updated ECL model, including the introduction of the Vasicek formula along with a modification in the approach to incorporating forward-looking assumptions, the use of new data tables from Moody's, and expanded use of interpolation. The impact of this change is also included in this line.

Investment securities measured at fair value through other comprehensive income	12-month ECL	
	2025 \$'000	2024 \$'000
Balance at beginning of year	5,322	6,479
New assets originated or purchased	–	167
Remeasurements	547	(1,324)
Balance at end of year	5,869	5,322

Cash and cash equivalents

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2025 is \$18,621,000 (2024: \$12,141,000). The Company recognised a net impairment gain /(loss) of -\$7,685,000 for the year ended 31 December 2025 (2024: \$19,226,000 impairment gain/(loss)).

The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies such as Moody's. In 2025, the Company made refinements to its ECL model, including the introduction of the Vasicek formula and its associated Economic Cycle Factors (or Z-scores). The Z-score is a measure of the state of economy and considers macroeconomic variables used in the Company's ECL models such as real gross domestic product growth, debt to GDP ratios, and unemployment for the various territories. A Z-score of -1.0 indicates an economy in recession, a Z-score of +1.0 indicates a strong economy, and a Z-score of 0 indicates a neutral economy.

Scenario	2025 Assumptions				2024 Assumptions		
	Best Case	Worst Case	Base Case	Resulting Z-Score	Best Case	Worst Case	Base Case
Jamaica	20%	10%	70%	0.488	35%	10%	55%

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(e) Credit Risk - Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the PDs used by the Company.

	Actual PDs applied		Change in PD	Impact on ECL	
	2025	2024		2025 \$'000	2024 \$'000
Investment securities measured at fair value through other comprehensive income	0.001%-2.583%	0.288%-1.557%	+/- 20%	1,174	1,064
Cash and cash equivalents	0.007%-1.899%	0.037%-2.668%	+/- 20%	3,724	2,428
				<u>4,898</u>	<u>3,492</u>

(f) Financial assets subject to ECL

The following tables show an analysis of changes in the gross carrying amount of investment securities and loans subject to ECL.

	12-month ECL	
	\$'000 2025	\$'000 2024
Investment securities measured at Fair value through other comprehensive income		
Balance at beginning of year	4,168,143	5,305,985
New assets originated or purchased	366,452	17,806,985
Assets derecognised (excluding write-offs)	(364,358)	(18,999,722)
Other movements	126,543	54,895
Balance at end of year	<u>4,296,780</u>	<u>4,168,143</u>

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4. Management of Insurance and Financial Risk (continued)

4.2 Financial risk (continued)

4.2.3 Credit risk (continued)

(g) Concentrations of risks of reinsurance and financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The following table breaks down the Company's main credit risk exposure as categorised by the industry sectors of its counterparties.

	2025 \$'000	2024 \$'000
Financial services	9,836,417	5,912,386
Public sector	3,781,765	3,649,205
Insurance and reinsurance	25,404,409	1,485,729
Other industries	267,300	260,414
	<u>39,289,891</u>	<u>11,307,734</u>

4.2.4 Capital management

The Company's capital includes share capital, reserves and retained earnings.

The Company's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the markets where the Company operates;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

Capital adequacy is managed by the Company's management. It is calculated by management, certified by the appointed actuary and reviewed by executive management, the audit committee and the board of directors. In addition, the Company seeks to maintain internal capital adequacy ratios at levels higher than the regulatory requirements. To assist in evaluating the current business and strategic opportunities, the Company currently uses the Minimum Capital Test ("MCT") as stipulated by the insurance regulations.

The MCT required as prescribed by the Insurance (Amendment) Regulations, 2023 is 150%. The MCT results disclosed below were calculated based on this Insurance (Amendment) Regulations 2023.

	2025	2024
Actual MCT ratio	<u>235.29%</u>	<u>256.88%</u>
Minimum required MCT ratio	150%	150%

Guardian General Insurance Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

5. Property and equipment

	Computer Equipment \$'000	Furniture and Fixtures \$'000	Motor Vehicles \$'000	Leasehold Improvements \$'000	Total \$'000
At Cost:					
At 31 December 2023	115,330	42,625	116,624	53,289	327,868
Additions	-	1,551	37,255	4,748	43,554
Disposals	-	-	(21,320)	-	(21,320)
At 31 December 2024	115,330	44,176	132,559	58,037	350,102
Additions	2,221	2	10,040	7,080	19,343
Disposals	-	-	(12,452)	-	(12,452)
At 31 December 2025	117,551	44,178	130,147	65,117	356,993
Accumulated Depreciation:					
At 31 December 2023	106,400	36,119	62,883	44,493	249,895
Charge for the year	3,688	1,802	19,353	2,686	27,529
Disposals	-	-	(13,936)	-	(13,936)
At 31 December 2024	110,088	37,921	68,300	47,179	263,488
Charge for the year	3,322	1,854	19,116	2,280	26,572
Disposals	-	-	(12,452)	-	(12,452)
At 31 December 2025	113,410	39,775	74,964	49,459	277,608
Net Book Value:					
At 31 December 2025	4,141	4,403	55,183	15,658	79,385
At 31 December 2024	5,242	6,255	64,259	10,858	86,614

Guardian General Insurance Jamaica Limited

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6. Leases

This note provides information for leases where the Company is a lessee. There are no leases where the Company is a lessor.

(a) Amounts recognised in the statement of financial position

	2025	2024
	\$'000	\$'000
(i) Right-of-use assets		
Balance at beginning of year	33,686	34,250
Addition	140,040	22,190
Modification of lease term	(4,126)	–
Depreciation charge	(36,271)	(22,754)
Balance at end of year	<u>133,329</u>	<u>33,686</u>

At 31 December 2025

Cost	288,960	148,920
Accumulated depreciation	(155,631)	(115,234)
Balance at end of year	<u>133,329</u>	<u>33,686</u>

	2025	2024
	\$'000	\$'000
(ii) Lease liabilities		
Balance at beginning of year	37,377	39,650
Interest expense	15,327	3,060
Lease payments	(39,844)	(27,580)
Addition	140,040	22,191
Modification of lease term	(4,127)	–
Exchange rate adjustments	–	56
Balance at end of year	<u>148,773</u>	<u>37,377</u>

Current	30,612	18,929
Non-current	118,161	18,448
	<u>148,773</u>	<u>37,377</u>

(b) Amounts recognised in the statement of comprehensive income

	2025	2024
	\$'000	\$'000
Interest expense on lease liabilities	15,327	3,060
Depreciation charge of right-of-use assets	36,271	22,754
	<u>51,598</u>	<u>25,814</u>

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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6. Leases (continued)

(c) Amounts recognised in the statement of cash flows

The Company had total cash outflows for leases of \$39,844,000 in 2025 (2024: \$27,580,000).

(d) The Company's leasing activities and how these are accounted for

The Company leases two (2) offices. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options as described in (iv) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. The Company has no low-value assets.

(e) Extension and termination options

Extension and termination options are included in the property leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Guardian General Insurance Jamaica Limited

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7. Investment securities

	2025	2024
	Fair	Fair
	value	value
	\$'000	\$'000
Investment securities mandatorily measured at fair value through profit or loss (FVPL)	2,169,570	2,122,078
Investment securities measured at fair value through other comprehensive income (FVOCI)	<u>4,296,780</u>	<u>4,168,143</u>
Total investment securities	<u>6,466,350</u>	<u>6,290,221</u>
	FVPL-M	FVOCI
	2025	2025
	\$'000	\$'000
Equity securities:		
- Listed	2,010,746	–
- Unlisted	<u>158,824</u>	<u>–</u>
	<u>2,169,570</u>	<u>–</u>
- Government securities	–	3,562,130
- Debentures and corporate bonds	<u>–</u>	<u>594,351</u>
	2,169,570	4,156,481
Deposits (more than 90 days)	–	37,504
	<u>2,169,570</u>	<u>4,193,985</u>
Interest receivable	–	102,795
	<u>2,169,570</u>	<u>4,296,780</u>
Current	–	525,462
Non-current	<u>2,169,570</u>	<u>3,771,318</u>
	<u>2,169,570</u>	<u>4,296,780</u>

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

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7. Investment securities (continued)

	FVPL-M 2024 \$'000	FVOCI 2024 \$'000
Equity securities:		
- Listed	1,995,769	–
- Unlisted	126,309	–
	<u>2,122,078</u>	<u>–</u>
Debt securities:		
- Government securities	–	3,417,973
- Debentures and corporate bonds	–	619,966
	<u>–</u>	<u>4,037,939</u>
Deposits (more than 90 days)	–	36,949
	<u>2,122,078</u>	<u>4,074,888</u>
Interest receivable	–	93,255
	<u>2,122,078</u>	<u>4,168,143</u>
Current	–	492,267
Non-current	2,122,078	3,675,876
	<u>2,122,078</u>	<u>4,168,143</u>

The loss allowance on investment securities measured at fair value through other comprehensive income is recognised against other comprehensive income and accumulated in the fair value reserve. The total loss allowance accumulated in fair value reserve is \$5,869,000 (2024: \$5,322,000).

Investment securities are pledged as collateral primarily as part of sales and repurchases and securities borrowing transactions under terms that are usual and customary for such activities. In addition, as part of these transactions, the Company has received collateral that it is permitted to resell or repledge in the absence of default.

As at 31 December 2025, the fair value of investment securities accepted as collateral that the Company is permitted to sell or repledge in the absence of default was \$Nil (2024: \$Nil). No securities were sold or repledged during the year.

The regulator, the Financial Services Commission (“FSC”) holds GOJ securities valued at \$45,000,000 (2024 – \$45,000,000) for the Company as security, in accordance with Section 8(1) (B) of the Insurance Regulations 2001.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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8. Loans and receivables

	2025	2024
	\$'000	\$'000
Premium Receivables	7,015,453	1,485,729
Prepayment	8,868	6,926
Other receivables	47,803	18,185
	<u>7,072,124</u>	<u>1,510,840</u>
Current	<u>7,072,124</u>	<u>1,510,840</u>

The carrying amounts of loans and receivables are reasonable approximations of their fair values.

9. Deferred taxation

The following amounts are shown in the statement of financial position:

	2025	2024
	\$'000	\$'000
Deferred tax assets:		
- To be recovered within 12 months	77,540	43,614
Deferred tax liabilities:		
- Crystallizing within 12 months	(273,376)	(194,481)
Net deferred tax liabilities	<u>(195,836)</u>	<u>(150,867)</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement on the net deferred tax account is as follows:

	2025	2024
	\$'000	\$'000
Balance at beginning of year	(150,867)	(150,588)
(Charged)/credited to:		
- profit or loss	51,600	10,982
- other comprehensive income	(96,569)	(11,261)
Balance at end of year	<u>(195,836)</u>	<u>(150,867)</u>

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

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9. Deferred taxation (continued)

The movement in the net deferred tax assets and liabilities during the year is attributable to the following items:

	Balance at beginning 2025 \$'000	Credited/(charged) to		Balance at end 2025 \$'000
		Profit or loss \$'000	Other comprehensive income \$'000	
Accelerated tax depreciation	31,435	5,860	–	37,295
Investment securities	(194,481)	16,607	(95,502)	(273,376)
Allowance for expected credit losses	2,975	6,698	–	9,673
Post-retirement medical benefit obligation	7,974	12,478	(1,067)	19,385
Right-of-use assets	1,230	9,957	–	11,187
	(150,867)	51,600	(96,569)	(195,836)

	Balance at beginning 2024 \$'000	Credited/(charged) to		Balance at end 2024 \$'000
		Profit or loss \$'000	Other comprehensive income \$'000	
Accelerated tax depreciation	12,723	18,712	–	31,435
Investment securities	(188,281)	6,694	(12,894)	(194,481)
Allowance for expected credit losses	15,872	(12,897)	–	2,975
Post-retirement medical benefit	7,299	(958)	1,633	7,974
Right-of-use assets	1,799	(569)	–	1,230
	(150,588)	10,982	(11,261)	(150,867)

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

10. Insurance contracts

10.1 Composition of the statement of financial position

	Property \$'000	Motor \$'000	Marine \$'000	Casualty \$'000	Total \$'000	Current portion \$'000	Non-Current Portion \$'000
As at 31 December 2025							
<i>Net Insurance contract liabilities</i>							
Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	20,361,648	3,028,183	(3,662)	778,741	24,164,910	12,082,455	12,082,455
Insurance contract liabilities	20,361,648	3,028,183	(3,662)	778,741	24,164,910	12,082,455	12,082,455
<i>Net Reinsurance contract assets</i>							
Reinsurance contract assets excluding other pre-recognition cash flows	14,089,176	(85,999)	301,795	454,975	14,759,947	7,379,973	7,379,973
Net Reinsurance contract assets	14,089,176	(85,999)	301,795	454,975	14,759,947	7,379,973	7,379,973
As represented by:							
Reinsurance contract liability	(3,543,010)	(85,999)	-	-	(3,629,009)	(1,814,505)	(1,814,504)
Reinsurance contract asset	17,632,186	-	301,795	454,975	18,388,956	9,194,478	9,194,477
	14,089,176	(85,999)	301,795	454,975	14,759,947	7,379,973	7,379,973
As at 31 December 2024							
<i>Net Insurance contract liabilities</i>							
Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	3,774,733	2,530,072	(1,299)	840,051	7,143,557	3,571,779	3,571,778
Insurance contract liabilities	3,774,733	2,530,072	(1,299)	840,051	7,143,557	3,571,779	3,571,778
<i>Net Reinsurance contract assets</i>							
Reinsurance contract assets excluding other pre-recognition cash flows	1,354,745	(66,274)	328,756	490,158	2,107,385	1,053,693	1,053,692
Net Reinsurance contract assets	1,354,745	(66,274)	328,756	490,158	2,107,385	1,053,693	1,053,692
As represented by:							
Reinsurance contract liability	-	(66,274)	-	-	(66,274)	(33,137)	(33,137)
Reinsurance contract asset	1,354,745	-	328,756	490,158	2,173,659	1,086,830	1,086,829
	1,354,745	(66,274)	328,756	490,158	2,107,385	1,053,693	1,053,692

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

10. Insurance contracts (continued)

10.2 Insurance revenue and expenses

10.2.1 Insurance revenue and insurance service result

For the year ended 31 December 2025

	Property	Motor	Marine	Casualty	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue					
Insurance revenue from contracts measured under the PAA	10,339,082	2,516,019	225,593	835,063	13,915,757
Total insurance revenue	10,339,082	2,516,019	225,593	835,063	13,915,757
Insurance service expenses					
Incurred claims and other directly attributable expenses	(18,706,886)	(2,026,261)	(31,568)	(10,993)	(20,775,708)
Changes that relate to past service – changes in the FCF relating to the LIC	180,281	(207,641)	(4,406)	(186,719)	(218,485)
Insurance acquisition cash flows amortisation	(920,784)	(404,639)	(34,270)	(109,990)	(1,469,683)
Total insurance service expenses	(19,447,389)	(2,638,541)	(70,244)	(307,702)	(22,463,876)
Net income (expenses) from reinsurance contracts held					
Reinsurance expenses - contracts measured under the PAA	(8,911,449)	(105,246)	(133,149)	(299,802)	(9,449,646)
Incurred claims recovery	18,608,239	98,349	23,840	(17,853)	18,712,575
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(143,891)	5,902	3,057	114,006	(20,926)
Total net expenses from reinsurance contracts held	9,552,899	(995)	(106,252)	(203,649)	9,242,003
Total insurance service result	444,592	(123,517)	49,097	323,712	693,884

Guardian General Insurance Jamaica Limited

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31 December 2025

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10. Insurance contracts (continued)

10.2 Insurance revenue and expenses (continued)

10.2.1 Insurance revenue and insurance service result (continued)

For the year ended 31 December 2024

	Property	Motor	Marine	Casualty	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance revenue					
Insurance revenue from contracts measured under the PAA	10,974,119	2,417,751	194,769	860,438	14,447,077
Total insurance revenue	10,974,119	2,417,751	194,769	860,438	14,447,077
Insurance service expenses					
Incurred claims and other directly attributable expenses	(502,494)	(1,547,118)	(84,059)	(147,965)	(2,281,636)
Changes that relate to past service – changes in the FCF relating to the LIC	42,089	(355,776)	(34,513)	(112,161)	(460,361)
Insurance acquisition cash flows amortisation	(900,669)	(400,280)	(23,874)	(112,884)	(1,437,707)
Total insurance service expenses	(1,361,074)	(2,303,174)	(142,446)	(373,010)	(4,179,704)
Net income (expenses) from reinsurance contracts held					
Reinsurance expenses - contracts measured under the PAA	(9,414,573)	(136,429)	(110,034)	(343,840)	(10,004,876)
Incurred claims recovery	342,700	16,546	32,678	(40,674)	351,250
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	(43,902)	12,775	11,084	37,972	17,929
Total net expenses from reinsurance contracts held	(9,115,775)	(107,108)	(66,272)	(346,542)	(9,635,697)
Total insurance service result	497,270	7,469	(13,949)	140,886	631,676

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

10. Insurance contracts (continued)

10.3 Property and casualty - Insurance contracts issued

10.3.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2025			Total \$'000	2024			Total \$'000
	LRC	LIC			LRC	LIC		
	Excluding loss component \$'000	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000		Excluding loss component \$'000	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000	
Net insurance contract liabilities as at 1 January	3,434,654	3,471,177	237,726	7,143,557	3,560,434	2,950,696	217,009	6,728,139
Insurance revenue	(13,915,757)	-	-	(13,915,757)	(14,447,077)	-	-	(14,447,077)
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	18,080,783	2,694,925	20,775,708	-	2,189,759	91,877	2,281,636
Changes that relate to past service – changes in the FCF relating to the LIC	-	330,379	(111,894)	218,485	-	531,521	(71,160)	460,361
Insurance acquisition cash flows amortisation	1,469,683	-	-	1,469,683	1,437,707	-	-	1,437,707
Insurance service expenses	1,469,683	18,411,162	2,583,031	22,463,876	1,437,707	2,721,280	20,717	4,179,704
Insurance service result	(12,446,074)	18,411,162	2,583,031	8,548,119	(13,009,370)	2,721,280	20,717	(10,267,373)
Finance expenses from insurance contracts issued	-	192,438	-	192,438	-	181,155	-	181,155
Total amounts recognised in comprehensive income	(12,446,074)	18,603,600	2,583,031	8,740,557	(13,009,370)	2,902,435	20,717	(10,086,218)
Cash flows								
Premiums received	13,211,692	-	-	13,211,692	14,505,431	-	-	14,505,431
Claims and other directly attributable expenses paid	-	(3,306,941)	-	(3,306,941)	-	(2,381,954)	-	(2,381,954)
Insurance acquisition cash flows	(1,623,955)	-	-	(1,623,955)	(1,621,841)	-	-	(1,621,841)
Total cash flows	11,587,737	(3,306,941)	-	8,280,796	12,883,590	(2,381,954)	-	10,501,636
Net balance as at 31 December	2,576,317	18,767,836	2,820,757	24,164,910	3,434,654	3,471,177	237,726	7,143,557

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

31 December 2025

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10. Insurance contracts (continued)

10.3 Property and casualty - Insurance contracts issued (continued)

10.3.2 Reconciliation of the remaining coverage and incurred claims

	2025				2024				Total \$'000
	Remaining coverage		Incurred claims		Remaining coverage		Incurred claims		
	Excluding loss- recovery component \$'000	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000		Excluding loss- recovery component \$'000	Present value of future cash flows \$'000	Risk adjustment for non-financial risk \$'000		
Net reinsurance contract assets									
as at 1 January	675,366	1,326,107	105,912	2,107,385	772,027	1,212,559	96,108	2,080,694	
Net income (expenses) from reinsurance contracts held			-						
Reinsurance expenses	(9,449,646)	-	-	(9,449,646)	(10,004,876)	-	-	(10,004,876)	
Incurred claims recovery	-	16,069,455	2,643,120	18,712,575	-	308,666	42,584	351,250	
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	44,355	(65,281)	(20,926)	-	50,709	(32,780)	17,929	
Net income (expenses) from reinsurance contracts held	(9,449,646)	16,113,810	2,577,839	9,242,003	(10,004,876)	359,375	9,804	(9,635,697)	
Finance income from reinsurance contracts held	-	28,996	-	28,996	-	30,665	-	30,665	
Total amounts recognised in statement of comprehensive income	(9,449,646)	16,142,806	2,577,839	9,270,999	(10,004,876)	390,040	9,804	(9,605,032)	
Cash flows									
Premiums paid net of ceding commissions and other directly attributable expenses paid	7,387,415	-	-	7,387,415	9,908,215	-	-	9,908,215	
Recoveries from reinsurance	-	(4,005,852)	-	(4,005,852)	-	(276,492)	-	(276,492)	
Total cash flows	7,387,415	(4,005,852)	-	3,381,563	9,908,215	(276,492)	-	9,631,723	
Net balance as at 31 December	(1,386,865)	13,463,061	2,683,751	14,759,947	675,366	1,326,107	105,912	2,107,385	

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

10. Insurance contracts (continued)

10.4 Investment income and insurance finance expenses

For the year ended 31 December

	2025 \$'000	2024 \$'000
Net investment income - other investments		
Investment income	581,716	619,676
Net impairment (losses)/gain	(6,479)	18,069
Net fair value gains	196,742	308,360
Other income/(loss)	197,405	(6,551)
Total net investment income	<u>969,384</u>	<u>939,554</u>
Finance expenses from insurance contracts issued		
- Interest accreted	(192,438)	(181,155)
Finance income from reinsurance contracts held		
- Interest accreted	28,996	30,665
Net insurance finance expenses	<u>(163,442)</u>	<u>(150,490)</u>
Summary of the amounts recognised in profit or loss		
- Net investment income - other investments	851,175	865,734
- Finance expenses from insurance contracts issued	(192,438)	(181,155)
- Finance income from reinsurance contracts held	28,996	30,665
	<u>687,733</u>	<u>715,244</u>
Summary of the amounts recognised in OCI		
- Net investment income - other investments	118,209	73,820
Summary of the amounts recognised		
- Insurance service result	693,884	631,676
- Net investment income	851,175	865,734
- Finance expenses from insurance contracts issued	(192,438)	(181,155)
- Finance income from reinsurance contracts held	28,996	30,665
Net insurance and investment result	<u>1,381,617</u>	<u>1,346,920</u>

10.5 Claims development tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. Claims development tables are disclosed on an accident year basis (where the reference is to the actual date of the event that caused the claim), with the exception of international property and casualty claims, which is disclosed by underwriting year account.

	2025 \$'000	2024 \$'000
Insurance claims - gross		
- By accident year	21,588,593	2,821,639
Total liabilities	<u>21,588,593</u>	<u>2,821,639</u>

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(expressed in Jamaican dollars unless otherwise indicated)

10. Insurance contracts (continued)

10.5 Claims development tables (continued)

The Company provides information on the gross and net claims development for the current reporting period and nine years prior to it. The Company considers that there is no significant uncertainty with regard to claims that were incurred more than nine years before the reporting period.

The top half of each table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the statement of financial position.

Insurance claims - gross

Accident year	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	Total \$'000
Estimate of ultimate claims costs (undiscounted):											
- at end of accident year	1,721,144	1,036,984	1,046,267	1,229,658	1,051,863	1,929,559	1,207,477	1,360,533	3,205,884	19,655,245	
- one year later	1,029,258	1,151,218	1,189,315	1,474,444	1,299,758	2,147,944	1,480,571	1,788,296	2,220,886		
- two years later	1,136,806	1,167,941	1,218,927	1,501,447	1,356,057	2,271,428	1,494,481	1,808,891			
- three years later	1,222,304	1,131,835	1,226,957	1,374,932	1,290,896	2,317,382	1,524,585				
- four years later	1,292,592	1,148,507	1,130,881	1,365,627	1,267,749	2,320,533					
- five years later	1,059,898	1,124,931	1,145,289	1,366,644	1,273,098						
- six years later	1,148,476	1,161,052	1,174,193	1,381,209							
- seven years later	1,649,021	1,187,828	1,200,147								
- eight years later	1,246,827	1,220,322									
- nine years later	2,023,451										
Current estimate of cumulative claims	2,023,451	1,220,322	1,200,147	1,381,209	1,273,098	2,320,533	1,524,585	1,808,891	2,220,886	19,655,245	34,628,367
Cumulative payments to date	(2,007,738)	(1,191,663)	(1,142,765)	(1,316,402)	(1,155,216)	(2,144,518)	(1,231,859)	(1,330,720)	(1,551,136)	(1,544,317)	(14,616,334)
Gross claims liabilities	15,713	28,659	57,382	64,807	117,882	176,015	292,726	478,171	669,750	18,110,928	20,012,033
Gross claims liabilities in respect of prior years											60,701
Effect of discounting											(1,304,898)
Effect of the risk adjustment margin for non-financial risk											2,820,757
Gross LIC for contracts originated											<u>21,588,593</u>

Guardian General Insurance Jamaica Limited

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10. Insurance contracts (continued)

10.5 Claims development tables (continued)

Insurance claims - net

Accident year	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	Total \$'000
Estimate of ultimate claims costs (undiscounted):											
- at end of accident year	769,549	924,893	859,066	932,243	973,946	1,108,376	1,136,397	1,309,639	1,765,430	5,101,754	
- one year later	953,513	1,041,825	1,029,203	1,145,555	1,184,969	1,283,475	1,399,612	1,706,422	1,798,934		
- two years later	1,055,337	1,059,868	1,060,189	1,201,169	1,248,065	1,344,226	1,420,312	1,735,198			
- three years later	1,076,228	1,032,232	1,059,046	1,084,571	1,186,080	1,347,964	1,448,789				
- four years later	964,972	1,045,324	975,820	1,079,264	1,196,095	1,339,153					
- five years later	944,804	1,031,914	1,003,989	1,081,155	1,196,518						
- six years later	980,679	1,066,779	1,031,829	1,095,419							
- seven years later	1,002,535	1,092,687	1,056,207								
- eight years later	881,596	1,124,164									
- nine years later	878,935										
Current estimate of cumulative claims	878,935	1,124,164	1,056,207	1,095,419	1,196,518	1,339,153	1,448,789	1,735,198	1,798,934	5,101,754	16,775,071
Cumulative payments to date	(863,784)	(1,095,505)	(999,908)	(1,031,832)	(1,083,375)	(1,167,274)	(1,169,212)	(1,282,438)	(1,246,895)	(907,946)	(10,848,169)
Net claims liabilities	15,151	28,659	56,299	63,587	113,143	171,879	279,577	452,760	552,039	4,193,808	5,926,902
Net claims liabilities in respect of prior years											56,555
Effect of discounting											(678,682)
Effect of the risk adjustment margin for non-financial risk											137,006
Net LIC for contracts originated											<u>5,441,781</u>

Guardian General Insurance Jamaica Limited

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11. Cash and cash equivalents

	2025 \$'000	2024 \$'000
Cash at bank and in hand	4,617,791	1,876,420
Short-term deposits (90 days or less)	<u>4,947,022</u>	<u>3,746,577</u>
Cash and cash equivalents	9,564,813	5,622,997
Loss allowance	<u>(18,621)</u>	<u>(12,141)</u>
Net cash and cash equivalents	<u>9,546,192</u>	<u>5,610,856</u>
At beginning of year	5,610,856	4,198,762
Net impairment gain/(loss)	(6,479)	18,069
Effect of exchange rate on cash and cash equivalents	<u>(13,557)</u>	<u>(27,225)</u>
	<u>5,590,820</u>	<u>4,189,606</u>
At end of year	<u>9,546,192</u>	<u>5,610,856</u>
Net increase in cash used in cash flow	<u>3,955,372</u>	<u>1,421,250</u>
	2025	2024
Cash at bank and call deposits	%	%
J\$	0.30	0.30

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

In an effort to maximise interest income, the Company transfers cash from short-term deposits to its current accounts only when required.

No cash and cash equivalents are pledged as collateral for financial liabilities.

12. Share capital

	2025 No. of Shares '000	2024 No. of Shares '000
<i>Authorised</i>		
Authorised - ordinary shares of no par value		
Balance at 31 December 2025	<u>462,525</u>	<u>462,525</u>
	\$'000	\$'000
<i>Issued and fully paid</i>		
1,138,500 Issued and fully paid - ordinary shares of no par value 2024: 1,138, 500 Ordinary shares		
Balance at 31 December 2025	<u>1,138,500</u>	<u>1,138,500</u>

Guardian General Insurance Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

13. Reserves

	2025	2024
	\$'000	\$'000
Other capital reserves (a)	213,167	213,167
Revaluation reserves (b)	284,276	261,569
	<u>497,443</u>	<u>474,736</u>

(a) Other capital reserves:

	2025	2024
	\$'000	\$'000
Other capital reserves consist of the following:		
Capital redemption reserve (i)	213,000	213,000
Capital reserves (ii)	167	167
	<u>213,167</u>	<u>213,167</u>

(i) Capital redemption reserve:

Transfer from retained earnings to facilitate redemption of 213,000,000 15% cumulative redeemable convertible preference shares of no par value

<u>213,000</u>	<u>213,000</u>
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The preference shares were fully redeemed during 2011.

(ii) Capital reserves:

Realised gain on disposal of investments	151,141	151,141
Share premium	170	170
	<u>151,311</u>	<u>151,311</u>
Capitalisation as bonus shares	(151,144)	(151,144)
	<u>167</u>	<u>167</u>

Realised capital reserves are available for distribution to shareholders, subject to transfer tax at 4% (2024 - 4%).

(b) Revaluation reserves

This comprises the investment revaluation reserve.

	2025	2024
	\$'000	\$'000
Balance 1 January	261,569	200,643
Charge to other comprehensive income	22,707	60,926
Balance 31 December	<u>284,276</u>	<u>261,569</u>

The movement in other comprehensive income is as follows:

	2025	2024
	\$'000	\$'000
Fair value gain on fair value through other comprehensive income securities	117,003	74,977
Effect on taxes on fair value gains and impairment	(95,502)	(12,894)
	<u>21,501</u>	<u>62,083</u>
Impairment gains/(losses) reversed during the year	1,206	(1,157)
	<u>22,707</u>	<u>60,926</u>

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(expressed in Jamaican dollars unless otherwise indicated)

14. Post-retirement medical benefit obligations

	2025	2024
	\$'000	\$'000
The amounts recognised in the statement of financial position are as follows:		
Present value of obligations	<u>57,400</u>	<u>17,500</u>
The amount in the statement of comprehensive income is made up as follows:		
Remeasurement (gain)/loss on obligation for OCI	<u>(3,200)</u>	<u>200</u>
Interest cost	<u>1,400</u>	<u>1,500</u>
The movement in the liability is as follows:		
Balance at beginning of year	17,500	17,000
Past Service Cost	43,000	–
Remeasurement of obligation (actuarial losses)	(3,200)	200
Contributions paid by employer	(1,300)	(1,200)
Interest cost	1,400	1,500
Balance at end of year	<u>57,400</u>	<u>17,500</u>

The principal actuarial assumptions used were as follows:

	2025	2024
Discount rate at end of year (pa)	10.0%	8.5%
Rate of increase in medical claims cost/premiums (pa)	7.0%	8.5%
Retiree premium escalation:		
Existing retirees	0.0% - 6.3%	0.0% - 6.3%
Future retirees	0.0% - 6.3%	0.0% - 6.3%
Pre-retirement mortality	NISTT2012	NISTT2012
Post-retirement mortality	GAM94	GAM94

The mortality assumptions used for the pensioners are based on the GAM 94 Tables for Pensioners with ages reduced by five years. The discount rate used is based on the spot curve agreed by the joint working party of actuaries and accountants, considering the average expected maturity of the liabilities.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	2025 Impact on the obligation	
	Increase	Decrease
	\$'000	\$'000
1% increase/decrease in discount rate	(8,200)	10,400
1% increase/decrease in medical cost trend rate	10,600	(8,400)
	2024 Impact on the obligation	
	Increase	Decrease
	\$'000	\$'000
1% increase/(decrease) in discount rate	(1,400)	1,800
1% increase/(decrease) in medical cost trend rate	1,700	(1,400)

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15. Other liabilities

	2025	2024
	\$'000	\$'000
Premiums payable	6,365,656	1,402,226
General consumption tax and premium tax	115,123	89,832
Staff bonus and gratuity	157,915	207,855
Accrued other operating expenses	31,852	25,830
Other payables	325,807	224,636
	<u>6,996,353</u>	<u>1,950,379</u>

16. Investment income

	2025	2024
	\$'000	\$'000
Interest income from:		
Fair value through other comprehensive income investment securities	568,768	548,751
Cash and cash equivalents	1,951	15,939
	<u>570,719</u>	<u>564,690</u>
Dividend income from fair value through profit or loss equity securities	70,014	68,455
Investment expenses	(59,017)	(13,469)
	<u>10,997</u>	<u>54,986</u>
Total investment income	<u>581,716</u>	<u>619,676</u>

17. Net fair value losses gains/(losses)

	2025	2024
	\$'000	\$'000
Realised fair value losses on fair value through profit or loss investment securities	53,379	(10,698)
Unrealised fair value losses on fair value through profit or loss investment securities	26,360	244,081
	<u>79,739</u>	<u>233,383</u>

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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18. Fee income

	2025 \$'000	2024 \$'000
Policy administration and asset management services:		
Other	149,230	245,130

19. Other income/(loss)

	2025 \$'000	2024 \$'000
Foreign exchange gains / (losses)	173,007	(19,656)
Other income	24,398	13,105
	<u>197,405</u>	<u>(6,551)</u>

20. Net impairment gains/(losses) on financial assets

	2025 \$'000	2024 \$'000
Investment securities	(1,206)	1,157
Cash and cash equivalents	(6,479)	18,069
	<u>(7,685)</u>	<u>19,226</u>

21. Operating expenses

	2025 \$'000	2024 \$'000
Staff cost	783,170	769,138
Depreciation	62,843	50,283
Auditors' remuneration	12,327	22,517
Directors' fees	14,878	12,388
Other expenses	439,557	437,857
	<u>1,312,775</u>	<u>1,292,183</u>

Amounts attributed to insurance acquisition cash flows incurred during the year	(311,848)	(312,166)
Amortisation of insurance acquisition cash flows	(457,499)	(475,200)
	<u>543,428</u>	<u>504,817</u>

Represented by:

Other operating expenses	543,428	504,817
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Staff cost includes:

Wages, salaries and bonuses	602,917	680,764
Health and medical	20,157	17,641
Staff training	4,316	3,400
National insurance	12,307	11,038
Pension costs	31,607	28,234
Post-retirement medical benefit obligations (Note 14)	43,100	300
Termination benefits	18,580	-
Other	50,186	27,761
	<u>783,170</u>	<u>769,138</u>

Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the statement of comprehensive income based on IFRS 17 measurement requirements. Refer to Note 2.15 (f) and Note 15.2.1.

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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22. Finance charges

	2025	2024
	\$'000	\$'000
Interest on leasing arrangements (Note 6(b))	15,327	3,060

23. Taxation

	2025	2024
	\$'000	\$'000
Current tax	346,047	322,307
Prior year adjustment	126,828	2,790
Deferred tax (Note 9)	(51,600)	(10,982)
	<u>421,275</u>	<u>314,115</u>

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2025	2024
	\$'000	\$'000
Profit before taxation	972,092	1,084,173
Corporation tax calculated at a rate of 33 1/3%	324,031	361,391
Prior year adjustment	126,828	2,790
Income not subject to tax	(94,222)	(79,720)
Expenses not deductible for tax purposes	10,347	10,206
Other	54,291	19,448
Tax charge for the year	<u>421,275</u>	<u>314,115</u>

24. Dividends Paid

During the year, the Company declared and subsequently made a dividend payment of \$646,000,000 (2024 - \$274,400,000) to its parent company. The dividend per share is calculated as \$1.40 (2024 - \$0.59).

25. Adjustment for non-cash items in operating profit

	2025	2024
	\$'000	\$'000
Net fair value gains on financial and other assets (Note 17)	(79,739)	(233,383)
Impairment of financial assets	7,685	(1,157)
Interest cost on benefit obligations (Note 14)	1,400	1,500
Depreciation (Note 21)	62,841	50,283
(Loss)/Gain on disposal of property, plant and equipment	4,316	(4,721)
Foreign exchange (gains)/losses	(159,450)	46,881
Net insurance finance expenses	163,442	-
Investment and other income	(730,946)	(633,145)
Interest expense	15,327	3,060
	<u>(715,124)</u>	<u>(770,682)</u>

Guardian General Insurance Jamaica Limited

Notes to the Financial Statements

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26. Fair value measurement

The following table provides the fair value measurement of the Company's assets and liabilities that are disclosed at fair value in the statement of financial position.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
At 31 December 2025				
Investment securities at fair value through profit or loss:				
Equity securities	2,010,746	28,467	130,357	2,169,570
Investment securities at fair value through other comprehensive income:				
Government securities	–	3,562,130	–	3,562,130
Debentures & corporate bonds	–	509,667	84,684	594,351
Deposits (more than 90 days)	–	37,504	–	37,504
	<u>2,010,746</u>	<u>4,137,768</u>	<u>215,041</u>	<u>6,363,555</u>
At 31 December 2024				
Investment securities at fair value through profit or loss:				
Equity securities	1,995,769	30,243	96,066	2,122,078
Investment securities at fair value through other comprehensive income:				
Government securities	–	3,417,973	–	3,417,973
Debentures & corporate bonds	–	618,128	1,838	619,966
Deposits (more than 90 days)	–	36,949	–	36,949
	<u>1,995,769</u>	<u>4,103,293</u>	<u>97,904</u>	<u>6,196,966</u>

There were no transfers between Level 1 and Level 2 during the period. In 2025 the Company transferred a corporate bond from level 2 into level 3 (2024 - nil).

Reconciliation of movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value.

	Investment securities		
	Equity securities \$'000	Debt securities \$'000	Total \$'000
At 31 December 2025			
Balance at beginning of year	96,066	1,838	97,904
Transfer from Level 2	–	82,846	82,846
Total gains in profit or loss	<u>34,291</u>	<u>–</u>	<u>34,291</u>
Balance at end of year	<u>130,357</u>	<u>84,684</u>	<u>215,041</u>
At 31 December 2024			
Balance at beginning of year	77,567	1,838	79,405
Total gains in profit or loss	<u>18,499</u>	<u>–</u>	<u>18,499</u>
Balance at end of year	<u>96,066</u>	<u>1,838</u>	<u>97,904</u>

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27. Contingent liabilities

The Company is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Company, and the amount can be reasonably estimated.

In respect of claims asserted against the company which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the company which is immaterial to both the financial position and results of operations.

28. Related Party Transactions and Balances

(a) The following transactions were carried out with related parties:

	2025	2024
	\$'000	\$'000
(i) Sale of insurance contracts		
National Commercial Bank Limited	808,920	636,570
Guardian Life Limited	50,862	65,462
Guardian Resorts Jamaica Limited	119,637	159,689
	<u>979,419</u>	<u>861,721</u>
(ii) Claims paid to		
National Commercial Bank Limited	18,494	91,446
(iii) Insurance contracts from:		
National Commercial Bank Limited	654,250	318,176
(iv) Dividend income from:		
NCB Financial Group Limited	4,201	5,175
(v) Other expenses		
Immediate parent:		
Guardian Holdings Limited	17,063	3,426
Fellow subsidiaries:		
Guardian Life Limited	10,908	17,256
Guardian General Insurance Limited	-	25,796
Guardian Shared Services Limited	10,461	58,710
	<u>21,369</u>	<u>101,762</u>
(vi) Key management personnel compensation:		
Salaries and other short-term employee benefits	84,843	87,637
Termination benefits	-	-
Long-term incentive plan	38,737	19,559
Post-employment benefits (excluding contributions to defined contribution plan)	6,757	5,135
Contributions to defined contribution plans	<u>130,337</u>	<u>112,331</u>
Director's emoluments - Fees (Note 21)	<u>14,878</u>	<u>12,388</u>

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28. Related Party Transactions and Balances (continued)

(b) Year end balances due from/(to) related parties are as follows:

	2025	2024
	\$'000	\$'000
Immediate parent:		
Guardian Holdings Limited	1,026	18,088
Fellow subsidiaries:		
Guardian Life Limited	(912)	(486)
Guardian General Insurance Limited	(929)	(5,051)
Guardian Shared Services Limited	(10,382)	(3,521)
	<u>(12,223)</u>	<u>(9,058)</u>
(c) Bank balances and investments in equity securities:		
NCB Financial Group Limited	108,829	139,751
National Commercial Bank Limited	362,581	357,365
	<u>471,410</u>	<u>497,116</u>

29. Subsequent Events

On 12 February 2026, the Directors declared and approved an ordinary dividend of \$0.16 per share to the ordinary shareholders.