FAMILY GUARDIAN INSURANCE COMPANY LIMITED

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
APPOINTED ACTUARYS' REPORT	3
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012:	
Statement of Financial Position	4 - 5
Statement of Comprehensive Income	6 - 7
Statement of Changes in Equity	8
Statement of Cash Flows	9 - 10
Notes to Financial Statements	11 - 48

Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville
P.O. Box N-7120
Nassau, Bahamas

Tel: + 1 (242) 302-4800
Fax: +1 (242) 322-3101
http://www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Family Guardian Insurance Company Limited:

We have audited the accompanying financial statements of Family Guardian Insurance Company Limited (the "Company"), which comprise the statement of financial position as of December 31, 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Guardian Insurance Company Limited as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

April 26, 2013

Eckler
CONSULTANTS + ACTUARIES

APPOINTED ACTUARYS' REPORT

To the Board of Directors and Shareholders of Family Guardian Insurance Company Limited

I have valued the actuarial liabilities and other policy liabilities of Family Guardian Insurance Company Limited for its statement of financial position at 31 December 2012 and the change in the statement of comprehensive income for the year ended 31 December 2012 in accordance with generally accepted actuarial practice including selection of appropriate assumptions and methods.

In my opinion, the amount of the actuarial and other policy liabilities makes appropriate provision for all policyholder obligations and the financial statements of Family Guardian Insurance Company Limited fairly represent the results of the valuation.

Richard F. Labelle
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries
February 15, 2013

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
ASSETS		
Cash and bank balances	$ 3,615,622	$ 3,656,435
Short-term bank deposits	2,106,607	346,071
Other bank term deposits	18,689,746	12,340,534
Financial investment assets:		
Available for sale (Note 6)	6,439,356	6,660,917
Held-to-maturity (Note 6)	78,001,978	65,707,822
Loans (Notes 6 and 21)	76,214,485	76,438,087
Total investment assets	185,067,794	165,149,866
Reinsurance assets and recoveries (Note 9)	11,147,023	13,126,974
Receivables and other assets (Notes 7 and 27)	14,046,716	16,029,071
Property, plant and equipment, net (Note 8)	10,494,877	11,238,202
TOTAL ASSETS	$ 220,756,410	$ 205,544,113

(Continued)

See notes to financial statements.

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
LIABILITIES AND EQUITY		
LIABILITIES:		
Reserves for future policyholders' benefits (Note 9)	$ 148,549,600	$ 137,118,184
Other policyholders' funds (Note 10)	12,442,313	15,152,093
Policy liabilities	160,991,913	152,270,277
Payables and accruals (Note 11)	6,716,224	4,681,587
Total liabilities	167,708,137	156,951,864
EQUITY:		
Ordinary shares (Note 14)	1,707,462	1,707,462
Share premium (Note 14)	11,401,314	11,401,314
Revaluation reserve (Note 13)	2,451,776	1,897,873
Retained earnings	37,487,721	33,585,600
Total equity	53,048,273	48,592,249
TOTAL LIABILITIES AND EQUITY	$ 220,756,410	$ 205,544,113

(Concluded)

See notes to financial statements.

These financial statements were approved by the Board of Directors on April 26, 2013, and are signed on its behalf by:

Director

Director

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
INCOME:		
Gross premium income	$ 98,203,521	$ 95,687,275
Premium ceded to reinsurers (Note 15)	(11,406,962)	(11,224,650)
Net premium income	86,796,559	84,462,625
Annuity deposits	7,632,669	14,680,325
Net premium income and annuity deposits (Note 15)	94,429,228	99,142,950
Interest income	10,146,402	10,080,306
Dividend income	416,234	387,784
Realized gain (loss) on sale of investment assets	24,090	(60,295)
Unrealized loss on investment assets (Note 6)	(70,314)	-
Impairment loss on investment assets (Note 13)	(594,020)	-
Other operating income (Note 21)	622,677	846,243
Total income	104,974,297	110,396,988
BENEFITS AND EXPENSES:		
Benefits:		
Policyholders' benefits (Note 16)	59,885,405	66,443,785
Reinsurance recoveries (Note 16)	(4,882,031)	(6,800,943)
Net policyholders' benefits	55,003,374	59,642,842
Increase in reserves for future policyholders' benefits	10,059,374	12,733,397
Total benefits	65,062,748	72,376,239

(Continued)

See notes to financial statements.

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
Expenses:		
Operating expenses (Notes 17, 18, 19, 21 and 22)	$ 19,395,106	$ 17,345,473
Commissions	11,463,494	12,400,816
Depreciation expense (Note 8)	1,619,635	1,446,439
Bad debt expense (Notes 6 and 7)	506,193	140,256
Total expenses	32,984,428	31,332,984
Total benefits and expenses	98,047,176	103,709,223
NET INCOME	6,927,121	6,687,765
OTHER COMPREHENSIVE (LOSS) INCOME:		
Net value loss on available-for-sale financial assets (Notes 6 and 13)	(40,117)	(312,986)
Revaluation of fixed assets (Notes 8 and 13)	-	915,442
Total other comprehensive (loss) income	(40,117)	602,456
TOTAL COMPREHENSIVE INCOME	$ 6,887,004	$ 7,290,221

(Concluded)

See notes to financial statements.

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	Ordinary Shares (Note 14)	Share Premium (Note 14)	Revaluation Reserve (Note 13)	Retained Earnings	Total
Balance as of December 31, 2010	$ 1,707,462	$11,401,314	$ 1,295,417	$29,960,335	$44,364,528
Net income for 2011	-	-	-	6,687,765	6,687,765
Other comprehensive income for 2011	-	-	602,456	-	602,456
Dividends declared and paid - ordinary shares ($1.79 per share)	-	-	-	(3,062,500)	(3,062,500)
Balance as of December 31, 2011	1,707,462	11,401,314	1,897,873	33,585,600	48,592,249
Net income for 2012	-	-	-	6,927,121	6,927,121
Impairment loss transfer to profit and loss	-	-	594,020	-	594,020
Other comprehensive loss for 2012	-	-	(40,117)	-	(40,117)
Dividends declared and paid - ordinary shares ($1.77 per share)	-	-	-	(3,025,000)	(3,025,000)
Balance as of December 31, 2012	$ 1,707,462	$11,401,314	$ 2,451,776	$37,487,721	$53,048,273

See notes to financial statements.

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,927,121	$ 6,687,765
Adjustments for:		
Depreciation expense (Note 8)	1,619,635	1,446,439
Unrealized loss on investment assets	70,314	-
Impairment loss on investment assets	594,020	-
Realized (gain) loss on sale of investment assets	(24,090)	60,295
Decrease (increase) in reinsurance assets and recoveries	1,979,951	(3,312,215)
Change in mortgage provision (Note 6)	510,765	236,556
Change in reserve for policyholders' benefits	11,431,416	12,733,398
Interest income	(10,146,402)	(10,080,306)
Dividend income	(416,234)	(387,784)
Operating profit before working capital changes	12,546,496	7,384,148
Decrease (increase) in receivables and other assets	2,060,541	(2,851,837)
Increase (decrease) in payables and accruals	2,034,637	(3,058,097)
Decrease in other policyholders' funds	(2,709,780)	(886,129)
Net cash from operating activities	13,931,894	588,085
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net placement of bank term deposits greater than three months	(6,349,212)	(1,636,050)
Proceeds from redemption of corporate bonds	10,000	-
(Purchase of) proceeds from redemption of preferred shares	(1,112,000)	200,000
Purchase of Government bonds	(11,025,800)	(5,365,579)
Net sale (purchase) of equities (Note 6)	135,220	(499,800)
Net other loans repaid	75,961	445,588
Net policy loans issued	(691,951)	(89,364)
Net mortgage loans repaid	337,405	1,092,084
Net purchase of property, plant and equipment (Note 8)	(876,310)	(1,052,025)
Interest received	9,893,282	9,966,722
Dividends received	416,234	388,954
Net cash (used in) from investing activities	(9,187,171)	3,450,530

(Continued)

See notes to financial statements.

FAMILY GUARDIAN INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(Expressed in Bahamian dollars)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid on ordinary shares	$ (3,025,000)	$ (3,062,500)
Net cash used in financing activities	(3,025,000)	(3,062,500)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,719,723	976,115
CASH AND CASH EQUIVALENTS:		
Beginning of year	4,002,506	3,026,391
End of year	$ 5,722,229	$ 4,002,506
CASH AND CASH EQUIVALENTS IS COMPRISED OF:		
Cash and bank balances	$ 3,615,622	$ 3,656,435
Short-term bank deposits	2,106,607	346,071
	$ 5,722,229	$ 4,002,506

(Concluded)

See notes to financial statements.

1. GENERAL

Family Guardian Insurance Company Limited (the "Company") is incorporated under the laws of the Commonwealth of The Bahamas to sell life and health insurance and is a wholly owned subsidiary of FamGuard Corporation Limited ("FamGuard"), also incorporated in the Bahamas.

The registered office of the Company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, Bahamas.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after January 1, 2012. The adoption of these Standards and Interpretations has not led to any changes in the Company's accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 1 (Amended) Severe Hyperinflation and Removal of Fixed Dates
IFRS 7 (Amended) Financial Instruments: Disclosures - Transfers of Financial Assets
IAS 12 (Amended) Deferred Tax-Recovery of Underlying Assets

The above standards have not led to changes in the financial position of the Company during the current year.

b. Standards and Interpretations in issue but not yet effective

IFRS 9 (Amended) Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurements
IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
IAS 16 (Amended) Properties, Plant and Equipment
IAS 19 (Revised 2011) Employee Benefits
IAS 27 (Revised 2011) Separate Financial Statements

IAS 28 (Revised 2011) Investments in Associates and Joint Ventures
IAS 32 (Amended) Offsetting of Assets and Liabilities
IAS 34 (Amended) Interim Financial Reporting
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

a. ***Statement of compliance*** - The financial statements have been prepared in accordance with International Financial Reporting Standards and the interpretations adopted by the IASB.

b. ***Basis of preparation*** - The financial statements have been prepared under the historical cost convention, except for the revaluation of certain property, plant and equipment and financial instruments.

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

The accounting policies set out below have been applied consistently by the Company's entities.

c. ***Cash and cash equivalents*** - For purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, demand balances with banks and bank term deposits with original contractual maturities of three months or less.

d. ***Product classification*** - Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Any contracts not considered to be insurance contracts under IFRS are classified as investment contracts.

e. ***Reserves for insurance contracts*** - The reserves for insurance contracts in force at the statement of financial position date are calculated according to principles determined by the Company's appointed actuary.

The Company calculates its liabilities for individual life insurance policies using the Canadian Policy Premium Method ("PPM"). The calculation of these policy reserves is based on assumptions as to future rates for mortality and morbidity, investment yields, policy lapse and expenses, which contain margins for adverse deviations.

Liabilities for deferred annuity policies with a 5% minimum interest rate guarantee are calculated using PPM. Liabilities for other deferred annuities are computed as the value of accrued invested funds. Reserves for immediate payment annuities are equal to the present value of future benefits.

Claims reserves for group health policies are estimated from incurred claims and the history of prior claim payments.

Liabilities for other short-term health policies renewable at the option of the Company comprise unearned premiums plus a contingency reserve for claims.

f. ***Property, plant and equipment*** - Freehold land and buildings are shown at fair value, based on periodic, normally triennially, valuations by external independent appraisers, less accumulated depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Improvements which extend the useful lives or increase the value of assets are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other costs are charged to the statement of comprehensive income as repairs and maintenance during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of freehold land and buildings are credited to the revaluation surplus account in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve account directly in equity, all other decreases are charged to the statement of comprehensive income.

The asset's 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 estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives, as follows:

Freehold buildings	2.5% per annum
Furniture and equipment	10% - 20% per annum
Motor vehicles	25% per annum
Computer hardware and software	20% - 33% per annum
Leasehold improvements	shorter of period of the leases and estimated economic life of the improvements

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

Construction in progress is stated at cost. Depreciation charges are deferred on construction in progress until project completion, at which time such assets are transferred to specific categories of property, plant and equipment.

g. Financial investment assets:

The Company classifies its financial investment assets in the following categories; (i) held-to-maturity, (ii) available for sale and (iii) loans and receivables. The classification depends on the purpose for which the investment assets were acquired. Management determines the classification of its investment assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Held-to-maturity

Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturities, other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are recorded at amortized cost using the effective interest method, less any impairment, with revenue recognized on an effective yield basis.

(ii) Available for sale

A financial investment asset is classified as financial assets available for sale if acquired principally for the purpose of selling in the long-term or if it does not meet the definition for any other category.

Regular-way purchases and sales of equities are recognized on trade date, which is the date that the Company commits to purchase or sell the equity. Investments in equities are initially recognized at cost and subsequently re-measured at fair value.

Fair value is determined by reference to quoted bid prices for ordinary shares. Investments are determined to have been sold when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Unrealized gains and losses arising from changes in the fair value of the investments in equities category are presented in the statement of comprehensive income in the period in which they arise. Realized gains and losses arising from changes in the fair value of the investments in equities category are transferred from other comprehensive income to profit and loss in the period in which they arise.

Management in their assessment of the equity securities determined that available for sale securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. In making its judgment of what is considered significant or prolonged management has evaluated factors such as the volatility of the share price, the financial health of the investee, industry and sector performance, and the nature of the market in which the investments are traded. In consideration of these factors, Management's policy defines a significant decline as a decline in value of more than forty percent (40%) and a prolonged decline as a decline in value for more than 24 months.

(iii) Loans and receivables

A financial investment asset is classified at amortized cost if it is a non-derivative financial asset with fixed or determinable payments that is not quoted in an active market, other than those that the Company intends to sell in the short-term.

Loans and receivables are carried at amortized cost, using the effective interest method less any provision for impairment in value.

A loan or receivable is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for loans and receivables carried at amortized cost is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

h. ***Loans*** - Policy loans arise when the Company extends money to the policy holder. Policy loans and accrued interest are fully collateralized by the cash surrender value of the policy. Automatic premium loans arise under the terms of a life insurance contract should the premium become past due on the contract.

Policy loans and automatic premium loans are carried at the balance outstanding plus accrued interest. No provision for loss on these loans is deemed necessary by management because these loans are fully collateralized by the cash surrender value of the policies.

Mortgage and commercial loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money directly to a borrower with no intention of trading the receivable. Mortgage loans are secured by first demand mortgages and provide for monthly repayments at variable interest rates over periods of up to twenty-five years on residential loans and up to twenty years on commercial loans.

Mortgage and commercial loans are stated at the principal balance outstanding plus accrued interest, less specific provisions on certain non-current loans and deferred commitment fees. Specific provisions are made on non-current loans for mortgages over three months in arrears, based on management's evaluation of the respective loans. A specific provision for non-current mortgage loans is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the mortgage loan. Significant financial difficulties of the borrower, probability that the borrower will enter financial reorganization, and default or delinquency in payments are considered indicators that the mortgage loan is impaired. The amount of the specific provision for loans is the difference between the loan's carrying amount and the recoverable amount, being the present value of estimated future cash flows, including recoveries from guarantees and collateral, discounted at the effective interest rate at inception of the loan. The amount of the provision for loan loss is recognized in the statement of comprehensive income. If the amount of the provision subsequently decreases due to an event occurring after the write-down, the release of the provision is recognized in the statement of comprehensive income. Payments on loans past due are first applied to the interest outstanding. Accrued interest on non-current loans is excluded from interest income. Payments on loans past due are first applied to the interest outstanding. Accrued interest on non-current loans is excluded from interest income. Payments on loans past due are first applied to the interest outstanding. Accrued interest on non-current loans is excluded from interest income.

i. Foreign currency translation:

(i) Functional and presentation currency - Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (functional currency), the Bahamian dollar. The financial statements are presented in Bahamian dollars, which is also the Company's presentation currency.

(ii) Transactions and balances - Assets and liabilities denominated or accounted for in currencies other than the Bahamian dollar are translated into Bahamian dollars at the exchange rate prevailing at the statement of financial position date. Foreign currency transactions and income and expense items have been translated at the exchange rates prevailing at the date of the transaction. Gains or losses arising from transactions in foreign currencies are included in the statement of comprehensive income.

j. Impairment of assets - The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment, for assets carried at amortized cost is calculated as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate.

If in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment is decreased and the decrease is recognized in the statement of comprehensive income.

k. ***Reinsurance transactions*** - In the normal course of its life and health insurance business, the Company seeks to limit its exposure to loss on any single insured and to recover benefits paid, by ceding premiums to reinsurers under excess coverage contracts. Contracts entered into that meet the classification requirements for insurance contracts in Note 3(t) are classified as reinsurance contracts held. The Company retains a range of \$75,000 to \$175,000 (2011: \$75,000 to \$150,000) coverage per individual life.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers and are classified within receivables and other assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

Reinsurance payables are recorded in accounts payable and accruals in the statement of financial position.

l. ***Non-premium revenue and expense recognition*** - Non-premium revenue and expenses are accounted for on the accrual basis. Interest income is recognized using the effective interest method. Dividend income is recorded when the right to receive payment is established.

Income which forms an integral part of the effective interest rate of a loan (i.e. commitment fees) is deferred and recognized as income over the life of the loan.

m. ***Leases*** - Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the period of the lease.

n. ***Employee benefits - pension obligations*** - The Company has a defined contribution pension plan for eligible agents and employees whereby the Company pays contributions to a pension plan separately administered by the Company. The Company has no further payment obligations once the contributions have been paid. The plan requires participants to contribute 5% of their gross earnings and commissions and the Company contributes 3.5% of eligible earnings. The Company’s contributions to the defined contribution pension plan are recognized in the statement of comprehensive income in the year to which they relate.

o. ***Employee benefits - postretirement medical benefit*** - The Company determines the cost of providing benefits using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10% of the greater of the present value of the Company’s defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and is reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

p. ***Share capital*** - Shares are classified as equity when there is no obligation to transfer cash or other assets.

q. ***Earnings per share*** - Basic earnings per share is calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares. There are no dilutive transactions that would have an impact to earnings per share.

r. ***Dividend distribution*** - Dividend distribution to the Company's shareholders are recognized in the financial statements in the year in which the dividends are declared by the Board of Directors.

s. ***Insurance contracts - classification*** - The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, 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 than the benefits payable if the insured event did not occur.

A number of insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the Company; and
- that are contractually based on:
    - (i) the performance or a specified pool of contracts or a specified type of contract; and
    - (ii) realized and/or unrealized investment returns on a specified pool of assets held by the Company.

The amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the appointed actuary.

t. ***Insurance contracts - recognition and measurement*** - Insurance contracts including those with DPF are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

Short-term insurance contracts

These contracts are group and individual health and hospitalization contracts, and short-duration life insurance contracts. These contracts protect policyholders from the consequences of events (such as death, disability or sickness) that would affect the ability of the policyholder or his/her dependents to maintain their current level income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or are linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Claims and loss adjustment expenses are recognized in the statement of comprehensive income as incurred based on the estimated liability for compensation owed to policyholders. They include direct and indirect claims settlement costs and 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 the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported.

Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

Benefits payable to beneficiaries are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognized. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income. A margin for adverse deviations is included in the assumptions.

Long-term insurance contracts without fixed and guaranteed terms

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable. These liabilities however, are increased by credited interest (in the case of universal life contracts) or change in the unit prices (in the case of unit-linked contracts) and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Premiums are shown before deduction of commission.

Liabilities for universal life policies, including unit-linked contracts, are based on assumptions as to future mortality, persistency, maintenance expenses, investment income, and crediting interest rates. A margin for adverse deviations is included in the assumptions.

Liabilities for deferred annuities are set equal to the policyholder account values.

Long-term insurance contracts with fixed and guaranteed terms and with DPF

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognized as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

Benefits payable to beneficiaries are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognized. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income. A margin for adverse deviations is included in the assumptions.

In addition, these contracts also participate in the profits of the Company. As the Company declares the bonus to be paid, it is credited to the individual policyholders.

u. ***Other provisions*** - Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation of the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

v. ***Related parties*** - Related parties are defined as follows:

(i) Controlling shareholders;
(ii) Subsidiaries;
(iii) Associates;
(iv) Individuals owning, directly or indirectly, an interest in the voting power that gives them significant influence over the enterprise, i.e. normally more than 20% of shares (plus close family members of such individuals);
(v) Key management personnel - persons who have authority for planning, directing and controlling the enterprise (plus close family members of such individuals);
(vi) Directors and
(vii) Enterprises owned by the individuals described in (iv) and (v).

w. ***Segments*** - For the purposes of segment reporting, the products and services provided by the Company are subject to similar risks and returns. There are no distinguishable geographical segments, as the geographical areas in which the Company operates are considered to be of similar economic and political conditions and subject to the same risks and returns. Direct expenses are recognized directly by the segment. General and administrative expenses are allocated mainly by square footage of office space used or head count depending on the nature of the expense.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the Company's accounting policies - In the process of applying the Company's accounting policies, which are described above, judgments made by management that have the most significant effect on the amounts recognized in the financial statements are discussed in the relevant notes below.

Key sources of estimation uncertainty - critical accounting estimates - The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts included in or affecting the Company's financial statements and related disclosure must be estimated, requiring the Company to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. A ‘‘critical accounting estimate’’ is one which is both important to the portrayal of the Company's financial condition and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as the forecasts as to how these might change in the future.

a. Estimate of future payments and premiums arising from long-term insurance contracts.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS, and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contacts where the Company is exposed to longevity risk.

b. Impairment

The Company has made significant investments in tangible assets. These assets and investments are tested for impairment when circumstances indicate there may be potential impairment. Factors considered important which could trigger an impairment review include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use; significant negative industry or economic trends; and significant cost overruns in the development of assets.

Estimating recoverable amounts of assets must in part be based on management evaluations, including estimates of future performance, revenue generating capacity of the assets, assumptions of the future market conditions and the success in marketing of new products and services. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

c. Depreciation

Depreciation is based on management estimates of the future useful life of property, plant and equipment and on the revaluation analysis performed triennially. Estimates may change due to technological developments, competition, changes in market conditions, the revaluation analysis and other factors and may result in changes in the estimated useful life and in the depreciation charges. The Company reviews the future useful life of property, plant and equipment periodically, taking into consideration the factors mentioned above and all other important factors.

Estimated useful life for similar type of assets may vary between different entities in the Company due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate, etc. In the case of significant changes in the estimated useful lives, depreciation charges are adjusted prospectively.

d. Legal proceedings, claims and regulatory discussions

The Company is subject to various legal proceedings, claims and regulatory discussions, the outcomes of which are subject to significant uncertainty. The Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Company to increase or decrease the amount the Company has accrued for any matter, or accrue for a matter that has not been previously accrued because it was not considered probable, or a reasonable estimate could not be made.

e. Loan loss provision

To cover any shortfalls from mortgage loans, the Company records specific provisions on non-current loans, based on the assessed value of the underlying collateral and other determinants of net realizable value.

f. ***Held-to-maturity financial investment assets***

Management has reviewed the Company's held-to-maturity financial investment assets in the light of its capital maintenance and liquidity requirements and has confirmed the Company's positive intention and ability to hold those assets to maturity.

g. ***Available for sale financial assets***

The Company determines that available for sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. The Company's activities expose it to a variety of financial risks, including the effects of changes in equity market prices and interest rates. The Company's overall risk management approach focuses on the unpredictability of insured events and financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

a. Fair value of financial assets and liabilities

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

In the opinion of the management, the estimated fair value of financial assets and financial liabilities (cash and bank balances, premiums receivable, receivables and other assets and accounts payable and accrued liabilities) at the statement of financial position date were not materially different from their carrying values due to their short term nature.

	2012				
	Loans and Receivables	Held-To-Maturity	Available-For-Sale	Amortised Cost	Total
FINANCIAL ASSETS					
Financial investment assets	$ 76,214,485	$78,001,978	$ 6,439,356	$ -	$ 160,655,819

	2011				
	Loans and Receivables	Held-To-Maturity	Available-For-Sale	Amortised Cost	Total
FINANCIAL ASSETS					
Financial investment assets	$ 76,438,087	$65,707,822	$ 6,660,917	$ -	$ 148,806,826

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

	2012			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Available-for-sale				
Financial investment assets	$ 6,439,356	$ -	$ -	$ 6,439,356
	$ 6,439,356	$ -	$ -	$ 6,439,356

	2011			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Available-for-sale				
Financial investment assets	$ 6,526,001	$ 134,916	$ -	$ 6,660,917
	$ 6,526,001	$ 134,916	$ -	$ 6,660,917

b. ***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.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than expected. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate established via 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 retains a range of $75,000 to $175,000 (2011: $75,000 to $150,000) coverage per individual.

Long-term insurance contracts

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics, such as AIDS, and wide ranging lifestyle changes, such as in eating, smoking and exercise habits resulting in earlier or more claims than expected.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type and level of insured benefits.

The Company's underwriting strategy includes medical selection with benefits limited to reflect the health condition of applicants and retention limits on any single life insured.

The table below indicates the concentration of insured benefits across four bands of insured benefits per individual life insured.

$	2012	2011
0 - 9,999	$ 116,344,568	$ 119,316,093
10,000 - 24,999	306,376,251	321,994,348
25,000 - 49,999	114,794,109	121,186,588
50,000 and over	1,096,673,231	1,095,314,974
	$1,634,188,159	$1,657,812,003

Short-term insurance contracts

The following table shows the estimate of claims by calendar year, net of reinsurance. Data is shown for ten years, because that is all the data that is reliably available. The top half of the table shows how the estimate of total incurred claims for each calendar year varies based on when the estimate is made. Generally, the estimate becomes closer to the final reality in each subsequent year, as a smaller percentage of claims remain unpaid. The lower portion of the table reconciles the current estimate of incurred claims (less those claims already paid) with the amount included in the statement of financial position on December 31, 2012. (All amounts are in $000).

	Year claim is incurred										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Estimate of ultimate claims:											
End of year incurred	$ 9,344	$ 9,940	$ 11,781	$ 15,372	$ 16,632	$ 24,044	$ 36,431	$ 37,425	$ 36,266	$ 33,339	$ 230,574
One year later	$ 9,083	$ 9,953	$ 12,807	$ 14,497	$ 15,767	$ 23,552	$ 35,196	$ 37,000	$ 34,931		
Two years later	$ 9,092	$ 9,957	$ 12,830	$ 14,521	$ 15,703	$ 22,693	$ 35,204	$ 37,035			
Three years later	$ 9,091	$ 9,956	$ 12,839	$ 14,516	$ 15,119	$ 22,700	$ 35,250				
Four years later	$ 9,091	$ 9,956	$ 12,836	$ 13,982	$ 15,120	$ 22,732					
Current (December 31, 2012) estimate of ultimate claims	$ 8,758	$ 9,591	$ 12,366	$ 13,981	$ 15,120	$ 22,732	$ 35,250	$ 37,035	$ 34,931	$ 33,339	$ 223,103
Cumulative payments (through December 31, 2012)	8,758	9,591	12,366	13,981	15,120	22,732	35,248	37,022	34,882	28,237	217,937
Current (December 31, 2012) statement of financial position liability	$ -	$ -	$ -	$ -	$ -	$ -	$ 2	$ 13	$ 49	$ 5,102	$ 5,166

c. Cash flow and fair value interest rate risk

Cash flow risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

Loans and held to maturity financial assets are subject to floating interest rates. If future interest rates were increased or decreased by 1% the statement of comprehensive income would increase or decrease by $1,380,322 (2011: $1,249,273).

d. Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Company manages its risk through the Investment Committee, which monitors the price movement of securities on the Bahamas International Securities Exchange (BISX). If future market prices were to increase or decrease by 10% this would result in an increase or decrease in other comprehensive income of $643,936 (2011: $666,092). Management mitigates this risk by diversification of its portfolio.

e. Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas represented by aggregate amounts disclosed on the face of the statement of financial position where the Company is exposed to credit risk are:

- Term deposits placed with banks
- Mortgage loans and loans to policyholders
- Amounts due from reinsurers
- Amounts due from insurance policyholders

The Company's term deposits are mainly placed with well-known high quality banks. Mortgage loans and loans to policyholders are fully collateralized by the relevant property assets and cash surrender values respectively.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their publicly available financial information prior to finalization of any contract.

The Company has one main reinsurer for its long-term insurance contracts, a large multinational corporation that has a Standard & Poors (S&P) rating of AA-.

f. Liquidity risk

The Company is exposed to daily calls on its available cash resources from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Company maintains sufficient liquidity (cash and marketable securities) to meet all contractual liabilities as they fall due. The following table shows the undiscounted payout pattern, net of premiums, of the actuarial liabilities.

	2012					
	Not Classified	Up to 1 year	1 to 5 years	6 to 10 years	over 10 years	Total
Short-term insurance contracts	$ -	$ 7,172,967	$ -	$ -	$ -	$ 7,172,967
Long-term with fixed and guaranteed terms	1,227,204	(1,422,507)	5,720,853	17,328,993	146,874,362	169,728,905
Long-term without fixed and guaranteed terms	52,536,879	1,306,661	7,052,754	6,751,274	16,228,991	83,876,559
Long-term without fixed and guaranteed terms and with DPF	-	978,264	5,740,218	8,337,768	33,147,016	48,203,266
Total	$53,764,083	$ 8,035,385	$18,513,825	$32,418,035	$196,250,369	$308,981,697

	2011					
	Not Classified	Up to 1 year	1 to 5 years	6 to 10 years	over 10 years	Total
Short-term insurance contracts	$ -	$ 9,328,275	$ -	$ -	$ -	$ 9,328,275
Long-term with fixed and guaranteed terms	1,212,731	(1,495,955)	5,572,923	16,055,478	138,848,011	160,193,188
Long-term without fixed and guaranteed terms	47,893,121	539,092	5,519,893	6,075,445	16,285,228	76,312,779
Long-term without fixed and guaranteed terms and with DPF	-	834,318	5,209,534	7,993,979	33,979,617	48,017,448
Total	$49,105,852	$ 9,205,730	$16,302,350	$30,124,902	$189,112,856	$293,851,690

Amounts not classified consist of deferred annuity fund balances and amounts held for unclaimed endowments past their maturity date.

g. Capital risk management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to shareholders through optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2011.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

h. Operational risk

Operational risk relates to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It is mitigated by communicated and enforced policies and procedures, staff training, and ongoing monitoring and review by management, as well as ongoing internal audit processes.

6. FINANCIAL INVESTMENT ASSETS

Financial investment assets comprise the following:

	2012	2011
(a) Available for sale (AFS):		
At beginning of year	$ 6,660,917	$ 6,474,103
Purchase of equities	1,150	499,800
Sale of equities	(136,370)	-
Realized gain on sale of investment in equities through profit and loss	24,090	-
Change in unrealized loss on investment in equities through profit and loss	(70,314)	-
Change in unrealized loss on investment in equities through revaluation reserve	(40,117)	(312,986)
At end of year	$ 6,439,356	$ 6,660,917
(b) Held-to-maturity (HTM):		
Bahamas Government bonds	$ 52,869,300	$ 43,343,500
Bahamas Mortgage Corporation bonds	9,300,000	7,800,000
Education Loan Authority bonds	6,300,000	6,300,000
Clifton Heritage bonds	2,004,800	2,004,800
Bridge Authority bonds	307,400	307,400
Government bonds, at cost	70,781,500	59,755,700
Add: Accrued interest receivable	1,120,936	953,941
	71,902,436	60,709,641
Redeemable preferred shares, at cost	3,312,000	2,200,000
Add: Accrued interest receivable	15,323	15,550
	3,327,323	2,215,550
Corporate bonds, at cost	2,740,000	2,750,000
Add: Accrued interest receivable	32,219	32,631
	2,772,219	2,782,631
Total financial investment assets held-to-maturity	$ 78,001,978	$ 65,707,822

Investments in equities comprise of ordinary shares in Bahamian companies that are listed on the Bahamas International Stock Exchange ("BISX").

(Continued)

In accordance with amendments dated October 13, 2008 to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, the Company opted to reclassify its investment in equities from fair value through profit or loss to available for sale with effect from July 1, 2008. The carrying value of the investments in the reclassified equities is equivalent to the fair value and as at December 31, 2012 is $6,439,356 (2011: $6,660,197). The fair value loss that would have been recognized in net income for the period ended December 31, 2012 had the investment in equities not been reclassified is $40,117 (2011: loss of $312,986).

During the year, the Company recognized an impairment loss in the statement of comprehensive income totaling $594,020 for the impairment of available for sale equity financial assets for which the decline in value has been considered significant or prolonged.

	2012	2011
(c) Loans:		
(i) Policy loans comprise:		
Policy loans	$ 9,771,854	$ 9,152,402
Automatic premium loans	2,483,691	2,411,192
	12,255,545	11,563,594
Add: Accrued interest receivable	601,378	582,614
	12,856,923	12,146,208
(ii) Mortgage loans comprise:		
Commercial:		
Current	6,449,252	6,554,962
Over 90 days	1,327,805	1,227,097
Residential:		
Current	51,504,045	53,162,420
Over 90 days	5,065,961	4,192,726
	64,347,063	65,137,205
Less: Specific provision for credit risk	(864,710)	(781,018)
Deferred commitment fees	(405,259)	(430,923)
	63,077,094	63,925,264
Add: Accrued interest receivable	280,468	290,654
	63,357,562	64,215,918
(iii) Other loans	-	75,961
Total loans	$ 76,214,485	$ 76,438,087

Policy loans and automatic premium loans (APLs) are allowed on Ordinary Life policies. An interest rate ranging from 10% to 11% (2011: 10% to 11%) per annum is charged on policy loans and APLs.

(Continued)

Movements in loan loss provisions are as follows:

		Specific Provision
Balance as of December 31, 2010	$	544,462
Bad debt expense		236,556
Balance as of December 31, 2011		781,018
Bad debt expense		510,765
Write-offs		(427,073)
Balance as of December 31, 2012	$	864,710

An interest rate of 5.75% per annum (2011: 5.75%) is charged on residential mortgage loans to directors, officers and staff with two or more years of service. Related party interest income from mortgages for the year ended December 31, 2012 is $41,354 (2011: $84,245) and related party interest receivable on mortgages as of December 31, 2012 is $1,520 (2011: $2,983).

As of December 31, 2012, the Company had non-performing mortgage loans of $6,393,766 (2011: $5,449,824) for which interest of $1,383,242 (2011: $1,241,133) had not been recognized on the statement of comprehensive income. Management has determined that mortgage loans totaling $5,977,347 (2011: $9,007,765) are past due but not considered impaired.

(Concluded)

7. RECEIVABLES AND OTHER ASSETS

Receivables and other assets comprise:

	2012	2011
Due from related parties	$ 8,416,313	$ 6,799,443
Premium receivables, net	4,546,563	6,420,955
Other receivables and other assets	799,378	1,429,029
Accrued interest receivable - bank term deposits	236,303	158,118
Utility deposits	112,546	112,546
Receivables from staff self-funded medical plan	-	1,177,939
	14,111,103	16,098,030
Less: allowance for doubtful accounts	(64,387)	(68,959)
	$14,046,716	$16,029,071

The movement in allowance for doubtful accounts is as follows:

	2012	2011
Balance, beginning of year	$ 68,959	$ 165,259
Release of bad debt expense	(4,572)	(96,300)
Balance, end of year	$ 64,387	$ 68,959

During the year, the Company wrote off $911,428 from medical receivables and other assets which represent the balance of the Company's self-funded medical plan.

8. PROPERTY, PLANT AND EQUIPMENT, NET

The movement of property and equipment for the year is as follows:

	2012							
	Freehold Land	Freehold Buildings	Furniture & Equipment	Motor Vehicles	Computer Hardware & Software	Leasehold Improvements	Construction in Progress	Total
Year ended December 31, 2012								
Opening net book amount	$ 2,320,863	$ 4,045,137	$ 1,114,676	$ 1,352	$ 996,897	$ 1,942,621	$ 816,656	$ 11,238,202
Additions	-	-	678,790	-	213,337	-	-	892,127
Revaluations	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	216,845	577,068	(793,913)	-
Disposals	-	-	-	-	(15,817)	-	-	(15,817)
Construction in progress	-	-	-	-	-	-	-	-
Depreciation charge	-	(139,005)	(340,630)	(1,352)	(307,853)	(830,795)	-	(1,619,635)
Closing net book amount	$ 2,320,863	$ 3,906,132	$ 1,452,836	$ -	$ 1,103,409	$ 1,688,894	$ 22,743	$ 10,494,877
As of December 31, 2012								
Cost or revaluation	$ 2,320,863	$ 4,045,137	$ 3,918,624	$ 64,556	$ 3,145,792	$ 4,775,872	$ -	$ 18,270,844
Construction in progress	-	-	-	-	-	-	22,743	22,743
Accumulated depreciation	-	(139,005)	(2,465,788)	(64,556)	(2,042,383)	(3,086,978)	-	(7,798,710)
Net book amount	$ 2,320,863	$ 3,906,132	$ 1,452,836	$ -	$ 1,103,409	$ 1,688,894	$ 22,743	$ 10,494,877

(Continued)

	2011							
	Freehold Land	Freehold Buildings	Furniture & Equipment	Motor Vehicles	Computer Hardware & Software	Leasehold Improvements	Construction in Progress	Total
Year ended December 31, 2011								
Opening net book amount	$ 1,690,010	$ 3,844,445	$ 1,370,169	$ 6,759	$ 518,295	$ 2,714,843	$ 572,653	$ 10,717,174
Additions	21,000	-	26,475	-	155,379	-	849,171	1,052,025
Revaluations	609,853	305,589	-	-	-	-	-	915,442
Transfers	-	-	-	-	605,168	-	(605,168)	-
Disposals	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Depreciation charge	-	(104,897)	(281,968)	(5,407)	(281,945)	(772,222)	-	(1,446,439)
Closing net book amount	$ 2,320,863	$ 4,045,137	$ 1,114,676	$ 1,352	$ 996,897	$ 1,942,621	$ 816,656	$ 11,238,202
As of December 31, 2011								
Cost or revaluation	$ 2,320,863	$ 4,045,137	$ 3,239,834	$ 64,556	$ 2,747,244	$ 4,198,804	$ 816,656	$ 17,433,094
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(2,125,158)	(63,204)	(1,750,347)	(2,256,183)	-	(6,194,892)
Net book amount	$ 2,320,863	$ 4,045,137	$ 1,114,676	$ 1,352	$ 996,897	$ 1,942,621	$ 816,656	$ 11,238,202

Freehold land and buildings each include a revaluation surplus of $1,366,503 (2011: $1,366,503) and $475,577 (2011: $475,577), respectively.

An independent valuation of the Company's land and building was performed by Bahamas Realty to determine the fair value of the land and building. The valuation, which conforms to International Valuation Standards, was determined using the sales comparison method. The effective date of the valuation was December 31, 2011.

Had the Company's land and buildings been measured on a historical cost basis, their carrying amount would have been $5,475,074 (2011: $5,475,074).

(Concluded)

9. RESERVES FOR FUTURE POLICYHOLDERS' BENEFITS

The Canadian Policy Premium Method (PPM) is used for the determination of reserves for future policyholder benefits of long-term insurance contracts.

As of December 31, 2012, the aggregate reserves for future policyholders' benefits and related insurances in force are summarized as follows:

	Reserves		Insurances in force	
	2012	**2011**	**2012**	**2011**
Ordinary life	$ 53,824,660	$ 47,821,521	$2,291,208,000	$2,268,554,000
Annuities	58,208,369	53,372,183	-	-
Home service life	29,343,604	26,596,204	486,712,000	509,739,000
Accident and health	7,172,967	9,328,276	-	-
Gross Liabilities	148,549,600	137,118,184	2,777,920,000	2,778,293,000
Reinsurance assets	(5,990,307)	(4,618,265)	-	-
	$142,559,293	$132,499,919	$2,777,920,000	$2,778,293,000

The reserves for future policyholders' benefits are determined annually by actuarial valuation and represent an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, morbidity rates, maintenance expenses and interest rates. The assumptions also include provisions for adverse deviation to recognize uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

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

(i) Mortality and Morbidity

Assumptions for Home Service life business are based on Company experience. Assumptions for other business lines are based on industry experience, as the Company does not have sufficient of its own experience. A margin is added for adverse deviation equal to 15 per 1,000 divided by the expectation of life for mortality and 8% to 10% for morbidity. If future mortality and morbidity rates were to differ by 10% from that assumed, the liability would increase by $3,050,368 (2011: $2,799,000) or decrease by $3,058,746 (2011: $2,800,000).

(Continued)

(ii) Investment Yields

Assets are allocated to life and annuity business lines. Expected investment yields are based on new money rates and expectant asset mix. A margin for adverse deviation is added by deducting 50 basis points from current rates and assuming future interest rates reduce to 4.9% over 20 years. If future interest rates were to differ by 1% from that assumed, without changing the policyholder dividend scale, the liability would increase by $18,163,994 (2011: $15,241,000) or decrease by $11,454,753 (2011: $9,711,000).

(iii) Persistency

Lapse rates are based on Company's experience where credible experience is available and industry experience is used where credible Company experience is not available. A margin for adverse deviation is added by increasing or decreasing lapse rates; whichever is adverse, by 20% on Home Service business and 15% on Ordinary business. If future lapse rates were to differ by 10% from that assumed, the liability would increase by $576,152 (2011: $912,000) or decrease by $668,252 (2011: $1,036,000).

(iv) Expenses

Expenses are based on best estimates of Company experience. Expenses are increased 10% as a margin for adverse deviation. Expenses are assumed to increase annually at a rate of 2.25% initially, decreasing to 1.90% over 20 years. If future expenses were to differ by 10% from that assumed, the liability would increase by $2,472,563 (2011: $2,371,000) or decrease by $2,445,004 (2011: $2,344,000).

(v) Ongoing Review

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

(vi) Margins for Adverse Deviation Assumptions

The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognized on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business.

(Continued)

The movements in reserves for future policyholders' benefits and other policyholder benefits (namely insurance liabilities), by line of business, are summarized below:

a. Short-term insurance contracts:

	2012	2011
Liabilities at beginning of year	$ 9,328,276	$ 12,081,513
Usual change in in-force business and new business	(2,155,309)	(2,753,237)
Liabilities at end of year	$ 7,172,967	$ 9,328,276

b. Long-term insurance contracts with fixed and guaranteed terms:

	2012	2011
Liabilities at beginning of year	$ 43,912,577	$ 36,867,705
Changes in Data, Methods, and Assumptions	(927,037)	983,717
New Business	(2,497,244)	(465,995)
Usual change in In-Force Business	7,205,910	6,527,150
Liabilities at end of year	$ 47,694,206	$ 43,912,577

c. Long-term insurance contracts without fixed and guaranteed terms:

	2012	2011
Liabilities at beginning of year	$ 61,083,218	$ 53,391,820
Changes in Data, Methods, and Assumptions	1,154,593	207,670
New Business	3,676,112	6,640,626
Usual change in In-Force Business	2,702,723	843,102
Liabilities at end of year	$ 68,616,646	$ 61,083,218

d. Long-term insurance contracts with fixed and guaranteed terms and with Discretionary Participation Features (DPF):

	2012	2011
Liabilities at beginning of year	$ 18,175,848	$ 17,465,510
Changes in Data, Methods, and Assumptions	(154,800)	(299,184)
New Business	(238,348)	(251,777)
Usual change in In-Force Business	1,292,774	1,261,299
Liabilities at end of year	$ 19,075,474	$ 18,175,848

(Continued)

Long term insurance contracts with DPF are not measured at fair value due to the lack of a reliable basis for measuring it.

Total for all lines of business	**2012**	**2011**
Liabilities at beginning of year	$132,499,919	$119,806,548
Changes in Data, Methods, and Assumptions	72,756	892,202
New Business	940,520	5,922,853
Usual change in In-Force Business	9,046,098	5,878,316
Liabilities at end of year	$142,559,293	$132,499,919

(Concluded)

10. OTHER POLICYHOLDERS' FUNDS

Other policyholders' funds relate to unpaid benefits, premiums received in advance, unearned premiums and accumulated dividends.

11. PAYABLES AND ACCRUALS

Amounts due to reinsurers for reinsurance contracts at December 31, 2012 was $612,207 (2011: $279,245) and is included in the payables and accruals in the statement of financial position.

12. BANK OVERDRAFT FACILITIES

The Company has bank overdraft facilities of $250,000 (2011: $250,000). Amounts utilized under the facilities attract interest at Nassau prime plus 1.5%.

13. REVALUATION RESERVE

Revaluation reserve is comprised of the following:

	Financial Investment Assets Revaluation	Fixed Assets Revaluation	Total Revaluation Reserve
Balance as of December 31, 2010	$ (1,222,770)	$ 2,518,187	$ 1,295,417
Adjustment to fair value of investment in equities	(312,986)	-	(312,986)
Adjustment to fair value of fixed assets	-	915,442	915,442
Balance as of December 31, 2011	(1,535,756)	3,433,629	1,897,873
Impairment loss transfer to profit and loss	594,020	-	594,020
Adjustment to fair value of investment in equities	(40,117)	-	(40,117)
Adjustment to fair value of fixed assets	-	-	-
Balance as of December 31, 2012	$ (981,853)	$ 3,433,629	$ 2,451,776

14. SHARE CAPITAL

The Company's share capital is comprised as follows:

	2012 Ordinary Shares at $1 each	**2011** Ordinary Shares at $1 each
Authorized	$ 2,000,000	$ 2,000,000
Issued and fully paid	$ 1,707,462	$ 1,707,462

The excess of the issue and purchase price of the ordinary shares over the par value less the costs incurred with the tender offer have been credited to the share premium account.

15. NET PREMIUM INCOME AND ANNUITY DEPOSITS

Net premium income and annuity deposits are comprised of:

	2012	2011
Short-term insurance contracts	$68,822,699	$67,031,081
Long-term insurance contracts with fixed and guaranteed terms	19,095,801	21,019,057
Long-term insurance contracts without fixed and guaranteed terms	14,446,277	18,922,335
Long-term insurance contracts with fixed and guaranteed terms and with discretionary participation feature (DPF)	3,471,413	3,395,127
Premium revenue arising from insurance contracts issued	105,836,190	110,367,600
Premiums ceded for short-term and long-term contracts to reinsurers	(11,406,962)	(11,224,650)
	$94,429,228	$99,142,950

16. POLICYHOLDERS' BENEFITS

Policyholders' benefits for the year ended December 31, 2012 by insurance contracts were as follows:

	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Short-term insurance contracts	$43,764,043	$ (2,949,633)	$40,814,410	$47,085,870	$ (5,628,114)	$41,457,756
Long-term insurance contracts with fixed and guaranteed terms	5,740,987	(1,932,398)	3,808,589	6,886,312	(1,172,829)	5,713,483
Long-term insurance contracts without fixed and guaranteed terms	8,090,897	-	8,090,897	9,991,713	-	9,991,713
Long-term insurance contracts with fixed and guaranteed terms and with discretionary participation feature (DPF)	2,289,478	-	2,289,478	2,479,890	-	2,479,890
	$59,885,405	$ (4,882,031)	$55,003,374	$66,443,785	$ (6,800,943)	$59,642,842

17. OPERATING LEASES

The Company leases certain office premises under non-cancellable operating leases. Future minimum rental commitments as of December 31, 2012 are as follows:

	2012	2011
Up to 1 year	$ 1,622,379	$ 1,621,367
1 year to 5 years	-	-
	$ 1,622,379	$ 1,621,367

18. TAXATION

There are no corporate, income or capital gains taxes levied in The Bahamas and the Company, therefore, pays no taxes on its net income. However, taxes based on gross premium income, levied at 3%, for the year ended December 31, 2012 amounted to $2,947,196 (2011: $2,896,506) and is included within operating expenses in the statement of comprehensive income.

19. PENSION PLAN

The Company's pension costs net of forfeitures in respect to the Plan for the year ended December 31, 2012, amounted to $469,475 (2011: $608,889) and is included in operating expenses in the statement of comprehensive income.

20. COMMITMENTS

Outstanding commitments to extend credit under mortgage loan agreements amounted to $1,111,720 as of December 31, 2012 (2011: $2,018,022).

21. RELATED PARTY TRANSACTIONS AND BALANCES

The following are related party transactions not disclosed elsewhere in the financial statements:

Key management personnel compensation:

	2012	2011
Salaries and other short-term employee benefits	$ 1,784,520	$ 1,714,330
Post-employment benefits	46,000	42,705
Share based benefits	-	100,000
	$ 1,830,520	$ 1,857,035

Directors' remuneration:

In 2012, the total remuneration of the directors was $160,570 (2011: $168,947).

The Company sponsors a plan as an on-going incentive system for its key employees. The plan holds shares of the Parent company and these shares are awarded to the plan participants on an annual basis for services rendered in the previous year or as special awards for a promotion or upon hiring at the executive level. The Company makes cash awards as the need arises to the plan and the plan purchases the shares as needed on the open market at market value. The shares vest over a period of years, depending on the type of award granted.

Included in total loans are mortgages to the Parent company in the amount of $2,832,687 (2011: $3,100,451) and mortgages to other related parties totaling $630,276 (2011: $1,309,440).

In addition to the above, the Company performed certain administrative services for Sagicor Life, for which a management fee of $132,000(2011: $132,000) was charged and paid.

22. POST-RETIREMENT MEDICAL BENEFIT

The Company introduced a post-retirement medical plan on January 1, 1999 for employees who retire after that date. Cost sharing with participants varies with year of retirement and years of service to the Company. The Company's contributions will be provided, as premium payments are due, for retired participants.

The most recent actuarial valuation was carried out by Towers Watson. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	Other Postemployment Benefits	
	2012	2011
Change in Defined Benefit Obligation (DBO)		
Benefit obligation, beginning of year	$ 459,150	$ 423,464
Current service cost	33,986	32,138
Interest cost	27,731	25,573
Actuarial loss	2,403	(741)
Gross benefits paid	(24,428)	(21,284)
Benefit obligation, end of year	$ 498,842	$ 459,150
Weighted-average assumptions used to determine defined benefit obligation at end of year:		
Discount rate	5.75%	5.75%
Medical cost trend rate	5.00%	5.00%

	Other Postemployment Benefits	
	2012	2011
Change in Plan Assets		
Fair value, beginning of year	$ -	$ -
Employer contribution	24,428	21,284
Plan participant's contribution	(24,428)	(21,284)
Fair value of plan assets, end of year	$ -	$ -

There are no assets associated with the Company's post retirement medical benefit plan.

(Continued)

Funded Status

The funded status at the end of the year, and the related amounts recognized in the statement of financial position are as follows:

	Other Postemployment Benefits	
	2012	**2011**
Funded status, end of year		
Benefit obligation, unfunded plans	$ (498,842)	$ (459,150)
Unrecognized net actuarial loss	65,715	67,526
Net amount recognized, end of year	$ (433,127)	$ (391,624)
Amounts recognized in the statement of financial position consists of:		
Current liability	$ (34,344)	$ (21,284)
Noncurrent liability	(398,783)	(370,340)
	$ (433,127)	$ (391,624)

	Other Postemployment Benefits	
	2012	**2011**
Experience adjustments		
DBO, end of year	$ (498,842)	$ (459,150)
Funded status	$ (498,842)	$ (459,150)

Expected employer contributions

The Company expects to contribute $34,344 (2011: $21,284) to the other post-retirement benefits plan in 2013. This is attributable to benefits expected to be paid from corporate assets.

(Continued)

	Other Postemployment Benefits						
	2012	2011	2010	2009	2008	2007	2006
Components of benefit cost recognized in profit and loss							
Current service cost	$ 33,986	$ 32,138	$ 24,421	$ 27,636	$ 25,708	$ 23,914	$ 22,246
Interest cost	27,731	25,573	26,312	25,039	22,040	19,385	17,040
Actuarial loss	4,214	6,278	-	1,525	1,658	2,424	4,234
Past service cost recognized	-	-	-	-	-	257	2,335
Net benefit cost in statement of comprehensive income	$ 65,931	$ 63,989	$ 50,733	$ 54,200	$ 49,406	$ 45,980	$ 45,855
Weighted-average assumptions used to determine defined benefit obligation at end of year:							
Discount rate	5.75%	5.75%	7.50%	7.50%	7.50%	7.50%	7.50%
Medical cost trend rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

(Concluded)

23. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is a defendant in several legal actions arising in the normal course of its business affairs. Management believes that the resolution of these matters will not have a material impact on the Company's financial position.

The Company is contingently liable for $5,000 (2011: $5,000) in customs bonds and customs guarantees.

24. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share are comprised of the following:

	2012	2011
Weighted average number of ordinary shares outstanding	1,707,462	1,707,462
Net income attributable to ordinary shareholders	$ 6,927,121	$ 6,687,765
Earnings per ordinary share	$ 4.06	$ 3.92

25. BUSINESS SEGMENTS

The Company is organized into two main business segments; life insurance and health insurance. All other segments are deemed insignificant to the Company's operations.

Management identifies its reportable operating segments by product line consistent with the reports used by the Company's President. These segments and their respective products are as follows:

- Life Insurance - offers a range of ordinary life insurance and industrial life insurance.

- Health Insurance - offers a range of group medical, individual medical, sick and accident, and hospitalization insurance.

Transactions between segments are carried out at arm's length. No inter-segment transactions occurred in 2012 and 2011. The revenue from external parties reported to the Company's President is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the Company's President with respect to total assets and liabilities are measured in a manner consistent with that in the statement of financial position.

The segment results for the period ended December 31 rounded to the nearest thousand are as follows:

	2012 ($000)		
	LIFE	HEALTH	TOTAL
INCOME			
Net premium income	$ 30,227	$ 56,569	$ 86,796
Annuity deposits	7,633	-	7,633
Investment income	9,210	341	9,551
Other income	398	169	567
Total income	47,468	57,079	104,547
POLICYHOLDER BENEFITS	27,076	37,987	65,063
EXPENSES	16,812	15,745	32,557
	43,888	53,732	97,620
NET INCOME	$ 3,580	$ 3,347	$ 6,927
TOTAL ASSETS	$ 210,573	$ 10,183	$ 220,756
TOTAL LIABILITIES	$ 159,901	$ 7,807	$ 167,708

(Continued)

	2011 ($000)		
	LIFE	HEALTH	TOTAL
INCOME			
Net premium income	$ 30,148	$ 54,315	$ 84,463
Annuity deposits	14,680	-	14,680
Investment income	9,973	489	10,462
Other income	350	442	792
Total income	55,151	55,246	110,397
POLICYHOLDER BENEFITS	34,301	38,075	72,376
EXPENSES	16,965	14,368	31,333
	51,266	52,443	103,709
NET INCOME	$ 3,885	$ 2,803	$ 6,688
TOTAL ASSETS	$ 192,991	$ 12,553	$ 205,544
TOTAL LIABILITIES	$ 147,340	$ 9,612	$ 156,952

(Concluded)

26. SUBSEQUENT EVENT

On February 15, 2013, the Board of Directors declared a fourth quarter dividend of $0.06 per share or $600,000 to shareholders of record as of February 27, 2013 and payable March 4, 2013.

27. COMPARATIVE FIGURES

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Statement of financial position

- Premium receivables have been reclassified to receivables and other assets.

There was no effect to the statement of comprehensive income as a result of these changes.

* * * * * *