

An aerial photograph of a coastal town, likely in Aruba, showing a harbor with several boats docked at a pier. The town features colorful buildings, including a prominent white building with a red roof and a yellow building with a red roof. The sky is blue with large white clouds.

ENNIA Caribe Schade (Aruba) N.V.

Annual Report 2021

ennia
Feel secure!

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MESSAGE FROM THE BOARD

For financial service providers, 2021 was another difficult year, financially and operationally. This was also particularly true for our employees. Besides our solidarity, we have shown to be very resilient. Despite the difficult situation, in 2021 we were once again able to assist our customers in absorbing risk, settling claims and building future provisions.

After all covid measures, we have resumed to business as usual. The short-term outlook is promising. In the long term, however, a more sustainable approach is necessary. The changing world, digitalization and globalization means that we need to put our shoulders to the wheel. Resilience, agility and innovation are the key concepts in the challenges we are embracing as an insurer.

Agile organization

Our goal remains to provide excellent service to our customers and to ensure that ENNIA is perceived by customers as the number one insurer in Aruba!

Therefore, we must constantly respond to changes and opportunities. This requires flexibility from our employees and systems. This suits our time. We also strive for a great diversity of people and points of view: age, experience, gender, sexual preference and character. We invest heavily in training opportunities to utilize the potential of our people and to remain employable over the long term.

Agility also requires different behavior: being willing to change and daring to speak up about what goes well and what does not, but certainly about respect and integrity. We want everyone to develop as a human being and to feel safe with us.

Risk Profile

Ennia Aruba is a property-, casualty- and life insurer with a strong presence in the local community of our island. We offer to both residents and companies property-, casualty- and life products at a competitive rate. We do not insure objects with a high-risk profile or which are located outside of our island. Since we hold a conservative acceptance policy, we have constructed a solid customer base. Our solvency is sound for both life and non-life business, the solvency ratio for life is 150% and for non-life 504%. The premiums entrusted to us are invested conservatively in accordance with CBA's investment rules. An increasing part is invested in local institutions and companies. We see opportunities to further expand our local investments, so the insurance premiums paid will further contribute to the growth of the economy of our island.

Last year we reviewed our strategy and translated it into four objectives, focusing on improving service to our customers, digitalization, cost management and volume growth. These goals have been translated into clear targets for the property-casualty- and life operations. As part of this reassessment, the risk profile of our company was re-drafted and the strategic goals were adjusted accordingly. To this end, a SWOT analysis was performed to determine the type of insurer ENNIA Aruba is, what our strengths are and where our challenges lie.

This analysis shows growth potential within the life business where the intensive collaboration with our local intermediaries serves as a basis for its realization. A reassessment of our investment policy offers the prospect of an increase in the return on our assets. Further growth is also realistic in the general insurance business with adapted products and through competitive pricing.

The island scope entails that as an insurer we are sensitive to the socio-economic developments on the island. The COVID-19 pandemic had a significant effect on this. The risk profile of our company is partially determined by the limited sales opportunities of our products and services. Finding qualified personnel is a challenge, which can lead to organizational vulnerability. We operate in a highly competitive market in which external expertise is limited. Regulatory requirements have resulted in increased costs and workload for the organization and employees. Realizing economies of scale and achieving cost savings therefore constitute a challenge.

As part of the company's risk management cycle we have formulated our risk appetite and risk tolerance in relation to the (strategic) objectives through various meetings with the Executive Board and Management during which we discussed the amount of financial and non-financial risks ENNIA Aruba is willing and able to take in order to achieve our goals. For each objective, the risk appetite and risk tolerance were determined and translated into qualitative and quantitative frames for non-life and life business to operate in.

Part of the risk management cycle in our organization are separate interviews with the Executive Board and Management in which operational risks are addressed for each business unit. The most important risks in the daily operations are discussed. Priorities in mitigating these risks are set for their Management. The risk factors are recorded in a Risk register and monitored by the Risk Manager on a monthly basis. The Risk Manager reports periodically to the Supervisory Board on the management of these operational risks.

The Executive Board and Management (supported by the Risk Manager) are jointly responsible for achieving the set objectives and managing the risks related. Risk management is part of the performance assessment of the Executive Board and Management. Risks and objectives are monitored and reported to the Executive Board and the Supervisory Board by means of periodic reports. The results of this reporting show that the set objectives are achieved within the formulated goals. This method of reporting and control is part of the revised risk management cycle, which will be further developed in this year.

MESSAGE FROM THE BOARD

Continue to contribute to Aruba's society

ENNIA stands for safe and peaceful society. We see it as our mission to help solve social issues around the themes of health, safety, mobility and sustainability. For this, we need trust, solidarity and a lasting sense of good will.

Development Ennia Caribe Schade (Aruba) N.V.

Ennia Caribe Schade (Aruba) N.V. (ESCA) performed considerably better in 2021 compared to 2020. The profit after tax increased from 1,7 mln to 6,4 mln in 2021. The profit before tax of 6,9 mln increased 5,0 mln in comparison to 2020.

Drivers for the improvement of the result are found both in income and in expenses. Net premium income increased with 3,3 mln. An increase of 2,9 mln in gross premiums and an improvement of 12% relative to the 24,3 mln in 2020. The premium for reinsurance decreased with 0,7 mln in 2021 to 6,8 mln.

Total expenses decreased with 1,9 mln in 2021. A decrease of 12% relative to the 15,9 mln in 2020 mostly due to a decrease in the net insurance claims and benefits incurred. The net insurance claims and benefits incurred decreased with 1,9 mln in 2021. An improvement of 37% relative to the 5,1 mln in 2020.

The cash position of ESCA was 19,7 mln at year-end 2021 compared to 22,0 mln at the end of 2020.

We therefore thank our customers, colleagues, shareholders and supervisory bodies once again for the trust they have placed in us and will continue to bear this responsibility. Onward to the future!

On behalf of the Board of Directors and Shareholders of ENNIA Caribe Schade (Aruba) N.V.

June 24, 2022
Oranjestad, Aruba

Albert Niemeijer
General Managing Director



Henry van den Berg
Managing Director



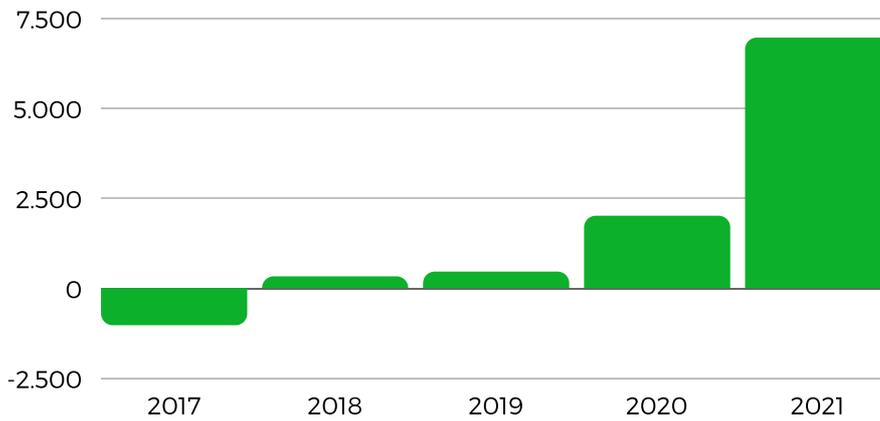
The managing directors of ENNIA Aruba, mr Henry van den Berg MSc and mr Albert Niemeijer MSc.

OUR NUMBERS

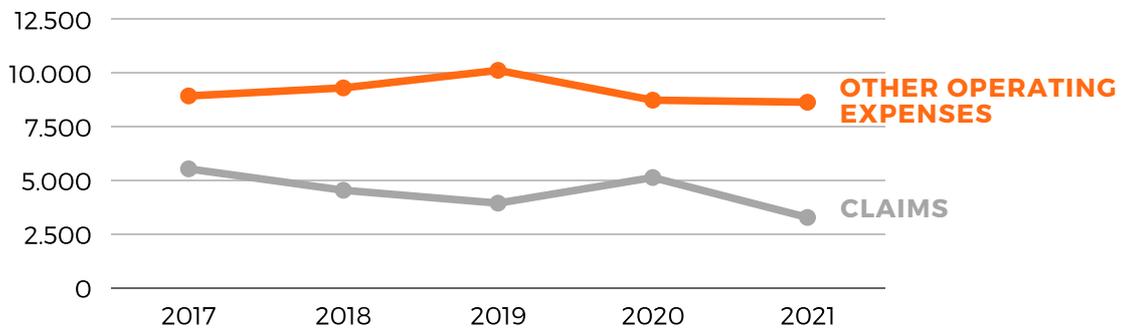
FINANCIAL HIGHLIGHTS 2021



DEVELOPMENT OF PROFIT BEFORE TAXES (in thousands AWG)



COST AND CLAIM DEVELOPMENT (in thousands AWG)



GRANT THORNTON ARUBA

INDEPENDENT AUDITOR'S REPORT

Our ref: 137589/ A-32629

To the Board of Directors, the Supervisory Board and the Shareholder of ENNIA Caribe Schade (Aruba) N.V.
Aruba

Report on the financial statements included in the annual report

In our opinion, the financial statements give a true and fair view of the financial position of Ennia Caribe Schade (Aruba) N.V., Aruba (the Company) as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ended December 31, 2021;
- the statement of financial position as at December 31, 2021;
- the statement of cash flows for the year ended December 31, 2021;
- the statement of changes in shareholder's equity for the year ended December 31, 2021;
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

Report on the other information included in the annual report

The Board of Managing Directors is responsible for the other information. The other information comprises the Management report (but does not include the financial statements and our auditor's report thereon).

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

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

Responsibilities of the Board of Directors and the Supervisory Board for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the relevant provisions of Book 2 of the Civil Code applicable for Aruba, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is 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 judgment 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board 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.

Aruba, June 24, 2022
Grant Thornton Aruba

Original signed by Edsel N. Lopez

FINANCIAL STATEMENTS 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS AWG)

INCOME	NOTES	2021	2020
Gross written non-life premiums		27,283	24,358
Written premiums ceded to reinsurers		(6,849)	(7,553)
Premiums written net of reinsurance		20,434	16,805
Change in unearned premiums provisions		-	357
Net premiums earned	5	20,434	17,162
Fee and commission income	6	288	596
Net investment and other income	7	161	115
TOTAL INCOME		20,883	17,873
EXPENSES			
Net insurance claims and benefits incurred	8	3,244	5,108
Fee and commission expenses	9	2,073	2,057
Other expenses	10	8,624	8,720
TOTAL EXPENSES		13,941	15,885
PROFIT BEFORE TAXATION			
Taxation	11	419	292
Profit for the financial year		6,523	1,696
OTHER COMPREHENSIVE INCOME			
Change in fair value of available-for-sale securities	21	(34)	(6)
Deferred tax on other comprehensive income	12/23	-	-
Other comprehensive income for the period, net of taxation		(34)	(6)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		6,489	1,690
Attributable to:			
The equity holders		6,489	1,690

FINANCIAL STATEMENTS 2021

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31 (IN THOUSANDS AWG)

ASSETS	NOTES	2021	2020
Intangible assets	12	-	2
Financial investments	13	12,499	17,729
Reinsurance assets	22	5,218	5,170
Deferred insurance policy acquisition costs	14	748	786
Deferred tax assets	15	-	220
Receivables and other financial assets	16	6,107	5,179
Prepayments and accrued income	17	923	567
Due from related parties	18	208	207
Cash and cash equivalents	19	19,675	21,987
TOTAL ASSETS		45,378	51,847
EQUITY			
Share capital	20	6,000	6,000
Fair value reserve	21	-	34
Retained earnings		12,428	5,905
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS		18,428	11,939
LIABILITIES			
Insurance liabilities	22	15,805	16,050
Payables and other financial liabilities	23	6,819	4,156
Due to related parties	24	3,782	19,346
Deferred tax liabilities	15	188	-
Provision for reorganization	25	356	356
TOTAL LIABILITIES		26,950	39,908
TOTAL EQUITY AND LIABILITIES		45,378	51,847

FINANCIAL STATEMENTS 2021

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS AWG)

	NOTES	2021	2020
Net profit for the year		6,523	1,696
Adjustment retained earnings		-	-
		6,523	1,696
Adjustments for:			
Fair value gains and losses on financial instruments	13	230	8
Net interest income on financial instruments	7	(562)	(624)
Revaluation reserves on financial instruments	21	(34)	(6)
Provision reorganization	25	-	356
Addition to provision debtors	16	-	205
Amortizations	10	2	2
Tax	11	419	292
Movement in working capital		6,578	1,929
Changes in:			
Reinsurance assets	22	(48)	(3,716)
Deferred insurance policy acquisition costs	14	38	68
Receivables due from related parties	18	(1)	(1)
Receivables and other financial assets	16	(928)	807
Movement in prepayment and accrued income	17	(26)	35
Insurance liabilities	22	(245)	4,742
Payables and other financial liabilities	23	2,663	3,622
Taxation	15	(11)	(2)
Payables due to related parties	24	(15,564)	3,681
Cash generated from operations		(14,122)	9,236
Interest, Dividends and income taxes:			
Interest received	17	232	222
Net cash flow from operating activities		(7,311)	11,387
Cash flows from investing activities:			
Disposals of equipment		-	-
Acquisition of intangible assets	12	-	-
Acquisitions of investment securities	13	5,000	(5,000)
Matured fixed income securities	13	-	-
Total cash flow from investing activities		5,000	(5,000)
Net increase in cash and cash equivalents		(2,311)	6,387
Cash and cash equivalents at beginning of year	19	21,987	15,600
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	19,675	21,987

FINANCIAL STATEMENTS 2021

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(IN THOUSANDS AWG)

	NOTES	ISSUED CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
At January 1, 2021					
Total comprehensive income for the financial period		6,000	34	5,905	11,939
Profit or loss		-	-	6,523	6,523
Other comprehensive income					
Change in fair value of available-for-sale securities	21	-	(34)	-	(34)
Total other comprehensive income		-	(34)	-	(34)
Total comprehensive income for the financial year		-	(34)	6,523	6,489
At December 31, 2021		6,000	-	12,428	18,428

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS AWG)

	NOTES	ISSUED CAPITAL	FAIR VALUE RESERVE	RETAINED EARNINGS	TOTAL
At January 1, 2020					
Total comprehensive income for the financial period		6,000	40	4,209	10,249
Profit or loss		-	-	1,696	1,696
Other comprehensive income					
Change in fair value of available-for-sale securities	21	-	(6)	-	(6)
Total other comprehensive income		-	(6)	-	(6)
Total comprehensive income for the financial year		-	(6)	1,696	1,690
At December 31, 2020		6,000	34	5,905	11,939



NOTES TO THE FINANCIAL STATEMENTS 2021

(1) Reporting entity

ENNIA Caribe Schade (Aruba) N.V. ("the Company") is a financial services provider active in the field of insurance to individuals and small and medium-sized businesses for general risk mainly with motor vehicles, property, disability and liability in Aruba. The ultimate parent company is Parman International B.V., Curaçao. The Company was incorporated on June 30, 2008 as a dormant company and effectively started operations on January 1, 2009 resulting in figures as of January 1, 2009.

The address of its registered office is J.E Irausquin Blvd 16, Oranjestad, Aruba. Ennia Caribe Holding (Aruba) N.V. is the sole shareholder of the Company.

The financial statements of the Company for the year ended December 31, 2021, were authorized for issuance by the Board of Directors on June 24th, 2022.

(2) Summary of significant accounting policies

Basis of Preparation - Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable as at December 31, 2021.

New or Revised Standards and Interpretations

The following standards have become effective from January 1, 2021:

- COVID-19-related rent concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 IFRS 4 and IFRS 16);

The Board of Directors assessed the impact of these new standards and these amendments do not have significant impact on the financial statement of the Company and therefore the disclosures are not required.

New Standards and Interpretations not yet Adopted

At the date of authorization of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, Amendments or Interpretations have been adopted early by the Company.

Other Standards and amendments that are not yet effective and have not been adopted early by the Company include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Framework;
- Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Deferred Tax related to Assets and Liabilities from a Single Transactions
- Temporary exemption for IFRS 9 has been applied for Insurers until January 01, 2023

The Board of Directors anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, Amendments and Interpretations not yet adopted have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is effective for annual periods beginning on or after January 1, 2023. IFRS 17 is expected to have a material impact on the Company's financial statements. The Company is expected to commission a project team to consider the impact of the new standard and provide training to the Company's personnel.

IFRS 9 *Financial Instruments* in respect of the Company's financial statements is being considered as part of the project for the adoption of IFRS 17 *Insurance Contracts*.

Accounting policies

The principal accounting policies adopted by the Board of Directors are detailed below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been consistently applied, except when indicated otherwise.

A) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Insurance liabilities

B) Use of estimates

The preparation of financial statements in conformity with IFRS requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the statement of financial position and statement of comprehensive income. These judgements, estimates and assumptions are based on the Board of Directors's best knowledge of current facts, circumstances and to some extent, future events and actions, actual results ultimately may differ, possibly significantly from those estimates.

Estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the critical accounting estimates and judgements in applying accounting policies in note 3.

C) Basis of presentation

IAS 1, *Presentation of financial statements*, requires a distinction between current and non-current items for all assets and liabilities in the balance sheet of the Company. Such a distinction is not appropriate for insurance companies, where close control over liquidity, asset and liability matching, and highly regulated capital and solvency positions are considered more relevant refer to page 18.

D) Functional and presentation currency

The financial statements are presented in Aruban Florins (AWG), which is the Company's functional currency. All values are rounded to the nearest thousands, except when indicated otherwise.



E) Insurance contracts

Insurance contracts are defined as those containing insurance risk if, and only if, an insured event could cause an insurer to pay significant additional benefits in some 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 expired. Contracts can be reclassified to insurance contracts after inception of insurance risk becomes significant.

General Insurance

General insurance claims incurred include all losses occurring during the year, whether reported or not, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Outstanding claims provisions

General insurance outstanding claims provisions are based on the estimated ultimate cost of all claims incurred but not settled at year end, whether reported or not, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business for which the ultimate cost cannot be known with certainty at year-end. Outstanding claim provisions include 'claims incurred but not reported' (IBNR). IBNR is a percentage of the annual premiums. The percentage is determined based on historical IBNR data and is evaluated and adjusted from time to time based on changes in aforementioned data.

Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred in a provision for unearned premiums. The change in this provision is taken to the income statement in order to recognize revenue over the period of risk or, for annuities on disability insurance contracts, the amount of expected future benefit payments. Furthermore for health insurance business so-called "ageing" provisions are held to cover the expected shortfall between future claims and future premiums.

Other provisions

For health insurance the other provisions cover future costs for insured persons with chronic diseases.

Reinsurance

Reinsurance assets primarily include balances due from reinsurance companies on ceded insurance liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions associated with the reinsured policies and in accordance with the relevant reinsurance contract. The Company only contracts reinsurance protection with reinsurance companies that are rated.

Deferred insurance policy acquisition costs

The costs directly attributable to the acquisition of new business for insurance contracts are deferred to the extent that they are expected to be recoverable out of future margins on revenues on these contracts. General insurance and health deferred acquisition costs are amortized over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortized consistent with the underlying asset. Deferred acquisition costs are reviewed by category of business at the end of each reporting period and are written off where they are no longer considered to be recoverable.

F) Financial instruments

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; held-to-maturity investments and available-for-sale financial investments.

Recognition

The Company initially recognizes loans and receivables, deposits and debt securities issued on the date on which they are originated. All other financial assets and liabilities, including assets and liabilities designated at fair value through profit or loss, are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or when these expire.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Fair value through profit or loss

Financial assets and financial liabilities (FVTPL) at fair value through profit or loss are reported at fair value with changes in fair value recognized in the income statement.

Available-for-sale

Available-for-sale (AFS) investments are non-derivative investments that are intended to be held for an indefinite period of time. Available-for-sale investments are initially recognized at fair value plus transaction cost, with fair value changes recognized directly in comprehensive income, until the investment is derecognized, whereupon the cumulative gains or losses previously recognized in comprehensive income are recognized in the income statement for the period.

Held-to-maturity

Held-to-maturity (HTM) investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using the effective interest method. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables (L&R) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

Loans and receivables are initially measured at fair value plus incremental transaction costs and are subsequently measured at amortized cost using the effective interest rate method, net of an allowance for impairment.

Financial liabilities

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Fair value measurement

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 on the measurement date.



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The Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an at arm's length basis.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measuring using quoted process (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using 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 using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

Impairment of financial assets at fair value

The Company reviews the carrying value of its investments on a regular basis. If the carrying value of an investment is greater than the recoverable amount for a significant amount or a prolonged period, the carrying value is reduced through a charge to the income statement in the period of decline. Impairment losses recognized in the income statement for an investment in an equity instrument classified as AFS shall not be reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the recognition of the impairment loss, then the impairment is reversed through the income statement. Financial assets carried at fair value with changes in the fair value recognized in the profit or loss is not subject to impairment testing. The fair value of these assets already reflects possible impairments.

Impairment of other financial assets

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping with similar risk characteristics.

The Company considers evidence of impairment for loans to customers at both a specific asset and collective level. All individually significant loans to customers are assessed for specific impairment. The individually significant loans to customers found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans to customers that are not individually significant are collectively assessed for impairment by grouping loans and overdrafts to customers with similar risk characteristics.

The impairment loss on loans to customers is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows discounted at the loan's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and overdrafts to customers. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

When all the necessary legal procedures have been completed, the loan is determined to be uncollectible and the final loss has been determined, then the loan is written off against the allowance for impairment. Subsequent recoveries are credited in profit or loss.

G) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates at the dates that the values were determined.

H) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and short-term highly liquid investments with maturities of three months or less when purchased.

I) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the year-end.

J) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. The Company is a transparent company based on the Aruban Fiscal law. Therefore, the income is allocated to its shareholder Ennia Caribe Holding (Aruba) N.V. for tax purposes.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end, and any adjustments to tax payable in respect of previous years (e.g. tax carry-forwards).

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

K) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Insurance premiums

General insurance premiums written reflect business incepted during the year, and exclude any sales-based taxes or duties. Unearned premiums are those proportions of the premiums written in a year that relate to periods of risk after the year-end. Unearned premiums are computed principally on either a daily, monthly or quarterly pro rata basis.

Investment income

Investment income includes interest on financial investments and realized results on available-for-sale securities. Interest income is recognized as it accrues. Interest income arising on debt securities and deposits is recognized as it accrues, taking into account the effective yield on the investment.

Fee and commission income

Fee and commission income, including account insurance brokerage fees are recognized when the policy has been agreed contractually by the insured and the provider, and the provider has a present right to payment from the insured.

L) Fee and commission expense

Fee and commission expense relate mainly to transaction and services fees, which are expenses as the services are received.

M) Statement of Cash Flows

The statement of cash flows is prepared in accordance with the indirect method, classifying cash flows as cash flows from operating, investing, and financing activities. In the net cash flow from operating activities, the result before tax is adjusted for those items in the profit and loss account, and changes in the balance sheet items, which do not result in actual cash flow during the year. Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

N) Comparatives

Items, elements and notes of the comparatives financial statements have been re-displayed, regrouped and reclassified to meet with the applied accounting policies for the current period, which have been prepared according to the International Financial Reporting Standards (IFRS). Certain comparative amounts have been reclassified to conform to the current year's presentation.

(3) Critical accounting estimates and judgements in applying accounting policies

The principal accounting policies adopted by the Company are set out in note 2. In the application of these accounting policies, the Board of Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed at the end of each reporting period. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key critical judgments and estimates that the Board of Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements.

Uncertain tax positions

Uncertain tax positions are measured to the extent that the likelihood of the resulting tax impact. Probable amounts are included within the tax line in the Income Statement, and the liability would be included within the tax liability on the Statement of Financial Position. Where uncertain tax position is deemed to not be probable they are disclosed in notes 23 to the Financial Statements.

Insurance liabilities

Claims provisions represent the estimation of the cost of claims outstanding under insurance contracts written. Actuarial techniques, based on statistical analysis of past experience, are used to calculate the estimated cost of claims outstanding at year end. Further details are set out in note 22 to the Financial Statements.

Provision for Reorganization

Provision for reorganization are recognised only if a detailed formal plan for the reorganization exists and the Board of Directors has either communicated the plan's main features to those affected or started implementation. The employees were offered early retirement based on a calculation of the purchase price of their finance rights. The calculation was separated based on employees who are 60 years old and employees who are older than 60 years. The purchased rights relate to the difference between the insured rights and the premium-free rights in accordance with the pension tables.

(4) Insurance and financial risk management

Risk management framework

The primary objective of the Company's risk management framework is to protect and increase shareholder's value, maintain the financial strength, improve the quality of the Company's decision making and safeguard the Company's reputation. It serves to protect the Company's shareholder from triggering events that hamper the sustainable achievement of financial performance objectives, including failing to exploit opportunities. The Company's Board of Directors recognizes the critical importance of having efficient and effective risk management systems in place.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The purpose of the established Risk Committee has been described in Risk Charters for the operating company. The Risk Committee meets once every quarter. The Risk Committee consists of representatives of both Supervisory Board and The Board of Directors Board and Risk Management.

The Company's risk management policies are established and updated on a regular basis with the aim to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's Board of Directors is accountable for implementing and executing the Risk Management process, where necessary supported by the risk manager. Implementing the process involves setting the scope, the objectives, deciding on the used methodology and tools. Executing the process involves carrying out the risk assessment, capturing and reporting risk information and monitoring and reporting on the progress of risk mitigation. For the purpose of governance and compliance, Risk Management activities are traceable.

This section provides details of the Company's exposure to risk and describes the methods used by management to control risk. The most important types of risk to which the Company is exposed are:

- Insurance risk
- Credit risk
- Compliance Risk
- Liquidity risk
- Market risk
 - Currency risk
 - Interest rate risk
 - Equity price risk
- Operational risk
- Capital management
- Solvency

i) Insurance risk

General

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 its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and value of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Insurance risks for the non-life portfolio

The Company principally issues the following types of general insurance contracts: motor, fire, commercial and business interruption. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed renewable. Risks under non-life insurance policies usually cover twelve month duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation 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 its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and value of claims and benefits will vary from year to year from the level established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risk 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.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company.

The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities. The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes and flood damage).

Reinsurance policy

The Company manages the risks through its reinsurance program which purpose is to adequately address the need to mitigate the risk of catastrophic claims accumulations, reduce profit volatility over time and to protect the capital of the Company. The Company has a program for the lines of business of property, motor, marine and engineering. The reinsurance arrangements include excess, stop-loss and catastrophe coverage. The purpose of reinsurance is considered a continuous trade off between risk, reward and long term business continuity. The Board of Directors indicates boundaries concerning risk and evaluates compliance of the proposed program with relevant rules and regulations.

Sources of uncertainty in the estimation of future claim payments

Claims on non-life insurance contracts are payable on a claims-occurrence basis. 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 larger element of the claims provision relates to incurred but not reported claims (IBNR).

There are several variables that affect the amount and timing of cash flows 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 from us. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries.

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 provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at year-end.

Claims development

The following table shows claims development, being the amounts reserved related to a certain year compared to claims paid out (amount and timing of payment on net basis).

The Claims development for the non-life business is as follows:

Non-life business	Opening	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Cumulative reserves and claims paid AWG
	AWG	AWG	AWG	AWG	AWG	AWG	AWG	AWG	AWG	AWG	AWG	
2011 MR and prior CP	6,230	-1,171	-2,269	-672	-271	-284	-78	-94			-30	1,361
2012 MR CP		-953	-140	-110	-58	-12	-9	-14				-1,295
2012 MR CP		10,002	25	-981	613	-19	-76	-1	-158	-95		9,309
2013 MR CP		-5,435	-2,817	-68	-815	-76		-96	-2			-9,309
2013 MR CP			3,454	-200	28	-312	-37	-93	2			2,842
2014 MR CP			-2,189	-508	-121	-7	-1	-14	-2			-2,841
2014 MR CP				3,619	-13	35	-53	-25	-67	-8		3,488
2015 MR CP				-2,421	-749	-291	-7	-8	-11			-3,488
2015 MR CP					4,419	532	-68	-38	81	-36	-5	4,885
2016 MR CP					-3,220	-1,278	-26	-4	-117			-4,646
2016 MR CP						5,389	49	-26	-36	-11	-1	5,365
2017 MR CP						-3,888	-500	-101	-10	-3	-37	-4,539
2017 MR CP							5,786	530	100	-22	3	6,397
2018 MR CP							-5,220	-703	-163	-1	-3	-6,090
2018 MR CP								4,902	140	15	-2	5,055
2019 MR CP								-4,412	-328	-21	-2	-4,762
2019 MR CP									4,254	87	-15	4,325
2020 MR CP									-3,919	-306	-9	-4,234
2020 MR CP										8,196	78	8,274
2021 MR CP										-2,945	-249	-3,193
2021 MR CP											2,663	2,663
2021 MR CP											-2,515	-2,515
Total reserves at year end	6,230	15,061	16,270	18,035	22,812	28,152	33,675	38,829	43,146	51,273	53,964	53,964
Total amount paid in each year		-6,388	-5,145	-3,107	-4,964	-5,552	-5,764	-5,351	-4,552	-3,276	-2,814	-46,913

Nature and extent of risk arising from insurance contracts

The following table presents details of the nature and extent of risks arising from insurance contracts for the years ended December 31, 2021 and December 31, 2020. It presents claims reserves of 2020 and earlier and claims reserves for 2021 above AWG 100,000 per category.

	2021	2020
Fire	247	5,267
Motor	908	977
Accident	91	178
Health	0	0
Other	134	104
	1,380	6,526

ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.



ENNA's Management Team: Lauranique Corsen, Nathaly Kock-Maduro, Samir Zambrano and Melissa Croes.
In the picture together with Zulaika Briezen, Marketing.

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The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committees. Their responsibilities include the following:

- Formulating credit policies covering collateral requirements, credit assessments, risk grading and reporting, documentary and legal proceedings, and compliance with regulatory requirements.
- Establishing the delegated limits of authority for the approval and renewal of credit facilities. Authorization limits are granted to business unit managers and the credit committee. Larger facilities require approval of the Board of Directors.
- Reviewing compliance of business units with agreed exposure limits.
- Reviewing and assessing portfolio quality and the business unit's compliance with the policies and procedures concerning periodic credit file reviews

Receivables for which objective evidence indicates that the Company will not be able to collect all amounts due according to the original contractual loan terms are impaired as described in the significant accounting policies (refer to Note 16 receivables and other financial assets). Past due but not impaired loans and investment debt securities are those for which contractual interest or principal payments are past due, but the Company believes that impairment is not appropriate on the basis of the level of security/collateral available and or the stage of the collection of amounts owed to the Company.

It is the Company's policy to invest in local reliable borrowers and local investments and to invest in foreign fixed income securities that are labeled as investment grade securities. In general, the Company will evaluate if the borrowers are compliant with the credit guidelines.

i) Compliance risk

Compliance risk is defined as the risk of impairment of the Company's integrity, which could lead to damaging the Company's reputation, legal or regulatory sanctions, or financial loss, as a result of failure (or perceived failure) to comply with applicable laws, regulations and standards.

To support the Board of Directors of the Company in establishing an adequate Compliance framework, the Company has appointed a Senior Compliance Officer, who reports directly to the CEO of the Company and the Supervisory Board of the Company. The Senior Compliance Officer is functionally responsible for the Compliance Officers and Money Laundering Reporting.

Quarterly the most material Compliance issues related to the compliance with regulations and specific applicable law are reported to the Board of Directors and the Supervisory Board.

ii) Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

The Company has access to a diverse funding base. Funds are raised using a broad range of instruments including premiums paid, deposits, subordinated liabilities and share capital. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the Company's strategy.

Cash flow is monitored weekly through cash summary reports. In order to evaluate excess funds availability, the Company considers large recurring commitments, such as reinsurance, and claims/expenditure patterns as well as expected large expenditures. These are then weighted against cash inflow.

In accordance with IFRS 7 the following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment.



Team Non-Life
(General Insurance)

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	Less than one month	Between one and three months	Between three months and one year	Between one and three years	More than three years	Total
<i>(in thousands AWG)</i>						
December 31, 2021						
Financial assets						
Cash and cash equivalents	19,675	-	-	-	-	19,675
Receivables and other financial assets	887	8,624	(3,404)	-	-	6,107
Amounts due from related parties	-	-	-	-	208	208
Financial investments	-	-	416	5,000	7,083	12,499
	20,562	8,624	(2,988)	5,000	7,291	38,489
Financial liabilities						
Payables and other financial liabilities	99	4,845	1,875	-	-	6,819
Amounts due to related parties	-	-	-	-	3,782	3,782
Insurance liabilities	1,051	(1,044)	6,319	9,479	-	15,805
	1,150	3,801	8,194	9,479	3,782	26,406
	19,412	4,823	(11,182)	(4,479)	3,509	12,083

	Less than one month	Between one and three months	Between three months and one year	Between one and three years	More than three years	Total
<i>(in thousands AWG)</i>						
December 31, 2020						
Financial assets						
Cash and cash equivalents	21,987	-	-	-	-	21,987
Receivables and other financial assets	1,354	976	2,849	-	-	5,179
Amounts due from related parties	-	-	-	-	207	207
Financial investments	-	-	5,000	416	12,313	17,729
	23,341	976	7,849	416	12,520	45,102
Financial liabilities						
Payables and other financial liabilities	593	311	3,252	-	-	4,156
Amounts due to related parties	-	-	-	-	19,346	19,346
Insurance liabilities	843	(370)	6,231	9,346	-	16,050
	1,436	(59)	9,483	9,346	19,346	39,552
	21,905	1,035	(1,634)	(8,930)	(6,826)	5,550

iii) Market Risk

Market risk is the risk that changes in market prices, such as interest rates; foreign exchange rates and Equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk includes currency risk, interest rate risk, and equity price risk.



Team Finance



Market risks are evaluated on an ongoing basis at the Executive and Board levels through discussions and review of market developments and trends. The investment portfolio consists of investments in United Kingdom and the United States of America. The balance sheet item that is exposed for market risk is the financial investments.

Currency risk

The foreign currencies in which investments are made are limited to US Dollars. The Aruban Florin is pegged to the US Dollar. Therefore, there is no currency risk exposure related to the US dollar. The foreign currency positions are monitored daily.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Company's business strategies.

iv) Operational risks

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate governance. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessments of the operational risks faced, and the adequacy of controls and procedures to assess the risks identified.
- Development of contingency plans.
- Training and professional development of staff.
- Ethical and business standards.

A program of periodic reviews undertaken by Internal Audit supports compliance with procedures. The results of Internal Audit reviews are discussed with the managers of the business unit/department to which they relate, with summaries submitted to the Audit Committee and the Board of Directors.

v) Capital Management

The Company's objectives when managing capital are:

1. To comply with the insurance capital requirements of the local regulatory agency(ies) and/or Central Bank of Aruba. Capital adequacy for the Company is therefore governed by the Central Bank of Aruba.
2. To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits for other stakeholders.
3. To provide an adequate return to shareholder by pricing insurance and investment contracts commensurately with the level of risk.

Solvency requirement margin for insurance Company

The required solvency margin as required by the Central Bank of Aruba for General insurance is 15% of the gross premium of previous year. At year end the Company is compliant with the solvency requirement.

The following table presents the calculation of the solvency is as follows:

	2021	2020
Available solvency margin	18,428	11,939
Gross written premiums preceding financial year	24,358	22,599
Minimum solvency margin 15%	3,654	3,390
Solvency ratio	504%	352%

(5) Insurance premium revenue

The following table presents details of net insurance premium revenue for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Gross written premiums	27,283	24,358
Change in the gross provision for unearned premiums	(40)	141
Gross insurance premium revenue	27,243	24,499
Written premiums ceded to reinsurers	(6,849)	(7,553)
Reinsurers' share of change in the provision for unearned premiums	40	216
Ceded earned premiums	(6,809)	(7,337)
Net insurance premium revenue	20,434	17,162

(6) Fee and commission income

The following table presents details of fee and commission income for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Reinsurance commission income	288	596
	288	596

(7) Net investment and other income

The following table presents details of net investment income for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Investment income		
Actual return		
Investment interest income	606	624
Net investment income	606	624
By classification		
Investments at amortized cost	557	610
Available-for-sale investments	49	14
Net investment income	606	624
Other interest expenses	(445)	(509)
Total investment and other income	161	115

(8) Net Insurance claims and benefits incurred

The following table presents details of net insurance claims and benefits incurred for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Claims paid	3,566	3,876
Movement in insurance liabilities	(285)	4,883
Gross insurance claims and benefits incurred	3,281	8,759
Claims receivable	(29)	(151)
Movement in reinsurance asset	(8)	(3,500)
Ceded insurance claims and benefits incurred	(37)	(3,651)
Total insurance claims and benefits incurred	3,244	5,108

(9) Fee and commission expenses

The following table presents details of fee and commission expenses for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Fee and commission expenses	2,073	2,057
	2,073	2,057

(10) Other expenses

The following table presents details of other expenses for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Staff expenses	5,454	4,480
General & administrative expenses	2,547	2,889
Depreciation and amortization	2	2
Provision	-	561
Other	621	788
Total other expenses	8,624	8,720

The following table presents details of the expenses of the staff employed by the Company for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Salaries	4,051	4,690
Pension expenses	374	(1,233)
Social security expenses	820	830
Other	209	193
Total staff expenses	5,454	4,480

The following table presents details of the provision taken up by the Company for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Addition to provision doubtful receivables (see note 16)	-	205
Provision reorganization (see note 25)	-	356
Total Provisions	-	561

(11) Taxation

The following table presents details of the tax expenses by the Company for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Deferred tax expenses		
Related to expiration/ Utilization	419	270
Related to origination	-	22
Related to other comprehensive income	-	-
Total tax expenses	419	292
Total current and deferred tax expenses	419	292

The taxation is further explained in note 15.

(12) Intangible assets

The following table presents details of intangible assets for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Projects		
Cost at January 1	6	6
Additions	-	-
Cost at December 31	6	6
Accumulated amortisation at January 1	(4)	(2)
Amortisation charge for the year	(2)	(2)
Accumulated amortisation at December 31	(6)	(4)
Carrying amount at December 31	0	2
Total Intangible assets	0	2

(13) Financial investments

The following table presents details of financial investments for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Debt securities	2,083	2,313
Deposits	10,416	15,416
Total	12,499	17,729

The interest earned on deposits ranges between 2.60% and 3.9%. The interest on government bonds included in Debt securities is 4.25%.

Financial investments consist of the following categories:

	2021	2020
Available-for-sale investments		
- listed debt securities	0	230
Total	0	230

The fair value of the listed available-for-sale debt securities is determined at the closing prices provided by reputable data providers.

	2021	2020
Held-to-maturity investments		
Government bonds	2,083	2,083
Time deposits	10,416	15,416
Total	12,499	17,499
Total financial investments	12,499	17,729

Fair value measurement

The following is a summary of the cost, unrealized gains and losses, and fair value of available-for-sale investments:

2021	Cost / Amortized cost	Unrealized gains and losses	Fair value
Debt securities AFS	(43)	43	-
At December 31, 2021	(43)	43	-

2020	Cost / Amortized cost	Unrealized gains and losses	Fair value
Debt securities AFS	184	46	230
At December 31, 2020	184	46	230

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The local government bonds are recorded under level 2.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's fair value hierarchy is as follows:

At December 31, 2021	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	-	-	-	-
Fair value hierarchy total assets	-	-	-	-

At December 31, 2020	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	230	-	-	230
Fair value hierarchy total assets	230	-	-	230

(14) Deferred insurance policy acquisition costs

The following table presents details of deferred insurance policy acquisition costs for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	786	854
Amortization deferred acquisition costs	(38)	(68)
At December 31	748	786

Acquisition commissions are deferred by the creation of an explicit deferred acquisition costs asset in the statement of financial position and amortized over the period for which the related premiums are earned. Deferred acquisition costs related with the general business amounts to AWG 0.7 million (2020: AWG 0.8 million).

(15) Deferred tax assets

The following table presents details of tax assets and liabilities for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Deferred tax (assets) and liabilities		
At January 1	220	510
Through profit or loss:		
Carried forward tax losses	(419)	(292)
Through OCI:		
Movement in fair value reserve	11	2
Total deferred tax (assets) / liabilities	(188)	220

The Company, together with its parent entity, Ennia Caribe Holding (Aruba) N.V. and related entity, Ennia Caribe Leven (Aruba) N.V. formed a fiscal unity for tax purpose. Under this fiscal structure, the income of the Company is allocated to its shareholder, Ennia Caribe Holding (Aruba) N.V. for taxation on the basis of profits. The current tax charge for the Company for the period 2021 is nil (2020: nil).

A deferred taxation asset of AWG 0,6m has been recognized in respect of unutilized carried forward tax losses. The Board of Directors have considered and are satisfied that the deferred taxation asset will be fully recoverable against future taxable profits.

(16) Receivables and other financial assets

The following table presents details of receivables and other financial assets for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Amounts owed out of direct insurance	4,283	3,580
Amounts owed out of agents & brokers	2,793	1,829
Amounts owed out of reinsurers	773	1,512
Provision for doubtful receivables	(1,742)	(1,742)
Total receivables and other financial assets	6,107	5,179

All of the receivables and other financial assets are expected to be settled no more than twelve months after the year-end. Concentrations of credit risk with respect to receivables are limited due to the size and spread of the Company's trading base. No further credit risk provision is therefore required in excess of the normal provision for doubtful accounts. The carrying amount of receivables are considered to approximate to their fair value.

(17) Prepayments and accrued income

The following table presents details of prepayments and accrued income for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Prepayments	40	14
Accrued interest income from debt securities	76	76
Accrued interest income from deposits	807	477
Total prepayments and accrued income	923	567

(18) Amounts due from related parties

The following table presents details of receivables from Ennia Caribe Holding (Aruba) N.V. for the year ended December 31, 2021 and December 31, 2020.

	2021	2020
Balance at January 1,	207	206
Interest income	1	1
Total due from related parties	208	207

The Company charges a yearly fixed interest rate of 3% on amounts due from related parties. The repayment terms of amounts with related parties are not formalized in an agreement. The carrying amount of receivables are considered to approximate to their fair value.

(19) Cash and cash equivalents

The following table presents details of cash and cash equivalents for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Cash at banks	19,675	21,987
Short term time deposits	-	-
Total cash and cash equivalents	19,675	21,987

Cash and cash equivalents comprise cash at banks. The full balance is unrestricted.

(20) Share capital

The authorized and issued Capital of the Company consists of Awg 6,000 (2020: Awg 6,000) shares with a nominal value of AWG 1,000 and these are fully paid.

(21) Fair value reserves

The following table presents details of the net of deferred tax (25%) fair value reserve for the years ended December 31, 2021 and December 31, 2020

	2021	2020
Balance at January 1	34	40
Fair value gains and losses arising in period	(34)	(6)
Deferred tax effect	-	-
Carrying amount at December 31	0	34

(22) Insurance liabilities

Key assumptions

The principal assumption in estimating the non-life insurance liabilities is that future claim development will follow a comparable pattern to past claim development experience. This includes assumptions with regard to average claim costs, claim handling costs and claim number for each year.

Additional qualitative judgments are used to assess whether past trends may not apply in the future.

The following table presents details of insurance liabilities for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Provision for unearned premiums	8,685	8,645
Outstanding claims provisions	6,891	7,014
IBNR	229	391
Gross insurance liabilities	15,805	16,050
Provision for unearned premiums	(1,683)	(1,643)
Provision for outstanding claims reserves	(3,535)	(3,527)
Reinsurance assets	(5,218)	(5,170)
Net insurance liabilities	10,587	10,880

Non-Life insurance liabilities

The following changes have occurred in the gross provision for unearned premiums during the years December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	8,645	8,786
Unearned premiums during the year	40	(141)
At December 31	8,685	8,645

The following changes have occurred in the reinsurance provision for unearned premiums during the years December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	(1,643)	(1,427)
Unearned premiums during the year	(40)	(216)
At December 31	(1,683)	(1,643)

The following changes have occurred in the provision for outstanding claims during the years December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	7,014	2,174
Outstanding claims during the year	(123)	4,840
At December 31	6,891	7,014

The following changes have occurred in the reinsurance provision for outstanding claims reserves during the years December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	(3,527)	(27)
Outstanding claims during the year	(8)	(3,500)
At December 31	(3,535)	(3,527)

The following changes have occurred in the provision for incurred but not reported (IBNR) during the years December 31, 2021 and December 31, 2020.

	2021	2020
At January 1	391	348
IBNR changes during the year	(162)	43
At December 31	229	391

The IBNR reserve is calculated by applying an estimated claim ratio to earned premiums and then subtracting incurred and paid claims and time to time this is evaluated by an external actuary. For 2021 the IBNR reserve has been assessed by an external actuary.

(23) Payables and other financial liabilities

The following table presents details of payables and other financial liabilities for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Reinsurers payables	6,086	4,013
Payables and other financial liabilities	733	143
Total payables and other liabilities	6,819	4,156

The carrying amount of payables are considered to approximate to their fair value.

(24) Amounts due to related parties

The following table presents details of payables to related parties for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Balance at January 1	19,346	15,665
Interest	444	509
Other movements	(16,008)	3,172
Balance at December 31	3,782	19,346

The Company is being charged a yearly fixed interest rate of 3% on amounts due to related parties. The repayment terms of amounts with related parties are not formalized in an agreement. The carrying amounts of payables are considered to approximate to their fair value.

(25) Provision for reorganization

The following table presents details of the provisions for the years ended December 31, 2021 and December 31, 2020.

	2021	2020
Provision taken up during the year	356	356
Balance at December 31	356	356

A detailed reorganization plan has been formalized on the balance sheet date and the justified expectation has been communicated to those affected by the reorganization. The amount of the provision is based on the current best management estimate of the actual amount to be distributed.

(26) Related party transactions

(a) Transactions with parent company

The Company enters into transactions with its parent company; Ennia Caribe Holding (Aruba) N.V. and the outstanding balance is as follows:

	2021	2020
Outstanding balance with parent company	(6,675)	(17,021)

The outstanding balances as of the reporting date are unsecured and with interest. Settlement is expected to take place in cash.

The significant transactions carried out during the year with the parent company are as follows:

	2021	2020
Payroll	(3,516)	(3,993)
Allocated operational expenses	(3,400)	(3,853)
Interest	9	9
Adjustment previous years	-	1,480
Intercompany settlement	15,000	-
Others	2,111	1,401
Total transactions with parent company	10,204	(4,956)

The repayment terms of amounts with related parties are not formalized in an agreement.

(b) Transactions with other related parties

The Company enters into transactions with the following related parties: Ennia Caribe Leven (Aruba) N.V., Banco di Caribe N.V., Ennia Caribe Holding N.V. and its subsidiaries key management personnel in the normal course of business. The sales and purchases from related parties are made at normal market prices.

The outstanding balances with other related parties are as follows:

	2021	2020
Outstanding balance with other related parties	(3,186)	(2,117)

Outstanding balances as of the reporting date are unsecured and with interest. Settlement is expected to take place in cash.

There are no provisions for doubtful accounts as of the reporting date and no bad debt expenses during the year.

Details of significant transactions carried out during the year with related parties are as follows:

	2021	2020
Purchase of		
Interest earned on financial investments, loans and current accounts	(445)	(500)

(c) Compensation of key management personnel

Key management personnel of the Company include all directors and senior management.

The summary of compensation of key management personnel for the year is as follows:

	2021	2020
Salaries	301	293
Other short-term employment benefits	109	104
Post-employment pension benefits	31	29
Total compensation of key management personnel	441	426

(d) Employee benefits

All personnel are employed by Ennia Caribe Holding (Aruba) N.V. therefore, the liabilities for employee benefits are recorded in Ennia Caribe Holding (Aruba) N.V. with the expenses allocated among group companies.

(27) Commitments and contingencies

There were no commitments, contingent liabilities or contingent assets at either December 31, 2021 or December 31, 2020 requiring disclosures and/or adjustments.

(28) Subsequent event

There have been no other subsequent events which would have a material impact on the financial statements.



Secretary & HR, Facilities, Applicatie beheer



Teamwork is important!
Compliance, Group Life, Finance, Intern

MESSAGE FROM ADVISORY BOARD

The Supervisory Board maintained frequent and intensive contact with the Executive Board and Shareholders during the year. There were complex issues involving large cash flows that had to be addressed quickly. Such as investing in real estate, investments and monitoring risks and control measures.

The pressure was sometimes high but so was the harmony in mutual cooperation. We observed a constructive attitude among all parties to find solutions. This has produced the right results.

Realization of strategy

However, attention to the strategy and sustainability must not slacken and this requires an alert and flexible attitude from all parties. We noted that the planned speed of action could not be realized in all areas.

As a Board, we believe that in 2021 ENNIA dealt proactively with the current challenges and also - with all the uncertainties resulting from the corona-related costs and developments - arrived at careful financial decision-making in areas such as the cost budget, premium setting and solvency development in 2021. In the coming period, the entire Board will continue to pay attention to the organization's ability to implement its strategy.

We will pay special attention to the digitalization that must be implemented in order to continue to serve the clients correctly in the near future.



MR. CEES F.J.J. ROKX

Cees was born on September 17, 1962 in the Netherlands.

He studied Business Economics at Tilburg University in the Netherlands and received his degree in 1986. He also completed his post-doctoral studies to become a Registered Accountant in 1989.

Cees was a Senior Partner at the professional services firm of PricewaterhouseCoopers until 2016. He worked at PwC in Rotterdam, Toronto, St. Maarten and Curacao for a total period of 31 years. He also serviced a variety of clients in Aruba and Bonaire. Cees is now a member of the Supervisory Boards at Ennia Aruba, Banco di Caribe and United Bank International.



MR. ANCO R.O. RINGELING

Anco was born in Aruba on October 28, 1951.

He received his Master's degree in Social Sciences and his Bachelor of Law degree at the University of Utrecht.

Anco is a former Director of the Department of Social Affairs and former CEO of the Executive Body of the AZV. He is also a former lecturer and interim-rector at the University of Aruba. Nowadays, he provides consultancy services related to healthcare.



MR. JOHAN SJIEM FAT

Johan was born in Aruba on December 25, 1954.

He was educated in the Netherlands and in the USA. He obtained a law degree (LLM in Dutch Law) from the University of Utrecht in the Netherlands in 1977. In 1977, he was admitted to the Bar in Aruba and the Netherlands Antilles. In 1980 he obtained a Master's of Comparative Law Degree (MCL) from Georgetown University Law Center in Washington DC. He has practiced law in Aruba ever since.

Johan is a former President of the Aruba Bar Association and formed part of the team that drafted the Aruban Constitution when Aruba obtained the status of a separate jurisdiction (status aparte) within the Dutch Kingdom in 1986. He has acted as advisor to the Government of Aruba both with respect to administrative law matters as well as with respect to commercial transactions.



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