

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance**

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the Netherlands (Dutch GAAP).

The preparation of the financial statements in conformity with Dutch GAAP requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. 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 summary of significant accounting policies.

Basis of presentation of the financial statements

The financial statements have been

prepared under the historical cost convention.

Foreign currency transactions

The functional and presentation currency of the Company is the Aruban Florins ("AWG."). Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All resulting differences are taken into the statement of income.

Long-term deposits

Time deposits with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as long term deposits. Long term deposits are initially recorded at nominal value. After initial measurement long term deposits are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the deposits are derecognized or impaired, as well as through the amortization process.

Furniture and equipment

Furniture and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property, plant and equipment consists of its purchase price, import duties, taxes and any directly attributable costs of bringing

the asset to its working condition and location for its intended use.

Receivables

Receivables are recognized and carried at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Related parties

The Company had transactions or balances with its shareholder Massy United Insurance Limited in Barbados and with Unirisk N.V. (Aruba). Unlike the relationship with Massy United Insurance Limited, there is no (direct or indirect) shareholder's interest between the Company and Unirisk N.V. The relationship between the Company and Unirisk N.V. is exclusively based on commercial interests.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash at bank and short-term deposits with a maturity equal to or less than 12 months after balance sheet date.

Acquisition costs

Acquisition costs are recognized directly in the Statement of Income.

Other assets and liabilities

Unless stated otherwise, all assets and liabilities are valued at their face value.

Technical provision

Written premiums are reflected in the

financial statements evenly over the terms of the insurance policies. Unearned premiums represent the unearned portion of the net premiums written on the policies in force at the end of the year. Unearned premiums are calculated based on the 24th method.

Outstanding claims consist of estimates of the ultimate cost of settling claims in respect of notified incidents that have occurred up to the balance sheet date, as well as estimates for claims that have been incurred but not reported at that date. Estimates, net of insurance recoveries are calculated using methods and assumptions considered to be appropriate to the circumstances of the branch and the business undertaken. The provision, while believed to be adequate to cover the ultimate cost of losses incurred, may ultimately be settled for a different amount. It is continually reviewed and any adjustments are recovered in operations in the period in which they are determined.

Income and Expenses

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.

Revenue is measured at the fair value of the consideration received.

Expenses are charged to the statement of income taking into consideration the before mentioned accounting principles and in the

period in which the related revenues are recognized. Losses expected on the balance sheet are accounted for in the current financial year. Depreciation on fixed assets is accounted for and charged to the statement of income from the moment the investments are used.

Profit tax

Profit tax is calculated on the basis of the reported profit, taking into consideration tax facilities.

Cashflow Statement

The cashflow statement is compiled according to the indirect method. The cashflow statement gives details of the source of cash, which became available during the year and the use to which these funds were applied. Sources and application of cash are categorized into the activities they are related to.

Insurance risk

The Company principally issues the following types of non-life insurance contracts: accident & health, property, motor and marine insurance. For non-life insurance contracts, the most significant risks arise from accidents and natural disasters.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues. The risks are managed by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements.

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 established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling 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 and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held is usually placed on a proportional basis. Proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company in all segments.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. This risk is mitigated by using only a select number of highly rated and reputable reinsurance companies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Company maintains a portfolio of highly liquid financial assets in the event of an unforeseeable interruption of cash flow.

Credit risk

Credit risk relating to financial instruments is monitored by the Company. It is the Company's policy to invest in local high-quality financial instruments with a low risk of default. The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Aruban florins and its exposure to foreign exchange risk arises primarily with respect to the US dollar which is pegged to the Aruban florins. The Company's currency risk is minimal.

Independent Auditor's Report on the Abbreviated Audited Financial Statements.**Opinion**

The abbreviated financial statements, which comprise the abbreviated balance sheet as at 31 December 2020, the abbreviated statement of income 2020 and the summary of significant accounting policies are derived from the audited financial statements of Massy United Insurance Aruba N.V. for the year ended 31 December 2020.

In our opinion, the accompanying abbreviated financial statements are consistent, in all material respects, with the audited financial statements 2020 of Massy United Insurance Aruba N.V. on the basis described in the summary of significant accounting policies of the abbreviated financial statements.

Abbreviated Financial Statements

The abbreviated financial statements do not contain all the disclosures required by the 'Richtlijnen van de Raad voor de jaarverslaggeving' (Dutch Accounting Standards Board's Guidelines for annual reporting). Reading the abbreviated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements**Company Background**

Massy United Insurance Aruba N.V. is fully owned and backed by Massy United Insurance Ltd., a Barbados registered company. Massy United Insurance Ltd. is one of the leading general insurance companies in the Caribbean, providing comprehensive insurance coverage in 19 Caribbean countries.

Massy United Insurance Ltd. has maintained an A.M. Best rating of "A-" (Excellent) for 14 consecutive years.

A.M. Best is an international rating agency, which reports on the financial stability of insurers and the insurance

and our report thereon

We expressed an unmodified audit opinion on the financial statements 2020 in our auditor's report dated 22 June 2021. The audited financial statements and abbreviated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Management's Responsibility for the Abbreviated Financial Statements

Management is responsible for the preparation of the abbreviated financial statements of the complete audited financial statements in accordance with the accounting policies as applied in the 2020 financial statements of Massy United Insurance Aruba N.V.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the abbreviated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Aruba, 23 June 2021
For Ernst & Young Accountants
Signed by Garrick de Cuba, MSc, RA
Associate Partner

industry. Our continued rating of 'A-' (Excellent) is a result of our very good balance sheet liquidity, favourable capitalisation, comprehensive reinsurance program and prudent management.

The company is part of Massy Group, one of the largest conglomerates in the Caribbean region. The Group, employs over 11,000 people in retail, distribution, automotive and industrial equipment, energy and gas products, financial services and other business sectors through more than 60 operating companies in 25 countries.

Massy Group is listed on the Trinidad & Tobago Stock Exchange.

Balance Sheet as at December 31, 2020

(All amounts expressed in thousands of Aruban Florin)

	2020	2019
ASSETS		
Investments		
Term Deposits	3,500	3,500
Receivables		
Related Parties	391	391
Accounts Receivable	4,542	4,814
Technical Provision Ceded to Reinsurer	8,798	8,535
Other Assets		
Other Receivables	570	55
Cash & Cash Equivalents	5,214	2,289
Total Assets	23,015	19,584
SHAREHOLDER'S EQUITY AND LIABILITIES		
Shareholder's Equity		
Share Capital	200	200
Additional Paid-In Capital	3,500	2,300
Accumulated Surplus	554	329
Result for the Year	168	225
Total Equity	4,422	3,054
Liabilities		
Technical Provision		
Unearned Premium Provision	6,736	6,984
Claim Provision	2,062	1,552
Other Liabilities		
Due to Related Parties	7,716	6,664
Other Liabilities	2,079	1,330
Total Liabilities	18,593	16,530
Total Equity and Liabilities	23,015	19,584

Statement of Income 2020

(All amounts expressed in thousands of Aruban Florin)

	2020	2019
INCOME		
Gross premiums	26,366	16,859
Facultative Reinsurance	(12,029)	(4,292)
Total Premiums	14,337	12,567
Change in provision for unearned gross premium	248	(1,742)
Change in provision for reinsurer's share of unearned	500	(654)
Change in provision for unearned net premium	(252)	(1,088)
Earned Premium	14,085	11,479
Gross Losses Incurred	(3,546)	(3,532)
Technical Results for Reinsurers	(10,539)	(7,947)
Reinsurance Commission	5,018	4,399
Other Income	869	892
Total Income	5,887	5,291
Acquisition Costs	(4,275)	(3,752)
General and Administrative Expenses	(1,444)	(1,314)
Total expenses	(5,719)	(5,066)
Net profit	168	225