

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
FOR
OPTIMUM GLOBAL INSURANCE COMPANY LIMITED**

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

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OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2024

DIRECTORS: Peter D Saunders
Glyn M Smith (appointed 1 January 2024)
David J Sheil (resigned 12 December 2023)
Richard D Le Tocq

REGISTERED OFFICE: PO Box 549
Town Mills
Rue du Pre
St Peter Port
Guernsey
GY1 6HS

REGISTERED NUMBER: 63433

INDEPENDENT AUDITOR: Grant Thornton Limited
Chartered Accountants
St. James Place
St. James Street
St Peter Port
Guernsey
GY1 2NZ

INSURANCE MANAGER: Robus Risk Services (Guernsey) Limited
PO Box 549
Town Mills
Rue du Pre
St Peter Port
Guernsey
GY1 6HS

SECRETARY: Robus Corporate Services (Guernsey) Limited
PO Box 549
Town Mills
Rue du Pre
St Peter Port
Guernsey
GY1 6HS

BANKERS: HSBC Bank Plc
20-22 High Street, St Peter Port,
Guernsey
GY1 2LB

Guernsey Branch of Lloyds Bank Corporate Markets
plc
1 Smith Street,
St Peter Port,
Guernsey.
GY1 2JN

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report with the audited financial statements of Optimum Global Insurance Company Limited ('the Company') for the year ended 31 March 2024.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of insurance cover for Medical Expenses, Travel, Life and Personal Accidents.

DIRECTORS

The directors shown below have held office during the whole of the period, unless shown otherwise, from 1 April 2023 to the date of this report.

Peter D Saunders
David J Sheil (resigned 12 December 2023)
Glyn M Smith (appointed 1 January 2024)
Richard Le Tocq

STRUCTURE OF THE COMPANY

The Company was incorporated on 10 April 2017 in accordance with the provisions of the Companies (Guernsey) Law, 2008. The Company originally operated as an established Cell within a protected cell company. The Cell was transferred out of the protective cell company on 10 April 2017, when it was incorporated into its own Company.

RESULTS AND DIVIDENDS

The results for the year ended 31 March 2024 are set out on pages 6 and 7.

No Dividends were paid for the year ended 31 March 2024 (2023: £0).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and Financial Reporting Standard 103 'Insurance Contracts' ('FRS 103'). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Company, cease operations or have no realistic alternative but to do so; and
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with the above requirements in preparing the financial statements.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (continued) FOR THE YEAR ENDED 31 MARCH 2024

DIRECTORS' RESPONSIBILITIES STATEMENT - continued

In accordance with section 249 of the Companies (Guernsey) Law, 2008, the directors, who held office at the date of approval of the Directors' Report, confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement. The Company also has sufficient liquid resources to meet its obligations as they fall due for a minimum of 12 months from the approval of the financial statements, is not dependent on any external finance or support from other related companies and is expected to operate profitably for a minimum of 12 months from the date of approval of the financial statements.

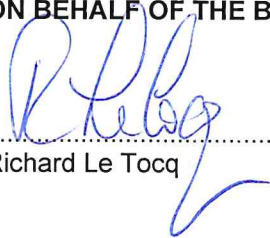
At 31 March 2024, the Company had net assets of £1,441,763 (2023:£1,151,852).

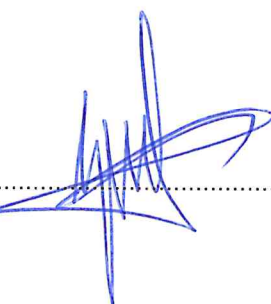
The Directors feel that there are more than adequate resources within the Company and that the going concern assumption remains.

INDEPENDENT AUDITOR

Grant Thornton Limited has been appointed as auditor of the Company during the year and expressed their willingness to continue in office as auditor.

ON BEHALF OF THE BOARD:


.....
Richard Le Tocq


.....
Glyn Smith

Date: 23 July 2024

Independent auditor's report to the member of Optimum Global Insurance Company Limited

Opinion

We have audited the financial statements of Optimum Global Insurance Company Limited (the "Company") for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income – Technical Account, Statement of Comprehensive Income – Non-Technical Account, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', ("FRS 102") and Financial Reporting Standard 103 – 'Insurance Contracts: consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts' ("FRS 103"); and
- comply with The Companies (Guernsey) Law, 2008, and are in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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 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 directors for the financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with The Companies (Guernsey) Law, 2008, The Insurance Business (Bailiwick of Guernsey) Law, 2002, FRS 102 and FRS 103, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Use of our report

This report is made solely to the Company's sole member, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's sole member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's sole member as a body, for our audit work, for this report, or for the opinions we have formed.

Matter on which we are required to report under The Insurance Business (Bailiwick of Guernsey) Law 2002

Pursuant to Section 33 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to examine the annual return of the Company and to report to you if, in our opinion, the information given in the annual return is inconsistent with the financial statements.

Pursuant to Section 36 of The Insurance Business (Bailiwick of Guernsey) Law 2002, we are required to make specific reference to any transaction, other than a transaction in the normal course of business, which has, in our opinion, resulted in the balance sheet showing a situation materially different from that which would otherwise have obtained, and which is not adequately disclosed in the accounts,

We have nothing to report in respect of the above.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

DocuSigned by:

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Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey

Date: 23 July 2024

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME – TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	31/03/2024 £	31/03/2023 £
EARNED PREMIUMS, NET OF REINSURANCE		
Gross written premiums	14,381,230	13,479,116
Change in the provision for unearned premiums	(1,112,673)	(1,429,551)
Reinsurance premiums	(8,034,430)	(7,578,009)
Change in the provision for un-expensed reinsurance premiums	<u>(972,567)</u>	<u>(762,420)</u>
EARNED PREMIUM, NET OF REINSURANCE	<u>4,261,560</u>	<u>3,709,135</u>
CLAIMS INCURRED		
Claims paid:		
Gross amount	(6,844,359)	(8,337,680)
IBNR Movement	(17,326)	(3,333)
Reinsurance share	<u>6,813,005</u>	<u>8,337,680</u>
	<u>4,212,880</u>	<u>3,705,803</u>
OTHER TECHNICAL EXPENSES		
Fronting commission	(499,015)	(790,486)
Brokerage commission	<u>(3,465,737)</u>	<u>(2,690,847)</u>
	<u>(3,964,752)</u>	<u>(3,481,333)</u>
	<u>248,128</u>	<u>224,470</u>
TRANSFER TO STATEMENT OF COMPREHENSIVE INCOME - NON- TECHNICAL ACCOUNT	<u>248,128</u>	<u>224,470</u>

The notes on pages 12 to 20 form an integral part of these financial statements

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME – NON-TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	31/03/2024 £	31/03/2023 £
TRANSFER FROM STATEMENT OF COMPREHENSIVE INCOME – TECHNICAL ACCOUNT		248,128	224,470
Administrative expenses		<u>(201,654)</u>	<u>(129,061)</u>
Profit after administrative expenses		46,474	95,409
Other income		35	-
Interest income		43,402	9,527
One off commission charge		<u>200,000</u>	<u>-</u>
NET PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		289,911	104,936
Taxation	4	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>289,911</u>	<u>104,936</u>

All items in the above statement derive from continuing operations.

The notes on pages 12 to 20 form an integral part of these financial statements

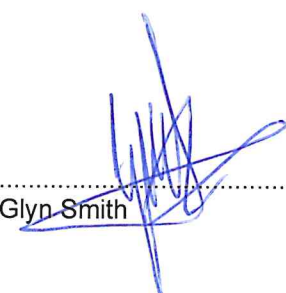
OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

		As at 31/03/2024 £	As at 31/03/2023 £
CURRENT ASSETS	Notes		
Debtors	5	14,436,856	13,405,371
Cash and cash equivalents		<u>1,589,649</u>	<u>1,714,360</u>
		16,026,505	15,119,731
CREDITORS			
Amounts falling due within one year	6	<u>(14,584,742)</u>	<u>(13,967,879)</u>
NET CURRENT ASSETS		<u>1,441,763</u>	<u>1,151,852</u>
NET ASSETS		<u>1,441,763</u>	<u>1,151,852</u>
CAPITAL AND RESERVES			
Called up share capital	7	188,387	188,387
Share premium		39,863	39,863
Retained earnings		<u>1,213,513</u>	<u>923,602</u>
SHAREHOLDERS' FUNDS		<u>1,441,763</u>	<u>1,151,852</u>

The financial statements on pages 7 to 11 have been prepared in accordance with the provisions of FRS 102 and FRS 103 and were approved by the Board of Directors on 23rd July 2024 and were signed on its behalf by:


Richard Le Tocq


Glyn Smith

The notes on pages 12 to 20 form an integral part of these financial statements.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 31 March 2022	<u>60,137</u>	<u>39,863</u>	<u>818,666</u>	<u>918,666</u>
Share issuance	128,250	-	-	128,250
Total comprehensive income	-	-	104,936	104,936
	<u>188,387</u>	<u>39,863</u>	<u>923,602</u>	<u>1,151,852</u>
Balance at 31 March 2023				
Total comprehensive income	-	-	289,911	289,911
	<u>188,387</u>	<u>39,863</u>	<u>1,213,513</u>	<u>1,441,763</u>
Balance at 31 March 2024				

The notes on pages 12 to 20 form an integral part of these financial statements.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Year ended 31/03/2024 £	Year ended 31/03/2023 £
Cash flows from operating activities		
Profit before tax for the financial year	289,911	104,936
Interest income	(43,402)	(9,527)
Increase in debtors	(1,031,485)	(5,443,816)
Increase in creditors	<u>616,863</u>	<u>5,997,731</u>
Net cash generated from operating activities	<u>(168,113)</u>	<u>649,324</u>
Cash flows from investing activities		
Bank interest received	<u>43,402</u>	<u>9,527</u>
Net cash generated from investing activities	<u>43,400</u>	<u>9,527</u>
Cash flows from financing activities		
Proceeds from Share issuance	-	128,250
Net cash used in financing activities	-	128,250
Increase/(Decrease) in cash and cash equivalents	(124,711)	787,101
Cash and cash equivalents at beginning of year	<u>1,714,360</u>	<u>927,259</u>
Cash and cash equivalents at end of year	<u>1,589,649</u>	<u>1,714,360</u>

The notes on pages 12 to 20 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1. COMPANY INFORMATION AND STRUCTURE

Optimum Global Insurance Company Limited is a private company, limited by shares, incorporated in Guernsey with registration number 63433. The registered office is as detailed on page 1.

The Company was incorporated on 10 April 2017 in accordance with the provisions of the Companies (Guernsey) Law, 2008.

Previously, the Company operated as an established Cell within a protected cell company. The Cell was transferred out of the protective cell company on 10 April 2017 when it was incorporated into its own Company.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including FRS 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), Financial Reporting Standard 103 – 'Insurance Contracts: consolidated accounting and reporting requirements for entities in the UK and Republic of Ireland issuing insurance contracts' ('FRS 103') and the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended.

The financial statements are presented in Sterling (£), which is also the Company's functional currency.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for income and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The most significant judgements and estimates in the accounts are those regarding the calculation of earned and unearned premiums as well as the IBNR on Group Life and Group medical business where the Company takes a small portion of Risk.

With regard to the calculation of earned and unearned premiums, the Company takes all reasonable steps to ensure it has appropriate information regarding the terms of each policy in order to perform a reasonable calculation of the earned and unearned proportion of the premium. However, given the number of different policies provided on varying terms held with different reinsurance providers, there is a possibility that the final outcome will prove to be different from the original liability established.

With regards to the IBNR, the estimate for medical (AXA France Portfolio only) is based on three months risk premium taken as an extrapolation of the premium earned for the month as at 31 March 2024 to which claims are expected to be at a rate of 90% of the premium and therefore IBNR is set at 90% of three months risk premium. For the Group Risk portfolio where the company also takes a small share in the risk. Due to the nature of the claims in this portfolio, being death and permanent/temporary disability, it is highly likely that a claim would not be reported within a few days/weeks of it occurring and the likelihood of these claims occurring are very low compared to medical claims. However, similarly to the IBNR approach adopted for the AXA France medical portfolio, the IBNR is based on three months earned premium to which claims are expected to be 90% of the risk premium and therefore IBNR is set at 90% of three months risk premium.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis. The directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement, has sufficient liquid resources to meet its obligations as they fall due for a minimum of 12 months from the approval of the financial statements, is not dependent on any external finance or support from other related companies and is expected to operate profitably for a minimum of 12 months from the date of approval of the financial statements.

At 31 March 2024, the Company had net assets of £1,441,763 (2023:£1,151,852).

The Directors feel that there are more than adequate resources within the Company and that the going concern assumption remains.

Gross written premium

Written premiums, which are stated net of fronting fees, are premiums that an insurer is contractually entitled to receive from the insured in relation to contracts of insurance and guarantees. These are premiums on contracts entered into during the reporting year and adjustments arising in the reporting year to premiums receivable in respect of contracts entered into in previous periods.

Reinsurance premiums

Reinsurance premiums are accounted for at the date of inception of the policy to which they relate. Reinsurance premiums are accounted for and expensed on an accruals basis, recognised on a straight line over the duration of the cover provided.

Commission payable

Commission payables are accounted for at the date of inception of the policy to which they relate. Commission payables are accounted for and expensed on an accruals basis, recognised on a straight line over the duration of the cover provided.

Claims paid and payable

All claims are covered under reinsurance policies, except for the Group Risk Business reinsured by Hannover Re and medical cover reinsured by AXA France. The risk retention by Hannover Re is 10% with a limit of USD 4,000. The risk retention for medical cover with AXA France is 5%. Claims paid and the related reinsurance share have been shown at the gross amounts within the Statement of Comprehensive Income – Technical Account. Claims payable and the related reinsurance share receivable have been netted off within the Statement of Financial Position. All expenses relating to claims are recorded on an accruals basis.

Incurred but not reported claims

Claims that are incurred but not reported are estimated based on where the Company retains a proportion of risk which is currently limited to 5% exposure on medical cover reinsured to AXA France and 10% exposure on Group Risk business that is reinsured by Hannover Re. In both instances the IBNR for the current year is based on three months risk premium at a rate of 90% being the expected claims at the prevailing risk retention rates for each portfolio.

Unearned premiums provision

Unearned premiums are the portion of premiums written in the year that relate to the unexpired risks in force at the reporting date and are calculated on the basis of time apportionment.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. ACCOUNTING POLICIES - continued

Reinsurers' share of unearned premium

The reinsurers' share of unearned premiums represents the proportion of unearned premiums falling due to the reinsurers under the terms of the Company's reinsurance agreements.

Foreign currencies

Foreign currency transactions have been translated at the rate of exchange as at the date of each transaction for profit and loss items. Assets and liabilities have been translated into Sterling at the rate of exchange ruling at the reporting date. Foreign exchange differences arising from the translation of assets and liabilities are dealt with through the Statement of Comprehensive Income – Non-Technical Account.

Interest income

Interest income is accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents represent those balances held within the Company's bank accounts and short-term deposits with an original maturity of three months or less.

Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, including premium receivables and cash at bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method unless the asset is due within one year, in which case they are measured at the undiscounted amount of cash or other consideration expected to be received.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income – Technical Account.

Cash and cash equivalents are carried at cost and consist of cash in hand, and short-term deposits in banks with an original maturity of three months or less.

De-recognition of financial assets:

A financial asset (in whole or part) is derecognised either:

- when the Company has transferred substantially all the risk and rewards of ownership; or
- when it has transferred or does not retain substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

2. ACCOUNTING POLICIES - continued

Financial liabilities

Basic financial liabilities, including commission and reinsurance expenses due, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Account payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method unless payment is due within one year or less, in which case they are measured at the undiscounted amount of cash or other consideration expected to be paid.

De-recognition of financial liabilities:

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligation, it expires or is cancelled. Any gain or loss on de-recognition is taken to the Statement of Comprehensive Income – Technical Account or the Statement of Comprehensive Income – Non-Technical Account, as appropriate.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT

Underwriting Risk

Underwriting risks relate to the risks involved in underwriting the business. This comprises pricing (the risk that the underlying business is under-priced) as well as the risk of a greater number of large losses than assumed.

As each line of business written is 100% reinsured with the exception of the Group Risk Business reinsured by Hannover Re and a small portfolio of medical cover which is reinsured by AXA France. The Company is not affected by underwriting risks in the business that is 100% reinsured. The risk retention for medical cover with AXA France is 5% and in the Hannover Re Business is 10% per claim with a maximum limit of USD 4,000.

A table of claims development has not been presented due to the short term nature of the claims, which are typically resolved within one year.

On 5 August 2022, Lloyds Bank Corporate Markets Plc, issued a Letter of Credit in favour of Great American Insurance Company Limited amounting to USD 500,000. This is related to the collateral requirements required by the USVI Regulator to enable the Company to write into that territory. The Company subsequently received approval as an authorised Life & Health Insurer in the U.S. Virgin Islands on 31 October 2022. The Letter of Credit is fully cashed backed with funds held with Lloyds Bank Corporate Markets Plc amounting to GBP 400,498.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3. FINANCIAL AND INSURANCE RISK MANAGEMENT - continued

Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Areas where the Company is exposed to credit risk are:

- Cash and cash equivalents
- Premiums receivable
- Reinsurers

Cash and cash equivalents:

The risk is managed within the Company's investment guidelines which is regularly reviewed by the Board of the Company. The Company's cash is held in deposit accounts with HSBC and Lloyds Bank International Limited, both of which have a credit rating of 'AA' according to S&P.

Premium receivable:

The Company manages risk in this area by the utilisation of premium payment clauses within its insurance contracts. If amounts are unpaid by the due date, the Company has the ability to cancel the insurance contract which leaves the counterparty exposed to the risk that they were seeking to transfer through the purchase of (re)insurance with the Company.

Reinsurance:

The creditworthiness of reinsurers is considered on an ongoing basis by reviewing their financial strength prior to the finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

Liquidity Risk

Liquidity risk is the risk that the Company, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. This risk is reduced as the majority of the Company's liabilities are linked to their assets receivables where the obligation is only due once the debtor has been received. The financial assets and liabilities of the Company all have a maturity of less than 12 months.

Market Risk

Market risk can be described as the risk of change in the fair value of financial assets due to changes in foreign exchange rates and interest rates, whether specific to the individual asset, or to factors affecting all assets traded in the market. Market risk comprises price risk, foreign exchange risk and interest rate risk. The Company is not exposed to price risk given that it does not hold any investments.

The Company manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The most significant currencies to which the Company was exposed to during the year were the US Dollar and the Euro. However, as the Company's assets and liabilities are strongly linked, any adverse movement in one area would be counteracted by a positive movement in the other.

Interest rate risk is the risk that the value of future cash flows of a financial instrument would have fluctuate because of changes in interest rates. The Company is not significantly exposed to interest rate risk as the Company's cash is held in low interest bank accounts meaning there is less exposure to interest rate fluctuations.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. FINANCIAL AND INSURANCE RISKS MANAGEMENT - continued

Capital Management

Capital management includes the assessment of capital required to support the Company's plans and objectives, the structure of its shareholders' funds, arrangements to secure capital, and the ongoing monitoring of capital against business requirements.

The Company defines capital in accordance with regulations prescribed by the Guernsey Financial Services Commission ("GFSC").

Its objectives when managing capital are:

- i) to comply with legal and statutory obligations and maintain capital resources commensurate with the nature, scale and risk profile of its business;
- ii) to provide a framework for monitoring the financial and capital position of the Company, including the procedures to be followed during a year of general financial distress, either due to internal or external events; and
- iii) to safeguard the Company's ability to continue as a going concern.

Under the solvency regulations, the GFSC rules require the Company to maintain a surplus of admissible assets over its liabilities which must, at all times, be higher than both its Minimum Capital Requirement ("MCR") and Prescribed Capital Requirement ("PCR"). The MCR represents the point at which the regulator would invoke the strongest action, while the PCR is the level of capital above which no action is required if capital lies between the MCR and PCR.

As at 31 March 2024 the Company held excess capital resources of £1,341,763 above the MCR requirement of £100,000. Against the PCR requirement of £665,618 the Company held excess capital resources of £776,145. Management information to monitor the Company's capital requirements and solvency position is produced and presented to the Board on a regular basis ensuring that the Company meets its capital requirements at all times. The Company has complied with the GFSC imposed rules and guidance in respect of capital, in both the current and prior periods.

4. TAXATION

The Company is registered to pay tax in Guernsey at the Guernsey standard rate of 0%.

5. DEBTORS

	As at 31/03/2024	As at 31/03/2023
	£	£
Premiums receivable	7,240,921	8,147,663
Other receivables	867,167	-
Prepayments	26,731	6,640
Unexpensed:		
Fronting commission	134,012	359,306
Brokerage commission	1,670,734	1,367,038
Reinsurance premium	4,497,291	3,524,724
	<u>14,436,856</u>	<u>13,405,371</u>

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31/03/2024 £	As at 31/03/2023 £
Retention on Gross Written Premiums	107,240	183,822
Fronting commission payable on Gross Written Premiums	157,991	305,357
Brokerage commission due	1,888,443	1,683,053
Reinsurance premium payable	5,293,385	5,645,282
IPT payable	21,688	21,693
Unearned premium	6,601,250	5,488,576
Incurred but not reported	20,658	3,333
Other creditors	494,087	636,763
	<u>14,584,742</u>	<u>13,967,879</u>

7. CALLED UP SHARE CAPITAL

	As at 31/03/2024 £	As at 31/03/2023 £
Opening balance of number of shares issued and fully paid	188,387	60,137
Par value – opening balance of number of shares issued and fully paid	£1	£1
Share issuance during the year – Number of shares	-	128,250
Par value of shares issued during the year	-	£1
Closing balance - Number of shares issued and fully paid	188,387	188,387
Par value of total shares issued and fully paid	£1	£1

All issued share capital are ordinary shares with zero restrictions.

There are no shares issued which are not fully paid.

The company does not hold any of its own shares. The company has no Subsidiaries, associates, or joint ventures to hold any of its own shares.

There are no shares reserve for issues under options or contracts for sale.

8. ULTIMATE CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

The immediate controlling party is Optimum Global Limited. On 1 August 2018, Peter Saunders became the ultimate controlling party of the Company.

The Company incurred commissions expensed to Optimum Global Limited during the year totalling £3,964,752 (2023: £3,481,333). An amount of £1,823,463 (2023: £1,621,428) was due at the year end.

Directors' fees paid during the year amounted to £19,500 (2023: £18,250) with the sum of £Nil (2023: £Nil) being outstanding at 31 March 2024.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

9. SUBSEQUENT EVENTS

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.

OPTIMUM GLOBAL INSURANCE COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME – DETAILED NON-TECHNICAL ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2024**

	31/03/2024		31/03/2023	
	£	£	£	£
Transfer from Statement of Comprehensive Income – Technical Account		248,128		224,469
EXPENDITURE				
Management fees	57,325		43,848	
Director fees	8,558		18,250	
Professional fees	7,756		6,847	
Bank charges	3,197		2,820	
Licence fee	8,544		10,732	
Insurance	8,558		7,900	
Audit fee	14,400		14,300	
Consultancy fee	25,166		29,000	
Foreign exchange (gain)/loss	54,536		(7,180)	
Donations	1,000		1,000	
Sundry	1,671		1,544	
		(201,654)		(129,061)
OTHER INCOME				
Bank interest income	43,402		9,527	
Commission charge	200,000		-	
Other income	35		-	
		243,437		9,527
NET PROFIT		<u>289,911</u>		<u>104,936</u>

This page does not form part of the statutory financial statements