



CHAIRMAN'S REVIEW

After several challenging years, Colonial Life Insurance Company (Trinidad) Limited ("CLICO") is finally in a position to present its audited Financial Statements for the year ended December 31, 2009. We anticipate that the 2010 audited Financial Statements will be available to the public by February 2012.

CLICO's 2009 Operating Results present a grim picture indeed as the Board and Management Team grappled with the non-performance of related party investments and the withdrawal demands of clients holding our short-term investment and mutual fund products ("STIPS").

As at December 31, 2009, the Balance Sheet shows assets of \$15.1 billion (of which \$1.9 billion was pledged as security to various loans) compared to liabilities of \$24.5 billion resulting in a significant deficit of \$9.5 billion (\$4.5 billion as at December 31, 2008).

The Statement of Comprehensive Income shows a loss of \$4.8 billion for the period ending December 31, 2009 (\$9.5 billion for the period ending December 31, 2008). The loss for 2009 was mainly caused by significant impairments on related party investments totalling \$3.1 billion (2008 - \$6.1 billion) and a 34% decline in investment income.

CLICO's focus in 2009 was to reduce operating expenses and to concentrate on retaining and conserving its traditional client base (Individual and Group Lines of Business). Our team of dedicated staff and agents continued to service the needs of all our policyholders (including over 12,500 pensioners and 200 Health and Life client groups). As a result, we were able to retain the majority of our client portfolio.

In accordance with the Memorandum of Understanding signed by GORTT and CLF on January 30, 2009, GORTT stated its intention to restructure the traditional insurance business (Life, Health and Pensions) of CLICO. This action is geared towards the protection of the traditional policyholders while assuring that the obligations of these clients will be honoured and backed by a compliant Statutory Fund. We wish to assure our policyholders and the public at large that the Board of Directors and Management Team at CLICO will execute their responsibilities for the benefit of our policyholders while aggressively pursuing the main objectives of:

- Ensuring proper corporate governance;
- Committing to transparent policies and operations; and
- Continuous and open communication with all our critical stakeholders.

We are confident that our restructuring initiatives will result in a new entity compliant with all the relevant statutes and which will once again be a major player in the insurance industry of Trinidad and Tobago.

We truly appreciate the loyalty shown by our policyholders and wish to assure them of our continued commitment to provide excellent service to them and the wider community.

GERALD YETMING