

# FIRST QUARTER

## INTERIM REPORT

2022

### MANAGING DIRECTOR'S REVIEW

Modern life can sometimes be contradictory. Fighting rages half a world away, while visitors arrive here in increasing numbers and some countries continue strict measures to fight Covid, while we have been continuously easing our pandemic restrictions. In the end, we are truly fortunate as a country to be in this position.

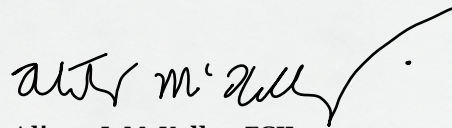
Central Bank statistics, for example, show drastic improvement from the same period last year. According to the Bank's monthly economic report for February 2022, total visitor arrivals jumped by 1,221%, while increased foreign direct investment flows have helped boost the country's foreign reserves, a welcome monetary development. Multiple construction projects throughout the islands and the rehiring of tourist industry workers have also helped reduce the country's overall unemployment rate.

Our Q1 financial results reflect a difference to start the year between our Agency and Underwriting divisions. As of the end of March, we posted a 4.6% increase in Agency net income (\$2.04M) over the same time period last year (\$1.95M), while Underwriting experienced a decline in net income of 42.6% for the same time period. Despite the soft performance in our Underwriting division in the first quarter we anticipate a recovery as the year progresses.

With only a few short weeks before the start of the 2022 hurricane season, we are ever mindful of the impact that a major storm could again have on our lives and economy. It's predicted to be an above average season with 19 named storms forecast. Let's hope for another quiet year throughout our archipelago.

We've already begun preparation for the implementation of IFRS 17, a new accounting standard for the insurance industry expected to take effect January 1, 2023. We anticipate that this new standard will affect the look and feel of both our financial statements and note disclosures next year as the International Accounting Standards Board looks to improve comparability and increase transparency within the industry.

Finally, we're ever grateful for our loyal customers, dedicated staff, and the support of our Board of Directors. Thank you for your confidence. We continue to work hard to earn it every day.



Alister I. McKellar, FCII  
Managing Director



**J.S. JOHNSON**  
**PEACE OF MIND**  
INSURANCE AGENTS & BROKERS

PEACE OF MIND



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022 (amounts expressed in Bahamian dollars)

	March 2022	December 2021
<b>ASSETS</b>		
Cash and bank balances	\$ 18,328,841	19,986,684
Term deposits	10,819,210	10,783,123
Accounts receivable	14,795,677	12,140,440
Due from insurance carriers	49,417	1,350
Investments in securities		
- fair value through profit or loss	9,196,020	9,338,871
- Amortized costs	9,687,497	10,731,218
Prepayments and other assets	1,649,512	735,399
Prepaid reinsurance premiums	23,772,116	23,063,154
Reinsurance recoveries	10,149,682	11,331,776
Right of use asset	174,855	235,392
Investment properties	536,916	536,914
Property, plant and equipment	7,807,485	7,843,126
<b>Total assets</b>	<b>\$ 106,967,228</b>	<b>106,727,447</b>
<b>LIABILITIES</b>		
General insurance funds:		
Unearned premium reserve	\$ 27,662,502	26,733,994
Outstanding claims	11,273,408	12,441,000
	<u>38,935,910</u>	<u>39,174,994</u>
Other liabilities:		
Due to related parties	-	116,705
Accounts payable	4,740,136	5,787,220
Due to reinsurers	5,112,662	4,136,453
Lease Liability	176,709	239,248
Accrued expenses and other liabilities	2,755,861	3,266,511
Unearned commission reserve	5,913,823	5,723,247
<b>Total liabilities</b>	<b>57,635,101</b>	<b>58,444,378</b>
<b>EQUITY</b>		
Share capital		
Authorized ordinary shares-40,000,000 of \$0.01 each	\$ 400,000	400,000
Unissued ordinary shares- 32,000,000 of \$0.01 each	(320,000)	(320,000)
Issued and fully paid ordinary shares-8,000,000 of \$0.01 each	80,000	80,000
Retained earnings	30,628,277	29,774,730
Interest in own shares	(84,600)	(84,600)
	<u>30,623,677</u>	<u>29,770,130</u>
Non-controlling interest	18,708,450	18,512,939
<b>Total equity</b>	<b>\$ 49,332,127</b>	<b>48,283,069</b>
<b>Total liabilities and equity</b>	<b>106,967,228</b>	<b>106,727,447</b>

(unaudited)



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months to March 31, 2022 (amounts expressed in Bahamian dollars)

	March 2022	March 2021
<b>INCOME</b>		
Net revenue from contracts with customers	5,212,168	5,142,433
Net premiums earned	1,074,082	1,163,188
Investment income	309,985	323,659
Total income	6,596,235	6,629,280
<b>EXPENSES</b>		
Salaries and employees benefits	2,783,024	2,595,380
Net claims incurred	186,449	250,628
Depreciation and amortization	164,572	155,207
Change in net unrealised loss on investments in securities	142,851	226,736
Other operating expenses	1,070,281	1,083,506
Total expenses	4,347,177	4,311,457
<b>Net income</b>	<b>2,249,058</b>	<b>2,317,823</b>
<b>Total comprehensive income</b>	<b>2,249,058</b>	<b>2,317,823</b>
Equity holders of the Company	\$ 2,053,547	2,049,934
Non-controlling interests	195,511	267,889
	<b>2,249,058</b>	<b>2,317,823</b>
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.26	\$ 0.26

(unaudited)



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months to March 31, 2022 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Other Comprehensive Income	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2020	80,000	27,364,731	(84,600)	-	27,360,131	16,755,678	44,115,809
Total comprehensive income for the year:							
Net income	-	2,049,934	-	-	2,049,934	267,889	2,317,823
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(1,118,320)	-	-	(1,118,320)	-	(1,118,320)
<b>Balance at March 31, 2021</b>	<b>80,000</b>	<b>28,296,345</b>	<b>(84,600)</b>	<b>-</b>	<b>28,291,745</b>	<b>17,023,567</b>	<b>45,315,312</b>
Balance at December 31, 2021	80,000	29,774,730	(84,600)	-	29,770,130	18,512,939	48,283,069
Total comprehensive income for the year:							
Net income	-	2,053,547	-	-	2,053,547	195,511	2,249,058
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(1,200,000)	-	-	(1,200,000)	-	(1,200,000)
<b>Balance at March 31, 2022</b>	<b>80,000</b>	<b>30,628,277</b>	<b>(84,600)</b>	<b>-</b>	<b>30,623,677</b>	<b>18,708,450</b>	<b>49,332,127</b>

(unaudited)



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months to March 31, 2022 (amounts expressed in Bahamian dollars)

	March 2022	March 2021
<b>Cash flows from operating activities:</b>		
Net income for the period	2,249,058	2,317,823
<i>Adjustments for:</i>		
Unearned premium reserve	(637,640)	(477,407)
Depreciation and amortization	164,572	155,207
Change in net unrealized losses on investments in securities	142,851	226,736
Interest income	(161,036)	(155,513)
Dividend income	(81,269)	(83,488)
Bad debts	12,000	12,000
<b>Cash from operations before changes in assets and liabilities</b>	<b>1,688,536</b>	<b>1,995,358</b>
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	(2,667,238)	(3,959,826)
Due from insurance carriers	(48,067)	(419,225)
Prepayments and other assets	(914,115)	(531,055)
Prepaid reinsurance premiums	(708,962)	(29,748)
Reinsurance recoveries	1,182,094	2,763,165
<b>Increase/(decrease) in liabilities:</b>		
Unearned premium reserve	1,566,148	605,289
Outstanding claims	(1,167,592)	(1,816,786)
Due to related parties	(116,705)	-
Accounts payable, accrued expenses and other liabilities	(1,557,734)	(7,064,875)
Due to reinsurers	976,209	(3,437,432)
Unearned commission reserve	190,576	43,811
<b>Net cash used in operating activities</b>	<b>(1,576,850)</b>	<b>(11,851,324)</b>
<b>Cash flows from investing activities:</b>		
Net placement of term deposits	4,082	(135)
Purchase of property, plant and equipment	(68,394)	(46,640)
Sale of investments in securities	977,171	(23,965)
Interest received	187,417	117,925
Dividends received	81,269	83,488
<b>Net cash provided by investing activities</b>	<b>1,181,545</b>	<b>130,673</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to shareholders	(1,200,000)	(1,118,320)
Principal payment of lease liability	(62,538)	(58,033)
<b>Net cash used in financing activities</b>	<b>(1,262,538)</b>	<b>(1,176,353)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,657,843)</b>	<b>(12,897,004)</b>
Cash and cash equivalents at beginning of period	19,986,684	32,605,631
<b>Cash and cash equivalents at end of period</b>	<b>18,328,841</b>	<b>19,708,627</b>

(unaudited)



# NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2021.

## 2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended March 31, 2022 are as follows:

	<b>AGENTS &amp; BROKERS</b>	<b>UNDERWRITING</b>	<b>TOTAL</b>
Net revenue from contracts with customers	\$ 5,690,109	(477,941)	5,212,168
Net premiums earned	-	1,074,082	1,074,082
Interest Income	7,790	153,246	161,036
Dividend Income	18,674	62,595	81,269
Other income	18,988	48,692	67,680
	<b>\$ 5,735,561</b>	<b>860,674</b>	<b>6,596,235</b>
Insurance expenses	-	186,449	186,449
Change in net unrealized loss on investments in securities	-	142,851	142,851
Depreciation & amortization	153,392	11,180	164,572
Other expenses	3,546,139	307,166	3,853,305
	<b>\$ 3,699,531</b>	<b>647,646</b>	<b>4,347,177</b>
<b>NET INCOME</b>	<b>\$ 2,036,030</b>	<b>213,028</b>	<b>2,249,058</b>

The segment results for the period ended March 31, 2021 are as follows:

	<b>AGENTS &amp; BROKERS</b>	<b>UNDERWRITING</b>	<b>TOTAL</b>
Net revenue from contracts with customers	\$ 5,465,947	(323,514)	5,142,433
Net premiums earned	-	1,163,188	1,163,188
Interest Income	7,232	148,281	155,513
Dividend Income	19,478	64,010	83,488
Other income	618	84,040	84,658
	<b>\$ 5,493,275</b>	<b>1,136,005</b>	<b>6,629,280</b>
Insurance expenses	-	250,628	250,628
Depreciation & amortization	143,188	12,019	155,207
Change in net unrealized loss on investments in securities	-	226,736	226,736
Other expenses	3,403,685	275,201	3,678,886
	<b>\$ 3,546,873</b>	<b>764,584</b>	<b>4,311,457</b>
<b>NET INCOME</b>	<b>\$ 1,946,402</b>	<b>371,421</b>	<b>2,317,823</b>

The segment assets and liabilities as at March 31, 2022 are as follows:

	<b>AGENTS &amp; BROKERS</b>	<b>UNDERWRITING</b>	<b>TOTAL</b>
Total assets	\$ 36,734,164	70,233,064	106,967,228
Total liabilities	16,895,182	40,739,919	57,635,101

The segment assets and liabilities as at March 31, 2021 are as follows:

	<b>AGENTS &amp; BROKERS</b>	<b>UNDERWRITING</b>	<b>TOTAL</b>
Total assets	\$ 41,105,156	72,977,303	114,082,459
Total liabilities	22,521,183	46,245,964	68,767,147

(unaudited)