



**BRIAN M. MOREE, QC**

Chairman

## CHAIRMAN'S STATEMENT :

Once again in 2014 J.S. Johnson has delivered excellent value to its shareholders. In a volatile economic market the Company has epitomized stability, consistency and reliability as for the seventh consecutive year it paid an aggregate annual dividend of 64 cents in 2014. This represented a dividend return of 5.52%. We have been able to maintain our dividend policy even as interest rates have significantly fallen over the past several years and other companies have struggled to meet investor expectations. The strong financial results of the Company were reflected in the increase of its share price from \$11.25 to \$11.60. The Net Income in 2014 of \$8,009,450 was a 12% increase over last year's figure of \$7,170,586 and was the first time that the Net Income of the Company exceeded the \$8 million target since 2010.

Fortunately, 2014 was a relatively quiet weather year for the Bahamas with no major hurricanes or weather events and this contributed to the year's impressive financial results. The Company's Underwriting business led the way with a substantial increase in net income of 38% moving from \$2,508,564 in 2013 to \$3,465,355 in 2014. With its 96 years of experience in the insurance industry in the Bahamas, J.S. Johnson continues to be a market leader and a company which is committed to maximizing shareholder return in the context of a prudent and well managed business model.

Management of the Company has been focused on preparation for the implementation of Value Added Tax ("VAT") in the insurance industry in July, 2015. The Directors have been advised by management that the billing system purchased by the Company in 2008 is VAT compliant and testing has been underway for some time to facilitate a seamless transition to the new tax regime. The Company is also closely monitoring the public statements of the Government relating to the introduction of a National Health Insurance Plan to ensure that we stay current on developments which may have an impact on our business.

I would like to take this opportunity to congratulate Mr. William Mills for his appointment as the Deputy Managing Director of the Company. He is a long standing and very experienced senior member of the Company's management team and the Directors look forward to working with him in his new position as he discharges his additional duties and responsibilities.

In his Report, the Managing Director noted the imminent opening of the Company's newly renovated and expanded Thompson Boulevard branch which is another tangible step in our commitment to upgrade and improve our customer service platform. In its quest to deliver premium products and service, the Company must be prepared to take its business to where its policy holders are living and working

in order to make it convenient and efficient for them to conduct their insurance business. The newly renovated branch with its additional departments and staff is consistent with this strategy and will provide a wider range of services to our customers in the Thompson Boulevard and surrounding areas thereby reducing the need for them to drive to Collins Avenue to visit the head office. Hopefully, our customers in the Western district of New Providence will find this more convenient.

The short to medium term forecasts for the national economy indicate a slow recovery over the next three to five years based on the stated intention of the Government to reduce the national debt and the unemployment rate to pre-recession rates. In this economic climate, the Directors are acutely aware of the imperative to rationalize the operations of the Company to sustain profitability. That process is ongoing and will continue throughout 2015 to ensure that J.S. Johnson is properly positioned to meet the challenges of the upcoming years.

The unsung heroes of the Company continue to be our staff who are the back bone of our operations. They provide loyal, proficient and diligent service to the Company year after year and I would like to take this opportunity to publicly commend them for their invaluable contribution to the growth and success of J.S. Johnson. Also, on behalf of all the Directors I express our gratitude to our senior management team for their hard work, dedication and very capable service to the Company during the past year. The strong financial performance of the Company in 2014 is a testament to their ability and very competent leadership in managing the operations of the Company during that period. As always, I am grateful for the support and counsel of the Directors as I have worked with them over the past several years. The Company has benefited from their commercial acumen and the scores of years of their collective business experience.

In conclusion, I wish to thank the shareholders for their continued trust and confidence in the Company. New challenges and opportunities will arise in 2015 and we will strive to manage the challenges and take advantage of the opportunities in order to preserve and grow value for our shareholders.



**BRIAN M. MOREE, QC**  
Chairman