



Brian M. Moree, QC
Chairman

Chairman's Statement

On 3rd April, 2019 J. S. Johnson celebrated its 100th year of doing business in the Bahamas. This landmark achievement is perhaps the most compelling and incontrovertible testament of the success and sustainability of the operations of the Company over the long term. Longevity in the dynamic and demanding environment of the free market, where consumers have choices and constantly make decisions on where to place their business based on their overall experiences, is a strong validating factor for any business attesting to its stability, performance and efficient execution of its business model over a long period. From its early days as a small startup company growing sisal and canning pineapples to becoming a major canning company producing over 75,000 cases of canned pineapples through its transition into the insurance industry and its growth into one of the largest and most respected insurance agencies in The Bahamas, J.S. Johnson has demonstrated these qualities and has established its credentials as a company worthy of the trust and confidence of the public in The Bahamas based on a track record of 100 years of business. The Company is grateful to all of its stakeholders for their continued support throughout this period.

The Company has once again reported strong financial results this year. Net income rose 26% to over \$7 million dollars as a result of significant gains in net commissions, fees and investment income. In the aftermath of a quiet 2018 hurricane season in the Bahamas, after several consecutive years of at least one hurricane event per year, there was a reduction of 47% in net claims incurred year over year which led to a favourable loss ratio of 38%, taking the Company back to 2015 pre hurricane levels. Both the Agency and Underwriting divisions of the Company reported an increase in profitability in 2018 although there were un-realized losses on the investment portfolio resulting from a price correction in respect of one of the securities held by the Company. Additionally, the auditors advised the Company that new accounting standards applicable to its financial statements required a moderate increase in provisions over the prior years.

Throughout this year the Directors of the Company remained focused on enhancing shareholder value and I am pleased to report that the share price increased from \$12.51 to \$13.01 per share in 2018. The Company has maintained its commitment to paying significant dividends to our shareholders by paying \$0.15 per quarter aggregating an annual amount of \$0.60 cents per share in 2018. This translates into one of the highest dividend yields in the local market at 4.6%.

The remodeling project at the Head Office on Collins Avenue has been completed and we have continued to upgrade the Company's technology platform throughout 2018. I am told that thousands of J. S. Johnson customers have signed onto the Company's Online Service Center and many of them are now paying their premiums online by credit card and also viewing their policy information online. This is part of the Company's plan to make it more convenient for our policyholders to conduct their insurance business with J.S.Johnson and our Management team is actively reviewing system upgrades to enhance our service platform to deliver increased levels of quality service to our clients.

The national economy is showing encouraging signs of recovery with an increase in GDP after many years of tepid economic activity. The Baha Mar Resort is now fully operational and a number of other foreign direct investment projects have come on stream during the past year, which have produced a significant amount of new business for the Company. The senior executive team at J. S. Johnson is particularly adept at servicing the sophisticated insurance needs flowing from these projects. Our product offering and expertise in these areas are widely recognized in the market and we expect that the Company will continue to expand its policy holder base as we see increased activity in large, medium and small-scale foreign investment projects in the Bahamas. The concomitant positive growth in the construction sector together with significant gains in the tourism industry are positive indicators for a sustainable upswing in the trajectory of the economy. This bodes well for the business of the Company during the upcoming year and our Management team and staff are focused on business development and retention as we move into 2019. The continued upgrading of the Company's IT and service platforms together with staff training and product development remain high priorities in our initiatives to increase market share in all lines of business.

While organic growth is important, the Directors of the Company are cognizant of the role of strategic acquisitions and partnerships in executing the overall business plan for the medium to long term. We will continue to assess all viable opportunities in this regard as we seek to enhance value for our shareholders and serve the insurance needs of our policyholders.

In August, 2018 the J. S. Johnson family was saddened to hear of the death of Mr. Charles T. Fernie, a former Managing Director of the Company. He was an iconic leader in the life of J. S. Johnson and he will be remembered for his invaluable and enduring contribution to the growth and expansion of the Company and for his pivotal role in the ongoing development of the insurance industry in the Bahamas. In an earlier tribute to Mr. Fernie I sought to recognize his enormous contribution to the Company in these terms:

"During his tenure of leadership, J. S. Johnson experienced substantial growth and consolidated its position as one of the premiere insurance agents and brokers within the Commonwealth of The Bahamas. The success of the company during that period was largely attributable to Mr. Fernie's adroit leadership, his business acumen and his perceptive understanding of the insurance industry. He had a special bond with his staff and was thoughtful and generous in his dealings with other people..... we thank [Mr. Fernie] for his immense contributions to the company. He will always have a special and elevated place in the history of J. S. Johnson."

I adopt these words in recording our respect, admiration and gratitude for the outstanding leadership which Mr. Fernie gave to the Company for 26 years.

J. S. Johnson continues to be a leader in our industry. As we close the first century of doing business in the Bahamas and embark on a new chapter in the life of

the Company, we acknowledge the immense contributions made throughout the last 100 years by our founders, shareholders, directors, officers, management and staff, policyholders and all other stakeholders to the development of J. S. Johnson. It was because of their collective efforts that the Company has grown into a premier, world class insurance brokerage and agency business which is efficiently and responsibly meeting the insurance needs of thousands of Bahamians and residents in the Bahamas and providing all of our shareholders with a high yield on their investment with a reliable flow of income through quarterly dividends.

I wish to express my thanks to the management and staff of the Company for their sterling work throughout the last year. Our Managing Director, Alister McKellar, and his team have, once again, excelled in discharging their duties and responsibilities to the Company over the past twelve months.

I am grateful to all the Directors of the Company for their support, advice, guidance and acumen over the past year. Each of them brings business experience and important skill sets to our duty to provide leadership and oversight for the Company.

In conclusion I wish to thank the shareholders of the Company for their continued trust and confidence and our policyholders for their business by giving us the opportunity to meet their insurance needs.

A handwritten signature in black ink, appearing to be 'B. Moree', written over a horizontal line.

Brian M. Moree QC

Chairman