

FIRST QUARTER

INTERIM REPORT

2021

MANAGING DIRECTOR'S REVIEW

As we enter 2021 and our economy slowly begins to open, we are pleased to advise that all of our staff's hard work and the support of our clients, in negotiating the Covid crisis, are beginning to show some positive results.

Thanks to a combination of strong net revenue from contracts with customers and an 8.4% decrease in total expenses, overall Net income rose by \$881,401 compared to the same period last year. As mentioned in a previous report, early measures to reduce operational costs after the onset of the pandemic proved largely successful in mitigating much of the expected income decline that it created.

We again witnessed the see-saw-like interplay of our Underwriting and Agency partnership this quarter, which produced favourable results overall. Underwriting managed a small profit of \$371,421--despite a decline of \$323,514 in net revenue from contracts with customers--and our Agency realized net income of \$1,986,402.

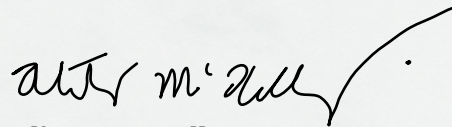
Whilst encouraging, several significant factors may yet impact results for the remainder of the year, including a predicted active hurricane season, a continued reluctance by re-insurers to increase coverage capacity

in the region and what we expect will be a longer-than-desired timeframe for life to return to normal.

The rollout of the Covid vaccine has begun, however slowly and we expect a further loosening of Government-mandated restrictions in the coming months.

We are thankful that, as a company and individually, we have managed to navigate this crisis, to date, but remain alert to the obstacles ahead.

As always, my sincere thanks for the continued dedication of all my colleagues and for the loyalty of our customers.



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, 2021 *(amounts expressed in Bahamian dollars)*

	March 2021	December 2020
ASSETS		
Cash and bank balances	\$ 19,708,627	32,605,631
Term deposits	7,228,678	7,188,678
Accounts receivable	16,746,374	12,798,548
Due from insurance carriers	753,940	334,715
Investments in securities		
- fair value through profit or loss	8,019,318	8,246,055
- Amotized costs	11,037,200	11,015,510
Prepayments and other assets	1,633,109	1,102,055
Prepaid reinsurance premiums	21,712,625	21,682,877
Reinsurance recoveries	18,146,740	20,909,905
Right of use asset	355,566	412,798
Investment properties	787,774	787,772
Property, plant and equipment	7,952,508	8,003,843
Total assets	\$ 114,082,459	125,088,387
LIABILITIES		
General insurance funds:		
Unearned premium reserve	\$ 25,442,778	25,314,896
Outstanding claims	19,234,210	21,050,996
	<u>44,676,988</u>	<u>46,365,892</u>
Other liabilities:		
Accounts payable	9,968,738	15,050,985
Due to reinsurers	5,578,477	9,015,906
Lease Liability	361,663	419,696
Accrued expenses and other liabilities	2,705,831	4,688,460
Unearned commission reserve	5,475,450	5,431,639
Total liabilities	68,767,147	80,972,578
EQUITY		
Share capital		
Authorized, issued and fully paid:-		
8,000,000 ordinary shares of \$0.01 each	\$ 80,000	80,000
Retained earnings	28,296,345	27,364,731
Interest in own shares	(84,600)	(84,600)
	<u>28,291,745</u>	<u>26,360,131</u>
Non-controlling interest	17,023,567	16,755,678
Total equity	\$ 45,315,312	44,115,809
Total liabilities and equity	114,082,459	125,088,387

(unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months to March 31, 2021 *(amounts expressed in Bahamian dollars)*

	March 2021	March 2020
INCOME		
Net revenue from contracts with customers	5,142,433	4,497,755
Net premiums earned	1,163,188	1,215,070
Investment income	323,659	427,509
Total income	6,629,280	6,140,334
EXPENSES		
Salaries and employees benefits	2,595,380	2,573,168
Net claims incurred	250,628	428,551
Depreciation and amortization	155,207	146,027
Change in net unrealised loss on investments in securities	226,736	379,909
Other operating expenses	1,083,506	1,136,258
Total expenses	4,311,457	4,663,913
Net income	2,317,823	1,476,421
Total comprehensive income	2,317,823	1,476,421
Equity holders of the Company	\$ 2,049,934	882,073
Non-controlling interests	267,889	594,348
	2,317,823	1,476,421
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.26	\$ 0.11

(unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months to March 31, 2021 *(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, 2018	80,000	26,774,645	(84,600)	-	26,770,045	15,428,622	42,198,667
Total comprehensive income for the year:							
Net income	-	882,073	-	-	882,073	594,348	1,476,421
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(1,280,000)	-	-	(1,280,000)	-	(1,280,000)
Balance at March 31, 2020	80,000	26,376,718	(84,600)	-	26,372,118	16,022,970	42,395,088
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)
Balance at March 31, 2021	80,000	28,296,345	(84,600)	-	28,291,745	17,023,567	45,315,312

(unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months to March 31, 2021 *(amounts expressed in Bahamian dollars)*

	March 2021	March 2020
Cash flows from operating activities:		
Net income for the period	2,317,823	1,476,421
<i>Adjustments for:</i>		
Unearned premium reserve	(477,407)	169,036
Depreciation and amortization	155,207	146,027
Change in net unrealized losses on investments in securities	226,736	379,909
Interest income	(155,513)	(300,381)
Dividend income	(83,488)	(81,786)
Bad debts	12,000	12,000
Cash from operations before changes in assets and liabilities	1,995,358	1,801,226
(Increase)/decrease in assets:		
Accounts receivable	(3,959,826)	1,556,800
Due from insurance carriers	(419,225)	(219,873)
Prepayments and other assets	(531,055)	804,961
Prepaid reinsurance premiums	(29,748)	2,346,431
Reinsurance recoveries	2,763,165	65,777,244
Increase/(decrease) in liabilities:		
Unearned premium reserve	605,289	(3,375,148)
Outstanding claims	(1,816,786)	(63,825,116)
Due to related parties	-	826,102
Accounts payable, accrued expenses and other liabilities	(7,064,875)	(4,784,638)
Due to reinsurers	(3,437,432)	(10,466,014)
Unearned commission reserve	43,811	(660,937)
Net cash used in operating activities	(11,851,324)	(10,218,962)
Cash flows from investing activities:		
Net placement of term deposits	(135)	(99,675)
Purchase of property, plant and equipment	(46,640)	(118,593)
Sale of investments in securities	(23,965)	30,374
Interest received	117,925	378,284
Dividends received	83,488	81,786
Net cash provided by investing activities	130,673	272,176
Cash flows from financing activities:		
Dividends paid to shareholders	(1,118,320)	(1,280,000)
Principal payment of lease liability	(58,033)	-
Net cash used in financing activities	(1,176,353)	(1,280,000)
Net decrease in cash and cash equivalents	(12,897,004)	(11,226,786)
Cash and cash equivalents at beginning of period	32,605,631	74,940,376
Cash and cash equivalents at end of period	19,708,627	63,713,590

(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, 2020.

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, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
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
	\$ 5,493,275	1,136,005	6,629,280
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
	\$ 3,546,873	764,584	4,311,457
NET INCOME	\$ 1,946,402	371,421	2,317,823

The segment results for the period ended March 31, 2020 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 4,009,112	488,643	4,497,755
Net premiums earned	-	1,215,070	1,215,070
Interest Income	109,100	191,281	300,381
Dividend Income	11,978	69,808	81,786
Other income	1,609	43,733	45,342
	\$ 4,131,799	2,008,535	6,140,334
Insurance expenses	-	428,551	428,551
Depreciation & amortization	133,695	12,332	146,027
Change in net unrealized loss on investments in securities	-	379,909	379,909
Other expenses	3,409,066	300,360	3,709,426
	\$ 3,542,761	1,121,152	4,663,913
NET INCOME	\$ 589,038	887,383	1,476,421

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

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

The segment assets and liabilities as at March 31, 2020 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 78,615,644	140,727,053	219,342,697
Total liabilities	61,282,142	115,665,467	176,947,609

(unaudited)