# THIRD QUARTER

#### MANAGING DIRECTOR'S REVIEW

Despite the negative impact of Covid-related disruption we continue to face in the country, our overall financial results for the third quarter of 2021 were relatively solid and steady. Understandably, we've seen an increase in customer requests for premium installment payments, and some fall off in policy renewals, but we continue to monitor and manage the situation effectively. The result of these efforts has been an increase in Net Income to \$6.05M (+16% over the same period last year).

Total income for the quarter rose 7%, driven largely by strong performance from our Agency business. Net Revenue from Contracts with Customers in this segment rose to \$16.8M, a 17.5% increase over 2020. A sharp focus on expenses company wide also helped with profitability in Q3, by limiting the increase in total expenses to just 3% over last year.

However, Covid and reinsurance rate increases took their toll on our Underwriting segment for the quarter. The business posted a modest result of \$514,267 in Net Income, which is a substantial decline from the \$1.3M it registered in Q3 2020. While we continually look for ways to mitigate rate adjustments for our customers, it proves extremely challenging in such a tight market.

Finally, I want to thank our customers, shareholders and Board of Directors for your continued support. In the ever-changing world we find ourselves in these days, it's comforting to know we can rely on something that has withstood the test of time so well.

Be safe.

Alister I. McKellar, FCII

all m'all

**Managing Director** 



## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2021 (amounts expressed in Bahamian dollars)

ASSETS         Cash and bank balances         \$ 20,935,790         32,605,631           Term deposits         7,250,901         7,188,678           Accounts receivable         23,281,809         12,798,548           Due from insurance carriers         252,230         334,715           Investments in securities		Se	ptember 2021	December 2020		
Term deposits         7,250,901         7,188,678           Accounts receivable         23,281,809         12,798,548           Due from insurance carriers         252,230         334,715           Investments in securities         334,715           - fair value through profit or loss         9,023,317         8,246,055           - Amotized costs         10,942,490         11,015,510           Prepayments and other assets         1,022,132         1,020,55           Prepaid reinsurance premiums         24,822,850         21,682,877           Reinsurance recoveries         11,523,502         20,909,905           Right of use asset         301,196         412,798           Investment properties         536,916         787,772           Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES           General Insurance funds:         12,462,239         21,050,996           Unearned premium reserve         \$ 29,115,961         25,314,896           Outstanding claims         11,512,407         15,050,996           Other liabilities:         41,578,200         46,365,892           Other liabilities         3,896,351<	ASSETS					
Accounts receivable Due from insurance carriers Investments in securities - fair value through profit or loss - Amotized costs - Injury 10,15,110 - Prepayments and other assets - 1,022,132 - 1,110,2055 - Prepaid reinsurance premiums - 24,822,850 - 21,682,877 - Reinsurance recoveries - 11,523,502 - 20,900,905 - Right of use asset - 11,523,502 - 20,900,905 - Right of use asset - 301,196 - 412,798 - Investment properties - 336,916 - 787,772 - Property, plant and equipment - 7,855,179 - 8,003,843  Total assets - \$117,748,312 - \$125,088,387   LIABILITIES - General insurance funds: - Uncarned premium reserve - \$2,115,961 - 25,314,896 - Outstanding claims - 12,462,239 - 21,050,996 - 41,578,200 - 46,365,892 - Other liabilities: - Accounts payable - 11,512,407 - 15,050,985 - Quit to reinsurers - 7,882,952 - 9,015,906 - 20,10,15,906 - 20,10,15,906 -	Cash and bank balances	\$	20,935,790	32,605,631		
Due from insurance carriers   252,230   334,715     Investments in securities	Term deposits		7,250,901	7,188,678		
Investments in securities	Accounts receivable		23,281,809	12,798,548		
- fair value through profit or loss - Amotized costs - I,0,24,1990 - I1,015,510 - Prepayments and other assets - I,0,22,132 - I,102,055 - Prepaid reinsurance premiums - 24,822,850 - 21,682,877 - Reinsurance recoveries - I1,523,502 - 20,909,905 - Right of use asset - I1,523,502 - 20,909,905 - Right of use asset - I1,523,502 - 20,909,905 - Right of use asset - I1,523,502 - 20,909,905 - Right of use asset - I1,523,502 - 20,909,905 - Right of use asset - I1,523,502 - Right of use asset - I1,523,502 - Right of use asset - Right of use asset - I1,523,502 - Right of use asset - Right of use asset - I1,523,502 - Right of use asset - Right of	Due from insurance carriers		252,230	334,715		
- Amotized costs	Investments in securities					
Prepayments and other assets         1,022,132         1,102,055           Prepaid reinsurance premiums         24,822,850         21,682,877           Reinsurance recoveries         11,523,502         20,909,905           Right of use asset         301,196         412,798           Investment properties         536,916         787,772           Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES           General insurance funds:           Unearned premium reserve         \$ 29,115,961         25,314,896           Outstanding claims         12,462,239         21,050,996           Outstanding claims         12,462,239         21,050,996           Accounts payable         11,512,407         15,050,985           Due to reinsurers         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,896,351         4,688,460           Unearned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         80,972,578 <td cols<="" td=""><td>- fair value through profit or loss</td><td></td><td>9,023,317</td><td>8,246,055</td><td></td></td>	<td>- fair value through profit or loss</td> <td></td> <td>9,023,317</td> <td>8,246,055</td> <td></td>	- fair value through profit or loss		9,023,317	8,246,055	
Prepaid reinsurance premiums         24,822,850         21,682,877           Reinsurance recoveries         11,523,502         20,909,905           Right of use asset         301,196         412,798           Investment properties         536,916         787,772           Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES           General insurance funds:         Uncarned premium reserve         \$ 29,115,961         25,314,896           Outstanding claims         12,462,239         21,050,996           Outstanding claims         12,462,239         21,050,996           Other liabilities:         7,882,000         46,365,892           Other liabilities:         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,896,351         4,688,460           Unearned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         80,972,578           EQUITY           Share capital         \$ 80,000         80,000           Retained earnings         29,712,237	- Amotized costs		10,942,490	11,015,510		
Reinsurance recoveries         11,523,502         20,909,905           Right of use asset         301,196         412,798           Investment properties         536,916         787,772           Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES           General insurance funds:         Unearned premium reserve         \$ 29,115,961         25,314,896           Outstanding claims         12,462,239         21,050,996           Other liabilities:         41,578,200         46,365,892           Other liabilities:         7,882,952         9,015,906           Accounts payable         11,512,407         15,050,985           Due to reinsurers         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,896,351         4,688,460           Unearned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         80,972,578           EQUITY           Share capital         Authorized, issued and fully paid:-         8,000,00         80,000	Prepayments and other assets		1,022,132	1,102,055		
Right of use asset         301,196         412,798           Investment properties         536,916         787,772           Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES           General insurance funds:         Unearned premium reserve         \$ 29,115,961         25,314,896           Outstanding claims         12,462,239         21,050,996           Other liabilities:         41,578,200         46,365,892           Other liabilities:         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,896,351         4,688,460           Unearned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         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         29,712,237         27,364,731           Interest in own shares         84,600         29,707,637         27,360,131           Non-controlling interest	Prepaid reinsurance premiums		24,822,850	21,682,877		
Investment properties   536,916   787,772   Property, plant and equipment   7,855,179   8,003,843     Total assets   \$ 117,748,312   125,088,387     LIABILITIES	Reinsurance recoveries		11,523,502	20,909,905		
Property, plant and equipment         7,855,179         8,003,843           Total assets         \$ 117,748,312         125,088,387           LIABILITIES         Seneral insurance funds:         \$ 29,115,961         25,314,896           Outstanding claims         \$ 12,462,239         21,050,996           Other liabilities:         41,578,200         46,365,892           Other liabilities:         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,886,351         4,688,460           Uncarned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         80,972,578           EGUITY         Share capital         8,000,000 ordinary shares of \$0.01 each         \$ 80,000         80,000           Retained earnings         29,712,237         27,364,731         1nterest in own shares         (84,600)         29,707,637         27,360,131           Non-controlling interest         16,759,631         16,755,678           Total equity         \$ 46,467,268         44,115,809	Right of use asset		301,196	412,798		
Total assets   \$ 117,748,312   125,088,387	Investment properties		536,916	787,772		
Commonstraints	Property, plant and equipment		7,855,179	8,003,843		
General insurance funds:       \$ 29,115,961       25,314,896         Outstanding claims       12,462,239       21,050,996         41,578,200       46,365,892         Other liabilities:       341,578,200       46,365,892         Accounts payable       11,512,407       15,050,985         Due to reinsurers       7,882,952       9,015,906         Lease Liability       304,216       419,696         Accrued expenses and other liabilities       3,896,351       4,688,460         Unearned commission reserve       6,106,918       5,431,639         Total liabilities       71,281,044       80,972,578         EQUITY         Share capital       4       80,000       80,000         Retained earnings       29,712,237       27,364,731       27,364,731         Interest in own shares       (84,600)       (84,600)       29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809	Total assets	\$	117,748,312	125,088,387		
Unearned premium reserve       \$ 29,115,961       25,314,896         Outstanding claims       12,462,239       21,050,996         41,578,200       46,365,892         Other liabilities:	LIABILITIES					
Outstanding claims         12,462,239         21,050,996           41,578,200         46,365,892           Other liabilities:         ***           Accounts payable         11,512,407         15,050,985           Due to reinsurers         7,882,952         9,015,906           Lease Liability         304,216         419,696           Accrued expenses and other liabilities         3,896,351         4,688,460           Unearned commission reserve         6,106,918         5,431,639           Total liabilities         71,281,044         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         29,712,237         27,364,731           Interest in own shares         (84,600)         (84,600)           29,707,637         27,360,131           Non-controlling interest         16,759,631         16,755,678           Total equity	General insurance funds:					
Other liabilities: Accounts payable Accounts payable Due to reinsurers Lease Liability Accrued expenses and other liabilities Accrued expenses and other liabilities Accrued commission reserve Accrued commission reserve Accrued expenses and other liabilities Total	Unearned premium reserve	\$	29,115,961	25,314,896		
Other liabilities:       3000000000000000000000000000000000000	Outstanding claims		12,462,239	21,050,996		
Accounts payable 11,512,407 15,050,985 Due to reinsurers 7,882,952 9,015,906 Lease Liability 304,216 419,696 Accrued expenses and other liabilities 3,896,351 4,688,460 Unearned commission reserve 6,106,918 5,431,639  Total liabilities 71,281,044 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 29,712,237 27,364,731 Interest in own shares (84,600) (84,600) 29,707,637 27,360,131  Non-controlling interest 16,759,631 16,755,678  Total equity \$46,467,268 44,115,809			41,578,200	46,365,892		
Due to reinsurers       7,882,952       9,015,906         Lease Liability       304,216       419,696         Accrued expenses and other liabilities       3,896,351       4,688,460         Unearned commission reserve       6,106,918       5,431,639         Total liabilities       71,281,044       80,972,578         EQUITY         Share capital         Authorized, issued and fully paid:-       \$80,000       80,000         Retained earnings       29,712,237       27,364,731         Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity	Other liabilities:					
Lease Liability       304,216       419,696         Accrued expenses and other liabilities       3,896,351       4,688,460         Unearned commission reserve       6,106,918       5,431,639         Total liabilities       71,281,044       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       29,712,237       27,364,731         Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809	Accounts payable		11,512,407	15,050,985		
Accrued expenses and other liabilities Unearned commission reserve 6,106,918 5,431,639  Total liabilities 71,281,044 80,972,578  EQUITY Share capital Authorized, issued and fully paid:- 8,000,000 ordinary shares of \$0.01 each Retained earnings 29,712,237 27,364,731 Interest in own shares (84,600) 29,707,637 27,360,131  Non-controlling interest 16,759,631 16,755,678  Total equity \$ 46,467,268 44,115,809			7,882,952	9,015,906		
Unearned commission reserve       6,106,918       5,431,639         Total liabilities       71,281,044       80,972,578         EQUITY         Share capital				419,696		
Total liabilities       71,281,044       80,972,578         EQUITY       Share capital         Authorized, issued and fully paid:-						
EQUITY Share capital Authorized, issued and fully paid:-  8,000,000 ordinary shares of \$0.01 each Retained earnings 29,712,237 27,364,731 Interest in own shares (84,600) 29,707,637 27,360,131  Non-controlling interest 16,759,631 16,755,678  Total equity \$ 46,467,268 44,115,809	Unearned commission reserve		6,106,918	5,431,639		
Share capital         Authorized, issued and fully paid:-         8,000,000 ordinary shares of \$0.01 each       \$ 80,000       80,000         Retained earnings       29,712,237       27,364,731         Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809	Total liabilities		71,281,044	80,972,578		
Authorized, issued and fully paid:-  8,000,000 ordinary shares of \$0.01 each  Retained earnings  Interest in own shares  (84,600)  29,707,637  27,364,731  (84,600)  29,707,637  27,360,131  Non-controlling interest  16,759,631  16,755,678  Total equity  \$ 46,467,268  44,115,809						
8,000,000 ordinary shares of \$0.01 each       \$ 80,000       80,000         Retained earnings       29,712,237       27,364,731         Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809						
Retained earnings       29,712,237       27,364,731         Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809						
Interest in own shares       (84,600)       (84,600)         29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809		\$				
29,707,637       27,360,131         Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809						
Non-controlling interest       16,759,631       16,755,678         Total equity       \$ 46,467,268       44,115,809	Interest in own shares					
Total equity \$ 46,467,268 44,115,809			29,707,637	27,360,131		
	Non-controlling interest		16,759,631	16,755,678		
Total liabilities and equity 117,748,312 125,088,387	Total equity	\$	46,467,268	44,115,809		
	Total liabilities and equity		117,748,312	125,088,387		

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine months to September 30, 2021 (amounts expressed in Bahamian dollars)

	September 2021	September 2020
NCOME		
Net revenue from contracts with customers	15,088,725	13,783,488
Net premiums earned	3,418,412	3,434,551
Investment income	1,031,632	1,104,764
Total income	19,538,769	18,322,803
EXPENSES		
Salaries and employees benefits	8,299,460	7,843,348
Net claims incurred	934,519	1,098,713
Depreciation and amortization	497,068	558,091
Change in net unrealised loss on investments in		
securities	91,837	440,200
Other operating expenses	3,661,160	3,168,112
Total expenses	13,484,044	13,108,464
Net income	6,054,725	5,214,339
Other comprehensive income		
Unrealized gain on available for sale securities	-	-
Total comprehensive income	6,054,725	5,214,339
Equity holders of the Company	\$ 5,702,466	4,397,332
Non-controlling interests	352,259	817,007
	6,054,725	5,214,339
Earnings per share for the profit attributable to the		, ,,,,,,,,
equity holders of the Company	\$ 0.72	\$ 0.55

(unaudited)

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the nine months to September 30, 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, 2019	80,000	26,774,645	(84,600)		26,770,045	15,428,622	42,198,667
Total comprehensive income for the year:  Net income  Unrealised gain on	- 1	4,397,332			4,397,332	817,007	5,214,339
available for sale securities Distributions to owners: Dividends	-	(3,520,000)			(3,520,000)	-	(3,520,000)
Balance at September 30, 2020	80,000	27,651,977	(84,600)	_	27,647,377	16,245,629	43,893,006
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	<u>-</u>	5,702,466			5,702,466	352,259	6,054,725
Unrealised loss on available for sale securities Distributions to owners:	<u>.</u>	-	-			-	-
Dividends	-	(3,354,960)	-	-	(3,354,960)	(348,306)	(3,703,266)
Balance at September 30, 2021	80,000	29,712,237	(84,600)	-	29,707,637	16,759,631	46,467,268

(unaudited)

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine months to September 30, 2021 (amounts expressed in Bahamian dollars)

	September 2021	September 2020
Cash flows from operating activities:		
Net income for the period	6,054,725	5,214,339
Adjustments for:		
Unearned premium reserve	(1,040,365)	(673,520)
Depreciation and amoritization	497,068	558,091
Change in net unrealized losses on investments in securities	91,837	440,200
Interest income	(486,176)	(692,475)
Dividend income	(295,162)	(255,271)
Bad debts	36,000	36,000
Cash from operations before changes in assets and liabilities	4,857,927	4,627,364
(Increase)/decrease in assets:		
Accounts receivable	(10,519,261)	(13,027,465)
Due from insurance carriers	82,485	717,669
Prepayments and other assets	79,924	546,103
Prepaid reinsurance premiums	(3,139,973)	(862,885)
Reinsurance recoveries	9,386,403	114,423,083
Increase/(decrease) in liabilities:		
Unearned premium reserve	4,841,430	1,519,280
Outstanding claims	(8,588,757)	(110,922,857)
Due to related parties	<u>-</u>	14,438,255
Accounts payable, accrued expenses and other liabilities	(4,330,687)	(9,684,460)
Due to reinsurers	(1,132,956)	(27,262,176)
Unearned commission reserve	675,280	(155,316)
Net cash used in operating activities	(7,788,185)	(25,643,405)
Cash flows from investing activities:		
Net placement of term deposits	(82,554)	(140,587)
Purchase of property, plant and equipment	14,054	(291,598)
Sale of investments in securities	(849,750)	627,684
Interest received	560,178	786,829
Dividends received	295,162	255,272
Net cash (used in)/provided by investing activities	(62,910)	1,237,600
Cash flows from financing activities:		
Dividends paid to shareholders	(3,354,960)	(3,520,000)
Principal payment of lease liability	(115,480)	(139,461)
Dividends paid to non-controlling interest	(348,306)	(0.050.401)
Net cash used in financing activities	(3,818,746)	(3,659,461)
Net decrease in cash and cash equivalents	(11,669,841)	(28,065,266)
Cash and cash equivalents at beginning of period	32,605,631	74,940,376
Cash and cash equivalents at end of period	20,935,790	46,875,110

#### **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 September 30, 2021 are as follows:

	AGENTS	& BROKERS	UNDERWRITING	TOTAL	
Net revenue from contracts with customers	\$	16,867,899	(1,779,174)	15,088,725	
Net premiums earned		-	3,418,412	3,418,412	
Interest income		37,427	448,750	486,177	
Dividend income		290,637	236,729	527,366	
Other income		(200,652)	218,740	18,088	
	\$	16,995,312	2,543,457	19,538,769	
Insurance expenses		-	934,519	934,519	
Depreciation & amortization		462,196	34,872	497,068	
Change in net unrealized loss on investmen	t in securities	-	91,837	91,837	
Other expenses		10,992,658	967,962	11,960,620	
	\$	11,454,854	2,029,190	13,484,044	
NET INCOME	\$	5,540,458	514,267	6,054,725	

The segment results for the period ended September 30, 2020 are as follows:

	AGE	NTS & BROKERS	UNDERWRITING	TOTAL	
Net revenue from contracts with custome	rs \$	14,354,941	(571,453)	13,783,488	
Net premiums earned		-	3,434,551	3,434,551	
Interest income		155,643	536,832	692,475	
Dividend income		35,933	219,338	255,271	
Other income		4,684	152,334	157,018	
	\$	14,551,201	3,771,602	18,322,803	
Insurance expenses	\$	<del>-</del>	1,098,713	1,098,713	
Depreciation and amortization		520,727	37,364	558,091	
Change in net unrealized gain on investm	ent in secur	ities -	440,200	440,200	
Other expenses		10,117,671	893,789	11,011,460	
	\$	10,638,398	2,470,066	13,108,464	
NET INCOME	\$	3,912,803	1,301,536	5,214,339	

The segment assets and liabilities as at September 30, 2021 are as follows:

	AGE	NTS & BROKERS	UNDERWRITING	TOTAL	
Total assets	\$	48,279,614	69,468,698	117,748,312	
Total liabilities		28,084,919	43,196,125	71,281,044	

The segment assets and liabilities as at September 30, 2020 are as follows:

	AGE	NTS & BROKERS	UNDERWRITING	TOTAL	
Total assets	\$	81,675,587	88,401,489	170,077,076	
Total liabilities		63,233,322	62,950,748	126,184,070	