Financial Statements

INSURANCE COMPANY OF THE BAHAMAS LIMITED

Year Ended December 31, 2024
With Independent Auditors' Report

Insurance Company of The Bahamas Limited

Audited Financial Statement

Year Ended December 31, 2024

Contents

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Independent Auditor's Report

The Shareholders and Directors
Insurance Company of The Bahamas Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Insurance Company of The Bahamas Limited ("the Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information Included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management and the Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

This report is made solely to the Management and the Audit Committee as a body. Our audit work has been undertaken so that we might state to the Management and the Audit Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Management and the Audit Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Shape the future
with confidence

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst + Young Ltd.

March 31, 2025

Insurance Company of The Bahamas Limited

Statement of Financial Position
(Expressed in Bahamian Dollars)

	December 31st			
		2024		**2023**
ASSETS				
Cash and bank balances *(Note 4)*	$	11,426,972	$	10,655,984
Term deposits *(Note 5)*		12,176,929		11,938,290
Due from agents *(Notes 6 and 16)*		13,833,516		13,266,804
Reinsurance contracts assets *(Notes 11 and 16)*		31,343,483		29,754,343
Prepayments and other receivables		109,367		23,011
Investments in securities:				
Fair value through profit or loss *(Notes 6, 7 and 16)*		15,884,047		11,561,223
Amortized cost (*Notes 7 and 16*)		10,271,042		8,657,724
Investment property *(Note 8)*		536,916		536,916
Property, plant and equipment *(Note 9)*		1,178,773		1,240,307
Total assets	**$**	**96,761,045**	**$**	**87,634,602**
LIABILITIES				
Insurance contract liabilities *(Notes 11 and 16)*	$	43,220,037		40,137,646
Reinsurance contract liabilities *(Notes 6, 11 and 16)*		6,274,559		4,189,469
Accounts payable and accruals *(Notes 6 and 15)*		1,309,494		1,305,402
Total liabilities	**$**	**50,804,090**	**$**	**45,632,517**

See accompanying notes to financial statements.

Insurance Company of The Bahamas Limited

Statement of Financial Position (continued)
(Expressed in Bahamian Dollars)

		December 31st		
		2024		**2023**
EQUITY				
Share capital				
Authorized, issued and fully paid:				
3,000,000 ordinary shares of $1.00 each	$	3,000,000	$	3,000,000
General reserve *(Note 13)*		5,000,000		2,000,000
Retained earnings		37,956,955		37,002,085
Total equity		**45,956,955**		**42,002,085**
Total liabilities and equity	**$**	**96,761,045**	**$**	**87,634,602**

See accompanying notes to financial statements.

These financial statements were authorized for issue on behalf of the Board of Directors on March 31, 2025 by:

Approved by the Board:

Director

Director

Insurance Company of The Bahamas Limited

Statement of Comprehensive Income
(Expressed in Bahamian Dollars)

	Year Ended December 31	
	2024	**2023**
Insurance revenue *(Notes 6 and 11)*	$ 113,577,799	$ 95,112,119
Insurance service expense *(Note 10)*	(31,276,285)	(28,600,745)
Insurance service results before reinsurance contracts held	82,301,515	66,511,373
Net expense from reinsurance contracts held	(78,499,732)	(63,658,483)
Insurance service result	**3,801,782**	**2,852,890**
Insurance finance income	104,000	314,000
Reinsurance finance expense	(80,000)	(235,000)
Net insurance financial result	**24,000**	**79,000**
Interest income *(Notes 5 and 7)*	751,466	718,492
Dividend and other income *(Note 6)*	1,412,146	1,110,928
Change in net unrealized gains on investments in securities *(Note 7)*	322,825	1,069,400
Allowance for expected credit losses *(Note 16)*	46,121	-
Other Income	**2,532,558**	**2,898,820**
Other operating expenses	**(131,677)**	**(151,228)**
NET INCOME	**6,226,663**	**5,679,482**
TOTAL COMPREHENSIVE INCOME	**$ 6,226,663**	**$ 5,679,482**

See accompanying notes to financial statements.

Insurance Company of The Bahamas Limited

Statement of Changes in Equity

(Expressed in Bahamian Dollars)

	Share Capital	General Reserve	Retained Earnings	Total
Balance as at January 1, 2023	**$ 3,000,000**	**$ 2,000,000**	**$ 32,575,245**	**$ 37,575,245**
Total comprehensive income for the year:				
Net Income	-	-	$ 5,679,482	$ 5,679,482
Distributions to owners:				
Dividends *(Notes 3, 6 and 15)*	-	-	(1,252,642)	(1,252,642)
Balance as at December 31, 2023	**$ 3,000,000**	**$ 2,000,000**	**$ 37,002,085**	**$ 42,002,085**
Total comprehensive income for the year:				
Net Income	-	-	6,226,663	6,226,663
Transfer to general reserve *(Note 13)*	-	3,000,000	(3,000,000)	-
Distributions to owners:				
Dividends *(Notes 3, 6 and 15)*	-	-	(2,271,793)	(2,271,793)
Balance as at December 31, 2024	**$ 3,000,000**	**$ 5,000,000**	**$ 37,956,955**	**$ 45,956,955**

See accompanying notes to financial statements.

Insurance Company of The Bahamas Limited

Statement of Cash Flows

(Expressed in Bahamian Dollars)

	Year Ended December 31	
	2024	**2023**
Cash flows from operating activities		
Net Income	$ 6,226,663	$ 5,679,482
Adjustments for:		
Interest income *(Notes 5 and 7)*	(751,466)	(718,492)
Dividend income and other income	(496,171)	(405,127)
Change in net unrealized gain on investments at fair value through profit and loss *(Note 7)*	(322,825)	(1,069,400)
Depreciation *(Note 9)*	73,675	76,019
Allowance for expected credit loss *(Note 16)*	(46,121)	-
Operating income before changes in operating assets and liabilities	4,683,755	3,562,482
(Increase)/decrease in operating assets:		
Due from agents *(Notes 6 and 16)*	(566,712)	(4,175,653)
Reinsurance contract assets *(Notes 11 and 16)*	(1,589,140)	(3,632,563)
Prepayments and other receivables	(86,356)	(8,786)
Increase/(decrease) in operating liabilities:		
Insurance contract liabilities *(Notes 11 and 16)*	3,082,391	6,975,314
Reinsurance contract liabilities *(Notes 11 and 16)*	2,085,090	2,133,144
Accounts payable and accruals *(Notes 6 and 15)*	(4,665)	383,116
Net cash provided by operating activities	$ 7,604,364	$ 5,237,054

See accompanying notes to financial statements.

Insurance Company of The Bahamas Limited

Statement of Cash Flows (continued)
(Expressed in Bahamian Dollars)

	Year Ended December 31	
	2024	**2023**
Investing activities		
Net placement of term deposits *(Note 5)*	$ (173,937)	$ (1,163,383)
Purchase of property, plant and equipment *(Note 9)*	(12,141)	(30,571)
Purchase of investments in securities *(Note 7)*	(6,249,999)	(1,420,000)
Proceeds from principal repayments *(Note 7)*	684,579	1,491,546
Interest received	684,988	707,565
Dividends received	496,171	405,127
Net cash used in investing activities	(4,570,339)	(9,716)
Financing activities		
Dividends paid *(Note 15)*	(2,263,036)	(1,395,486)
Net cash used in financing activities	(2,263,036)	(1,395,486)
Net increase in cash and cash equivalents	770,989	3,831,852
Cash and cash equivalents at beginning of year	$ 10,655,984	$ 6,824,132
Cash and cash equivalents at end of year	$ 11,426,972	$ 10,655,984
Supplemental information		
Premium tax paid	$ 2,852,968	$ 2,546,261

See accompanying notes to financial statements.

1. Incorporation and Principal Activity

Insurance Company of The Bahamas Limited ("the Company") is incorporated under the Companies Act, 1992 of The Commonwealth of The Bahamas and is licensed to operate as a property and casualty insurance company in The Bahamas under the Insurance Act, 2005, as amended, and Turks & Caicos Islands, B.W.I. under the Insurance Ordinance, 1989, amended December 2014. The parent of the Company is J.S. Johnson & Company Limited ("J.S. Johnson") which holds 40% of the Company's issued shares. J.S. Johnson and its subsidiaries carry on business as agents and brokers in general insurance in The Bahamas and the Turks & Caicos Islands.

The registered office of the Company is situated at the offices of Messrs. McKinney, Bancroft & Hughes, Mareva House, 4 George Street, Nassau, The Bahamas. The Company's principal place of business is located at 33 Collins Avenue, Nassau, The Bahamas.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis, except for

- financial assets and financial liabilities that have been measured at fair value.
- financial assets carried at amortised cost.
- Insurance contract liabilities and reinsurance contract assets are measured on a discounted risk adjusted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

The methods used to measure fair value are discussed further in the material accounting policies below.

(c) Functional and Presentation Currency

These financial statements are presented in Bahamian dollars ("BSD"), which is the Company's functional and reporting currency.

(d) Use of Estimates and Judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

2. Basis of Preparation *(continued)*

(d) Use of Estimates and Judgements *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Notes 3(a), 3(d), 3(e), 3(f), 3(g), 7, 8, 9, 12 and 16.

3. Summary of Material Accounting Policies

(a) **Insurance and Reinsurance Contracts**

(i) Classification

The Company issues non-life insurance and reinsurance contracts that transfer significant insurance risk and/or financial risk or both. In the ordinary course of business the Company issues insurance contracts consisting of Property, Casualty, Motor, and Marine insurance contracts.

Property insurance contracts, both personal and commercial, provide compensation for loss, or damage to property. Business Interruption coverage provides compensation for loss of earnings following physical damage to the insured premises.

Casualty/liability insurance contracts protect the insured against the risk of causing financial loss or injury to third parties following some act of negligence. Liability insurance contracts include both contractual and non-contractual protection. Two of the most common protections offered are “Employer’s Liability”, designed to indemnify employers who become legally liable to pay compensation to injured employees and “Public Liability”, designed to indemnify individuals and businesses that become legally liable to pay compensation to third parties.

Motor insurance contracts cover the driver’s liability to third parties in respect of personal injury or property damage. If comprehensive cover is purchased, the policy also covers damage to the policyholder’s vehicle.

Marine insurance contracts include the insurance of goods in transit over land or sea and also the insurance of hulls. Hull insurance contracts typically cover both physical damage to the vessel and also the boat owner’s liability to third parties in respect of personal injury or property damage.

The Company cedes (or assumes) reinsurance under a variety of formal treaty arrangements, with retention limits varying by the line of business. Under these treaties, which are classified as reinsurance contracts held (or assumed), the Company is compensated (or compensates) in respect of one or more losses under contracts that meet the classification requirements for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets (or financial liabilities). The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance assets.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(ii) Level of aggregation

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and that are managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts by the year of issue and each annual cohort divided into three groups.

- any contracts that are onerous at initial recognition
- any contract that on initial recognition has no significant possibility of becoming onerous subsequently and
- any remaining contracts in the annual cohort

When a contract is recognized, it is added to an existing group of contracts or if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. The Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information. The level of aggregation requirements of IFRS 17 limit the offsetting of gains on groups profitable contracts, against gains on groups of onerous contracts, which are recognized immediately.

The profitability of groups of contracts is assessed by actuarial valuation models based on historical profitability analysis. For contracts that are not onerous, the Company assesses at initial recognition, all gross contracts to be in the “remaining contracts” onerousity group.

The Company divides portfolios of reinsurance contracts held by applying the same principles set out above.

(iii) Contract Boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in a group. The period covered by the premiums within the contract boundary is the ‘coverage period.’

Insurance Contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has the substantive obligation to provide services. In the ordinary course of business, the Company issues short-term (less than one (1) year) insurance contracts with minimal exceptions.

Reinsurance Contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from the substantive rights and obligations that exist during the reporting period in which the company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

Reinsurance Contracts *(continued)*

The Company's reinsurance contracts have a contract boundary that is one year or less. The contract boundary will be reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time. The measurement of reinsurance contracts generally aligns with that of the underlying contracts.

(iii) Contract Boundaries

Recognition

Groups of insurance contracts that the Company issues are recognized starting with the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

Groups of reinsurance contracts that the Company issues are recognized starting with the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Derecognition and Modification

The Company derecognizes a contract when the rights and obligations relating to the contract are extinguished by cancellation or expiry or when the contract is modified in such a way that results in a change in measurement model, or a change in the standard for measuring a component of a contract, or a change in the contract boundary, or a change in grouping. In these cases of modification the Company derecognises the initial contract and recognises a new contract with the modified terms.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(iv) Measurement

Measurement models are based on the estimates of the present value of future cash flows that are expected to arise as the company fulfills contracts, an explicit risk adjustment for non-financial risk and a contractual service margin for contracts which are all subject to different requirements.

The Company's insurance contracts issued and reinsurance contracts held apply the Premium Allocation Approach (PAA).

Premium Allocation Approach (PAA)

The premium allocation approach is an optional simplified measurement model that is available for insurance and reinsurance contracts that meet the eligibility criteria. The Company is eligible for the application of the premium allocation approach as the following criteria are met for its insurance and reinsurance contracts:

- The coverage period of each contract in a group is one year or less including insurance contract services arising from all premiums within the contract boundary or,
- For contracts longer than one year, the Company expects that the PAA simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general model.
- Reinsurance contracts: The coverage period of each contract in the group is one year or less.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

<u>Initial Measurement – Insurance Contracts</u>

For a group of non-onerous insurance contracts, the liability for remaining coverage is measured as follows:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognized for insurance acquisition cash flows and,
- Any other asset or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognized.

There is no allowance for the time value of money as the premiums are generally received within one year of the coverage period.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(iv) Measurement (continued)

Initial Measurement – Reinsurance Contracts Held

Reinsurance contracts are initially measured on the same basis as insurance contracts that the Company issues. However, they are adapted to reflect the features of reinsurance contracts held where they differ from insurance contracts issued, where applicable.

Subsequent Measurement – Insurance Contracts

The carrying amount of the liability for remaining coverage at the end of each reporting period is measured in the same manner as initial recognition plus any amounts relating to the amortization of the insurance acquisition cashflows recognized as an expense in the reporting period for the group and minus the amount recognized as insurance revenue for the services provided in the period. There are currently no financing or investment components that would be applicable to the subsequent measurement of the insurance contracts.

The Company estimates the liability for incurred claims as the expected fulfilment cash flows related to incurred claims. Claims and loss adjustment expenses are recognized to profit and loss as incurred based on the known or estimated liability for compensation owed to policyholders or third parties. They include direct or indirect claims settlement costs and arise from events that have occurred up to the reporting date regardless of whether or not they have been reported. Best estimate cashflows from claims comprise the estimated cost of all claims incurred but not settled as of the reporting date whether reported or not. Best estimate cashflows from claims are estimated using: (a) the judgment of the agency's claims manager for routine claims, (b) external legal opinion in connection with more complex claims, and (c) statistical analyses for IFRS 17 requirements which include the estimation of:

- Future cashflows: This is the expected value of all future cashflows, under the full range of possible outcomes required to settle the expired (re)insurance obligations within the contract boundary. The estimates incorporate, in an unbiased way, all available information about the amount, timing and uncertainty of the future cashflows that are expected to arise as the Company fulfils the insurance contract obligations. The estimates reflect the Company's perspective, rather than the market perspective, as they do not contradict representative observable market data at the measurement date. The estimates reflect conditions at the measurement date, including assumptions at that date about the future.

  For future cashflows, the Standard also requires all insurance expenses relating to prior service to be included within the liability for incurred claims. The Company projected these annual expense payments over the future run-off of the best estimate reserves, reducing in proportion to the reserves paid out in each future year and allowing for the future excess inflation of Bahamas CPI between 2024 and 2026, used to calculate a percentage uplift to the reserves to cover these future expenses. Other insurance-related cashflows relating to prior service (i.e. settled claims that have not yet been paid out) are included in these future cashflow estimates within the results. The estimates of the future cashflows relating to reinsurance recoveries should reflect the possibility of non-performance of the reinsurer.

(Expressed in Bahamian Dollars)

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(iv) Measurement (continued)

- Discounting adjustment: These future cashflows are discounted to reflect the time value of money and the financial risk related to those cashflows that are expected to occur more than a year after the date on which the claims have incurred. The Company has adopted the bottom-up approach for calculating the discount rates. This approach requires the use of a risk-free yield curve and the application of an illiquidity adjustment. The illiquidity adjustment reflects the difference between the liquidity of the assets underlying the risk-free yield curve and the liquidity of the insurance contracts. The liquid risk-free yield curve used for USD policies is based on the USD yield curve published by the European Union's European Insurance and Occupational Pensions Authority as at 31 December 2024. The liquid risk-free yield curve for BSD policies has been parameterized based on published Bahamian bond prices, as at December 2024.

  Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	BSD	**USD**	**BSD**	**USD**	**BSD**	**USD**	**BSD**	**USD**
Risk-Free Rate Curve	2.63%	4.18%	3.00%	4.06%	3.54%	4.02%	4.65%	4.32%
Interpolated Yield Curve	2.63%	4.43%	3.10%	4.33%	3.66%	4.28%	4.80%	4.31%

  The sources were analysed for the illiquidity premium implied by the spread in yields between interest rate swaps and US Treasury bonds, and illiquidity premiums applied by insurers across the market. The Company applied judgment in selecting an illiquidity premium of 0.25% applied to all payment terms.

- Risk adjustment: The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. Under IFRS 17, in addition to calculating the risk adjustment amount, the percentile ("confidence level") that the risk adjustment would correspond on the distribution of claim reserves. The approach to calculating the risk adjustment is to have a confidence level or monetary amount determined by the Company's judgment that equals the compensation required to accept the uncertainty in the cashflows. The Company selected a confidence level of 75% for both the gross and reinsurance risk adjustment which means that there is a 75% probability that risk adjustment would be sufficient to cover the run-off of the liabilities. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value ("PV") of future cash flows required to meet the target percentiles.

At each reporting date, liability adequacy tests are performed by both the Company and an external actuary, to ensure the adequacy of the liability for incurred claims and the asset for incurred claims. Tests include reviewing original estimates of ultimate claims cost provided by management for each underwriting year against the current year-end estimates. These tests are carried out at the portfolio level for the classes of property, motor, casualty and marine business.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(iv) Measurement (continued)

Subsequent Measurement – Reinsurance Contracts Held

The subsequent measurement of reinsurance contracts held is based on the same principles as the insurance contracts issued, but it has been modified to take into account the unique features of the reinsurance contracts held.

(v) Insurance Acquisition Cashflows

Insurance acquisition cash flows ("IACF") arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company applies judgment in selecting a systematic and rational method to allocate insurance acquisition cash flows that are directly attributable to groups of insurance contracts. The Company currently chooses not to immediately expense insurance acquisition cashflows as incurred.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognized in the statement of financial position, a separate asset for insurance acquisition cash flows is recognized for each related group. The asset for insurance acquisition cash flow is derecognized from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

(vi) Insurance Revenue

The insurance revenue for the period is the amount of expected premium receipts earned for insurance contract services based on the passage of time over the period of coverage. The unexpired risks at the reporting date is reported with the liability for remaining coverage. The expected pattern of release of risk using alternative allocation methods is not expected to significantly differ from the passage of time based on the Company's judgment. Should facts and circumstances change, the change will be accounted for prospectively as a change in accounting estimate.

(vii) Insurance Service Costs

The Company presents separately on the face of the statement of comprehensive income, the amounts expected to be paid in gross claims, an allocation of directly attributable costs and other insurance service expenses within the insurance service costs.

(viii) Insurance Finance income and expense

Insurance and reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk. The Company aggregates finance income and expense on the value on insurance assets and liabilities and reinsurance assets and liabilities measured at fair value through profit and loss ("FVTPL").

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(ix) Net expense from reinsurance contracts held

The Company cedes (or assumes) reinsurance under a variety of formal treaty arrangements, with retention limits varying by the line of business. Under these treaties, which are classified as reinsurance contracts held (or assumed), the Company is compensated (or compensates) in respect of one or more losses under contracts that meet the classification requirements for insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as reinsurance contract assets. These assets comprise:

a) recoverable due from reinsurers in respect of claims paid, and

b) the recoverable for outstanding claims allocated in accordance with the treaty arrangements for the class of business in question.

Amounts paid to the reinsurers relating to the unexpired portion of reinsured contracts are classified as asset for remaining coverage within the reinsurance contracts assets.

Due to reinsurers and premiums payable under reinsurance contracts are classified as reinsurance contract liabilities. Premiums to be ceded are recognized as an expense within the net expense from reinsurance contracts held from the date the premiums are written and over the term of the insurance contract in the statement of comprehensive income.

Amounts shown as net expense from reinsurance contracts held are measured consistently with the amounts associated with reinsured insurance contracts assets and reinsurance contract liabilities in accordance with the terms of each reinsurance contract.

The Company assesses its reinsurance contract assets for any indication of impairment on an ongoing basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance contract assets to its recoverable amount and recognizes that impairment loss in the statement of comprehensive income.

(x) Onerous contracts

Under the PAA measurement approach, no contracts are assumed as onerous at initial recognition unless facts and circumstances indicate otherwise. However, an insurance contract may be classified as onerous if, at any time during the coverage period, the fulfilment cashflows allocated to the contract and any cashflows arising from the contract exceed carrying the value of the liability for remaining coverage, which amounts to a net outflow. For reinsurance contracts the results would follow as a net inflow.

The Company groups these onerous contracts apart from other contracts and records a loss for the net outflow. The Company establishes a loss component within the liability for the remaining coverage for such onerous groups.

3. Summary of Material Accounting Policies *(continued)*

(a) Insurance and Reinsurance Contracts *(continued)*

(x) Onerous contracts (continued)

For any onerous insurance contracts groupings, a corresponding loss-recovery component is established within the asset for remaining coverage for a group of reinsurance contracts held. The Company calculates the recovery percentage of the onerous contract groupings based on the group of reinsurance contracts held.

The Company subsequently reduces the loss component to nil in line with the end of the coverage period with reductions in the liability for remaining coverage for the onerous group of underlying insurance contracts. The loss-recovery component from the group of reinsurance contracts held would also be reduced to nil using a systematic and reasonable approach at the end of the contract coverage period.

(xi) Portfolio Transfer

At the anniversary date of the reinsurance agreements and at the Company's option, proportional reinsurers agree to assume the unexpired liability of all risks in force at such anniversary date. The unexpired liability is computed in accordance with the method outlined in the reinsurance agreement and accounted for when determined in the statement of comprehensive income. For 2024, portfolio transfer premiums totalling $232,857 (2023 - $2,728,699) were included in the premiums ceded to reinsurers in the statement of comprehensive income.

(xii) Fronting Arrangements

Insurance revenue includes the risk premium from fronting arrangements whereby the Company reinsures one hundred percent of an individual risk to an insurer not licensed to transact business in The Bahamas. The reinsured amounts are included within the amount shown as net expense from reinsurance contracts held. For 2024, the total risk premium pertaining to such arrangements amounts to $34,713,181 (2023: $28,773,010).

(b) Other Income Recognition

Other income of the Company are recognized as follows:

i. Dividend income – recognized when the Company's right to receive payment has been established.

ii. Fronting fees – recognized when premiums are billed to customers as the Company has no further service obligations associated with these fees.

(c) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at that date. Transactions in foreign currencies are translated to the functional currency at the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognized in net income or loss in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rates ruling at the dates that the values were determined. All foreign currency exchange differences relating to monetary items, including cash and bank balances, are recognized in the statement of comprehensive income.

3. Summary of Material Accounting Policies *(continued)*

(d) Investment Property

The Company classifies property held for capital appreciation as investment property. Investment property is carried at cost and measured in accordance with IAS 40, Investment Property, and is stated at historical cost less accumulated depreciation and impairment losses. No depreciation is taken on land. The carrying value of investment property is assessed annually for any impairment losses.

The Company performs annual impairment assessments based on fair value less cost to sell. The fair value of investment property is determined by third-party professional appraisals, which are performed every three to five years.

The fair value of the investment property is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(e) Property, Plant, and Equipment

Property, plant, and equipment, except for land, are stated at historical cost less accumulated depreciation and impairment losses. Land is stated at cost and not subject to depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment. The cost of replacing part of an item of property, plant, and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income or loss in the statement of comprehensive income as incurred.

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and depreciation rates for the current and corresponding period are as follows:

	Useful Lives Years	Depreciation Rates
Buildings	50	2%
Office furniture and equipment	6.67	15%
Computer equipment	5	20%
Motor vehicles	4	25%

3. Summary of Material Accounting Policies *(continued)*

(e) Property, Plant, and Equipment (continued)

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in other income on the statement of comprehensive income. Repairs and maintenance are charged to net income or loss in the statement of comprehensive income when the expenditure is incurred.

(f) Financial Instruments

A financial instrument is recognized when the Company becomes a party to the contractual provisions that give rise to a financial asset for one entity and the financial liability for another entity. Regular way purchases and sales of financial instruments are accounted for at trade date, that is, the date the Company commits itself to purchase or sell the asset.

Financial instruments comprise investments in equity and debt securities, term deposits, loans and receivables, cash and bank balances and accounts payable and accruals.

Financial assets are initially measured at fair value. For assets not measured at fair value through profit or loss, any directly attributable transaction costs are added to the carrying value. Financial assets are subsequently measured into the below categories:

- Amortized cost
- Fair value through profit or loss

Each measurement category is determined by the business model for managing the asset and the asset's contractual terms. The assessment of the business model for financial instruments are performed at aggregate level groupings. The business model test aligns each instrument to the Company's business and operational objectives surrounding liquidity, risks and overall performance objectives. The assessment of the contractual cashflows are considered on an instrument by instrument basis and considers the timing and value of solely payments of principal and interest on the outstanding principal amount.

(i) Investments at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. Financial assets classified as fair value through profit or loss include investments in common shares, preference shares and mutual funds.

3. Summary of Material Accounting Policies *(continued)*

(f) Financial Instruments *(continued)*

(ii) Investments at Amortized Cost

The Company measures financial assets at amortized cost if it is both held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

Financial assets classified as investments at amortized cost include all notes and bonds, loans and other receivables and term deposits.

(iii) Cash and Bank Balances

Cash and bank balances comprise cash and deposits held with financial institutions with original maturities of less than three months. Bank overdrafts and margin loans, if any, that are repayable on demand and form an integral part of the Company's cash management, are included as a component of cash and bank balances for the purpose of the statement of cash flows.

(iv) Financial Liabilities

Financial liabilities are initially classified at amortized cost using the effective interest method with specific exceptions. Financial liabilities may be subsequently measured at fair value through profit or loss by irrevocable option when permitted under the standard or when doing so results in more relevant information because it eliminates or reduces measurement or recognition inconsistency or if the financial liabilities performance is evaluated on a fair value basis.

The Company's financial liabilities are comprised of the accounts payable and accruals which are measured at amortized cost.

Financial liabilities arising from insurance contracts are measured at amortized cost.

(v) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(vi) Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either; in the principal or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Company.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

3. Summary of Material Accounting Policies *(continued)*

(f) Financial Instruments *(continued)*

(vi) Fair Value Measurement (continued)

Any equity security that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses, if any. If a reliable measure of fair value becomes available subsequently, the instrument is measured at fair value.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received). If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 – valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(g) Impairment

(i) *Financial Assets*

The Company recognizes a loss allowance for all debt securities measured at amortized cost or fair value through other comprehensive income using an expected credit loss model. The expected credit loss model uses forward looking information that is reasonable and supportable and does not depend solely on historical information. Expected credit losses (ECL) are the difference between the cashflows due in accordance with a contract and the cashflows that are expected to be received discounted using the effective interest rate. The expected credit loss model may assess financial assets on an individual basis or aggregated into groups with similar credit risk characteristics.

3. Summary of Material Accounting Policies *(continued)*

(g) Impairment *(continued)*

(i) *Financial Assets (continued)*

There are several approaches recommended for the calculations within the expected credit loss model including the below:

- General Approach

Under the general approach expected credit losses are categorized into one of three stages. Under stage 1 of the general approach, each financial asset or financial asset grouping will be measured for expected credit losses that result from default events that are possible within the 12 months subsequent to the current fiscal period (12-month ECL). Under stage 2 and 3 of the general approach, the financial asset or financial asset group must recognize an expected credit loss allowance for possible default events that may take place over the remaining life of the instrument (lifetime ECL). The categorization of an individual asset or asset group into stage 1, stage 2 or stage 3 is determined by whether there was a significant increase in credit risk since the initial recognition to the reporting date, with the exception of an asset that is categorized as low credit risk. The stage 1 ECL classification is used for low credit risk assets or assets that have shown significant improvement in credit quality and is reclassified from stage 2 or has had no significant change in credit risk since initial recognition. The stage 2 ECL classification is used for assets for which there has been a significant decrease in credit quality since initial recognition, or stage 3 assets that have shown significant improvement in credit quality. The stage 3 ECL is reserved for assets considered to be credit impaired.

The Company considers an instrument to be in default when contractual payments are 90-days past due or when information obtained indicates that the debtor is unlikely to pay contractual outstanding amounts in full.

- Simplified Approach

The simplified approach is applied to trade receivables and contract assets under the scope of IFRS 15 and lease receivables under the scope of IFRS 16. The approach enforces a lifetime expected credit loss calculation if elected and allows the use of a provision matrix. The provision matrix makes use of historical default patterns adjusted for forward-looking factors and the current economic environment. The simplified approach does not require an entity to track the changes in credit risk, but, instead, requires the entity to recognize a loss allowance based on lifetime ECLs at each reporting date. This approach is not used as the Company does not have qualifying assets.

- Purchased or Originated Credit-Impaired Assets Approach

This approach is reserved for financial assets with high credit risk at initial recognition and at initial recognition a lifetime credit loss must be recognized. At the reporting date, cumulative changes in the lifetime expected credit loss since initial recognition are to be recognized.

This approach is not used as the Company does not have qualifying assets.

3. Summary of Material Accounting Policies *(continued)*

(g) Impairment *(continued)*

- Calculation of Expected Credit Losses

The approach elected by the Company is the general approach and all eligible assets have been assessed on an instrument by instrument basis. The calculation method selected by the Company is the probability of default method. The expected credit loss calculation considers several possible outcomes upon default and within certain outcomes a recovery rate is incorporated. Under this method factors including the probability of default (PD), the exposure at default (EAD), the loss given default (LGD) and the effective interest rate (EIR) are determined.

- The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

- The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

For each eligible asset, supportable and relevant information that includes both historical and forward-looking data was evaluated to determine the credit risk at initial recognition and at the reporting date. Qualitative and quantitative information assessed included, debtor background, external and internal credit ratings, payment history, financial report releases and general macroeconomic conditions. The asset is then allocated into one of three stages where either the 12-month ECL or the lifetime-ECL calculation is selected. All expected credit losses calculated are then discounted using the effective interest rate.

(ii) Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in income or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Taxation

(i) Premium Tax

Premium tax is incurred at a rate of 3.00% of gross written premiums in The Commonwealth of The Bahamas and 2.50% of gross written premiums in the Turks & Caicos Islands, British West Indies. Premium tax is recognized when the Company's obligation to make payment has been established.

3. Summary of Material Accounting Policies *(continued)*

(h) Taxation (continued)

(ii) Value Added Tax

Value Added Tax ("VAT") is a consumption tax that is charged on most goods and services provided in The Bahamas from a registered business. Registration is required for all businesses that exceed $100,000 in taxable activity for the past 12 months. On January 1, 2015, the Value Added Tax Act, 2014 (VAT), came into force thereby imposing a tax on all Property and General (and other casualty insurance, except exempt supplies) insurance services provided by the Company and a tax on all taxable inputs purchased by the Company at a rate of 7.5%. The Company has paid VAT on taxable inputs comprised of claims, commission and operating expenses from January 1, 2015 onward. On July 1, 2018, this rate was amended to 12% and further amended January 1, 2022 to 10%.

(iii) Business Licence Fees

Effective July 1, 2023, the Business Licence Act ("BL Act"), 2023 and the ancillary Business Licence Regulations, 2024 took effect. The BL Act is a consolidation and amendments of the law relating to business licences from the period commencing 2010 to 2022. This BL Act establishes that all insurers with respect to their operations in the Commonwealth of the Bahamas pay tax at the rates prescribed under the Act on revenues other than gross written premiums.

(i) Employee Benefits

The Company has a defined contribution pension plan for eligible employees whereby the Company pays contributions to a privately administered pension plan. The Company has no further payment obligations once the contributions have been paid. The plan requires participants to contribute 5.00% of their eligible earnings and such amounts are matched by the Company. The Company's contributions to the defined contribution pension plan are charged to income or loss in the year to which they relate.

(j) Related Parties

In accordance with IAS 24 Related party disclosures, all related entities, shareholders, directors, and key management personnel who have authority and responsibility for planning, directing, control, joint control and significant influence over the activities of the Company directly or indirectly through control or significant influence over the aforementioned parties are classified as related parties. See Note 6 for balance and transaction amounts.

(k) Dividends

Dividends proposed or declared after the reporting date are not recognized at the reporting date.

(l) New Standards, Interpretations, and Amendments to Published Standards Relevant to the Company that are Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company is currently assessing the impact of the new and revised standards.

3. Summary of Material Accounting Policies *(continued)*

(l) New Standards, Interpretations, and Amendments to Published Standards Relevant to the Company that are Not Yet Effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. The Company is currently assessing eligibility for this standard.

3. Summary of Material Accounting Policies *(continued)*

(l) New Standards, Interpretations, and Amendments to Published Standards Relevant to the Company that are Not Yet Effective (continued)

Amendments to IFRS 9 and IFRS 7 – Amendments to Disclosures Classification and Measurement of Financial Instruments

These amendments clarify financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

These amendment also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows. Additionally, these amendments introduce new disclosure requirements and update others.

These amendments will become effective for reporting periods beginning on or after 1 January 2026, with early application permitted. The Company will identify all the impacts these amendments will have on the primary financial statements and notes to the financial statements.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 – Annual improvements to IFRS Accounting Standards Volume 11

The IASB has issued Annual Improvements to IFRS Accounting Standards – Volume 11. These amendments to IFRS Accounting Standards include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

The amended Standards are:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*
- IFRS 7 *Financial Instruments: Disclosures* and its *accompanying Guidance on implementing IFRS 7*
- IFRS 9 *Financial Instruments*
- IFRS 10 *Consolidated Financial Statements*
- IAS 7 *Statement of Cash Flows*

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The Company will identify all impacts these amendments will have on the primary financial statements and notes to the financial statements.

(m) New Standards Adopted During the Year

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024. Although these new standards and amendments have been applied for the first time in 2024, they may or may not have a material impact on the annual financial statements of the Company.

3. Summary of Material Accounting Policies *(continued)*

(m) New Standards Adopted During the Year (continued

The nature and the impact of other new standards or amendments are described below:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement

• That a right to defer must exist at the end of the reporting period

• That classification is unaffected by the likelihood that an entity will exercise its deferral right

• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments had no material impact on the Company as the current presentation for liabilities is relevant and useful to the users of the financial statements.

4. Cash and Bank Balances

The Company earned no interest on operating accounts and demand deposits denominated in Bahamian dollars.

5. Term Deposits

Term deposits with banks include accrued interest totalling $274,305 (2023 – $209,603). The term deposits are held for more than three months from the date of acquisition and have the following maturities and interest rates disclosed in the table below.

	Interest Rates – 2024	2024	Interest Rates – 2023	2023
3 months to one year	0.50%-2.50%	$ 8,946,310	0.50%-3.00%	$ 6,492,488
Over one to five years	1.95% - 2.30%	3,232,985	1.95% - 2.50%	5,448,168
Loss allowance for expected credit losses on term deposits		(2,366)		(2,366)
		12,176,929		**11,938,290**

(Expressed in Bahamian Dollars)

5. Term Deposits (continued)

To meet its requirement under the Insurance Act 2005 in The Bahamas, as outlined in Note 17 under capital management, the Company renewed its term deposit of $1,298,898 (2023 – $1,292,419) with a maturity date of December 21, 2025, and it is held with a recognized financial institution in The Bahamas.

The Company is also required under the Insurance Regulations in Turks and Caicos to meet certain capital requirements as outlined in Note 17, and as such holds a restricted deposit of $1,582,700 (2023 – $1,537,081), with a maturity date of December 6, 2025, with a recognized financial institution in Turks and Caicos.

6. Related Parties Balances and Transactions

J.S. Johnson, the Company's parent, serves as its sole agent (referred to as agents) in accordance with the Agency Agreement entered on January 1, 2000. The remaining shareholders of the Company represent certain shareholders and key management personnel of J.S. Johnson. The Company and J.S. Johnson also have certain directors in common. Aon UK Holdings Intermediaries Ltd. (formerly Bain Hogg Management Ltd.), a company incorporated in the United Kingdom, and a subsidiary of Aon Limited ("Aon"), is the principal shareholder of J.S. Johnson. Aon, through its subsidiaries, serves as the Company's reinsurance broker. Amounts due from agents are interest-free and are settled over a 65-day period. Included in this balance is a $500,000 reserve held for the purpose of settling claims. The financial statements include the following balances and transactions with related parties:

Balances	**2024**	**2023**
Parent Company		
Due from agents	$ 13,833,516	$ 13,266,804
Insurance acquisition cash flows	7,022,078	6,431,930
Investments at FVTPL *(Note 7)*	502,500	474,600
Related Entity		
Reinsurance contract liabilties	(6,274,559)	(4,189,469)
Directors		
Directors fees payable	-	(25,500)
Other Shareholders		
Dividend payable *(Note 15)*	(67,870)	(59,113)
Transactions		
Parent Company		
Insurance revenue	113,577,799	95,112,119
Dividend income	20,300	20,400
Sale of motor vehicle	30,000	-
Insurance acquisition cash flows	(16,576,866)	(14,705,665)
Profit and loyalty commission	(2,618,934)	(2,844,775)
Management fees	(50,000)	(50,000)
Dividend paid	(908,717)	(501,057)
Advertisement expenses	(3,000)	(3,000)
Other Shareholders		
Dividend paid	(1,354,319)	(894,429)
Directors		
Directors fees	(179,500)	(126,500)

(Expressed in Bahamian Dollars)

7. Investments in Securities

(i) Securities at Fair Value Through Profit or Loss

Securities at fair value through profit or loss principally comprise marketable equity securities. Movements during the year were as follows:

	2024	2023
As of beginning of year	$ 11,561,223	$ 10,341,823
Additions	3,999,999	1,150,000
Disposals	-	(1,000,000)
Change in net unrealized gains during the year	322,825	1,069,400
As of end of year	$ 15,884,047	$ 11,561,223

As of December 31, 2024, the cost of securities fair valued through profit or loss was $11,208,241 (2023 – $7,208,241).

The Company holds 30,000 (2023 – 30,000) shares of J.S. Johnson valued at $502,500 (2023 – $474,600) (Note 6) at a cost of $211,500 (2023 – $211,500).

(ii) Investments at Amortized Cost

Investments at Amortized cost consist of the following:

	Interest Rates	Maturity	Amortized Cost 2024	Interest Rates	Maturity	Amortized Cost 2023
Bahamas Government Registered Stock	3.31% - 5.60%	2025-2049	6,805,631	4.39% - 5.60%	2024-2049	5,164,859
Bahamas Government Stock Tranche 1	6.25%	2044	501,370	6.25%	2044	501,370
Clifton Heritage Authority	5.50%	2035	282,980	5.50%	2035	282,980
College of The Bahamas	7.00%	2026	71,442	7.00%	2026	107,163
Nassau Airport Dev. Co. Senior Notes	8.50%	2031	225,000	8.50%	2031	255,000
Nassau Airport Dev. Co. Senior Notes	7.50%	2035	1,723,474	7.50%	2035	1,806,207
The Bridge Authority Bond			-	6.25%	2024	130,078
Public Hospital Authority Ser A	6.00%	2033	480,848	6.00%	2033	534,275
Nassau Cruise Port Limited	6.00%	2040	272,732	6.00%	2040	272,732
Bahamas Grid Company Ltd.	8.00%	2035	258,384			-
Loss Allowance			(350,819)			(396,940)
			$10,271,042			**$ 8,657,724**

Included in investments at amortized cost is accrued interest totalling $112,572 (2023 – $110,795). For the year ended December 31, 2024, the interest income for the investments at amortized cost was $488,954 (2023 - $512,775).

7. Investments in Securities *(continued)*

(ii) Investments at Amortized Cost (continued)

In accordance with the Note Purchase Agreement dated December 31, 2018 for Nassau Airport Development Company – 7.5% Participating Debt Note, the issuer exercised its rights under the Agreement to capitalize any unpaid interest due on the Quarterly Date and increase the principal amount of the Participating Debt Note by the amount equal to such capitalized interest. In accordance with IFRS 9, when modifying debt, the Company must determine whether the change in carrying value is substantial or replaced by new debt with substantially different terms. In accordance with the reporting standard, these contractual cash flows have been modified and did not result in derecognition, as such in 2022 the Company recognized a modification gain of $129,346 within in the statement of comprehensive income. In 2023 the Nassau Airport Development Company restarted interest payments on the 7.5% Debt Note. During 2024, the Company received $82,733 towards the principal of the Secured Note.

In accordance with the Note Purchase Agreement dated March 20, 2009, for Nassau Airport Development Company – 8.5% Senior Secured Note, the issuer has exercised its rights under the Agreement to prepay the principal in a number of instalments until the maturity date in 2031. During 2024, the Company received $30,000 (2023 – $30,000) towards the principal of the Secured Note.

In accordance with the Note Purchase Agreement dated June 24, 2011, for The College of The Bahamas, the issuer has exercised its rights under the Agreement to prepay the principal in a number of instalments until the maturity date in 2026. During 2024, the Company received $35,714 (2023 – $35,714) towards the principal of the Secured Note.

In accordance with the Note Purchase Agreement dated November 13, 2013, for Public Hospital Authority, the issuer has exercised its rights under the Agreement to prepay the principal in a number of instalments until the maturity date in 2033. During 2024, the Company received $52,632 (2023 – $52,632) towards the principal of the Secured Note.

(iii) Fair Value Hierarchy

Securities at fair value through profit or loss and fair value through other comprehensive income securities are categorized as Level 2 as at December 31, 2024. There has been no transfer of financial instruments between Level 1 and Level 2 during each of the year ended December 31, 2024.

Fair Value of Financial Instruments:

The Company's financial instruments are either measured at fair value as of the reporting date or are carried at values that approximate fair value. Except for balances due from agents, fair value estimates are made at a specific point in time, based on market conditions, and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision.

Except as stated elsewhere in the Notes, the carrying amounts of the Company's financial assets and liabilities approximate their fair values due to one or both of the following reasons:

(a) immediate or short-term maturity;

(b) carrying amount approximates or equals market value.

Because of the uncertainty surrounding the timing of the settlement of outstanding claims, management is unable to estimate the fair value of these financial instruments.

(Expressed in Bahamian Dollars)

8. Investment Property

As at December 31, 2024, the Company's investment property is comprised of one parcel of land, with a carrying value of $536,916 (2023 – $536,916).

Investment property is assessed annually for any indication of impairment, one of the factors being considered is the estimated fair value. In, 2024. the fair value of the investment property based on the independent appraisal was $630,000. The Company has a policy in place to perform appraisals every three to five years for the purpose of facilitating impairment assessment only as the Company uses the cost method.

9. Property, Plant and Equipment

	Land	Building	Furniture & Equipment	Computer Equipment	Motor Vehicles	Total
Cost						
Balance as of January 1, 2024	$ 467,704	$ 953,379	$ 251,352	$ 346,927	$ 38,388	$ 2,057,750
Additions	-	-	4,970	7,171	-	12,141
Disposals	-	-	-	-	(38,388)	(38,388)
Balance as of December 31, 2024	$ 467,704	$ 953,379	$ 256,322	$ 354,098	$ -	$ 2,031,503
Accumulated depreciation						
Balance as of January 1, 2024	$ -	$ 350,308	$ 224,842	$ 203,905	$ 38,388	$ 817,443
Disposals	-	-	-	-	(38,388)	(38,388)
Depreciation charge	-	27,384	6,510	39,781	-	73,675
Balance as of December 31, 2024	$ -	$ 377,692	$ 231,352	$ 243,686	$ -	$ 852,730
Net carrying value as of:						
December 31, 2024	**$ 467,704**	**$ 575,687**	**$ 24,970**	**$ 110,412**	**$ -**	**$ 1,178,773**
December 31, 2023	**$ 467,704**	**$ 603,071**	**$ 26,510**	**$ 143,022**	**$ -**	**$ 1,240,307**

(Expressed in Bahamian Dollars)

9. Property, Plant and Equipment *(continued)*

	Land	Building	Furniture & Equipment	Computer Equipment	Motor Vehicles	Total
Cost						
Balance as of January 1, 2023	$ 467,704	$ 953,379	$ 226,241	$ 341,467	$ 38,388	$ 2,027,179
Additions	-	-	25,111	5,460	-	30,571
Balance as of December 31, 2023	$ 467,704	$ 953,379	$ 251,352	$ 346,927	$ 38,388	$ 2,057,750
Accumulated depreciation						
Balance as of January 1, 2023	$ -	$ 322,925	$ 220,026	$ 164,084	$ 34,389	$ 741,424
Depreciation charge	-	27,383	$ 4,815	39,822	3,999	76,019
Balance as of December 31, 2023	$ -	$ 350,308	$ 224,841	$ 203,906	$ 38,388	$ 817,443
Net carrying value as of:						
December 31, 2023	**$ 467,704**	**$ 603,071**	**$ 26,511**	**143,021**	**-**	**$ 1,240,307**
December 31, 2022	**$ 467,704**	**$ 630,454**	**$ 6,213**	**$ 177,383**	**$ 3,999**	**$ 1,285,753**

The Company’s cost of disposals during the year amounted to $38,388.

10. Insurance service expense

The breakdown of insurance service expenses is presented below:

	2024	2023
Insurance acquisition cash flows	$ 18,743,388	$ 16,777,183
Gross claims incurred	10,883,791	10,278,054
Other insurance expenses	1,649,106	1,545,508
Insurance service expense	**$ 31,276,285**	**$ 28,600,745**

The premium taxes incurred for 2024 amount to $2,253,826 (2023 - $1,996,898) and commission expenses incurred for 2024 amount to $16,489,562 (2023 - $14,780,285) within the insurance acquisition costs.

Audit and audit related fees are expensed as incurred. Audit fees are recorded in other insurance expenses within the statement of comprehensive income. There were no non-audit related fees paid to our auditors with respect to the Company.

(Expressed in Bahamian Dollars)

11. Underwriting Policies and Reinsurance Agreements

The Company follows the policy of underwriting and reinsuring all contracts of insurance, which limit the retained liability of the Company. The reinsurance of contracts does not, however, relieve the Company of its primary obligation to the policyholders. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the Company would also be liable for the reinsured amount. The Company's credit risk management procedures are detailed in Note 16.

Aon Limited, whose registered office is in London, England, a related party, is the Company's reinsurance broker and acts as the intermediary between the Company and the reinsurers. Reinsurance contracts between the Company and its reinsurers are renewable annually in accordance with the terms of the individual contracts.

The claims recoverable for claims reserves (whether reported or not) is recognized as "assets for incurred claims" within the reinsurance contract assets on the statement of financial position.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	2024				
	Liability for remaining coverage		**Liabilities for incurred claims**		**Total**
	LRC excluding assets for IACF	Assets for IACF	Estimates of the PV of future cash flows	Risk Adjustment	
Insurance contract liabilities at January 1	$ 31,245,576	$ (6,431,930)	$ 13,935,000	$ 1,389,000	$ 40,137,646
Insurance revenue	(113,577,799)	-	-	-	(113,577,799)
Insurance service expense:					
Gross claims incurred and changes to liabilities for incurred claims	-	-	10,724,791	159,000	10,883,791
Amortisation of insurance acquisition cash flows	-	18,743,388	-	-	18,743,388
Other insurance service expenses	-	-	1,649,106	-	1,649,106
Insurance finance income	-	-	104,000	-	104,000
Total changes in the statement of comprehensive income	(113,577,799)	18,743,388	12,477,897	159,000	(82,197,514)
Premiums received/receivable	116,287,338	-	-	-	116,287,338
Claims and other expenses paid/payable	-	-	(11,673,897)	-	(11,673,897)
Insurance acquisition cash flows paid/payable	-	(19,333,536)	-	-	(19,333,536)
Insurance contract liabilities at December 31	$ 33,955,115	$ (7,022,078)	$ 14,739,000	$ 1,548,000	$ 43,220,037

(Expressed in Bahamian Dollars)

11. Underwriting Policies and Reinsurance Agreements *(continued)*

	2023				
	Liability for remaining coverage		**Liabilities for incurred claims**		**Total**
	LRC excluding assets for IACF	Assets for IACF	Estimates of the PV of future cash flows	Risk adjustment	
Insurance contract liabilities at January 1	$ 25,527,394	$ (5,871,062)	$ 12,375,000	$ 1,131,000	$ 33,162,332
Insurance revenue	(95,112,119)	-	-	-	(95,112,119)
Insurance service expense:					
Gross claims incurred and changes to liabilities for incurred claims	-	-	10,020,054	258,000	10,278,054
Amortisation of insurance acquisition cash flows	-	16,777,183	-	-	16,777,183
Other insurance service expenses	-	-	1,545,508	-	1,545,508
Insurance finance income	-	-	314,000	-	314,000
Total changes in the statement of comprehensive income	(95,112,119)	16,777,183	11,879,562	258,000	(66,197,374)
Premiums received/receivable	100,830,301	-	-	-	100,830,301
Claims and other expenses paid/payable	-	-	(10,319,562)	-	(10,319,562)
Insurance acquisition cash flows paid/payable	-	(17,338,051)	-	-	(17,338,051)
Insurance contract liabilities at December 31	$ 31,245,576	$ (6,431,930)	$ 13,935,000	$ 1,389,000	$ 40,137,646

The roll-forward of the reinsurance contracts assets showing assets for remaining coverage and amounts recoverable on incurred claims is disclosed in the table below:

	2024			2023		
	Asset for Remaining Coverage	Asset for Incurred Claims	Total	Asset for Remaining Coverage	Asset for Incurred Claims	Total
Reinsurance contract assets at January 1	$ 18,574,343	$ 11,180,000	$ 29,754,343	$ 16,370,783	$ 9,751,000	$ 26,121,783
Allocation of premiums ceded	787,141	-	787,140	2,203,560	-	2,203,560
Gross claims recovered and changes to asset for incurred claims	-	9,115,652	9,115,652	-	8,223,064	8,223,064
Cash flows	-	(8,313,652)	(8,313,652)	-	(6,794,064)	(6,794,064)
Reinsurance contract assets ar December 31	$ 19,361,484	$ 11,982,000	$ 31,343,483	$ 18,574,343	$ 11,180,000	$ 29,754,343

Amounts due to reinsurers of $6,274,559 (2023: $4,189,469) represents premiums ceded, claims recoverable on claims paid on proportional contracts, excess of loss premiums and other net balances recognized as reinsurance contract liabilities on the statement of financial position.

12. Reserve Levels and Claims Development

The reserving process commences at the moment an insured reports a claim and there is prima facie evidence that the Company is liable under the policy. An initial reserve is established at that point based on the best information available. Assuming liability is subsequently confirmed, the reserve is revised whenever more detailed information becomes available concerning the nature of the injury or physical damage involved. The setting of reserves is the responsibility of the agency's claims manager who will use external legal or other expert advice where appropriate. Where the initial reserve exceeds the agency's claims settling threshold, the adequacy of the reserve will also be discussed with the Company. An established reserve is expected to be sufficient to meet the final cost of a claim whenever it is finally determined.

Included within insurance contract liabilities in the statements of financial position is a provision for incurred but not reported ("IBNR") claims which has been established for each class of business and is monitored for accuracy at each year end. In determining the accuracy of the provision, management reviews the historical cost of IBNR claims and amends the provision, where necessary, taking into account statistical trends, and changes in the shape and size of the portfolio. An additional provision for any inadequacy in case reserves, incurred but not enough reserved ("IBNER") is established following advice from the external actuary. Both provisions are combined to form a development IBNR balance. Refer to Note 3(a)(iv) for further discussion on the measurement and estimation of the future cashflows, discounting and risk adjustment for non-financial risk which are other components which comprise the liability for incurred claims.

All claims reserves are established on a gross basis and the Company accounts to proportional reinsurers for their share through quarterly returns. Claims recoverable against Excess of Loss reinsurers are made on a case-by-case basis on proof of payment being established.

(i) Sensitivity Analysis – Claims Development

The development of long-tail insurance liabilities provides a measure of the Company's ability to estimate the ultimate cost of claims. Accurate claims reserving is crucial to the long-term health of the Company as it allows for more accurate pricing of products and also generates the necessary level of confidence on the part of both reinsurers and shareholders. Management uses a variety of statistical tools, including "Loss Triangulations" developed annually on an accident year basis to monitor the development of the Company's long tail liabilities. The following table shows the development of the Company's undiscounted claims costs by accident year over the period of 2019 to 2024:

(Expressed in Bahamian Dollars)

12. Reserve Levels and Claims Development *(continued)*

Insurance Claims Gross Accident Year		**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate costs at end of accident year	$	238,746,786	10,649,200	9,781,200	10,750,538	12,293,797	14,158,162	
One year later		228,868,843	9,178,693	8,620,499	8,947,379	9,696,988		
Two years later		233,341,280	8,548,899	8,669,567	9,065,465			
Three years later		233,856,713	8,582,840	8,697,754				
Four years later		234,066,062	8,612,591					
Five years later		234,140,668						
Total Incurred to date	$	234,140,668	8,612,591	8,697,754	9,065,465	9,696,988	14,158,162	$284,371,628
Cumulative payments to date	$	(233,777,784)	(8,075,161)	(8,223,069)	(8,585,987)	(8,374,689)	(5,942,402)	(272,979,092)
Liability recognized in statement of financial position	$	362,884	537,430	474,685	479,478	1,322,299	8,215,760	11,392,536
Liability in respect of prior years (1997 to 2018)								1,584,465
Gross undiscounted claims losses included in the best estimate future cash flows								**$ 12,977,001**

Insurance Claims Net Retention Accident Year		**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate costs at end of accident year	$	25,674,981	1,738,095	1,523,799	1,822,157	1,942,820	2,282,765	
One year later		38,757,126	1,653,470	1,434,741	1,468,290	1,635,929		
Two years later		40,424,778	1,550,106	1,440,850	1,516,927			
Three years later		40,935,107	1,551,952	1,445,542				
Four years later		40,936,212	1,558,148					
Five years later		41,092,406						
Total Incurred to date	$	41,092,406	1,558,148	1,445,542	1,516,927	1,635,929	2,282,765	$ 49,531,717
Cumulative payments to date	$	(41,037,974)	(1,477,741)	(1,373,139)	(1,437,297)	(1,443,830)	(1,082,520)	(47,852,501)
Liability recognized in statement of financial position	$	54,432	80,407	72,403	79,630	192,099	1,200,245	1,679,216
Liability in respect of prior years (1997 to 2018)								243,234
Net undiscounted claims losses included in the best estimate future cash flows								**$ 1,922,450**

The undiscounted claims loss is a component of the liability for incurred claims which is included within the insurance contract liabilities on the statement of financial position.

13. General Reserve

The Company has made an appropriation to a general reserve for unforeseeable risks and future losses. In 2024, the Board of Directors approved an increase to $5,000,000 (2023 - $2,000,000). The general reserve can only be distributed following approval by the Board of Directors.

14. Pension Plan

The Company's employees are members of J.S. Johnson Pension Plan, a defined contribution plan covering all eligible employees. This plan provides for benefits to be paid upon retirement. Employees are required to contribute an amount equal to 5.00% of their eligible earnings, which is matched by the Company. The amount charged to income or loss in the statement of comprehensive income during the year for pension costs was $21,791 (2023 – $20,214).

15. Dividends

During 2024, the Board of Directors declared dividends in the amount of $2,271,793 (2023 – $1,252,642). As of December 31, 2024, dividends payable amounted to $67,870 (2023 – $59,113) included in accounts payable and accruals in the statement of financial position.

16. Risk Management

The Company is exposed to insurance risk and financial risk through its insurance assets and insurance liabilities, financial assets and financial liabilities. The insurance risk covers such things as the vagaries of the weather, the unpredictability of serious injury losses and fortuitous events such as outbreaks of fire. The main components of the financial risk are credit risk, liquidity risk and interest-rate risk. The Company's financial performance is affected by its capacity to understand and effectively manage these risks. The Company's challenge is not only to measure and monitor these risks but also to manage them as profit opportunities. A critical goal of the Company is to ensure that its financial and reinsurance contract assets are always more than sufficient to fund the obligations arising from its insurance contract liabilities. The following notes expand on the nature of the aforementioned risks and the manner in which the Company manages them.

(a) Insurance Risk

Insurance risk is the risk that an insured uncertain event might occur which results in a financial loss that is transferred from the policy holder to the insurer and is distinct from financial risk. At the individual policy level and also at the portfolio group level, there is uncertainty in terms of both frequency of occurrence and severity of loss. For any given portfolio of insurance contracts, where the theory of probability is applied to pricing and loss reserving, the principal risk that the Company faces is that insurance service costs might exceed insurance revenue earned. This could occur because the frequency or severity of claims is greater than estimated or that estimated original policy rates prove not to be sustainable or a combination of both.

Experience shows that the greater the commonality of risk within a class of business, the smaller will be the relative variability in the expected outcome.

In addition, a more diversified portfolio is less vulnerable to a deterioration in the loss experience in any particular class of business. The Company has developed its underwriting strategy to produce a diversified portfolio of insurance risks. Within each of the individual classes of business it has sought to achieve, wherever possible, a sufficiently large population of risks to reduce the variability of the expected outcome.

16. Risk Management *(continued)*

(a) Insurance Risk (continued)

At the macro level, the Company suffers from a lack of diversification in the sense that it only insures the non-life risks of individuals and enterprises located in The Bahamas and Turks and Caicos; therefore, there is a concentration of insurance risk within the industry sector and territory in which the Company operates.

Casualty Insurance Risks

(i) Frequency and Severity of Claims

The frequency and severity of claims can be affected by several factors. Claims frequency can be influenced by changes in the size, composition, and quality of a portfolio. Changes in social/economic conditions can also severely impact claims frequency.

Claim severity is impacted by such things as general inflation. In the case of liability claims, the most significant factor is the increasing level of awards for personal injury. Claims involving serious long-term injury can take five years or more to settle.

The Company manages these risks by means of its well-developed underwriting and reinsurance strategies and also by adopting a proactive approach to claims handling. The underwriting strategy attempts to ensure that the portfolio remains biased towards high quality risks. Underwriting guidelines are in place to enforce appropriate risk selection criteria. The reinsurance arrangements include both proportional and catastrophe excess of loss coverage. The effect of such reinsurance arrangements is to limit the total loss to net insurance financial results that the Company can suffer in any one year.

(ii) Sources of Uncertainty in the Estimation of Future Claim Payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and an element of the claims provision relates to the actuarial estimates included within the liability for claims incurred. Given the uncertainty in establishing claims provisions, it is likely in many cases that the final cost of a claim will vary significantly from the initial claims reserve. In calculating the estimated cost of claims reserves (both reported or not), the Company uses various industry standard loss estimation techniques and the experience of its agents in settling claims of similar type.

Property Insurance Contracts

(i) Frequency and Severity of Claims

For property insurance contracts, climatic changes are giving rise to more frequent severe extreme weather events (e.g., hurricanes, flooding, etc.) and their consequences. The Company has the right to re-price each individual risk on renewal. It also has the ability to impose or increase deductibles. Contracts are priced on the basis of the commercial replacement value of the properties and contents insured. The sum insured represents the maximum amount payable under a policy. The cost of repairing or rebuilding properties, the cost of providing indemnity for damaged or stolen contents and the time taken to restart business operations (business interruption insurance) are the key factors that influence the value of claims under these policies. The most likely cause of major loss under the property portfolio arises from a hurricane or other serious weather-related event. The Company has reinsurance coverage in place to limit the impact of such losses in any one year.

16. Risk Management *(continued)*

(a) Insurance Risk (continued)

The Company underwrites property insurance in The Bahamas and Turks and Caicos.

(ii) Sources of Uncertainty in the Estimation of Future Claim Payments

The development of large losses/catastrophes is analysed separately from climatic events. Property claims can be estimated with greater reliability due to the shorter settlement period for these claims resulting in lesser amounts of actuarial adjustments held at year-end.

Sensitivity Testing

The Company is required to select the methods and assumptions that are the most appropriate given its conservative risk profile. A significant level of judgment is required when selecting methods and assumptions used to maintain the desired insurance risk level. Assumptions have significant uncertainty in their selected value.

Sensitivity Analysis on Time of Payments

The table below shows the impact on the liability for incurred claims (excluding the risk adjustment) of delaying and advancing all payments by 12 and 6 months respectively for 2024.

Scenerio	Payments Delay	Gross LFIC ex Risk Adj	Movement from Base	Reinsurance LFIC ex Risk Adj	Movement from Base	Net LFIC ex Risk Adj	Movement from Base
		'000s		*'000's*		*'000's*	
Base	None	14,739		10,845		3,894	
Slower	+12 months	14,794	+0.4%	10,852	+0.1%	3,942	+1.2%
Faster	-6 months	14,734	-0.0%	10,843	-0.0%	3,891	-0.1%

(b) Credit Risk

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. In the normal course of business, the Company seeks to limit its exposure to losses that may arise from any single occurrence. Reinsurance is primarily placed using a combination of proportional and excess of loss treaties. Obtaining reinsurance does not, however, relieve the Company of its primary obligations to the policyholders, therefore the Company is exposed to the risk that the reinsurers may be unable to fulfil their obligations under the contracts. The Company seeks to mitigate this risk by placing its reinsurance coverage with large multi-national companies and syndicates. The Company, with the assistance of its reinsurance broker, also evaluates the financial condition of its reinsurers and monitors the credit risk of the reinsurers on an ongoing basis to minimize its exposure to significant losses from reinsurer insolvency. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

(Expressed in Bahamian Dollars)

16. Risk Management *(continued)*

(b) Credit Risk *(continued)*

The Company's main exposure to credit risk emanates from reinsurers in the form of the liability for remaining coverage or asset for incurred claims still to be made/paid under the various proportional and excess of loss treaties and is disclosed in total on the statement of financial position. It is the Company's policy that no single counterparty exposure should exceed 25% of the total reinsurance assets at any given time. In addition, the Company's proportional treaties contain a "Reinsurer Participation Review Clause", which provides the Company with the option of cancelling any individual reinsurer's participation whose financial strength rating (as determined by Standard & Poor's and/or A.M. Best) falls below B++ or equivalent and to call for the return of liability for remaining coverage and asset for incurred claims. The Company is required to serve notice of its intention within thirty days of the date of downgrade.

The second largest concentration of credit risk outside of reinsurance contracts exists with the Company's investments categorized as debt securities. The Company invests solely in the Bahamas and Turks & Caicos geographic region. In order to ensure effective management of the investment assets, the Company has set in place an investment policy reviewed by the executive committee which defines the structure and procedures for the operation of the asset portfolio. Concentration of credit risk in relation to term deposits is mitigated by ensuring no more than 40% of all term deposits is in any one financial institution. All financial institutions used for term deposits and brokerage/custody services must be deemed reputable and credit worthy. Credit risk for loans and receivables is mitigated by ensuring sufficient and reasonable forms of secured collateral are set in place. Within the investment policy are portfolio allocation and tolerance ranges set out for each class of investment assets. This ensures that a higher allocation of funds available are invested in lower risk securities including bonds, government backed corporate entities and financially sound companies. There have been no changes to this policy from the previous period. The Summary of Material Accounting Policies section (g) Impairment covers further procedures used to identify and calculate allowance for expected credit losses.

	January 1, 2024 ECL	ECL Adjustment	December 31, 2024 ECL
Term Deposits	$ 2,366	$ -	$ 2,366
Investments at Amortized Cost	396,940	(46,121)	350,819
	$ 399,306	$ (46,121)	$ 353,185

Credit Risk Exposure

As a part of the assessment of credit risk for debt securities, a combination of qualitative and quantitative information is assessed including debtor background, external and internal credit ratings, payment history, financial report releases and general macroeconomic conditions. The assets can then be categorized into three internal credit risk grades: low, medium and high. The low-grade rating entails evidence of impairment incurred such as default or delinquent payments of principal or interest, or evidence of other indicators such as bankruptcy, restructuring or poor fiscal performance. The high-grade rating is defined mostly by the lack of historical default, high quality external ratings and solid fiscal performance. The medium grade ratings may entail a combination of the previously mentioned factors. The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit risks grades:

(Expressed in Bahamian Dollars)

16. Risk Management *(continued)*

(b) Credit Risk *(continued)*

Credit Risk Exposure (continued)

	2024		2023	
	High Grade	Medium Grade	High Grade	Medium Grade
Cash and cash equivalents	$ 11,426,972	$ -	$ 10,655,984	$ -
Term deposits	12,176,929	-	11,938,290	-
Due from agents	13,833,516	-	13,266,804	-
Investments at amortized cost	-	10,271,042	-	8,657,724
Reinsurance contract assets	31,343,483	-	29,754,343	-
Prepayments and other receivables	-	109,367	-	23,011
Total Credit Risk Exposure	$ 68,780,900	$ 10,380,409	$ 65,615,421	$ 8,680,735

The below table shows the carrying value of the loss allowances measured at an amount equal to the 12-month expected credit losses and the loss allowances measured at an amount equal to lifetime expected credit losses by credit risk grade:

	2024		2023	
	12-month ECL	Lifetime ECL	12-month ECL	Lifetime ECL
High Grade	$ 2,366	$ -	$ 2,366	$ -
Medium Grade	3,721	347,098	-	396,940
Total Credit Risk Exposure	$ 6,087	$ 347,098	$ 2,366	$ 396,940

There are no credit-impaired debt securities recognized at December 31, 2024.

Expected Credit Losses

The Company continuously monitors all assets subject to ECLs. In order to determine the stage of the ECL calculation under the general approach, the Company must assess whether there has been a significant increase in credit risk since initial recognition. Qualitative and quantitative information are used to analyze credit risk. These include a variety of sources such as multiple external credit rating sources like Moody's and Standards and Poor ratings agencies, changes in general macroeconomic conditions including but not limited to the GDP, unemployment rates, interest rates and debt ratios, historical and current payment defaults and other financial information releases. The nation has shown moderate signs of economic recovery although the sovereign credit rating which is below investment grade now maintains a stable outlook. As a result of this analysis, the Company has determined that there remains a significant increase in credit risk for all Bahamas Government Registered Stock and government-affiliated bonds and notes. Due to the increased risk, the expected credit loss for these investments will remain at the Stage 2: lifetime credit loss calculation. The Company has recently purchased corporate debt securities which had no significant change in credit risk. As such these securities are captured as Stage 1 which is a 12-month credit loss calculation.

(Expressed in Bahamian Dollars)

16. Risk Management *(continued)*

(b) Credit Risk *(continued)*

The following table reconciles the aggregate opening ECL allowances to the ending aggregate ECL allowances under IFRS 9.

	January 1, 2024 ECL		ECL Adjustment		December 31, 2024 ECL	
	12m ECL	LT ECL	12m ECL	LT ECL	12m ECL	LT ECL
Term Deposits	$ 2,366	$ -	$ -	$ -	$ 2,366	$ -
Investments at Amortized Cost	-	396,940	3,721	(49,842)	3,721	347,098
	$ 2,366	$ 396,940	$ 3,721	$ (49,842)	$ 6,087	$ 347,098

The following table is an analysis of changes in the gross carrying value which corresponds to the above changes in ECL:

	January 1, 2024 Carrying Value		Change in Carrying Value		December 31, 2024 Carrying Value	
	12m ECL	LT ECL	12m ECL	LT ECL	12m ECL	LT ECL
Term Deposits	$ 11,938,290	$ -	$ 238,639	$ -	$ 12,176,929	$ -
Investments at Amortized Cost	-	8,657,724	524,707	1,088,611	524,707	9,746,335
	$ 11,938,290	$ 8,657,724	$ 763,346	$ 1,088,611	$ 12,701,637	$ 9,746,335

(c) Liquidity Risk

The objective of liquidity management is to ensure the availability of sufficient funds to honour all of the Company's financial commitments including claims. The Company maintains a level of liquid assets, which mature or could be sold immediately to meet cash requirements for normal operating purposes.

The tables included in Note 5 for term deposits and Note 7 for investments in securities at amortized cost show the expected recovery or settlement of financial instruments held from the dates of acquisition. Cash and bank balances as disclosed in Note 4 have original maturities of less than three months.

The following Table summarizes the expected recovery or settlement of financial assets held (within 12 months from the reporting date) and the maturity profile of the Company's liabilities relating to financial instruments and insurance contracts:

(Expressed in Bahamian Dollars)

16. Risk Management *(continued)*

(c) Liquidity Risk

	2024			2023		
	Current	**Non-current**		**Current**	**Non-current**	
Year Ended December 31	**Less than 12 months**	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
Cash and bank balances	$ 11,426,972	$ -	$ 11,426,972	$ 10,655,984	$ -	$ 10,655,984
Term deposits	8,946,310	3,230,619	12,176,929	6,492,488	5,445,802	11,938,290
Due from agents	13,833,516	-	13,833,516	13,266,804	-	13,266,804
Reinsurance contract assets	31,343,483	-	31,343,483	29,754,343	-	29,754,343
Investments at FVTPL	15,884,047	-	15,884,047	11,561,223	-	11,561,223
Investments at Amortized cost	2,002,721	8,268,321	10,271,042	483,990	8,173,734	8,657,724
Total	**$ 83,437,049**	**$ 11,498,940**	**$ 94,935,989**	**$ 72,214,832**	**$ 13,619,536**	**$ 85,834,368**

	2024			2023		
	Current	**Non-current**		**Current**	**Non-current**	
	Less than 12 months	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
Insurance Contract liabilities	$ 43,220,037	$ -	$ 43,220,037	$ 40,137,646	$ -	$ 40,137,646
Reinsurance Contract liabilties	6,274,559	-	6,274,559	4,189,469	-	4,189,469
Accounts payable and accruals	1,237,524	71,970	1,309,494	1,242,189	63,213	1,305,402
Total	**$ 50,732,120**	**$ 71,970**	**$ 50,804,090**	**$ 45,569,304**	**$ 63,213**	**$ 45,632,516**
Liquidity Gap	**$ 32,704,929**	**$ 11,426,970**	**$ 44,131,899**	**$ 26,645,528**	**$ 13,556,323**	**$ 40,201,851**

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest Rate Risk

Interest rate risk for the Company is comprised of the risk that the value of financial assets may fluctuate significantly as a result of changes in market interest rates. The Company mitigates this risk by investing in interest-bearing assets with floating interest rates or investing for short time periods. The rates of interest on financial instruments are disclosed in Notes 5 and 7 in the financial statements.

The table below summarizes the Company's exposure to interest rate risk. Included in the table are the Company's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

(Expressed in Bahamian Dollars)

16. Risk Management *(continued)*

(d) Market risk *(continued)*

At December 31, 2024	Up to 1 Year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years	Non-interest Bearing	Total
Assets								
Cash & bank balances	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,426,972	$ 11,426,972
Term deposits	8,944,866	-	-	3,232,063	-	-	-	12,176,929
Due from agents	-	-	-	-	-	-	13,833,516	13,833,516
Reinsurance Contract Assets	-	-	-	-	-	-	31,343,483	31,343,483
Prepayments and other receivables	-	-	-	-	-	-	109,367	109,367
Investments in securities								
Fair value through profit or loss	-	-	-	-	-	-	15,884,047	15,884,047
Amortized cost	2,002,721	208,527	-	-	490,083	7,569,711	-	10,271,042
	$ 10,947,587	$ 208,527	$ -	$ 3,232,063	$ 490,083	$ 7,569,711	$ 72,597,385	$ 95,045,356
Liabilities								
Insurance Contract Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ 43,220,037	$ 43,220,037
Reinsurance Contract Liabilities	-	-	-	-	-	-	6,274,559	6,274,559
Accounts payable and accruals	-	-	-	-	-	-	1,309,494	1,309,494
	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,804,090	$ 50,804,090
Total interest sensitivity gap	$ 10,947,587	$ 208,527	$ -	$ 3,232,063	$ 490,083	$ 7,569,711	$ 21,793,295	$ 44,241,266

At December 31, 2023	Up to 1 Year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Over 5 Years	Non-interest Bearing	Total
Assets								
Cash & bank balances	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,655,984	$ 10,655,984
Term deposits	5,013,951	5,916,847	-	1,007,492	-	-	-	11,938,290
Due from agents	-	-	-	-	-	-	13,266,804	13,266,804
Reinsurance Contract Assets	-	-	-	-	-	-	29,754,343	29,754,343
Prepayments and other receivables	-	-	-	-	-	-	23,011	23,011
Investments in securities								
Fair value through profit or loss	-	-	-	-	-	-	11,561,223	11,561,223
Amortized cost	356,027	-	205,382	-	-	8,096,315	-	8,657,724
	$ 5,369,978	$ 5,916,847	$ 205,382	$ 1,007,492	$ -	$ 8,096,315	$ 65,261,365	$ 85,857,378
Liabilities								
Insurance Contract Liabilities	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,137,646	$ 40,137,646
Reinsurance Contract Liabilities	-	-	-	-	-	-	4,189,469	4,189,469
Accounts payable and accruals	-	-	-	-	-	-	1,305,402	1,305,402
	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,632,517	$ 45,632,517
Total interest sensitivity gap	$ 5,369,978	$ 5,916,847	$ 205,382	$ 1,007,492	$ -	$ 8,096,315	$ 19,628,848	$ 40,224,861

16. Risk Management *(continued)*

(d) Market risk *(continued)*

At December 31, 2024, an increase of 25 basis points in interest rates with all other variables remaining constant, would have increased the net income of the Company by approximately $56,120 (2023 – $51,490). A decrease of 25 basis points would have an equal but opposite effect with all other variables remaining constant.

Price Risk

Price risk is the risk that the value of certain financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all financial instruments traded in the market.

As the Company's investments in securities at fair value through profit or loss are carried at fair value with fair value changes recognized in income or loss in the statement of comprehensive income, all changes in market conditions will directly affect operating income.

The Company is exposed to price risks arising from equity investments. Price risk is mitigated by the Company by investing in a diversified portfolio of instruments. Equity investments are held for strategic rather than trading purposes and the Company does not actively trade these investments.

17. Capital Management

Externally imposed capital requirements are set by The Insurance Commission of the Bahamas ("the Commission") and by the Financial Services Commission in Turks and Caicos Islands ("TCI"). These requirements are put in place to ensure that the Company meets the relevant capital and solvency margins under the respective laws of The Bahamas and TCI.

The Company is registered under the Insurance Act 2005 of the Bahamas ("the Act") and has met the required minimum with a paid up and unencumbered capital reserve of $2,000,000. The Company maintains a statutory deposit in respect of its insurance business in The Bahamas, in accordance with Section 43(2) of the Act and regulation 62 of the Insurance (General) Regulations, 2012 ("the Regulations"). The Company initially established a Statutory Deposit Trust ("the Trust") in the sum of $1,000,000 with a recognized financial institution appointed as trustees of the Trust and the Insurance Commission of the Bahamas as the protectors of the Trust; the deposit is included in the statement of financial position (refer to Note 5).

Solvency ratios are established on the basis of risk assessment for each particular entity. The Company is required to meet a minimum margin of solvency. The Act defines insolvency as the inability of the Company to pay its debts if, at any time, the value of its admissible assets does not exceed its liabilities by such amount as the Commission may prescribe. Of the value of admissible assets, at least 75% must be in the form of qualifying assets, as defined in regulation 70 of the Regulations.

As at December 31, 2024, the Company has complied with the regulatory imposed capital requirement, met the required restricted deposit and exceeded the minimum margin of solvency required under the Act.

17. Capital Management (continued)

The Company is registered as a Foreign Ordinary Company in accordance with the Insurance Ordinance 1989 ("Ordinance") in TCI and as such the Company's annual return, pursuant to section 4 of the Ordinance, includes the filing of the solvency margins on the consolidated business and TCI domestic business. The Company is required to maintain a minimum solvency margin relating to an excess of permitted assets over its liabilities. In addition, the Company is required to maintain a restricted deposit, as approved by the Financial Services Commission in TCI, with an approved financial institution in TCI, and as such $1,500,000 (2023 - $1,500,000) is included in term deposits in the statement of financial position (refer to Note 5).

As at December 31, 2024, the Company has met the required restricted deposit and its solvency requirement in accordance with the Ordinance.

18. Events After Reporting Date

Subsequent to December 31, 2024, up to the date of these financial statements, no events have taken place that would significantly impact these financial statements.