

# THIRD QUARTER

## INTERIM REPORT

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### MANAGING DIRECTOR'S REVIEW

In last quarter's message, I pointed out early-season tropical storm activity and the possibility that more disturbances could be heading our way into Q3. I'm happy to say, however, that I have been spectacularly wrong. Until now. After two consecutive years without an Atlantic hurricane making landfall in The Bahamas, Mother Nature may yet have the last word on the matter, as subtropical storm Nicole gains steam on her way to the east coast of Florida. The official end of the season on 30th November cannot come soon enough.

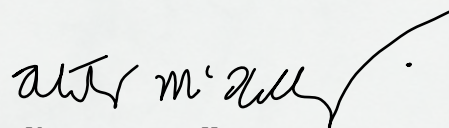
The absence of any serious weather disruption to daily life (as if we needed any fresh shocks after the last couple years) has reflected positively in our financials for the quarter. Net income through September rose 14.54%, from \$6.054M to \$6.935M, compared to the same period last year, while other important financial indicators such as outstanding claims (declined more than 30%) and earnings per share (increased by 11%, \$0.72 to \$0.80) indicate solid, steady business activity.

As a country we also appear to finally be moving past the Covid restrictions that have made face-to-face interaction with customers so difficult over the past couple years. The government canceled all testing requirements for visitors to our shores—vaccinated or not—in September. And when it became clear that our local mask mandate was also out of step with the practices of nearly all our international tourism partners (ie-countries, airlines, cruise ships, and airports) government finally lifted that too on 1st October.

However, one of the lasting effects of Covid has been the advancement of our online presence and ability to offer customers more options in this area. I encourage everyone to go to [www.jsjohnsononline.com](http://www.jsjohnsononline.com) and sign up for online account access. It's quick, it's easy, and it's convenient!

We all understand that sinking feeling, after witnessing the horrible devastation Hurricane Ian wrought upon Fort Myers and southwest Florida in September. Unfortunately, that event will likely further solidify the reluctance of international reinsurers to assume additional hurricane risks in our wider region. We continue to search for new avenues of additional coverage capacity, but our hands remain largely tied for the foreseeable future.

Finally, a huge thanks goes out to our loyal customers, as always. It's your continued support and confidence that keeps us afloat. Thank you as well to our Board of Directors and our dedicated staff for their guidance and hard work. It's nice to have the backing of such great partners (especially when you sometimes get your weather predictions wrong!)



Alister I. McKellar, FCII  
Managing Director



**J.S. JOHNSON**  
**PEACE OF MIND**  
INSURANCE AGENTS & BROKERS

PEACE OF MIND

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022 (amounts expressed in Bahamian dollars)

	September 2022	December 2021
<b>ASSETS</b>		
Cash and bank balances	\$ 35,357,110	19,986,684
Term deposits	10,909,362	10,783,123
Accounts receivable	20,171,093	12,140,440
Due from insurance carriers	257,078	1,350
Investments in securities		
- fair value through profit or loss	10,057,955	9,338,871
- Amortized costs	9,475,653	10,731,218
Prepayments and other assets	847,044	735,399
Prepaid reinsurance premiums	26,646,568	23,063,154
Reinsurance recoveries	7,488,104	11,331,776
Right of use asset	174,854	235,392
Investment properties	536,916	536,914
Property, plant and equipment	7,730,481	7,843,126
<b>Total assets</b>	<b>\$ 129,652,218</b>	<b>106,727,447</b>
<b>LIABILITIES</b>		
General insurance funds:		
Unearned premium reserve	\$ 31,002,020	26,733,994
Outstanding claims	8,667,230	12,441,000
	<u>39,669,250</u>	<u>39,174,994</u>
Other liabilities:		
Due to related parties	-	116,705
Accounts payable	20,789,932	5,787,220
Due to reinsurers	6,552,712	4,136,453
Lease Liability	176,709	239,248
Accrued expenses and other liabilities	5,010,964	3,266,511
Unearned commission reserve	6,511,991	5,723,247
<b>Total liabilities</b>	<b>78,711,558</b>	<b>58,444,378</b>
<b>EQUITY</b>		
Share capital		
Authorized ordinary shares - 40,000,000 of \$0.01 each	400,000	400,000
Unissued ordinary shares - 32,000,000 of \$0.01 each	\$ (320,000)	(320,000)
Issued and fully paid ordinary shares-8,000,000 of \$0.01 each	<u>80,000</u>	<u>80,000</u>
Retained earnings	32,557,696	29,774,730
Interest in own shares	(84,600)	(84,600)
	<u>32,553,096</u>	<u>29,770,130</u>
Non-controlling interest	18,387,564	18,512,939
<b>Total equity</b>	<b>\$ 50,940,660</b>	<b>48,283,069</b>
<b>Total liabilities and equity</b>	<b>129,652,218</b>	<b>106,727,447</b>

(unaudited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months to September 30, 2022 (amounts expressed in Bahamian dollars)

	September 2022	September 2021
<b>INCOME</b>		
Net revenue from contracts with customers	15,458,330	15,088,725
Net premiums earned	3,363,203	3,418,412
Investment income	1,044,311	1,031,632
Change in net unrealised gain on investments in securities	719,084	
Total income	20,584,928	19,538,769
<b>EXPENSES</b>		
Salaries and employees benefits	8,675,096	8,299,460
Net claims incurred	948,074	934,519
Depreciation and amortization	428,224	497,068
Change in net unrealised loss on investments in securities	-	91,837
Other operating expenses	3,598,533	3,661,160
Total expenses	13,649,927	13,484,044
<b>Net income</b>	<b>6,935,001</b>	<b>6,054,725</b>
<b>Total comprehensive income</b>	<b>6,935,001</b>	<b>6,054,725</b>
Equity holders of the Company	\$ 6,377,926	5,702,466
Non-controlling interests	557,075	352,259
	<b>6,935,001</b>	<b>6,054,725</b>
Earnings per share for the profit attributable to the equity holders of the Company	\$ 0.80	\$ 0.72

(unaudited)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months to September 30, 2022 (amounts expressed in Bahamian dollars)

	Share Capital	Retained Earnings	Interest in own Shares	Other Comprehensive Income	Total Shareholders' Equity	Non- Controlling Interest	Total Equity
Balance at December 31, 2020	80,000	27,364,731	(84,600)	-	27,360,131	16,755,678	44,115,809
Total comprehensive income for the year:							
Net income	-	5,702,466	-	-	5,702,466	352,259	6,054,725
Unrealised gain on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(3,354,960)	-	-	(3,354,960)	(348,306)	(3,703,266)
<b>Balance at September 30, 2021</b>	<b>80,000</b>	<b>29,712,237</b>	<b>(84,600)</b>	<b>-</b>	<b>29,707,637</b>	<b>16,759,631</b>	<b>46,467,268</b>
Balance at December 31, 2021	80,000	29,774,730	(84,600)	-	29,770,130	18,512,939	48,283,069
Total comprehensive income for the year:							
Net income	-	6,377,926	-	-	6,377,926	557,075	6,935,001
Unrealised loss on available for sale securities	-	-	-	-	-	-	-
Distributions to owners:							
Dividends	-	(3,594,960)	-	-	(3,594,960)	(682,450)	(4,277,410)
<b>Balance at September 30, 2022</b>	<b>80,000</b>	<b>32,557,696</b>	<b>(84,600)</b>	<b>-</b>	<b>32,553,096</b>	<b>18,387,564</b>	<b>50,940,660</b>

(unaudited)

## CONSOLIDATED STATEMENT OF CASH FLOWS

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

	September 2022	September 2021
<b>Cash flows from operating activities:</b>		
Net income for the period	6,935,001	6,054,725
<b>Adjustments for:</b>		
Unearned premium reserve	(1,102,706)	(1,040,365)
Depreciation and amortization	428,224	497,068
Change in net unrealized losses on investments in securities	-	91,837
Interest income	(491,175)	(486,176)
Dividend income	(286,973)	(295,162)
Bad debts	36,000	36,000
<b>Cash from operations before changes in assets and liabilities</b>	<b>5,518,371</b>	<b>4,857,927</b>
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	(8,066,653)	(10,519,261)
Due from insurance carriers	(255,728)	82,485
Prepayments and other assets	(111,647)	79,924
Prepaid reinsurance premiums	(3,583,414)	(3,139,973)
Reinsurance recoveries	3,843,672	9,386,403
<b>Increase/(decrease) in liabilities:</b>		
Unearned premium reserve	5,370,731	4,841,430
Outstanding claims	(3,773,770)	(8,588,757)
Due to related parties	(116,705)	-
Accounts payable, accrued expenses and other liabilities	16,747,166	(4,330,687)
Due to reinsurers	2,416,259	(1,132,956)
Unearned commission reserve	788,744	675,280
<b>Net cash provided/(used in) operating activities</b>	<b>18,777,026</b>	<b>(7,788,185)</b>
<b>Cash flows from investing activities:</b>		
Net placement of term deposits	(38,368)	(82,554)
Purchase of property, plant and equipment	(255,041)	14,054
Sale/(purchase) of investments in securities	466,971	(849,750)
Interest received	472,813	560,178
Dividends received	286,973	295,162
<b>Net cash provided/(used in) investing activities</b>	<b>933,348</b>	<b>(62,910)</b>
<b>Cash flows from financing activities:</b>		
Dividends paid to shareholders	(3,594,960)	(3,354,960)
Principal payment of lease liability	(62,538)	(115,480)
Dividends paid to non-controlling interest	(682,450)	(348,306)
<b>Net cash used in financing activities</b>	<b>(4,339,948)</b>	<b>(3,818,746)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15,370,426</b>	<b>(11,669,841)</b>
Cash and cash equivalents at beginning of period	19,986,684	32,605,631
<b>Cash and cash equivalents at end of period</b>	<b>35,357,110</b>	<b>20,935,790</b>

(unaudited)

# NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

These consolidated interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year December 31, 2021.

## 2. SEGMENT INFORMATION

The Group is organized into two business segments; Insurance Agents & Brokers and General Insurance.

The segment results for the period ended September 30, 2022 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 17,480,024	(2,021,694)	15,458,330
Net premiums earned	-	3,363,203	3,363,203
Interest income	33,911	457,264	491,175
Change in net unrealized gain on investment in securities	-	719,084	719,084
Dividend income	76,292	230,950	307,242
Other income	24,242	221,652	245,894
	<b>\$ 17,614,469</b>	<b>2,970,459</b>	<b>20,584,928</b>
Insurance expenses	-	948,075	948,075
Depreciation & amortization	394,754	33,470	428,224
Other expenses	11,097,721	1,175,907	12,273,628
	<b>\$ 11,492,475</b>	<b>2,157,452</b>	<b>13,649,927</b>
<b>NET INCOME</b>	<b>\$ 6,121,994</b>	<b>813,007</b>	<b>6,935,001</b>

The segment results for the period ended September 30, 2021 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Net revenue from contracts with customers	\$ 16,867,899	(1,779,174)	15,088,725
Net premiums earned	-	3,418,412	3,418,412
Interest income	37,427	448,750	486,177
Dividend income	290,637	236,729	527,366
Other income	(200,651)	218,740	18,089
	<b>\$ 16,995,312</b>	<b>2,543,457</b>	<b>19,538,769</b>
Insurance expenses	\$ -	934,519	934,519
Depreciation and amortization	462,196	34,872	497,068
Change in net unrealized loss on investment in securities	-	91,837	91,837
Other expenses	10,992,658	967,962	11,960,620
	<b>\$ 11,454,854</b>	<b>2,029,190</b>	<b>13,484,044</b>
<b>NET INCOME</b>	<b>\$ 5,540,458</b>	<b>514,267</b>	<b>6,054,725</b>

The segment assets and liabilities As at September 30, 2022 are as follows:

	AGENTS & BROKERS	UNDERWRITING	TOTAL
Total assets	\$ 57,941,551	71,710,667	129,652,218
Total liabilities	35,936,639	42,774,919	78,711,558

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

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