FINANCIAL STATEMENTS

CG Atlantic General Insurance Ltd.
Year Ended December 31, 2023
With Independent Auditor's Report

CG Atlantic General Insurance Ltd.

Financial Statements

Year ended December 31, 2023

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Independent Auditor's Report

To the Shareholders of
CG Atlantic General Insurance Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CG Atlantic General Insurance Ltd. (the Company), which comprise the statement of financial position as at December 31, 2023 and 2022, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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) together with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying the above conclusion, we draw your attention to the change in accounting principles relating to the Insurance contracts, described in Note 2 to the financial statements presenting the impacts of IFRS 17 "Insurance Contracts" first time application from January 1, 2023.

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Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

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.

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 the Board of Directors 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.

April 30, 2024

CG Atlantic General Insurance Ltd.

Statement of Financial Position

(In Thousands of Bahamian Dollars, except share amounts)

	December 31	
	2023	**Restated 2022**
	$	**$**
Assets		
Cash and cash equivalents	**9,375**	3,383
Restricted cash (Note 3)	**500**	500
Financial assets (Note 4,12,14)	**17,115**	17,376
Accrued interest	**275**	241
Other assets	**191**	240
Amounts due from related companies (Note 12,14)	**818**	714
Reinsurance contract assets (Note 9)	**9,922**	11,173
Property, plant and equipment (Note 11)	**216**	298
Intangible assets (Note 10)	**46**	85
Total assets	**38,458**	34,010
Liabilities		
Lease liabilities (Note 15)	**81**	103
Other liabilities	**314**	302
Amounts due to related companies (Note 12,14)	**1,444**	460
Insurance contract liabilities (Note 8)	**18,736**	19,080
Total liabilities	**20,575**	19,945
Shareholder's equity		
Share capital (Note 13)	**12,750**	12,750
Retained earnings	**4,992**	1,356
Other comprehensive income (loss)	**141**	(41)
Total equity	**17,883**	14,065
Total liabilities and equity	**38,458**	34,010

See accompanying notes to financial statements.

On behalf of the Board:

Director Date: April 30, 2024

Director Date: April 30, 2024

CG Atlantic General Insurance Ltd.

Statement of Comprehensive Income

(In Thousands of Bahamian Dollars, except share amounts)

	Year Ended December 31	
	2023	**Restated 2022**
	$	**$**
Insurance contract revenue (Note 5,8,14)	**49,334**	40,483
Insurance service expense (Note 5,8,14)	**(12,270)**	(17,774)
Net expenses from reinsurance contract held (Note 5,9,14)	**(31,130)**	(20,614)
Insurance service result	**5,934**	2,095
Investment income (Note 4,6,14)	**924**	661
Investment expense (Note 4,6)	**(54)**	(55)
Insurance finance (expense) income (Note 5,6)	**(488)**	120
Reinsurance finance income (expense) (Note 5,6)	**214**	(39)
Net financial result	**6,530**	2,782
Other operating expenses (Note 14,16)	**(2,651)**	(2,516)
Net Income	**3,879**	266
Unrealised income (loss) on financial assets held at fair value through Other comprehensive income (FVOCI) (Note 4)	**182**	(15)
Total comprehensive income for the year	**4,061**	251

See accompanying notes to financial statements.

CG Atlantic General Insurance Ltd.

Statement of Changes in Shareholder's Equity

(In Thousands of Bahamian Dollars, except share amounts)

	Share Capital	Retained Earnings	through other comprehensive income (loss)	Total Equity
	$	$	$	$
Balance as at December 31, 2021	12,750	1,355	(26)	**14,079**
Impact of transition to IFRS 17	—	(22)	—	**(22)**
Dividends	—	(243)	—	**(243)**
Total comprehensive income (loss)	—	266	(15)	**251**
Restated balance as at December 31, 2022	**12,750**	**1,356**	**(41)**	**14,065**
Dividends	—	(243)	—	**(243)**
Total comprehensive income	—	3,879	182	**4,061**
Balance as at December 31, 2023	**12,750**	**4,992**	**141**	**17,883**

See accompanying notes to financial statements.

CG Atlantic General Insurance Ltd.

Statement of Cash Flows

(In Thousands of Bahamian Dollars, except share amounts)

	Year Ended December 31	
	2023	Restated 2022
	$	$
Operating activities		
Net income	**3,879**	266
Adjustments for:		
Depreciation and amortisation (Note 10,11)	**127**	160
Dividend and interest income (Note 4)	**(793)**	(699)
Finance costs (Note 15)	**5**	6
Bond amortisation (Note 4)	**(10)**	(25)
Allowance for expected credit losses (Note 4)	**(92)**	74
Operating cash flow before changes in operating working capital	**3,116**	(218)
Change in operating working capital (Note 17)	**934**	1,004
Cash flows provided by operating activities	**4,050**	786
Investing activities		
Proceeds from sale of financial assets (Note 4)	**1,820**	3,664
Purchase of financial assets (Note 4)	**(1,275)**	(4,266)
Interest and dividends received (Note 4)	**793**	699
Purchase of intangible assets (Note 10)	**—**	(22)
Purchase of property, plant and equipment (Note 11)	**(6)**	(43)
Repayments from related companies (Note 14)	**880**	94
Cash flows provided by investing activities	**2,212**	126
Financing activities		
Payments on principal portion of lease liabilities (Note 15)	**(27)**	(27)
Dividends paid to owners	**(243)**	(243)
Cash flows used in financing activities	**(270)**	(270)
Net change in cash and cash equivalents	**5,992**	642
Cash and cash equivalents at beginning of year	**3,883**	3,241
Cash and cash equivalents at end of year	**9,875**	3,883
Cash and cash equivalents comprise:	.	
Cash and cash equivalents	**9,375**	3,383
Restricted cash	**500**	500
	9,875	3,883

See accompanying notes to financial statements.

Notes to Financial Statements

1. General

CG Atlantic General Insurance Ltd. (the Company), was incorporated under the Companies Act of the Commonwealth of The Bahamas, and its registered office is at One Millars Court, Nassau, Bahamas. The Company operates in The Bahamas and the Turks and Caicos Islands.

The Company is licensed to operate as a property and casualty insurance company in The Bahamas under the Insurance Act, 2005. It also holds a license to conduct business in the Turks and Caicos Islands, writing business through a local agent.

The Company is 70% owned by its Majority Shareholder, Coralisle Group Ltd. (the Group), a holding company in Bermuda. Coralisle Group Ltd. is fully owned by Edmund Gibbons Limited (the Parent), an entity domiciled in Bermuda.

The financial statements, including all notes, were authorized for issue by the Board of Directors on April 18, 2024.

2. Summary of Significant Accounting Policies

Basis of Preparation

The preparation of Financial Statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results may differ from these estimates. The most significant estimation processes relate to assumptions used in measuring insurance and investment contract liabilities, assessing assets for impairment and fair valuation of certain invested assets. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. The significant accounting policies used and the most significant judgments made by management in applying these accounting policies in the preparation of these financial statements are summarized below.

The Company presents its Statement of Financial Position broadly in order of liquidity. The following balances are generally classified as current:

- cash and cash equivalents, restricted cash, financial assets, accrued interest, other assets, amounts due from related companies, reinsurance contract assets.
- amounts due to related companies, insurance contract liabilities, and other liabilities.

The following balances are generally classified as non-current:

- property, plant and equipment (including right-of-use assets)
- lease liabilities.

Prior year changes in the presentation of financial statements

Certain comparative information has been reclassified and/or updated to conform to the current year presentation and to enhance comparability.

The Company adopted the IFRS 17 standard as at January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17. The related changes to significant accounting policies and quantitative impact on equity are stated in the New Standards, Interpretations and Amendments to Published Standards section of this note.

Basis of Measurement

The financial statements have been compiled on the going-concern basis and prepared on the historical cost basis, except for:

- financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated 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).

Fair Value Measurement

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. The Company determines fair value by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximise the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data. Most debt securities are classified within Level 2.

Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Company considers all cash on hand, time deposits with an original maturity of three months or less and money market funds which can be redeemed without penalty, net of overdrafts as equivalent to cash.

Restricted Cash and Cash Equivalents

The Company classifies cash and cash equivalents balances that are not available for immediate or general business use due to regulatory, licensing or legal restrictions as restricted cash and cash equivalents.

Financial Assets

The Company has the following classifications for measurement of financial assets: (i) financial assets at fair value through profit or loss, (ii) financial assets held at amortised cost, and (iii) financial assets at fair value through other comprehensive income.

Initial Recognition and Measurement

Management determines the classification at initial recognition and it is dependent on the nature of the assets and the purpose for which the assets were acquired. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15").

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Financial Assets Carried at Amortised Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- 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 amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Comprehensive Income or Loss when the asset is de-recognised, modified or impaired. Financial assets classified as investments at amortised cost include Bahamas Government treasury notes.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to the Statement of Comprehensive Income or Loss.

Financial assets classified as FVTOCI include holdings in Bahamas Government bonds.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss (FVTPL) 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. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, 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 FVTPL 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 or Loss as a component of net investment income.

The Company has not designated any financial assets under this classification.

Impairment of Financial Assets

The Company assesses all debt instruments not held at fair value through profit or loss to determine if an allowance for expected credit losses (ECLs) is required. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk, and so allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default ("EAD") and Loss Given Defaults ("LGD").
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Under the general approach, ECL is categorized into one of three stages. Under stage 1 of the general approach, each financial asset or financial asset grouping will be measured for ECL that results from default events that are possible within the 12 months subsequent to the current fiscal period (12-month ECL) (“12mECL”). Under stages 2 and 3 of the general approach, the financial asset or financial asset group must recognise an ECL allowance for possible default events that may take place over the remaining life of the instrument (LTECL). 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Further, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

All financial liabilities are recorded in the Statement of Financial Position at amortised cost using the effective interest method. Financial liabilities include accounts payable and accrued liabilities, included in other liabilities, which are all current liabilities. The carrying value of the Company’s financial liabilities approximates their fair value.

Derecognition and modification of financial liabilities

The Company derecognises a financial liability when:

- its contractual obligations are discharged or cancelled, or expire; or

- its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Comprehensive Income or Loss.

Insurance and Investment Contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts held by the Company under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Contracts under which the Company does not accept significant insurance risk are classified as either investment contracts or considered service contracts and are accounted for in accordance with IFRS 9 *Financial Instruments* or IFRS 15 *Revenue from Contracts with Customers*, respectively. The Company does not have such contracts at the moment.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can be reclassified as insurance contracts if insurance risk subsequently becomes significant. All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, and reinsurance contracts held, unless specifically stated otherwise.

Level of Aggregation

The Company identifies portfolios of insurance contracts. The Company aggregates all insurance contracts issued into one portfolio and all reinsurance contracts held into one portfolio based on similar risk and are managed together. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

At this time, facts and circumstances do not indicate the possibility of any onerous contracts. Therefore, all contracts are classified in the remaining contracts group.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Contract Boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

- A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

Summary of Measurement Models

Direct Contracts

Property and Casualty Contracts: The Company issues Property, Motor, Marine and Liability insurance. These contracts are accounted for under the Premium Allocation Approach.

Reinsurance Contracts: Reinsurance contracts are accounted for under the Premium Allocation Approach.

Contract Separation

Embedded derivatives:

When an embedded derivative is not closely related to the host insurance contract, it should be accounted for applying IFRS 9 as if it was a standalone derivative and measured under FVTPL. Where IFRS 9 considers the embedded derivative as closely related to the host insurance contract then the embedded derivative is not separated and is accounted for applying IFRS 17 together with the host insurance contract. No clauses were identified by the Company in any contract which would indicate the presence of an embedded derivative requiring separation.

Investment components:

Distinct investment components are accounted for applying IFRS 9. In assessing whether an investment component is distinct, the Company considers whether the investment and insurance components are not highly interrelated and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts). No clauses were identified in the contracts which would indicate an obligation for the Company to repay a policyholder in all circumstances. Therefore, no investment components requiring separation were identified.

Distinct goods or Non-Insurance Services:

IFRS 17 paragraph 12 requires that any promise to transfer goods or non-insurance services to a policyholder must be unbundled from the host insurance contract by applying IFRS 15 Paragraph 7.

As with investment components and embedded derivatives, an assessment for the presence of goods and services will be required as each new treaty is issued under IFRS 17. Where goods and services are non-distinct (i.e. highly interrelated to the insurance component in the contract), they are not unbundled, and the entire contract is accounted for under IFRS 17.

Each of the insurance contracts underwritten and issued by the Company were reviewed for the inclusion of any distinct goods or services, which would require separation under paragraph 12 of IFRS 17. No clauses were identified in any contract which would indicate the presence of an embedded derivative requiring separation.

Initial Recognition & Measurement

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

For insurance contracts issued, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, less deferred acquisition costs.

Groups of reinsurance contracts issued are initially recognised from 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 when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date an onerous group of underlying insurance contracts is recognised, if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

For reinsurance contracts held, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the amount of ceded premium paid.

Subsequent Measurement

For insurance contracts issued, subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received, and decreased by deferred acquisition costs and the amount recognised as insurance revenue for the coverage period.

For reinsurance contracts held, subsequently, the carrying amount of the liability for remaining coverage is increased by ceding premiums paid in the period and decreased by the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the liability for remaining coverage for insurance contracts issued and the remaining coverage for reinsurance contract held for the effect of the time value of money and the effect of financial risk as the Company expects that the time between providing each part of the coverage and the related premium due date is not more than a year.

Insurance Acquisition Costs

Commission and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised. All other costs such as allocated acquisition expenses and premium tax are recognised as expenses when incurred.

Onerous Contracts Initial Recognition Parameter

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfillment cash flows are adjusted for the time value of money and the effect of financial risk if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Liabilities for Incurred Claims

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims. The fulfillment cash flows are estimated using the input of assessment for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and include an explicit adjustment for non-financial risk (the risk adjustment). In addition, the fulfillment cash flows include internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The fulfillment cash flows are discounted unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

The discount rate is based on the risk free rate, plus an illiquidity premium. The Company has estimated the risk adjustment using a Cost of Capital approach. The risk adjustment is only applied to fulfilment cash flows related to past service.

Derecognition and Contract Modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows

On the derecognition of a contract from within a group of contracts:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the liabilities for incurred claims.

Presentation

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. All insurance finance income or expenses are included in profit or loss.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued, comprising of an allocation of reinsurance premiums paid and amounts recoverable from reinsurers.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

Computer hardware	5 years
Furniture and office equipment	5 – 15 years
Leasehold improvements	5 - 10 years
Motor vehicles	5 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Finite-life intangible assets are amortised on a straight-line basis over their useful life. The Company has classified software costs as intangible assets if they are not an integral part of the computer equipment. Finite-life intangible assets are recorded at cost less accumulated amortisation. Amortisation is provided for on a straight line basis over the following estimated useful lives.

Computer Software	5 years

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses are 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 amortisation, if no impairment loss had been recognised.

Leases

The Company assesses, at contract inception, whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, a lease is present.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

If ownership of the leased asset transfers to the Company at the end of the lease term, or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to periodic review for impairment. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset as follows:

Right-of-use asset	6 years

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases

The Company applies the short-term lease recognition exemption under IFRS 16 to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Fees and Commission Income

Fees and commission income primarily represent fees earned from reinsurance commission income. Fees and commission income are recorded on an accrual basis when services are rendered.

Investment Income

Interest on cash and cash equivalents and debt securities are recorded on an accrual basis using the effective annual interest rate. Dividend income is recognised when the right to receive the dividend is established.

Rental income from investment properties is reported in the Statement of Comprehensive Income or Loss linearly according to the term of the lease.

Defined Contribution Plan

Contributions to the defined contribution plan are recognised as an expense in net income or loss in the Statement of Comprehensive Income or Loss as incurred. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient funds to pay all employees the benefits relating to employee service in current and prior periods.

Retiree Health Benefits

Company employees are part of the Coralisle Retirees Pension and Health Insurance benefits (Coralisle Plan) whereby, the retirees will be reimbursed by the Company for a portion or the entirety of their Medical Plan premiums if they meet certain criteria. This plan is sponsored by the Parent Company. There is no contractual agreement or stated policy with the Parent Company for charging the Company its share of net defined benefit cost and therefore, the portion of premium paid for the eligible retiree is included in expenses.

Provisions and Contingent Liabilities

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company, in conjunction with internal counsel, makes its best estimate of the likelihood or outcome of these actions and considers this in the Company's accrued liabilities based on information as of the date the financial statements are available to be issued.. The Company does not disclose information usually required by IAS 37 on the grounds to not prejudice seriously the outcome of any litigation but does not believe that adverse decisions in any pending or threatened proceedings will have a material impact on the financial condition or future results of operations.

Taxation

Premium tax is charged by the Government of The Bahamas on gross written premiums at a rate of 3% for the year ended December 31, 2023 (2022 - 3%). Premium tax is charged by the Government of Turks & Caicos Islands on gross written premiums at a rate of 2.5% for the year ended December 31, 2023 (2022 - 2.5%).

The rate of Value Added Tax (VAT) is 10% (2022 - 10%) and is payable on gross written premium plus premium tax on business written in The Bahamas. There is no related VAT exposure on business written in the Turks & Caicos Islands.
The premiums written are disclosed net of premium tax and VAT in the Statement of Comprehensive Income.

New Standards, Interpretations and Amendments to Published Standards

New standards, amendments and interpretations effective and adopted from the financial year beginning January 1, 2023

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the financial statements of the Company except for IFRS 17 - Insurance Contracts which changed the presentation and disclosure as disclosed below. The Company applied for the first-time the below amendment which is effective for the financial year beginning January 1, 2023. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

Effective January 1, 2023, the Company adopted the following new accounting standards:

IFRS 17 - Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has adopted this standard as of January 1, 2023 under the full retrospective approach, and accordingly has restated comparative information for 2022 applying the transitional provisions of IFRS 17.

The key changes to the Company’s accounting policies resulting from its adoption of IFRS 17 are summarized below.

Changes to Classification and Measurement

The adoption of IFRS 17 did not change the classification of the Company’s insurance contracts.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group:

- the entity reasonably expects that such 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 by applying the requirements in paragraphs 32–52; or
- the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at that date applying paragraph 34) is one year or less.

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA") as a result of the coverage period being one year or less for P&C contracts.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.
- Management opted to include insurance acquisition costs in the measurement of the liability for remaining coverage.

The Company has elected to expense its insurance acquisition cash flows.

Changes to Presentation and Disclosure

For presentation in the Statement of Financial Position, the Company has a set of insurance contracts in a liability position and a set of reinsurance contracts held in an asset position. The portfolios are established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions that were previously in the Statement of Comprehensive Income were:

- Gross premiums written.
- Net premiums written.

- Direct claims incurred-gross.
- Net claims incurred.

These have been replaced by:
- Insurance contract revenue.
- Insurance service expenses.
- Net expenses from reinsurance contracts held.
- Insurance finance income or expenses.
- Reinsurance finance income or expenses.

Transition

Under the full retrospective approach, at January 1, 2022 the Company:
- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before January 1, 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied, which are included in the measurement of the insurance contracts;
- measured owner-occupied properties and the Company's own shares held that were underlying items of direct participating contracts at fair value; and
- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the financial statements at January 1, 2022 are presented in the statement of changes in equity.

The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts:
- expectations at contract inception about policyholders' shares of the returns on underlying items at contract inception required for identifying direct participating contracts;
- assumptions about discount rates, because the Company had not been subject to any accounting or regulatory framework that required insurance contracts to be measured on a present value basis before 2007; and
- assumptions about the risk adjustment for non-financial risk, because the Company had not been subject to any accounting or regulatory framework that required an explicit margin for non-financial risk before 2022.

The resulting adjustments impact on retained earnings as of the transition date, January 1, 2022, is a decrease of $(22).

Standards issued but not yet effective

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

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 Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) that are mandatory for annual reporting periods beginning on or after January 1, 2023.

3. Restricted cash

As at December 31, 2023 and 2022, the Company holds a statutory deposit with the Company's local attorney, in accordance with the provision of Chapter 16.06 of the Turks and Caicos Islands Insurance Ordinance and Subsidiary Legislation as amended. This amount presented as restricted cash, is required to operate in Turks & Caicos Islands.

(In Thousands of Bahamian Dollars, except share amounts)

4. Financial assets

At the Statement of Financial Position date, financial assets are classified as follows:

	2023		2022	
	Carrying Value	**Cost/ Amortised Cost**	**Carrying Value**	**Cost/ Amortised Cost**
	$	**$**	**$**	**$**
At fair value through OCI	**17,115**	**17,139**	16,610	16,897
Amortised cost	**—**	**—**	766	777
	17,115	**17,139**	17,376	17,674

For all securities, regardless of classification, the Company's largest concentration in any one investee, or group of investees, is 100% (2022 - 100%).

The investee is The Bahamas Government.

At Fair Value Through Other Comprehensive Income (FVTOCI)

	2023	2022
	$	**$**
Bahamas Government Registered Stock	**17,115**	16,610
	17,115	16,610

The Bahamas Government Registered Stock bear interest at rates varying between prime rate plus 0.0273% and 5.55% (2022- prime rate plus 0.0273% and 5.55%) per annum and mature between May 2024 and January 2049 (2022 - May 2023 and April 2049).

As at December 31, 2023, the Company had $1,000 (2022 – $1,000) of Bahamas Government Registered Stock with maturity dates ranging from March 28, 2026 and 2027 (2022 – March 28, 2026 and 2027) in a trust to meet requirements of the Insurance Act 2005 (Bahamas), and as such this amount is not available for general corporate use.
Included in accrued interest in the statement of financial position is accrued interest totaling $275 (2022 – $235) on financial assets at FVTOCI.

The Bahamas Government Registered Stock are traded on the Bahamas International Securities Exchange - a securities market in The Commonwealth of The Bahamas. As a result of active trading on this market, the Company recorded an unrealised gain/(loss) of $182 (2022-$(15)) through Other Comprehensive Income.

Included in net investment income in the Statement of Comprehensive Income is an impairment credit/(charge) of $92 (2022 - $(74)) related to the movement in allowance for expected credit losses on Bahamas Government Registered Stock.

(In Thousands of Bahamian Dollars, except share amounts)

Amortised Cost Investments

	2023		2022	
	Carrying Value	**Amortised Cost**	**Carrying Value**	**Amortised Cost**
	$	**$**	**$**	**$**
Bahamas Government Treasury Notes	—	—	766	777

The carrying amount of these investments as of the Statement of Financial Position date is $Nil (2022 - $ 766)

Investments held at amortised cost include fixed maturity short-term deposits which are held for more than three months from the date of acquisition and have the following maturities and interest rates:

	Interest Rates 2023	**Interest Rates 2022**
Six months - one year	**N/A**	2.5%

Included in accrued interest amounts in the balance sheet is accrued interest totaling $Nil (2022-$6)

Fair Value Hierarchy

The following table presents the fair value hierarchy for the Company’s financial assets as of December 31, 2023:

	Level 1	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed	**$**	**$**	**$**	**$**
Financial assets at FVTOCI	—	**17,115**	—	**17,115**

The following table presents the fair value hierarchy for the Company’s financial assets as of December 31 2022.

	Level 1	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed	**$**	**$**	**$**	**$**
Financial assets at FVTOCI	—	16,610	—	16,610
Financial assets at Amortised cost	—	766	—	766
Total	—	17,376	—	17,376

(a) Financial Assets in Level 1

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These investments are included in Level 1. Investments included in Level 1 comprise primarily domestic and foreign quoted equity shares and managed funds. There are currently no investments in Level 1.

(b) Financial Assets in Level 2 and 3

The fair value of investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques include market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices and reference data including market research publications. In limited circumstances, non-binding broker quotes are used. If all significant inputs required to determine the fair value of an investment are observable, the investment is included in Level 2. Investments included in Level 2 comprise primarily of Bahamas Government Registered Stock.

Fair values of the Company's interests in unquoted managed fund investments are based upon the Net Asset Values of the underlying investment funds as reported by the investment managers or their independent administrators. The Company's ability to redeem its managed fund investments at the reported net asset value per share (or its equivalent) determines whether the managed fund investment is categorized within Level 2 or Level 3 of the fair value hierarchy. If the managed fund can be redeemed within a time period of 3 months with no gates or other redemption restrictions it is classified within Level 2. Otherwise, the managed fund is classified within Level 3. There are currently no investments in Level 3.

There were no reclassifications of investments between Level 1, Level 2, or Level 3 during the year ended December 31, 2023 and 2022.

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

(In Thousands of Bahamian Dollars, except share amounts)

Investment Income and Expense

Investment income and expense comprises the following:

	2023	**2022**
	$	**$**
Dividend and interest income	**793**	699
Intercompany and related party interest income	**26**	8
Bond amortisation	**10**	25
Management fees	**(54)**	(55)
Allowance for expected credit losses credit (charge)	**92**	(74)
Bank and other interest	**3**	3
	870	606

(In Thousands of Bahamian Dollars, except share amounts)

5. Insurance service results

The following tables present an analysis of the insurance revenues and expenses recognised in the period.

	2023	2022
	$	$
Insurance contract revenue measured under PAA	**49,334**	40,483
Expenses from insurance contracts held		
Allocation of reinsurance premium paid	**(29,914)**	(24,538)
Claims recovered from the reinsurer	**2,230**	1,388
Adjustments to liabilities for incurred claims	**(3,446)**	2,536
	(31,130)	(20,614)
Expenses from insurance contracts issued		
Incurred claims and other incurred insurance service expenses	**(7,971)**	(10,811)
Changes relating to past service - adjustment to liabilities for claims incurred	**5,633**	1,755
Insurance acquisition expenses	**(9,932)**	(8,718)
	(12,270)	(17,774)
Finance (expenses) income from insurance contracts issued		
Interest accreted	**(483)**	(40)
Effect of changes in interest rates and other financial assumptions	**(5)**	160
	(488)	120
Finance income (expenses) from reinsurance contracts held		
Interest accreted	**214**	11
Effect of changes in interest rates and other financial assumptions	**—**	(50)
	214	(39)
Total insurance service and finance result	**5,660**	2,176

(In Thousands of Bahamian Dollars, except share amounts)

6. Total Investment Income and Net Insurance Financial Results

The following tables present an analysis of the investment income and net insurance finance results recognised in the period.

	2023	2022
	$	$
Finance (expenses) income from insurance contracts issued		
Interest accreted	**(483)**	(39)
Effect of changes in interest rates and other financial assumptions	**(5)**	159
	(488)	120
Finance income (expenses) from reinsurance contracts issued		
Interest accreted	**214**	11
Effect of changes in interest rates and other financial assumptions	**—**	(50)
	214	(39)
Net finance (expense) income from insurance and reinsurance contracts	**(274)**	81
Summary of the amounts recognized in statement of comprehensive income		
Net investment income	**870**	606
Net finance (expense) income from insurance and reinsurance contracts	**(274)**	81
Summary of the amount recognized in OCI Based on the assumption of the accounting policy choice, does not disaggregate insurance finance expense between profit or loss and OCI		
Net investment income (loss) (Note 4)	**182**	(15)
Summary of the amounts recognized in statement of comprehensive income		
Insurance service result	**5,934**	2,095
Net investment income	**870**	606
Net finance (expense) income from insurance and reinsurance contracts	**(274)**	81
Net insurance and investment result	**6,530**	2,782

(In Thousands of Bahamian Dollars, except share amounts)

7. Claims development

The claims development table below presents actual claims payments compared with previous years reserves for the claims, net of reinsurance, as at December 31, 2023.

Reporting year/period ended:	2016	2017	2018	2019	2020	2021	2022	2023	Total
	$	$	$	$	$	$	$	$	$
At end of reporting year/period	10,141	10,656	4,691	24,508	3,140	4,294	5,316	3,862	
One year later	9,651	9,031	4,696	21,406	3,220	3,939	4,875		
Two years later	9,424	8,878	4,358	20,840	3,356	3,984	—		
Three years later	9,324	8,729	4,182	20,826	3,897	—	—		
Four years later	9,206	8,735	4,159	20,718	—	—	—		
Five years later	9,285	8,699	4,050	—	—	—	—		
Six years later	9,374	8,678	—	—	—	—	—		
Seven years later	9,322	—	—	—	—	—	—		
Current estimate of net cumulative claims	9,322	8,678	4,050	20,718	3,897	3,984	4,875	3,862	59,386
Cumulative payments to date	(9,141)	(8,442)	(3,962)	(20,424)	(2,967)	(3,390)	(4,118)	(2,337)	(54,781)
Net liabilities for accident years 2013 - 2023	181	236	88	294	930	594	757	1,525	4,605
Net liabilities for prior accident year									31
Effect of discounting									(247)
Effect of the risk adjustment margin for non-financial risk									130
Net liabilities for incurred claims									4,519

(In Thousands of Bahamian Dollars, except share amounts)

8. Reconciliation of insurance contract liabilities

The roll-forward of liabilities for insurance contracts showing liabilities for remaining coverage and liabilities for incurred claims are disclosed in the tables below:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**10,658**	**—**	**8,042**	**380**	**19,080**
Changes in the statement of comprehensive income					
Insurance revenue					
Insurance contract revenue measured under PAA	(49,334)	—	—	—	**(49,334)**
Insurance service expenses					
Incurred claims and other insurance service expenses	9,932	—	7,971	—	**17,903**
Adjustments to liabilities for incurred claims	—	—	(5,399)	(234)	**(5,633)**
Insurance service result	**(39,402)**	**—**	**2,572**	**(234)**	**(37,064)**
Insurance finance expenses from insurance contracts	—	—	488	—	**488**
Total changes in the Statement of Comprehensive Income	**(39,402)**	**—**	**3,060**	**(234)**	**(36,576)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	52,831	—	—	—	**52,831**
Claims and other insurance service expenses paid (including investment components)	(10,385)	—	(6,214)	—	**(16,599)**
Total cash flows	**42,446**	**—**	**(6,214)**	**—**	**36,232**
Closing insurance contract liabilities	**13,702**	**—**	**4,888**	**146**	**18,736**

(In Thousands of Bahamian Dollars, except share amounts)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening insurance contract liabilities	**7,969**	**—**	**5,052**	**99**	**13,120**
Changes in the statement of Comprehensive income					
Insurance revenue					
Insurance contract revenue measured under PAA	(40,483)	—	—	—	**(40,483)**
Insurance service expenses					
Incurred claims and other insurance service expenses	8,718	—	10,578	233	**19,529**
Adjustments to liabilities for incurred claims	—	—	(1,803)	48	**(1,755)**
Insurance service result	**(31,765)**	**—**	**8,775**	**281**	**(22,709)**
Insurance finance income from insurance contracts recognized in profit or loss	—	—	(120)	—	(120)
Total changes in the statement of comprehensive income	**(31,765)**	**—**	**8,655**	**281**	**(22,829)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	43,919	—	—	—	43,919
Claims and other insurance service expenses paid (including investment components)	(9,465)	—	(5,665)	—	(15,130)
Total cash flows	**34,454**	**—**	**(5,665)**	**—**	**28,789**
Closing insurance contract liabilities	**10,658**	**—**	**8,042**	**380**	**19,080**

(In Thousands of Bahamian Dollars, except share amounts)

9. Reconciliation of reinsurance contract assets

The roll-forward of the net asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on insurance ceded to reinsurers are disclosed in the tables below:

	2023				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	**7,425**	**—**	**3,579**	**169**	**11,173**
Changes in the statement of comprehensive income					
Insurance revenue					
Allocation of reinsurance premiums paid	(29,913)	—	—	—	**(29,913)**
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	2,543	—	**2,543**
Insurance service expenses					
Changes in recoveries for past claims	—	—	(3,606)	(154)	**(3,760)**
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	214	—	**214**
Insurance service result	**(29,913)**	**—**	**(849)**	**(154)**	**(30,916)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	40,662	—	—	—	40,662
Amounts received from reinsurers relating to incurred claims	(8,767)	—	(2,230)	—	(10,997)
Total cash flows	**31,895**	**—**	**(2,230)**	**—**	**29,665**
Closing reinsurance contract assets	**9,407**	**—**	**499**	**16**	**9,922**

(In Thousands of Bahamian Dollars, except share amounts)

	2022				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	**Total**
	$	**$**	**$**	**$**	**$**
Opening reinsurance contract assets	**4,978**	**—**	**1,227**	**24**	**6,229**
Changes in the statement of comprehensive income					
Insurance revenue					
Allocation of reinsurance premiums paid	(24,538)	—	—	—	**(24,538)**
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	4,116	129	**4,245**
Insurance service expenses					
Changes in recoveries for past claims	—	—	(337)	16	**(321)**
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	(39)	—	**(39)**
Insurance service result	**(24,538)**	**—**	**3,740**	**145**	**(20,653)**
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums paid	33,568	—	—	—	33,568
Amounts received from reinsurers relating to incurred claims	(6,583)	—	(1,388)	—	(7,971)
Total cash flows	**26,985**	**—**	**(1,388)**	**—**	**25,597**
Closing reinsurance contract assets	**7,425**	**—**	**3,579**	**169**	**11,173**

(In Thousands of Bahamian Dollars, except share amounts)

10. Intangible Assets

Intangible assets as at December 31, 2023, are detailed below:

	2022	Additions	Disposals	2023
Cost	$	$	$	**$**
Computer software	865	—	—	**865**

	2022	Amortisation	Disposals	2023
Accumulated amortisation	$	$	$	**$**
Computer software	780	39	—	**819**
Net book value	85			**46**

Intangible assets as at December 31, 2022 are detailed below:

	2021	Additions	Disposals	2022
Cost	$	$	$	**$**
Computer software	843	22	—	**865**

	2021	Amortisation	Disposals	2022
Accumulated amortisation	$	$	$	**$**
Computer software	719	61	—	**780**
Net book value	124			**85**

No impairment was recorded as of December 31, 2023 and 2022.

(In Thousands of Bahamian Dollars, except share amounts)

11. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2023, comprises the following:

	2022	Additions	Disposals	2023
Cost	**$**	**$**	**$**	**$**
Leasehold improvements	403	—	—	**403**
Right-of-use assets	141	—	—	**141**
Computer hardware	1,366	6	—	**1,372**
Furniture and office equipment	1,007	—	—	**1,007**
Motor vehicles	104	—	—	**104**
	3,021	6	—	**3,027**

	2022	Depreciation	Disposals	2023
Accumulated depreciation	**$**	**$**	**$**	**$**
Leasehold improvements	377	5	—	**382**
Right-of-use assets	41	24	—	**65**
Computer hardware	1,303	29	—	**1,332**
Furniture and office equipment	960	10	—	**970**
Motor vehicles	42	20	—	**62**
	2,723	88	—	**2,811**
Net book value	298			**216**

(In Thousands of Bahamian Dollars, except share amounts)

Property, plant and equipment as at December 31, 2022, comprises the following:

	2021	Additions	Disposals	2022
Cost	$	$	$	$
Leasehold improvements	383	20	—	**403**
Right-of-use assets	141	—	—	**141**
Computer hardware	1,353	13	—	**1,366**
Furniture and office equipment	997	10	—	**1,007**
Motor vehicles	104	—	—	**104**
	2,978	43	—	**3,021**

	2021	Depreciation	Disposals	2022
Accumulated depreciation	$	$	$	$
Leasehold improvements	374	3	—	**377**
Right-of-use assets	18	23	—	**41**
Computer hardware	1,262	41	—	**1,303**
Furniture and office equipment	949	11	—	**960**
Motor vehicles	21	21	—	**42**
	2,624	99	—	**2,723**
Net book value	354			**298**

12. Risk Management and Financial Instruments

The activities of the Company involve the use of insurance contracts and financial instruments. As such, the Company is exposed to insurance risks and financial risks. This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established an Investment Management Committee, Risk Oversight Committee and Audit Committee, which along with the Group CEO are responsible for developing and monitoring the Company's risk management policies. The committees and Group CEO report regularly to the Board of Directors on their activities.

The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Investment Management Committee, Risk Oversight Committee and Audit Committee of the Group are standing committees of the Board of Directors and assist the Board in fulfilling its oversight responsibilities relating to the financial reporting process, internal accounting and financial controls, audit and risk review process, risk assessment and risk management and compliance with legal and regulatory requirements. The Investment Management Committee, Risk Oversight Committee and Audit Committee meet at least four times per annum and report to the Board of Directors on their performance with regards to their respective terms of reference.

The principles used by the Company in managing its insurance risks are set out below.

Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company insures the risks of individuals and companies located in The Bahamas and Turks and Caicos Islands.

There is a concentration of industry risk which is managed through its underwriting strategy and reinsurance arrangements. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The Company predominantly funds its net insurance liabilities (net of reinsurance recoveries) through its cash and in the normal course of its operations. In the event of a catastrophe, the net insurance liabilities may require funding through the disposal of the Company's portfolio of investments.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date).
The majority of the insurance risk to which the Company is exposed is of a short-tail nature, as policies generally cover a 12-month period. The duration of claims liability varies as presented below:

	2023	2022
Net short-term insurance liabilities – property risk	**10 months**	8 months
Net short-term insurance liabilities – casualty risk	**1 year, 1 month**	7 months to 1 year, 3 months

The Company provides coverage for motor vehicle, motor cycle, property, marine and general liability risks in The Bahamas and Turks and Caicos Islands. with the following per risk treaty limits:

	Treaty Limit Per Risk (in millions of Bahamian dollars)	
	2023	2022
	$	$
Property	**10**	10
Motor liability	**10**	10
General liability	**5**	5
Marine	**1**	1
Engineering	**11**	11
Professional indemnity and directors & officers liability	**3**	—
Bonds	**3**	—

Contract Risk

Insurance contract risk is the risk that a loss arises from the following reasons:

- Fluctuation in the timing, frequency and severity of claims relative to expectations;
- Inadequate reinsurance protection, and;
- Large unexpected losses arising from a single event such as a catastrophe.

Insured events can occur at any time during the coverage period and can generate losses of variable amounts. An objective of the Company is to ensure that sufficient claims liabilities are established to cover future insurance claim payments related to past insured events. The Company's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Company. The Company establishes claims liabilities to cover the estimated liability for the payment of all losses, including loss adjustment expenses incurred with respect to insurance contracts underwritten by the Company. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Company's best estimates of its expected ultimate cost of resolution and administration of claims.

The composition of the Company's insurance risk, as well as the methods employed to mitigate risks, are described below.

(In Thousands of Bahamian Dollars, except share amounts)

Risk Related to the Timing, Frequency and Severity of Claims

The occurrence of claims being unforeseeable, the Company is exposed to the risk that the number and the severity of claims would exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Company's risk exposure. Furthermore, the Company enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business.

Catastrophe Risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as large fires, hurricanes or windstorms. Catastrophes can have a significant impact on the underwriting income of an insurer.

The Company has limited its exposure to catastrophe risk by imposing maximum claim amounts on certain contracts, as well as by using reinsurance arrangements. The Company purchases a combination of proportional and non-proportional reinsurance to manage catastrophe exposure. Retention limits for the excess of loss reinsurance vary by product line.

Reinsurance Protection

In the normal course of business, the Company limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the Company's liability as the primary insurer. 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 reinsures its property risks under a property quota share treaty under the following terms:

	2023	**2022**
Property quota share	**$**	**$**
Limit per risk	**6,000**	6,000
Event limit	**244,000**	273,700
% ceded	**64 %**	70 %

In addition to the property quota share treaty, for any one risk event, there is a property per risk excess of loss treaty which further reduces the Company's net loss to $303 (2022 - $250).

The Company also has a surplus treaty for property risks under the following terms:

(In Thousands of Bahamian Dollars, except share amounts)

Property surplus treaty	**2023**	**2022**
	$	**$**
Limit per risk	**4,000**	4,000
Event limit	**31,000**	37,500

For larger individual property risks the Company obtains the additional coverage by way of prearranged facilities and facultative reinsurance. The Company also purchases property catastrophe reinsurance. The coverage and cost is shared by all property and casualty companies in the Group. A company related through common control provides cover to reduce the treaty deductible from $10,000 (December 31, 2022 - $7,000) on the first event and from $7,363 (December 31, 2022 - $3,500) for the second event to the below:

	2023	**2022**
	$	**$**
First event - Per event exposures in excess of	**3,000**	2,000
Second event - Per event exposures in excess of	**3,000**	2,000
Limited to a maximum of	**270,000**	170,000
Optional third event - Limited to a maximum of	**30,000**	30,000

The third event cover provides reinsurance protection for losses impacting the layer $10,000 in excess of $10,000 and $30,000 in excess of $20,000.

The Company's motor and general liability exposure is limited through the purchase of excess of loss reinsurance which covers the maximum limits insured on any one risk in all jurisdictions.

	2023	**2022**
	$	**$**
Loss limit per occurrence	**750**	500

The Company purchased an excess of loss reinsurance treaty in prior years which specifically limits marine losses.

	2023	**2022**
	$	**$**
Loss limit per risk	**—**	125

Exposure to Insurance Risk

Key Assumptions

The principal assumption underlying the unpaid claim estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence: changes in market factors such as public attitude to claiming: economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

(In Thousands of Bahamian Dollars, except share amounts)

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The claims liabilities' to certain assumptions are presented in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivity Factor	**Description of Sensitivity Factor Applied**
Average number of claims (frequency)	The impact of a change in number of claims by 10%
Average claim costs (severity)	The impact of a change in average claim cost by 10%

	Number of Claims +10%	**Number of Claims -10%**	**Claim Costs +10%**	**Claim Costs -10%**
	Increase (Decrease)			
	$			
At December 31, 2023				
Impact on profit*	(439)	439	(439)	439
Impact on shareholder's equity*	(439)	439	(439)	439
*Net of reinsurance				

Financial Risk

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies of the Company are discussed below:

Credit Risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts. The Company is exposed to credit risk in the following areas:

Cash and Investments

Investment asset allocation is determined by the Company's Investment Committee who manages the distribution of the assets to achieve the Company's investment objectives and to mitigate credit risks. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Board of Directors and Investment Committee.

Insurance Balances Receivable

The Company's exposure to credit risk on its insurance balances receivable is influenced by the financial stability of entities and individuals that purchase insurance products. This credit risk is controlled by monitoring the aging of all amounts outstanding on an ongoing basis and monitoring the customers' financial health by reference to the media and discussions with the customers. A provision is made for non-recovery if considered necessary.

Collateral is not held against any of the outstanding balances; however the Company has the right to cancel the policy for non-payment. Based on the Company's current aging analysis, all premiums receivable over 30 days are considered to be past due but not impaired. Customer accounts that become past due over 60 days are placed on-hold and those that are over 90 days past due are considered for impairment by management. Cancellation or extension of the terms of the credit is considered on a case by case basis.

Reinsurance Contract Assets

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of its reinsurers to minimize the exposure to significant losses from reinsurer insolvencies.

With the exception of Coralisle Re Ltd., a related company, the Company reviews the creditworthiness of reinsurers on an annual basis and generally enters and maintains contracts with reinsurers that (1) have been rated as A- or higher by the AM Best credit rating agency and (2) have in excess of $500 million in capital and surplus. Current financial statements of the reinsurers are reviewed annually. Based on the individual reinsurance agreements, the Company may have the right to offset amounts due to reinsurers against any amounts due from reinsurers.

Amounts due from reinsurers are assessed regularly for any indication of impairment. At December 31, 2023 , $106 (2022 - $236) was due from reinsurers who generally have an A.M. Best rating of at least A-. Management considers that there is no significant credit risk associated with any of the Company's reinsurers.

Related-Party Receivables

Amounts due from related parties are assessed and monitored for any indication of impairment. At December 31, 2023, all amounts are considered collectible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to daily calls on its available cash resources for the payment of claims, policy benefits and operating expenses. In order to manage the Company's liquidity risk, management seeks to maintain levels of cash and short-term deposits sufficient to meet its liabilities when due, under normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

(In Thousands of Bahamian Dollars, except share amounts)

The following table summarizes the contractual recovery or settlement of other assets held (within 12 months from the Statement of Financial Position date) and the maturity profile of the Company's liabilities relating to financial instruments and insurance contracts:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets	$	$	$	$	$	$
Cash and cash equivalents	**9,375**	**—**	**9,375**	3,383	—	3,383
Restricted cash	**500**	**—**	**500**	500	—	500
Financial assets	**1,309**	**15,806**	**17,115**	16,376	1,000	17,376
Accrued interest	**275**	**—**	**275**	241	—	241
Other assets	**191**	**—**	**191**	240	—	240
Amounts due from related companies	**818**	**—**	**818**	714	—	714
Reinsurance contract assets	**9,922**	**—**	**9,922**	11,173	—	11,173
	22,390	**15,806**	**38,196**	32,627	1,000	33,627

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Financial liabilities	$	$	$	$	$	$
Lease liabilities	**24**	**57**	**81**	22	81	103
Other liabilities	**314**	**—**	**314**	302	—	302
Amounts due to related companies	**1,444**	**—**	**1,444**	460	—	460
Insurance contract liabilities	**18,736**	**—**	**18,736**	19,080	—	19,080
	20,518	**57**	**20,575**	19,864	81	19,945
Liquidity margin	**1,872**	**15,749**	**17,621**	12,763	919	13,682

Market Risk

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

(In Thousands of Bahamian Dollars, except share amounts)

Interest-Rate Risk

The Company invests in fixed interest debt securities, and managed funds, the fair values of which are affected by changes in interest rates.The coupon rates and maturity dates associated with the fixed interest debt securities held by the Company is disclosed in Note 4. Details of interest rate risk on related party balances are disclosed in Note 14.

Foreign Currency Risk

The majority of the Company's financial assets and liabilities are denominated in Bahamian Dollars therefore the Company is not normally exposed to significant currency risk.

Limitations of Sensitivity Analysis

The sensitivity information included in this note demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions such as instances when risk free interest rates fall towards zero.

13. Capital Management and Statutory Requirements

The Company's capital base is structured to exceed regulatory targets and desired capital ratios, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. The Board of Directors is responsible for devising the Company's capital plan, with management responsible for the implementation of the plan. The plan is designed to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Company to take advantage of opportunities for expansion.

The company needs to comply with the insurance capital requirements stipulated within the Insurance Act of The Bahamas (2005) and with regulations mandated by the Insurance Commission of The Bahamas. The minimum capital requirement is equal to $2,000 plus 20% of net premiums up to $10,000 and 18% of net premiums exceeding $10,000. As at December 31, 2023 and 2022 the Company has met this requirement:

	2023	2022
	$	**$**
Available capital	**14,738**	10,747
Minimum capital requirement	**4,527**	4,730
Margin of solvency	**10,211**	6,017

(In Thousands of Bahamian Dollars, except share amounts)

The Company's capital base consists of:

	2023	2022
	$	$
Authorized share capital: 12,000,000 shares of $1.00 each	**12,000**	12,000
Issued and fully paid ordinary shares:		
5,750,000 shares of $1.00 each	**5,750**	5,750
500,000 8.5% redeemable cumulative preference shares of $1.00 each	**500**	500
3,000,000 2% redeemable convertible non-cumulative preference shares of $1.00 each	**3,000**	3,000
3,500 4% redeemable cumulative preference shares of $1,000 each	**3,500**	3,500
	12,750	12,750

14. Related-Party Transactions

Year-end Balances

The amounts due to and from companies related through common control are due on demand. As of December 31, 2023 and 2022, no provisions are held against amounts due from related parties.

	2023	2022
Due (to) from related parties	$	$
Gibbons Management Services Limited (GMSL)	**734**	698
Coralisle Insurance Company Ltd. (CIC)	—	(35)
Coralisle Insurance Brokers (TCI) Ltd.(CIB)	**84**	16
Coralisle Group Ltd. (The Group)	**(781)**	(80)
CG Atlantic Medical & Life Insurance Ltd. (CGAML)	**(446)**	(68)
Coralisle Pension Services (Bahamas) Ltd. (CPSB)	**(50)**	(3)
CG Atlantic Insurance Agents & Brokers Ltd. (CGAA)	**(167)**	(274)
	(626)	254
Total due from related parties	**818**	714
Total due to related parties	**(1,444)**	(460)
	(626)	254

The balance due from GMSL bears interest at 5% (December 31, 2022 - 5%) per annum. The balances due to and from CIC and CGAA are unsecured and bear interest at 3% (2022 - 3%).

(In Thousands of Bahamian Dollars, except share amounts)

	2023	2022
Net interest income (expense)	**$**	**$**
Coralisle Insurance Company Ltd.	**(2)**	(26)
CG Atlantic Insurance Agents & Brokers Ltd.	**(7)**	(1)
Gibbons Management Services Limited	**36**	34
	27	7

Balances with all other related parties are non-interest bearing.

Investments

Coralisle Pension Services (Bahamas) Ltd., which is a company related through common control, acts in the capacity of a fiduciary in providing investment advisory services to the Company and charged a management fee of $50 (December 31, 2022 – $47) which is included in net investment income on the statement of comprehensive income.

(In Thousands of Bahamian Dollars, except share amounts)

Income and Expenses

The Group's subsidiaries insure the commercial and health risks of several related parties. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company. Below is the summary of income and expenses involving related parties:

	2023	2022
Income (Expense)	**$**	**$**
Insurance contract revenue (1)	**194**	188
Insurance service expense (2)	**(3,048)**	(2,473)
Management fee revenues (3)	**45**	32
Staff salaries and benefits (4)	**(284)**	(264)
Administrative expenses (5)	**1,190**	1,236
Management fee expense (6)	**(350)**	(300)
Expenses reimbursement on management agreement (6)	**(101)**	(3,742)
Rent (7)	**(154)**	(154)
	(2,508)	(5,477)

(1) The Company provided insurance coverage on the premises owned by CGAML, a company related through common control.

(2) The Company pays commissions to cover allocated expenses of CGAA and CIB relating to sale of the Company's insurance products.

(3) The Company has a management agreement with CGAA effective January 1, 2012, whereby the Company provides management functions to CGAA for a fee.

(4) The Company participates in a defined contribution pension plan controlled and operated by a Trust Fund. The administration of the plan is provided by CPSB, a company related through common ownership. The employees make a 5% salary contribution, with an equal amount being contributed by the Company, which is its maximum constructive obligation under the scheme. Consequently, the actuarial risk and investment risk fall on the employee. The contributions are paid into a deposit account administered by Butterfield Trust (Bahamas) Limited. The Company also engaged CGAML for medical coverage for its employees.

(5) The Company is reimbursed for all costs incurred in the operations of CGAA.

(6) The Company, entered in the agreement with CIC for the provision of all functions, services necessary and incidental to the successful management of the Company for an annual fee. In addition to this, CIC is reimbursed for all related costs incurred in the performance of this management agreement.

(7) The Company rents office space from CGAML, a company related through common control. All services are bought and sold from/to companies related through common control on normal commercial terms and conditions.

(In Thousands of Bahamian Dollars, except share amounts)

Key Management Compensation

Compensation to key management employees deemed to be related parties under IAS 24 was as follows:

	2023	2022
	$	**$**
Short term employee benefits	**650**	605
Defined contribution pension and medical insurance	**85**	81
	735	686

15. Leases

The Company has a lease contract for a building with three-year terms with an option to renew for a further three years. Set out below are the carrying amounts of lease liabilities and movements for the lease contract during the period:

	2023	**2022**
	$	**$**
As at January 1	**103**	124
Accretion of interest	**5**	6
Payments	**(27)**	(27)
As at December 31	**81**	103
Current	**24**	22
Non-current	**57**	81

The following are the amounts recognized in profit or loss:

	2023	**2022**
	$	**$**
Depreciation expense on right-of-use assets	**24**	23
Interest expense on lease liabilities	**5**	6
Total amount recognized in comprehensive income (loss)	**29**	29

(In Thousands of Bahamian Dollars, except share amounts)

16. Other Operating Expenses

	2023	2022
	$	**$**
Salaries	**749**	711
Group charges	**300**	257
Staff related expenses	**5**	6
Property	**146**	129
Amortisation	**131**	160
IT	**695**	708
Professional	**297**	232
Office	**17**	20
Travel	**105**	129
Finance charges	**156**	109
Other expenses	**19**	34
Memberships & subscriptions	**5**	2
Communication	**26**	19
	2,651	2,516

Audit and Audit Related fees

Audit and Audit Related fees are expensed as incurred. Total Audit and Audit Related fees were $106 and $81 for the years ended December 31, 2023 and 2022, respectively. Audit and Audit Related fees are recorded in "Other operating expenses" within the Statement of Comprehensive Income (Loss).

There were no non-audit related fees paid to our auditors with respect to the Company.

(In Thousands of Bahamian Dollars, except share amounts)

17. Change in Operating Working Capital

	2023	2022
	$	$
Decrease (increase) in:		
Accrued interest	**(34)**	(14)
Reinsurance contract assets	**1,251**	(4,943)
Other assets	**49**	50
Increase (decrease) in:		
Insurance contract liabilities	**(344)**	5,960
Other liabilities	**12**	(49)
	934	1,004

18. Events after the reporting date

The Company has completed its subsequent events evaluation for the period subsequent to the Statement of Financial Position through April 30, 2024, the date the financial statements were available to be issued.

There were no subsequent events requiring disclosure or recognition in the audited financial statements.