

**FAMILY GUARDIAN INSURANCE COMPANY LIMITED**

**Financial Statements**  
**31 December 2024**

# **FAMILY GUARDIAN INSURANCE COMPANY LIMITED**

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## APPOINTED ACTUARY'S REPORT

**To the Board of Directors and Shareholder of Family Guardian Insurance Company Limited**

I have valued the actuarial liabilities and other policy liabilities of Family Guardian Insurance Company Limited for its Financial Statements prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2024.

In my opinion, the amount of the insurance contract liabilities is appropriate for this purpose and the Financial Statements fairly present the results of the valuation.



Ping-Teng Lin  
Fellow, Canadian Institute of Actuaries  
Fellow, Society of Actuaries  
Member, Caribbean Actuarial Association  
30 April 2025



## Independent auditors' report

To the Shareholder of Family Guardian Insurance Limited

### Our opinion

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

### *What we have audited*

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### 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 *Auditors' responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### Responsibilities of management and those charged with governance for the financial statements

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

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



Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### **Auditors' 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 auditors' 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 scepticism 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 auditors' 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 auditors' 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 those charged with governance 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.



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**Other matter**

This report, including the opinion, has been prepared for and only for the Shareholder in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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*PricewaterhouseCoopers*  
**Chartered Accountants**  
**Nassau, The Bahamas**

**30 April 2025**

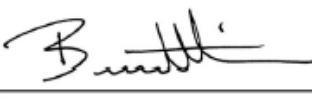
**Family Guardian Insurance Company Limited**  
(Incorporated under the laws of the Commonwealth of The Bahamas)

**Statement of Financial Position**  
**As at 31 December 2024**  
(Expressed in Bahamian dollars)

	Notes	2024	2023
		\$	\$
<b>ASSETS</b>			
Cash on hand and at banks		11,416,583	13,062,511
Financial investment assets:			
Fair value through profit or loss	7	257,336,266	246,678,440
Fair value through other comprehensive income	7	13,701,493	13,126,504
Amortised cost, net	7	<u>46,024,093</u>	<u>49,279,731</u>
Total financial investment assets		317,061,852	309,084,675
Reinsurance contract assets	11	10,015,709	9,028,166
Intercompany receivables	8,26	5,496,907	4,490,867
Receivables and other assets	8,26	3,110,585	1,702,331
Right-of-use assets	21	477,003	523,916
Property and equipment, net	9	27,058,031	28,201,209
Intangible assets, net	10	<u>10,677,888</u>	<u>10,371,588</u>
<b>Total assets</b>		<b><u>385,314,558</u></b>	<b><u>376,465,263</u></b>
<b>LIABILITIES</b>			
Insurance contract liabilities	11	255,155,535	248,920,404
Investment contract liabilities	12	449,669	594,359
Other liabilities	14,26,27	8,560,228	7,082,262
Lease liabilities	21	<u>532,555</u>	<u>578,387</u>
<b>Total liabilities</b>		<b><u>264,697,987</u></b>	<b><u>257,175,412</u></b>
<b>EQUITY</b>			
Ordinary shares	17	1,707,462	1,707,462
Share premium	17	11,401,314	11,401,314
Revaluation reserve	16	15,015,192	14,554,207
Retained earnings		<u>92,492,603</u>	<u>91,626,868</u>
<b>Total equity</b>		<b><u>120,616,571</u></b>	<b><u>119,289,851</u></b>
<b>Total liabilities and equity</b>		<b><u>385,314,558</u></b>	<b><u>376,465,263</u></b>

These financial statements were approved by the Board of Directors on 25 April 2025, and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements.

# Family Guardian Insurance Company Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2024 (Expressed in Bahamian dollars)

	Notes	2024	2023
		\$	\$
Insurance revenue	18	109,663,406	100,366,724
Insurance service expenses	19	(92,399,725)	(86,235,561)
Net expense from reinsurance contracts held	13	(5,432,251)	(6,094,860)
<b>Insurance service result</b>		<b><u>11,831,430</u></b>	<b><u>8,036,303</u></b>
Interest income from financial assets measured at amortised cost	20	3,292,052	3,437,556
Other investment income	20	13,436,419	13,986,871
Net change in investment contract liabilities	20	144,690	(62,638)
Reversal of credit impairment losses on financial assets	20	140,558	611,766
<b>Net investment income</b>		<b><u>17,013,719</u></b>	<b><u>17,973,555</u></b>
Net finance expenses from insurance contracts issued	20	(11,996,702)	(12,207,468)
Net finance income from reinsurance contracts held	20	18,066	129,155
<b>Net insurance finance expenses</b>		<b><u>(11,978,636)</u></b>	<b><u>(12,078,313)</u></b>
<b>Net insurance and investment result</b>		<b>16,866,513</b>	<b>13,931,545</b>
Other income	26	1,134,668	881,988
Other expenses	24,26	(9,291,572)	(8,330,630)
<b>Net income</b>		<b><u>8,709,609</u></b>	<b><u>6,482,903</u></b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<i>Items that will not be reclassified subsequently to net income:</i>			
Changes in the fair value of equity investments at FVOCI	16	460,985	2,438,386
Revaluation of land and buildings	16	-	2,868,365
Remeasurement of defined benefit obligation	27	(43,874)	(20,525)
<b>Total other comprehensive income</b>		<b><u>417,111</u></b>	<b><u>5,286,226</u></b>
<b>Total comprehensive income</b>		<b><u>9,126,720</u></b>	<b><u>11,769,129</u></b>

The accompanying notes are an integral part of these financial statements.



## Family Guardian Insurance Company Limited

### Statement of Changes in Equity For the Year Ended 31 December 2024 (Expressed in Bahamian dollars)

	Notes	Ordinary Shares (Note 17)	Share Premium (Note 17)	Revaluation Reserve (Note 16)	Retained Earnings	Total
		\$	\$	\$	\$	\$
<b>Balance as at 1 January 2023</b>		<b>1,707,462</b>	<b>11,401,314</b>	<b>9,247,456</b>	<b>91,564,490</b>	<b>113,920,722</b>
<i>Comprehensive income</i>						
Net income		-	-	-	6,482,903	6,482,903
Other comprehensive income	16,27	-	-	5,306,751	(20,525)	5,286,226
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>5,306,751</b>	<b>6,462,378</b>	<b>11,769,129</b>
<i>Transactions with owners</i>						
Dividends declared and paid - Ordinary shares (\$3.75 per share)		-	-	-	(6,400,000)	(6,400,000)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,400,000)</b>	<b>(6,400,000)</b>
<b>Balance as at 31 December 2023</b>		<b>1,707,462</b>	<b>11,401,314</b>	<b>14,554,207</b>	<b>91,626,868</b>	<b>119,289,851</b>
<i>Comprehensive income</i>						
Net income		-	-	-	8,709,609	8,709,609
Other comprehensive income	16,27	-	-	460,985	(43,874)	417,111
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>460,985</b>	<b>8,665,735</b>	<b>9,126,720</b>
<i>Transactions with owners</i>						
Dividends declared and paid - Ordinary shares (\$4.57 per share)		-	-	-	(7,800,000)	(7,800,000)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,800,000)</b>	<b>(7,800,000)</b>
<b>Balance as at 31 December 2024</b>		<b>1,707,462</b>	<b>11,401,314</b>	<b>15,015,192</b>	<b>92,492,603</b>	<b>120,616,571</b>

The accompanying notes are an integral part of these financial statements.

# Family Guardian Insurance Company Limited

## Statement of Cash Flows

Year Ended 31 December 2024

(Expressed in Bahamian dollars)

	Notes	2024 \$	2023 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income		8,709,609	6,482,903
Adjustments for:			
Depreciation expense	9 & 21	1,590,163	1,407,403
Amortisation of intangible assets	10	1,171,925	1,874,355
Fair value losses/(gains) on financial assets		177,509	(913,143)
Reversal of credit impairment losses on financial assets	20	(140,558)	(611,766)
Decrease in amortised cost financial investment assets		3,375,452	2,940,622
Interest income		(15,826,584)	(15,563,362)
Dividend income		(1,079,396)	(947,922)
Interest expense		35,804	38,650
Changes in reinsurance contract assets		(987,543)	(578,601)
(Decrease)/increase in investment contract liabilities		(144,690)	62,638
Changes in insurance contract liabilities		6,235,131	6,621,362
Proceeds from maturity of investment assets		26,742,050	38,307,911
Increase in receivables and other assets		(2,414,294)	(444,695)
Increase/(decrease) in other liabilities		1,477,965	(497,293)
Purchase of investment assets		(37,271,844)	(44,942,831)
Interest received		15,384,662	15,346,512
Dividend received		1,079,396	947,922
<b>Net cash from operating activities</b>		<b><u>8,114,757</u></b>	<b><u>9,530,665</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment	9	(400,824)	(599,815)
Purchase of intangible assets	10	(1,478,225)	(2,130,136)
<b>Net cash used in investing activities</b>		<b><u>(1,879,049)</u></b>	<b><u>(2,729,951)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of principal portion of lease liabilities		(45,832)	(41,385)
Interest paid		(35,804)	(38,650)
Dividends paid on ordinary shares		(7,800,000)	(6,400,000)
<b>Net cash used in financing activities</b>		<b><u>(7,881,636)</u></b>	<b><u>(6,480,035)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,645,928)</b>	<b>320,679</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year		13,062,511	12,741,832
<b>End of year</b>		<b><u>11,416,583</u></b>	<b><u>13,062,511</u></b>

The accompanying notes are an integral part of these financial statements.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

### 1. General Information

Family Guardian Insurance Company Limited (the “Company”) is incorporated under the Companies Act, 1992 of the Commonwealth of The Bahamas to sell life insurance, health insurance and annuities and is a wholly owned subsidiary of FamGuard Corporation Limited (“FamGuard” or the Parent), also incorporated in The Bahamas. The Company is licensed as an insurance company under the Insurance Companies Act, 2005.

The registered office of the company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, The Bahamas.

### 2. Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with IFRS Accounting Standards.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed separately in Note 5 to the Financial Statements.

### 3. Changes to Material Accounting Policies

#### *New standards, amendments and interpretations adopted by the Company*

Standards, amendments, and interpretations to published standards, that became effective for the Company’s financial year, beginning on 1 January 2024, were not relevant or not significant to the Company’s operations and accordingly did not have a material impact on the Company’s accounting policies or financial statements.

#### *New standards, amendments, and interpretations issued but not yet effective*

At the date of authorisation of these financial statements, certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the company. The new standard and amendment is set out below:

- (a) IFRS 18 *Presentation and Disclosure of Financial Statements* (IFRS 18) will replace IAS 1, *Presentation of Financial Statements* introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Management is currently assessing the implications of applying the new standards on the Company’s financial statements.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements 31 December 2024 (Expressed in Bahamian dollars)

### 4. Material Accounting Policies

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### (a) Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### (b) Foreign currency translation

##### *i) Functional and presentation currency*

Items included in the financial statements of the Company's is measured using the currency of the primary economic environment in which the Company operates (functional currency), the Bahamian dollar. The financial statements are presented in Bahamian dollars, which is also the Company's functional currency.

##### *ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statements of comprehensive income. Translation differences on monetary financial assets measured at fair value through profit or loss (FVTPL) are included as part of the fair value gains and losses.

#### (c) Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents consist of cash on hand, demand balances with banks and bank term deposits with contractual maturities of three months or less from the date of acquisition.

#### (d) Financial assets and liabilities

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (i.e., the date on which the Company commits to purchase or sell the asset).

At initial recognition, the Company measures a financial asset or financial liability at its fair value, plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (d) Financial assets and liabilities (continued)

##### *Initial recognition and measurement (continued)*

or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in the statement of comprehensive income. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI).

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

##### *Amortised cost and effective interest rate*

Amortised cost (“AC”) is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in net income.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

##### *Classification and subsequent measurement*

The Company classifies its financial assets into the following categories:

- (i) AC
- (ii) FVOCI
- (iii) FVTPL

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

## 4. Material Accounting Policies (Continued)

### (d) Financial assets and liabilities (continued)

*Classification and subsequent measurement (continued)*

#### *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:

- a. the Company's business model for managing the asset; and
- b. the cash flow characteristics of the asset (represented by SPPI).

#### *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (i.e., instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Other investment income' in the consolidated statement of profit or loss.

The company chooses to apply the FVOCI option for equity instruments that are not held for trading.

#### *i) AC*

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest income from financial assets measured at amortised cost in the statement of comprehensive income using the EIR method.

For investment assets at AC, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in net income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (d) Financial assets and liabilities (continued)

*Classification and subsequent measurement (continued)*

##### i) AC (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as an improvement in the debtor's credit rating, the reversal of the previously recognised impairment loss is recognised in net income. Impairment testing of trade receivables is described in Note 7. The entity's investment assets at AC includes, loans in the statement of financial position.

##### ii) FVOCI

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (i.e., instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). The Company classifies its equity instruments at FVOCI. Gains and losses are recognised in the revaluation reserve in other comprehensive income and are not subsequently reclassified to net income when derecognised. Dividends from such investments are recognised in net income when the Company's right to receive payment is established.

##### iii) FVTPL

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

*Reclassification of financial assets and liabilities*

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

## 4. Material Accounting Policies (Continued)

### (d) Financial assets and liabilities (continued)

*Classification and subsequent measurement (continued)*

*Business model assessment*

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

*Solely payment of principal and interest (SPPI) test*

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (d) Financial assets and liabilities (continued)

##### *Solely payment of principal and interest (SPPI) test (continued)*

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

##### *Derecognition*

A financial asset, or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

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## 4. Material Accounting Policies (Continued)

### (d) Financial assets and liabilities (continued)

#### *Derecognition (continued)*

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

#### *Impairment*

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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 the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

#### *Quantitative criteria*

Thresholds have been established to determine whether the remaining Lifetime PD at the reporting date has increased significantly compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

#### *Qualitative criteria*

For debt instruments securities, if the instrument meets one or more of the following criteria:

- significant increase in credit spread;
- significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- actual or expected forbearance or restructuring;
- actual or expected significant adverse change in operating results of the borrower; and
- significant change in collateral value (secured facilities only) that is expected to increase risk of default.

# Family Guardian Insurance Company Limited

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## 4. Material Accounting Policies (Continued)

### (d) Financial assets and liabilities (continued)

#### *Impairment (continued)*

The assessment of a SICR incorporates forward-looking information and is performed at the borrower level and on a periodic basis. The criteria used to identify a SICR are monitored and reviewed periodically by management.

#### *Backstop criteria*

A backstop is applied and the debt financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

The Company has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations.

The Company defines low credit risk financial assets as financial assets that are investment grade at the reporting date, based on internal credit grading policies. For such instruments, the SICR is not assessed, and the impairment allowance is calculated and the financial asset is measured using the 12 month ECL (12m ECL), provided that the financial asset meets the criteria above.

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company considers a financial asset to be 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

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### 4. Material Accounting Policies (Continued)

#### (d) Financial assets and liabilities (continued)

##### *Impairment (continued)*

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Company considers three scenarios (a base case, best case, and worst case). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD        The Probability of Default (PD) is an estimate of the likelihood of the default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD        The Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD        The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Gorup would expect to receive, It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ECL calculations into one of these categories, determined as follows:

- Stage 1    The 12m ECL is calculated as the portion of the lifetime ECL (LTECL) that represent the ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios as explained above.
- Stage 2    When an instrument has shown a SICR since origination, the Company records an allowance for the LTECL's. The mechanics are similar to those explained above, including the use of multiple scenarios, but PD's and LGD's are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

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### 4. Material Accounting Policies (Continued)

#### (d) Financial assets and liabilities (continued)

##### *Impairment (continued)*

Stage 3 For debt instruments considered credit impaired, the Company recognises the lifetime expected credit losses for these instruments; the method is similar to that for LTECL assets, with the PD set at 100%.

##### *Forward looking information*

The estimation and application of forward-looking information require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables that are most closely correlated with credit losses in the relevant portfolio. In determining ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions.

When management determines the macro-economic factors that impact the portfolios of financial assets, they determine all the readily available information within the market, Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for the portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long-term average performance is then used for the remaining life of the product.

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product (GDP) growth
- Central Bank of the Bahamas rates
- Unemployment rates

##### *Write-offs*

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (d) Financial assets and liabilities (continued)

#### *Financial liabilities*

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL or financial liabilities at AC. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings net of directly attributable transaction costs.

Subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. Financial liabilities are classified as held for trading if they eliminate or significantly reduce an accounting mismatch. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net income when the liabilities are derecognised as well as through the effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest. The effective interest amortisation is included in finance cost in the statement of comprehensive income.

Trade and other payables, represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

### (e) Property and equipment

Freehold land and buildings are shown at fair value, based on periodic, normally triennial, valuations by external independent appraisers, less accumulated depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

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(Continued)

### 4. Material Accounting Policies (Continued)

#### (e) Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in net income, the increase is first recognised in net income. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to net income.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Freehold buildings	2.5% per annum
Freehold building improvements	5 - 20% per annum
Freehold land improvements	10% per annum
Furniture and equipment	10% - 20% per annum
Motor vehicles	25% per annum
Computer hardware	20%-33% per annum
Leasehold improvements	Shorter of period of the leases and estimated economic life of the improvements

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease term transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is the Company's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs directly associated with the development of identifiable and unique software products controlled by the Company, and which will generate economic benefits exceeding costs beyond one year, are also recognised as intangible assets.

Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Computer software	10%-33% per annum
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Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

### (g) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### (h) Other provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

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### 4. Material Accounting Policies (Continued)

#### (h) Other provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### (i) Employee benefits

##### i) Pension obligations

The Company has a defined contribution pension plan for eligible agents and employees whereby the Company pays contributions to a pension plan separately administered by the Company. The Company has no further payment obligations once the contributions have been paid. The plan requires participants to contribute 5% of their gross earnings and commissions and the Company contributes 5% of eligible earnings. The Company's contributions to the defined contribution pension plan are recognised in the statement of comprehensive income in the year to which they relate.

##### ii) Post retirement medical benefit plan

The Company provides supplementary health insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The benefits under this plan are contributory. For the postretirement medical benefit plan, the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. The post-retirement plan is a contributory plan. Retirees are assumed to pay the full retiree costs, less the Company's subsidy. The employee's subsidy for medical costs is set to a fixed dollar amount.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of the defined benefit costs in the statement of comprehensive income in operating expenses. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the Statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to net income.

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (i) Employee benefits (continued)

#### ii) Post retirement medical benefit plan (continued)

Past service cost is recognised in net income in the period of a plan amendment. The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

### (j) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### (k) Insurance Contracts

#### Summary of measurement approaches

The Company uses different measurement approaches, depending on the portfolio of insurance contracts issued as follows:

<b>Contracts Issued/held</b>	<b>Product Classification</b>	<b>Measurement Model</b>
Home Service Life	Insurance contracts without direct participation features	GMM
Home Service Health	Insurance contracts	PAA
Financial Service Life	Insurance contracts without direct participation features	GMM
Financial Services Annuities	Insurance contracts without direct participation features	GMM
BahamaHealth	Insurance contracts	PAA
Creditor Life (Single)	Insurance contracts without direct participation features	GMM
Creditor Life (Level)	Insurance contracts	PAA
Investment contracts with DPF	Insurance contracts without direct participation features	GMM
Life reinsurance contracts held	Reinsurance contracts held	GMM
Health reinsurance contracts held	Reinsurance contracts held	PAA (with coverage of One year or less)

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (k) Insurance Contracts (continued)

#### *Summary of measurement approaches (continued)*

For underlying direct insurance contracts measured under GMM, the corresponding reinsurance contract portfolios are measured using GMM. For underlying direct insurance contracts measured under PAA, the corresponding reinsurance contract portfolios are measured using PAA.

#### *Definition and Classification*

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk. The Company issues life, health, and annuity contracts.

Some investment contracts issued by the company contain DPF, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Company accounts for these contracts under IFRS 17.

#### *Separating components from insurance and reinsurance contracts*

The Company assesses its life and health insurance products to determine whether they contain components which must be accounted for under another IFRS accounting standard rather than IFRS 17 (distinct non insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include distinct components that require separation.

Some contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred.

Investment components which are highly interrelated with the insurance contract are considered non-distinct if they cannot be measured separately from the insurance components. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (k) Insurance Contracts (continued)

#### *Level of aggregation*

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has defined portfolios of insurance contracts issued based on its product lines, namely life, health and annuity contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

The insurance contract portfolios are divided into:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- A group of the remaining contracts in the portfolio.

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition;
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition; and
- A group of the remaining contracts in the portfolio.

#### *Recognition*

The Company recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date;

# Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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## 4. Material Accounting Policies (Continued)

### (k) Insurance Contracts (continued)

#### *Recognition (continued)*

- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into 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 the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Several reinsurance contracts held by the Company provide proportionate cover. Therefore, the Company does not recognise proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

#### *Onerous groups of contracts*

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due.

#### *Initial measurement*

#### *Contract boundary*

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

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 4. Material Accounting Policies (Continued)

##### (k) Insurance Contracts (continued)

*Initial measurement (continued)*

*Contract boundary (continued)*

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Company by considering all the risks and terms covered for the policyholder, with references to the pricing of contracts with equivalent risks and terms on the renewal dates. The Company reassesses contract boundary of each group at the end of each reporting period.

*Premium Allocation Approach (“PAA”)*

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. The company has measured several portfolios using the PAA.

When measuring the liabilities remaining coverage, the PAA is similar to the Company’s previous accounting treatment for short-duration contracts and therefore the Company does not expect a significant impact to measurement. Certain lines of business within the Company primarily issue insurance contracts with a coverage period of 12 months or less, which automatically qualify for the PAA. For these types of contracts, the company will expense insurance acquisition cash flows as they are incurred. For insurance contracts with greater than 12 months of coverage, the Company has established a methodology for assessing whether the measurement of the liability for remaining coverage differs significantly than the measurement under the GMM to determine whether they qualify for the PAA. The PAA does

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

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### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

*Initial measurement (continued)*

*Premium Allocation Approach (“PAA”)(continued)*

not have the concept of a contractual service margin and therefore, upon transition, the insurance contract liabilities and reinsurance held assets will be recorded on a fully retrospective basis.

	<b>IFRS 17 Options</b>	<b>Adopted Approach</b>
PAA Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	The coverage period for the BahamaHealth and Home Service Health contracts is one year or less and therefore qualifies automatically for the PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group.	The Company has elected to expense all acquisition expenses as incurred.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	The Company has elected to not adjust for the time value of money for portfolios measured under the PAA.
Liability for incorrect claims, adjusted for time value of money	Where cashflows are expected to be paid in one year or less from the date the claims are incurred, an entity is not required to adjust future cashflows for the time value of money	The Company has elected to not adjust for the time value of money for portfolios measured under the PAA.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

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(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

*Initial measurement (continued)*

*General Model (“GMM”)*

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows; and
- A CSM representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company’s objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Payments to policyholders resulting from embedded surrender value options;
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs;
- Claims handling costs;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries;
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction-based taxes.



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

*Initial measurement (continued)*

*General Model (“GMM”)(continued)*

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders;
- Other information about the known or estimated characteristics of the insurance contracts :
- Historical data about the Company’s own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions; and
- Current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to net income (through insurance revenue) over the period of the contract in a systematic and rational way.

*Reinsurance contracts held- initial measurement*

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes;
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer; and
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to net income as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component in the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 4. Material Accounting Policies (Continued)

##### (k) Insurance Contracts (continued)

###### *Reinsurance contracts held- initial measurement (continued)*

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

###### *Insurance contracts- subsequent measurement*

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in net income, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the Company at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition;
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss, or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- The effect of any currency exchange differences on the CSM; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period, before any allocation, over the current and remaining coverage period.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

*Insurance contracts- subsequent measurement (continued)*

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM are comprised of:

- Experience adjustments that arise from the difference between the premium receipts, and any related cash flows such as insurance acquisition cash flows and insurance premium taxes, and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in net income while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk, recognised in the statement of comprehensive income rather than adjusting the CSM. Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in net income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the group comprising the fulfilment cash flows related to past service allocated to the group at that date.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

##### *Reinsurance contracts held- subsequent measurement*

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in net income if the related changes arising from the underlying ceded contracts have been recognised in net income. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to net income and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reversals are consistent with reversal of the loss component of underlying groups of contracts issued.

##### *Insurance contracts- modification and derecognition*

The Company derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

##### *Insurance acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

##### *Insurance acquisition cash flows (continued)*

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts.

##### *Presentation*

The Company has presented separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

The Company disaggregates the amounts recognised in the statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

##### *Insurance Revenue*

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components).

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (k) Insurance Contracts (continued)

##### *Insurance Revenue (continued)*

The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage;
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage;
- The CSM release;
- Amounts related to insurance acquisition cash flows, which are amortised using the same methodology as the CSM.

For the significant judgements applied to the amortisation of the CSM, please refer to Note 5.

##### *Loss components*

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 4. Material Accounting Policies (Continued)

##### (k) Insurance Contracts (continued)

###### *Loss-recovery components*

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is \$nil when loss component of the onerous group of underlying insurance contracts is \$nil.

###### *Net income or expense from reinsurance contracts held*

The Company presents separately on the face of the statement of comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

###### *Insurance Finance income or expense*

Insurance finance income or expenses comprises the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk, but excludes any such changes for groups of insurance contracts with discretionary participation features that would adjust the contractual service margin.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (l) Non-insurance revenue recognition

Fee and non-insurance commission income are recognised on an accrual basis when the service has been provided and the performance obligation met. Commissions earned on insurance policies are recognised when the policies are written and the Company has no further significant service obligations associated with the policy. The recognition of profit commissions is dependent on the loss experience underlying the relevant policies.

Dividend income from investments is recognised when the shareholder's right to receive payments has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income which forms an integral part of the effective interest rate of a loan (i.e., commitment fees) is deferred and recognised as income over the life of the loan.

#### (m) Leases

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

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.

##### i) 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 initially recognised at the present value of the lease liability, 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (m) Leases (continued)

##### i) Right-of-use assets (continued)

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.

##### ii) 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 insubstance 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.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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.

The Company's lease liabilities are presented on the statement of financial position (see Note 21).

##### iii) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (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.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 4. Material Accounting Policies (Continued)

#### (n) Taxation

Under the current laws of The Bahamas, the country of domicile of the Company, there are no income, capital gains or other corporate taxes imposed. The Company is subject to tax on gross premiums written at a rate of 3% and Value Added Taxes, applied at a rate of 10% on goods and services purchased. The Company is subject to a business license tax at a rate of 2.25% on non-insurance revenue.

The Bahamas enacted the Domestic Minimum Top-Up Tax Act, 2024 (the Act) on 28 November 2024, which implements a Domestic Minimum Top-Up Tax (DMTT) of 15% effective 1 January 2024 for qualifying multinational entities in The Bahamas. The DMTT aligns with the Organisation for Economic Cooperation and Development's (OECD) Pillar Two Framework. The Company is not subject to the DMTT Framework.

#### (o) Dividend distribution

Dividend distribution to the Company's shareholder is recognised in the financial statements in the year in which the dividends are declared by the Board of Directors. Dividends declared after the year end, but before the approval of the financial statements, are disclosed as a subsequent event.

#### (p) Related parties

Related parties are defined as follows:

- (i) Controlling shareholders;
- (ii) Subsidiaries;
- (iii) Associates;
- (iv) Individuals owning, directly or indirectly, an interest in the voting power that gives them significant influence over the enterprise, i.e. normally more than 20% of shares (plus close family members of such individuals);
- (v) Key management personnel - persons who have authority for planning, directing and controlling the enterprise (plus close family members of such individuals);
- (vi) Directors; and,
- (vii) Enterprises owned by the individuals described in (i), (iv), (v), and (vi).

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

#### *Key sources of estimation uncertainty-critical accounting estimates*

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts included in or affecting the Company's financial statements and related disclosure must be estimated, requiring the Company to make assumptions with respect to values or conditions which cannot be known with certainty at the time the Financial Statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the Company's financial condition and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The Company evaluates such estimates on an ongoing basis, based upon historical results and experience, prevailing market prices, current financial information and audited statements, changes in market conditions, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as the forecasts as to how these might change in the future.

#### *Insurance Contracts*

Areas of judgement which impact the Company's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described below.

#### *a. Methods used to measure insurance contracts*

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Appointed Actuary. The Company primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

Mortality and Morbidity Rates - Assumptions are based on standard industry and population mortality/morbidity tables, according to the type of contract written. The assumptions reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. Where appropriate, an allowance is made for expected future mortality improvements. Assumptions are differentiated by relevant risk drivers, such as gender, underwriting class and contract type.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

#### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *a. Methods used to measure insurance contracts (continued)*

Longevity - Assumptions are based on standard industry tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

Expenses - Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

Lapse and Surrender Rates - Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

##### *b. Discount Rates*

The bottom-up approach was used to derive the discount rates for the cash flows that do not vary based on the returns on underlying items for all contracts. Under this approach, the liquidity adjustment is based on a reference asset that has been selected to be consistent with the liquidity characteristic of the product.

The timing of cash flows is reflected by constructing a discount curve, so that each cash-flow is discounted consistent with the timing of the cash flow. In constructing the discount curve, a portion is based on market information (the observable period) from The Bahamas Government bonds and beyond that period, these discount rates are estimated (the unobservable period). The observable period is the same time period where information on risk-free interest rates is deep and liquid and the market information is available for up to 30 years. In the unobservable period, risk-free rates are interpolated between the last observable point and an ultimate risk-free rate at year 70. The ultimate risk-free rate is estimated using historical averages.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

##### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *b. Discount Rates*

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

	<b>2024</b>				
	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>20 Years</b>	<b>30 Years</b>
Liquid	3.48%	4.30%	5.78%	6.53%	7.69%
Illiquid	3.96%	4.80%	6.30%	7.09%	8.29%

	<b>2023</b>				
	<b>1 Year</b>	<b>5 Years</b>	<b>10 Years</b>	<b>20 Years</b>	<b>30 Years</b>
Liquid	3.43%	4.21%	5.73%	6.47%	7.63%
Illiquid	3.91%	4.71%	6.25%	7.03%	8.23%

##### *c. Risk Adjustment for Non-Financial Risk*

The risk adjustment for non-financial risk represents the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount.

The Company has estimated the risk adjustment using a margin approach. This amount is measured as the present value of the difference between estimated future cash flows with a margin applied to non-financial assumptions including mortality, morbidity, longevity lapse and expense assumptions and estimated future cash flows without this adjustment. Margins generally range from 5% to 20% depending on the uncertainty in the determination of the assumption. The level of uncertainty, and hence the margin chosen, varies by assumption and by line of business and other factors. For health policies the risk adjustment is set as a margin on the best estimate liability. The risk adjustment is determined separately for reinsurance contracts held apply the same margins as the underlying contracts.

The risk adjustment of the insurance contracts issued and reinsurance contracts held, for life and health policies corresponds to a confidence level of 80%-85% (2023: 80-85%).

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

##### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *d. Amortisation of the Contractual Service Margin*

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period.

The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period, (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period), equally to each coverage unit provided in the current period and expected to be provided in the future; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future, they are discounted using the applicable discount rates determined at initial recognition.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

##### *e. Fair value of insurance contracts*

As part of the Company's adoption of IFRS 17, contracts which were issued prior to 2019, were measured using the fair value approach.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

#### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

*e. Fair value of insurance contracts (continued)*

The CSM (or loss component) is determined as the difference between the fair value of the Company of insurance contracts and the fulfillment cash flows measured at the transition date.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For these groups, the discount rates on initial application were determined as at 1 January 2022 instead of at the date of initial recognition.

In determining the fair value, the Company has applied the requirements of IFRS 13 *Fair Value Measurement* (IFRS 13). An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied.

*f. Liability for incurred claims*

The ultimate cost of outstanding claims for short term contracts is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

##### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *g. Revaluation of property and equipment*

The Company measures its land and buildings at revalued amounts triennially, with changes in fair value being recognised in the revaluation reserve in the statement of financial position. The valuation techniques, are based on different methods including cost, market, and income approaches. The valuation methodology includes observable assumptions for properties, performed by an independent appraiser to determine the fair value with reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Management considers that the valuation methodologies and assumptions utilised are appropriate for determining the fair value of the Company's land and buildings.

##### *h. Impairment of financial assets*

In determining the ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions, and forecasts of economic conditions.

- Establishing staging for other assets measured at amortised cost, mortgage loans, loan commitments, and financial guarantee contracts.

Exposures are considered to have resulted in a SICR and are moved to stage 2 based on the following:

##### Qualitative test

Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

##### Backstop Criteria

Accounts that are 30 calendar days or more past due. The 30 days past due criterion is a backstop rather than a primary driver of moving exposures into stage 2.

##### Forward-looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type and historical performance. Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long-term average performance is then used for the remaining life of the product. These projections are re-assessed quarterly.



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

#### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *i. Retirement benefit obligation*

The Company's retirement benefit obligation is discounted at a rate determined by reference to market yields at the end of the reporting period on high quality Government bonds. Significant judgment is required when determining the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include whether there is a deep market in the bonds, quality of the bonds and the identification of outliers which are excluded.

Other key assumptions for retirement benefit obligations include medical, dental and vision cost trend rates and mortality rates. Medical rates are determined by the current year's average per capita costs for all participants. Average per capita costs for retirees were estimated by age groupings. The Company bases the estimates for mortality on tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company own experience.

##### *j. Fair value of securities not quoted in an active market*

The fair value of securities not quoted in an active market may be determined by the Company, based on historical experience and other factors that are considered to be relevant. Where no market data is available, the Company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily recent similar arm's length market transactions, if available, and reference to the current fair value of another instrument that is substantially the same.

In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For some investments where little market activity may exist, management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involves a significant degree of judgement, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risk.

The Company uses the discounted cash flow method to value credit investments that are not publicly traded or whose market prices are not readily available. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of similar publicly traded debt instruments, subject to a liquidity discount.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

##### *Key sources of estimation uncertainty-critical accounting estimates (continued)*

##### *j. Fair value of securities not quoted in an active market (continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 6. Management of Insurance and Financial Risk

Insurance and reinsurance contracts expose the Group to insurance risk. In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk.

##### **Fair value of financial instruments**

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The following table depicts the classification of financial assets and liabilities :

	2024			Total
	FVTPL	FVOCI	Amortised Cost	
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	11,416,583	11,416,583
Financial investment assets	257,336,266	13,701,493	46,024,093	317,061,852
Receivables and other assets	-	-	2,162,150	2,162,150
Intercompany receivables	-	-	5,496,907	5,496,907
<b>Total financial assets</b>	<b>257,336,266</b>	<b>13,701,493</b>	<b>65,099,733</b>	<b>336,137,492</b>
<b>Financial Liabilities</b>				
Investment contract liabilities	449,669	-	-	449,669
Other liabilities	-	-	8,560,228	8,560,228
Lease liabilities	-	-	532,555	532,555
<b>Total financial liabilities</b>	<b>449,669</b>	<b>-</b>	<b>9,092,783</b>	<b>9,542,452</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk

##### Fair value of financial instruments (continued)

	2023			Total \$
	FVTPL \$	FVOCI \$	Amortised Cost \$	
<b>Financial Assets</b>				
Cash and cash equivalents	-	-	13,062,511	13,062,511
Financial investment assets	246,678,440	13,126,504	49,279,731	309,084,675
Receivables and other assets	-	-	817,607	817,607
Intercompany receivables	-	-	4,490,867	4,490,867
<b>Total financial assets</b>	<b>246,678,440</b>	<b>13,126,504</b>	<b>67,650,716</b>	<b>327,455,660</b>
<b>Financial Liabilities</b>				
Investment contract liabilities	594,359	-	-	594,359
Other liabilities	-	-	7,082,262	7,082,262
Lease liabilities	-	-	578,387	578,387
<b>Total financial liabilities</b>	<b>594,359</b>	<b>-</b>	<b>7,660,649</b>	<b>8,255,008</b>

For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used:

- i) Investment securities at FVTPL are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. The carrying value approximates the fair value of these items.
- ii) Investment securities classified as FVOCI are measured at fair value by reference to quoted market prices or dealer quotes when available (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques (level 3).

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### Fair value of financial instruments (continued)

- iii) Investments in unit trusts are based on prices quoted by the fund managers (level 2).
- iv) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value or for which fair value is disclosed, grouped into levels 1 to 3 based on the degree to which the fair value is observable. These instruments are reported at fair value on a recurring basis (i.e., at the end of each reporting period).

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
FVPTL				
Sovereign bonds	-	207,667,201	-	207,667,201
Corporate bonds	-	8,157,636	21,897,421	30,055,057
Mutual funds	17,588,421	590,410	-	18,178,831
Equities	-	1,435,177	-	1,435,177
FVOCI				
Equities	-	13,701,493	-	13,701,493
	<u>17,588,421</u>	<u>231,551,917</u>	<u>21,897,421</u>	<u>271,037,759</u>

31 December 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
FVPTL				
Sovereign bonds	-	199,351,392	-	199,351,392
Corporate bonds	-	8,363,241	19,674,285	28,037,526
Mutual funds	17,303,333	551,140	-	17,854,473
Equities	-	1,435,049	-	1,435,049
FVOCI				
Equities	-	13,126,504	-	13,126,504
	<u>17,303,333</u>	<u>222,827,326</u>	<u>19,674,285</u>	<u>259,804,944</u>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### Fair value of financial instruments (continued)

The following table reconciles the level 3 investment assets:

	2024	2023
	\$	\$
Opening Balance	19,674,285	17,255,846
Purchases	4,000,000	7,000,000
Sales/redemptions	(1,763,141)	(4,641,351)
Change in accrued interest	(13,723)	59,790
<b>Balance at end of year</b>	<b><u>21,897,421</u></b>	<b><u>19,674,285</u></b>

Level 3 investments include corporate bonds. The fair values of these investments have been derived from market yields of government instruments of similar durations adjusted for credit risk of the borrower.

The following table summarises the quantitative information about the significant unobservable inputs used to measure the Company's Level 3 financial instruments:

Unobservable inputs	Range of unobservable inputs		Relationship to fair value
	2024	2023	
Credit spreads within local market	1% - 5%	1% - 5%	Increases in credit spreads of the underlying assets will have a direct correlation to fair value

The fair values for all other financial instruments which are not carried at fair value but for which fair value is required to be disclosed, are classified as level 2 with the exception of loans at amortised cost which are classified as level 3. The fair value of cash and cash equivalents and other financial assets approximate their carrying amount as they are short-term and highly liquid. For loans at amortised cost, the fair value approximates the carrying value.

##### *Insurance risk*

The Company issues short term and long term contracts that transfer 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.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Insurance risk (continued)*

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 insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than expected. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate established via statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

The main risks that the Company is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder behavior risk – risk of loss arising due to policyholder experiences, lapses and surrenders, being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by the implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held is placed on an excess of loss and proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

For the life insurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. The Company seeks to limit its exposure to loss on any single insured and to recover benefits paid, by ceding premiums to reinsurers under excess coverage and quota share contracts. Under the excess coverage contracts, the Company

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Insurance risk (continued)*

retains a range of \$75,000 to \$100,000 (2023: \$75,000 to \$100,000) coverage per individual life and individual accidental death benefit. The Company also seeks to limit the exposure to catastrophic loss on the portfolio of insureds by ceding premiums to a reinsurer. The Company retains coverage up to \$500,000 under this policy. The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period. Under the quota share contracts, the Company retains 50% of the face amount per individual life and accidental death benefit to a maximum of \$100,00 on anyone life insured. Individual and group medical retention limit is retained at \$300,000 (2023:\$300,000) per member.

The Company's insurance contracts issued (both before and after reinsurance held) is shown below.

	2024			2023		
	Insurance contracts issued	Reinsurance held	Net	Insurance contracts issued	Reinsurance held	Net
	\$	\$	\$	\$	\$	\$
<b>Insurance contracts issued</b>						
Life contracts	240,161,319	7,909,913	232,251,406	235,571,651	7,383,359	228,188,292
Health contracts	10,707,125	2,105,796	8,601,329	9,061,662	1,644,807	7,416,855
Immediate annuity contracts	4,287,091	-	4,287,091	4,287,091	-	4,287,091
<b>Total insurance contracts issued</b>	<b>255,155,535</b>	<b>10,015,709</b>	<b>245,139,826</b>	<b>248,920,404</b>	<b>9,028,166</b>	<b>239,892,238</b>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### Insurance risk (continued)

##### Sensitivities

The following sensitivity analysis shows the instantaneous impact (gross and net of reinsurance held) on the contractual service margin, net income and equity for reasonably possible movements in key assumptions with all other assumptions held constant for contracts measured under the GMM. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. Sensitivity information will also vary according to the current economic assumptions.

31 December 2024	Change in assumptions	Effect on CSM		Effect on Net income		Effect on Equity	
		Gross	Net	Gross	Net	Gross	Net
		\$	\$	\$	\$	\$	\$
Mortality/morbidity rates	10%	(10,129,435)	(10,129,435)	(1,838,626)	(1,516,838)	(1,838,626)	(1,516,838)
Mortality/morbidity rates	-10%	12,633,413	12,633,413	930,714	645,428	930,714	645,428
Expenses	10%	(2,906,895)	(2,906,895)	126,927	165,631	126,927	165,631
Expenses	-10%	3,313,101	3,313,101	535,254	496,956	535,254	496,956
Lapse and surrender	10%	(5,713,734)	(5,713,734)	(146,318)	(136,771)	(146,318)	(136,771)
Lapse and surrender	-10%	6,127,432	6,127,432	161,159	147,977	161,159	147,977



## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Insurance risk (continued)*

#### *Sensitivities (continued)*

31 December 2023	Change in assumptions	Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net
		\$	\$	\$	\$	\$	\$
Mortality/morbidity rates	+10%	(9,256,683)	(9,256,683)	(1,818,472)	(1,512,699)	(1,818,472)	(1,512,699)
Mortality/morbidity rates	-10%	10,717,023	10,717,023	19,548	(231,356)	19,548	(231,356)
Expenses	+10%	(3,280,195)	(3,280,195)	(495,577)	458,276	(495,577)	458,276
Expenses	-10%	3,279,282	3,279,282	(188,806)	(225,701)	(188,806)	(225,701)
Lapse and surrender	+10%	(4,894,569)	(4,894,569)	(110,756)	(109,349)	(110,756)	(109,349)
Lapse and surrender	-10%	4,682,383	4,682,383	120,901	117,909	120,901	117,909

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Liquidity risk*

The Company is exposed to daily calls on its available cash resources from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Company maintains sufficient liquidity (cash and marketable securities) to meet all contractual liabilities as they fall due. The following table shows the undiscounted payout pattern, net of premiums, of the actuarial liabilities.

	2024							
	Year 1 \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 \$	6 to 10 years \$	Over 10 years \$	Total \$
Insurance contract liabilities	33,510,828	4,586,079	6,377,323	7,873,317	9,128,228	60,374,706	663,758,959	785,609,440
<b>Total</b>	<b>33,510,828</b>	<b>4,586,079</b>	<b>6,377,323</b>	<b>7,873,317</b>	<b>9,128,228</b>	<b>60,374,706</b>	<b>663,758,959</b>	<b>785,609,440</b>
	2023							
	Year 1 \$	Year 2 \$	Year 3 \$	Year 4 \$	Year 5 \$	6 to 10 years \$	Over 10 years \$	Total \$
Insurance contract liabilities	30,948,288	5,218,491	6,738,193	8,381,278	9,733,921	62,063,235	598,143,495	721,226,901
<b>Total</b>	<b>30,948,288</b>	<b>5,218,491</b>	<b>6,738,193</b>	<b>8,381,278</b>	<b>9,733,921</b>	<b>62,063,235</b>	<b>598,143,495</b>	<b>721,226,901</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Liquidity risk (continued)*

The following table summarises the maturity profile of financial assets and liabilities of the Company.

	2024					Total \$
	Not Classified \$	Up to 1 year \$	1 to 5 years \$	6 to 10 years \$	Over 10 years \$	
<b>ASSETS</b>						
Cash on hand and at bank	-	11,416,583	-	-	-	11,416,583
Receivables and other assets	-	2,162,150	-	-	-	2,162,150
Financial investment assets						
FVTPL securities	18,178,831	16,169,961	28,176,608	36,251,160	158,559,706	257,336,266
FVOCI securities	13,701,493	-	-	-	-	13,701,493
Amortised cost securities	(2,952,138)	746,931	4,064,494	10,589,920	33,574,886	46,024,093
<b>Total financial assets</b>	<b>28,928,186</b>	<b>30,495,625</b>	<b>32,241,102</b>	<b>46,841,080</b>	<b>192,134,592</b>	<b>330,640,585</b>
<b>LIABILITIES</b>						
Other liabilities	-	8,560,228	-	-	-	8,560,228
Lease liabilities	-	81,635	326,541	303,490	126,500	838,166
<b>Total financial liabilities</b>	<b>-</b>	<b>8,641,863</b>	<b>326,541</b>	<b>303,490</b>	<b>126,500</b>	<b>9,398,394</b>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### Liquidity risk (continued)

	2023					Total \$
	Not Classified \$	Up to 1 year \$	1 to 5 years \$	6 to 10 years \$	Over 10 years \$	
<b>ASSETS</b>						
Cash on hand and at bank	-	13,062,511	-	-	-	13,062,511
Receivables and other assets	-	6,193,198	-	-	-	6,193,198
Financial investment assets						
FVTPL securities	17,854,473	16,083,778	24,563,740	39,266,942	148,909,507	246,678,440
FVOCI securities	13,126,504	-	-	-	-	13,126,504
Amortised cost securities	(3,517,295)	298,789	4,213,667	9,299,220	38,985,350	49,279,731
<b>Total financial assets</b>	<b>27,463,682</b>	<b>35,638,276</b>	<b>28,777,407</b>	<b>48,566,162</b>	<b>187,894,857</b>	<b>328,340,384</b>
<b>LIABILITIES</b>						
Other liabilities	-	7,082,262	-	-	-	7,082,262
Lease liabilities	-	35,804	174,603	56,298	547,681	814,386
<b>Total financial liabilities</b>	<b>-</b>	<b>7,118,066</b>	<b>174,603</b>	<b>56,298</b>	<b>547,681</b>	<b>7,896,648</b>

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market interest rates.

The Company's investment policy sets out the assessment and determination of what constitutes market risk. Guidelines are set out for asset allocation and portfolio limits to manage exposure and ensure that assets are held to deliver income and gains needed to meet the Company's contractual requirements. Compliance with the policy is monitored and exposures are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and changes in the risk environment.

The nature of the Company's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

#### *Currency Risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Company is not subject to significant currency risk as its principal transactions are carried out in Bahamian dollars. The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities.

#### *Interest rate risk*

The Company manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored regularly.

A maturity analysis of the Company's investment assets and insurance contract liabilities is included in the liquidity risk section.

For loans at amortised cost and debt instruments measured at fair value through profit or loss these are subject to floating interest rates. If future interest rates were increased or decreased by 1%, net investment income in the statement of comprehensive income would increase or decrease by \$2,870,036 (2023: \$2,801,607).

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Interest rate risk (continued)*

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and investment contract liabilities are, as follows:

	2024	2023
	\$	\$
<b>Insurance Contract Assets</b>		
Insurance contracts issued	-	-
Reinsurance contracts held	<u>7,909,913</u>	<u>7,310,947</u>
<b>Total</b>	<b><u>7,909,913</u></b>	<b><u>7,310,947</u></b>
<b>Insurance Contract Liabilities</b>		
Insurance contracts issued	244,448,410	215,059,377
Reinsurance contracts held	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>244,448,410</u></b>	<b><u>215,059,377</u></b>
<b>Financial investments</b>		
Investment contract liabilities	<u>449,669</u>	<u>594,359</u>
<b>Total</b>	<b><u>449,669</u></b>	<b><u>594,359</u></b>

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net income and equity for life insurance contract issued. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the instantaneous impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
 31 December 2024  
 (Expressed in Bahamian dollars)  
 (Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Interest rate risk (continued)*

31 December 2024	Change in assumptions	Effect on net income		Effect on equity	
		Gross	Net	Gross	Net
Life insurance contracts issued		\$	\$	\$	\$
Interest Rates	1%	30,908,839	31,075,369	30,908,839	31,075,369

31 December 2023	Change in assumptions	Effect on net income		Effect on equity	
		Gross	Net	Gross	Net
Life insurance contracts issued		\$	\$	\$	\$
Interest Rates	1%	28,930,695	29,188,411	28,930,695	29,188,411

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Price Risk*

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Company manages its risk through the Investment and Risk Committee, which monitors the price movement of securities on BISX.

If future market prices for instruments with quoted prices and measured at FVOCI and FVTPL were to increase or decrease by 10% this would result in an increase or decrease in equity of \$3,331,550 (2023: \$3,241,603) and net income of \$1,961,401 (2023: \$1,928,952), respectively. Management mitigates this risk by diversification of its portfolio.

#### *Operational Risk*

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

#### *Credit Risk*

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by management. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high-quality financial instruments with a low risk of default.



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Credit Risk (continued)*

Credit risk arising from balances held with banks is managed by placing deposits with approved financial institutions and within credit limits assigned. Credit limits are reviewed by the Company's Board of Directors on an annual basis.

The Company manages and controls credit risk on mortgage loans by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Company has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions. Mortgage loans are fully collateralised by real estate and the approval loan limit is 75% to 90% of the collateral value.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their publicly available financial information prior to finalisation of any contract. The Company has one main reinsurer for its long-term insurance contracts, a large multinational corporation that has an AM Best Rating of A+ and a Standard & Poors (S&P) rating of AA-. Reinsurance contract assets associated with the Company's main reinsurer is \$8,729,275 (2023: \$7,378,212).

The Company invests in debt instruments which have been issued or guaranteed by the The Government of The Bahamas and companies that are in good standing and have had no history of default on payment of principal or interest. The Company minimises its exposure to credit risk by holding a diversified portfolio of debt instruments with established maximum holding limits for each investment asset group. The Company also has established limits on investments held with any one institution.

Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Group's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations, resulting in insignificant credit risk exposures to the Company.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 6. Management of Insurance and Financial Risk (Continued)

##### *Credit Risk (continued)*

Reinsurance contract assets are analysed in the table below using the Group's credit risk rating. The table represents the credit risk exposure of the Group, which equals the maximum exposure to credit risk. The concentration of credit risk has not significantly changed compared to the prior year.

	2024			
	AA	A	BBB	Total
	\$	\$	\$	\$
Reinsurance contract assets	8,937,079	74,630	1,004,000	10,015,709

	2023			
	AAA	AA	A	Total
	\$	\$	\$	\$
Reinsurance contract assets	-	9,028,166	-	9,028,166

##### Maximum exposure to credit risk

The following table summaries the Group's maximum exposure to credit risk related to financial assets. The maximum credit exposure is the carrying value of the assets net of any allowances for credit loss.

	Investment Grade	Non-investment Grade	Not Rated	Total
<b>As at 31 December 2024</b>	\$	\$	\$	\$
Cash on hand and at banks	11,416,583	-	-	11,416,583
Financial investment assets				
Debt instruments at FVTPL	-	237,722,258	18,178,831	255,901,089
Debt instruments at amortised cost	-	-	46,024,093	46,024,093
Receivables and other assets	-	-	2,162,150	2,162,150
Intercompany receivables	-	-	5,496,907	5,496,907
	<b>11,416,583</b>	<b>237,722,258</b>	<b>71,861,981</b>	<b>321,000,822</b>

	Investment Grade	Non-investment Grade	Not Rated	Total
<b>As at 31 December 2023</b>	\$	\$	\$	\$
Cash on hand and at banks	13,062,511	-	-	13,062,511
Financial investment assets				
Debt instruments at FVTPL	-	227,388,918	17,854,473	245,243,391
Debt instruments at amortised cost	-	-	49,279,731	49,279,731
Receivables and other assets	-	-	817,607	817,607
Intercompany receivables	-	-	4,490,867	4,490,867
	<b>13,062,511</b>	<b>227,388,918</b>	<b>72,442,678</b>	<b>312,894,107</b>

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Credit Risk (continued)*

#### *Impairment assessment*

The Company's ECL assessment and measurement method is set out below.

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a SICR since initial recognition.

The Company considers that there has been a SICR when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a SICR. Such events include internal rating of the counterparty indicating default or near-default.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument is identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Note 7 includes the carrying value of the company's value of the Company's loans measured at amortised costs for which an allowance for expected credit losses has been calculated.

For the company's other financial assets including cash at banks these have been assessed as stage 1 and no allowance for expected credit losses has been rewarded as such provision was not material.

#### *Capital risk management*

The Company manages its capital to ensure that the operating companies have sufficient capital resources to carry out their activities, to meet the regulatory requirements, and to maximise the return to shareholders. The Company manages its capital requirements by assessing shortfalls between reported and regulated capital levels.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 6. Management of Insurance and Financial Risk (Continued)

#### *Capital risk management (continued)*

Regulatory capital requirements are set and regulated by the Insurance Commission of The Bahamas. These requirements are established to ensure sufficient solvency margins are maintained by Insurers. Capital adequacy is calculated on a regular basis by management, reviewed the Board of Directors, and filed with the regulator.

In addition to the solvency margins required by the regulator, the Company seeks to maintain internal capital targets at levels higher than the regulatory requirements in evaluating business and strategic opportunities. The Company exceeded both the regulatory and internal capital requirements at year end.

### 7. Financial Investment Assets

Financial investment assets comprise the following:

	2024	2023
	\$	\$
<b>Financial investments FVTPL:</b>		
Debt Securities		
Sovereign bonds	207,667,201	199,351,392
Coporate bonds	30,055,057	28,037,526
Mutual funds	18,178,831	17,854,473
	<u>255,901,089</u>	<u>245,243,391</u>
Equities		
Quoted equities	1,435,177	1,435,049
<b>Total FVTPL</b>	<u><b>257,336,266</b></u>	<u><b>246,678,440</b></u>
<b>Financial investments FVOCI:</b>		
Equities		
Quoted equities	13,701,493	13,126,504
<b>Total FVOCI</b>	<u><b>13,701,493</b></u>	<u><b>13,126,504</b></u>
<b>Financial investments amortised costs net, of ECL</b>		
Loans	46,024,093	49,279,731
<b>Total amortised costs, net</b>	<u><b>46,024,093</b></u>	<u><b>49,279,731</b></u>
<b>Total financial investment assets</b>	<u><u><b>317,061,852</b></u></u>	<u><u><b>309,084,675</b></u></u>

The Company has interests in various structured entities that are not consolidated. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Company has an interest in a structured entity when it has a contractual or non-contractual involvement that exposes it to variable returns from the performance of the entity. The Company's interest includes investments in mutual funds that are listed on The Bahamas International Securities Exchange ("BISX"). Maximum exposure to loss is equal to the carrying amount disclosed in the table above.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 7. Financial Investment Assets (Continued)

Debt and equity instruments at FVTPL. Debt instruments have interest rates ranging from 2.99% to 8.5% per annum (2023: 4.0% to 10.0%) and scheduled maturities between 2025 and 2054 (2023: 2024 and 2053).

In 2011, in accordance with the Insurance Act 2005 (Amended), the Group established a Trust Account (the “Family Guardian Statutory Deposit Trust”) in which \$2,000,000 of Bahamas Government Registered Stocks have been placed in Trust. This amount is restricted for regulatory purposes; however, the interest income on these stocks accrues to the Company.

The table below presents the components of the Company’s loans designated at amortised costs.

	2024	2023
	\$	\$
Mortgage loans	48,811,414	52,104,585
Accrued interest	164,817	185,562
	<u>48,976,231</u>	<u>52,290,147</u>
Less: Deferred commitment fees	(270,392)	(295,769)
Less: Allowance for expected credit losses	(3,180,237)	(3,440,761)
Total mortgage loans	<u>45,525,602</u>	<u>48,553,617</u>
Margin loans	498,491	726,114
<b>Total Loans</b>	<b><u>46,024,093</u></b>	<b><u>49,279,731</u></b>

The table below disclosed the gross carrying value of loans measured at amortised cost by stage .

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>31 December 2024</b>				
Commercial mortgages	180,760	-	434,549	615,309
Residential mortgages	37,513,625	6,193,586	4,488,894	48,196,105
Total gross mortgage loans	<u>37,694,385</u>	<u>6,193,586</u>	<u>4,923,443</u>	<u>48,811,414</u>
Accrued interest	106,713	58,104	-	164,817
	<u>37,801,098</u>	<u>6,251,690</u>	<u>4,923,443</u>	<u>48,976,231</u>
Margin Loans	498,491	-	-	498,491
<b>Total gross loans</b>	<b><u>38,299,589</u></b>	<b><u>6,251,690</u></b>	<b><u>4,923,443</u></b>	<b><u>49,474,722</u></b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 7. Financial Investment Assets (Continued)

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	\$	\$	\$	\$
Commercial mortgages	216,667	24,235	434,549	675,451
Residential mortgages	<u>41,072,629</u>	<u>6,072,939</u>	<u>4,283,566</u>	<u>51,429,134</u>
	<b>41,289,296</b>	<b>6,097,174</b>	<b>4,718,115</b>	<b>52,104,585</b>
Accrued interest	132,937	52,625	-	185,562
Total gross mortgage loans	<b>41,422,233</b>	<b>6,149,799</b>	<b>4,718,115</b>	<b>52,290,147</b>
Margin Loans	<u>726,114</u>	-	-	<u>726,114</u>
<b>Total gross loans</b>	<b><u>42,148,347</u></b>	<b><u>6,149,799</u></b>	<b><u>4,718,115</u></b>	<b><u>53,016,261</u></b>

Margin loans are fully collateralised by the borrower's investment portfolio and the resultant ECL is \$Nil (2023: \$Nil).

As at 31 December 2024, the Company had non-performing mortgage loans of \$4,923,443 (2023:4,718,115).

During the year, the Company sold properties under power of sale. The fair value of the collateral sold under power of sale was \$306,057 (2023: \$282,000). The unrecoverable portion of the principal was provided for and is included in impairment of credit losses in the statement of comprehensive income.

Financial investment assets measured at FVOCI comprise of:

	2024	2023
Equity assets at FVOCI:	\$	\$
<b>Equity securities-Ordinary Shares</b>		
At beginning of year	13,126,504	10,566,618
Purchase of equities	114,004	121,500
Net change in fair value	<u>460,985</u>	<u>2,438,386</u>
	<b><u>13,701,493</u></b>	<b><u>13,126,504</u></b>

The table below shows the composition of FVTPL and FVOCI securities according to those securities that were mandatorily designated, and those that were designated by election.

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 7. Financial Investment Assets (Continued)

	2024				Total
	Mandatory Designation	Designated by Election	Mandatory Designation	Designated by Election	
	FVTPL		FVOCI		
	\$	\$	\$	\$	\$
Equities	1,435,177	-	-	13,701,493	15,136,670
Mutual Funds	18,178,831	-	-	-	18,178,831
Debt Securities	-	237,722,258	-	-	237,722,258
<b>Closing net book amount</b>	<b>19,614,008</b>	<b>237,722,258</b>	<b>-</b>	<b>13,701,493</b>	<b>271,037,759</b>
	2023				
	Mandatory Designation	Designated by Election	Mandatory Designation	Designated by Election	Total
	FVTPL		FVOCI		
	\$	\$	\$	\$	\$
Equities	1,435,049	-	-	13,126,504	14,561,553
Mutual Funds	17,854,473	-	-	-	17,854,473
Debt Securities	-	227,388,918	-	-	227,388,918
<b>Closing net book amount</b>	<b>19,289,522</b>	<b>227,388,918</b>	<b>-</b>	<b>13,126,504</b>	<b>259,804,944</b>

The maximum exposure to credit risk for debt securities measured at fair value is disclosed in the table above.

There have been no changes in fair value as a result of credit risk as at 31 December 2024 or 2023.

Mortgage loans are collateralised by the underlying residential and commercial properties. The values ascribed to these properties have been considered in arriving at the LGDs for each mortgage loan. The total value of the collateral as at year end with respect to mortgage loans that were credit-impaired at the reporting date was \$15,474,505 (2023: \$14,359,336).

### Loss Allowances

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and lifetime ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions.

The following tables contain an analysis of the loss allowance financial investments for which an ECL allowance is recognised.

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 7. Financial Investment Assets (Continued)

#### Loss Allowances (continued)

	Stage 1	Stage 2	Stage 3	Total
Mortgage loans	\$	\$	\$	\$
<b>As at 1 January 2024</b>	<b>41,422,233</b>	<b>6,149,799</b>	<b>4,718,115</b>	<b>52,290,147</b>
Transfers:				
Transfer from stage 1 to stage 2	(2,341,294)	2,341,294	-	-
Transfer from stage 1 to stage 3	(181,499)	-	181,499	-
Transfer from stage 2 to stage 1	1,714,786	(1,714,786)	-	-
Transfer from stage 2 to stage 3	-	(1,030,775)	1,030,775	-
Transfer from stage 3 to stage 1	45,728	-	(45,728)	-
Transfer from stage 3 to stage 2	-	723,048	(723,048)	-
New financial assets originated	2,038,684	-	-	2,038,684
Fully derecognised financial assets	(2,875,222)	(27,268)	(253,488)	(3,155,978)
Change in principal and interest	(2,022,318)	(189,622)	15,318	(2,196,622)
<b>As at 31 December 2024</b>	<b><u>37,801,098</u></b>	<b><u>6,251,690</u></b>	<b><u>4,923,443</u></b>	<b><u>48,976,231</u></b>

	Stage 1	Stage 2	Stage 3	Total
Mortgage Loans	\$	\$	\$	\$
<b>As at 1 January 2023</b>	<b>42,020,176</b>	<b>7,557,486</b>	<b>4,960,161</b>	<b>54,537,823</b>
Transfers				
Transfer from stage 1 to 2	(2,601,633)	2,601,633	-	-
Transfer from stage 1 to 3	(383,214)	-	383,214	-
Transfer from stage 2 to 1	2,902,991	(2,902,991)	-	-
Transfer from stage 2 to 3	-	(468,909)	468,909	-
Transfer from stage 3 to 1	331,088	-	(331,088)	-
Transfer from stage 3 to 2	-	264,526	(264,526)	-
New financial assets originated	2,867,122	-	-	2,867,122
Fully derecognised financial assets	(1,311,480)	(552,716)	(495,180)	(2,359,376)
Change in principal and interest	(2,402,817)	(349,230)	(3,375)	(2,755,422)
<b>As at 31 December 2023</b>	<b><u>41,422,233</u></b>	<b><u>6,149,799</u></b>	<b><u>4,718,115</u></b>	<b><u>52,290,147</u></b>



# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 7. Financial Investment Assets (Continued)

#### Loss Allowances (continued)

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>Allowance for expected credit losses</b>				
<b>As at 1 January 2024</b>	<b>617,616</b>	<b>883,620</b>	<b>1,939,525</b>	<b>3,440,761</b>
Transfers:				
Transfer from stage 1 to stage 2	(43,617)	43,617	-	-
Transfer from stage 1 to stage 3	(1,345)	-	1,345	-
Transfer from stage 2 to stage 1	201,422	(201,422)	-	-
Transfer from stage 2 to stage 3	-	(171,689)	171,689	-
Transfer from stage 3 to stage 1	10,728	-	(10,728)	-
Transfer from stage 3 to stage 2	-	80,469	(80,469)	-
New financial assets originated	14,652	-	-	14,652
Financial assets fully derecognised	(21,615)	(105)	(110,863)	(132,583)
Changes to inputs used in ECL	(381,610)	165,705	73,312	(142,593)
<b>As at 31 December 2024</b>	<b><u>396,231</u></b>	<b><u>800,195</u></b>	<b><u>1,983,811</u></b>	<b><u>3,180,237</u></b>
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>Allowance for expected credit losses</b>				
<b>As at 1 January 2023</b>	<b>506,771</b>	<b>1,039,960</b>	<b>2,023,452</b>	<b>3,570,183</b>
Transfers:				
Transfer from stage 1 to 2	(95,560)	95,560	-	-
Transfer from stage 1 to 3	(2,376)	-	2,376	-
Transfer from stage 2 to 1	342,504	(342,504)	-	-
Transfer from stage 2 to 3	-	(97,156)	97,156	-
Transfer from stage 3 to 1	43,685	-	(43,685)	-
Transfer from stage 3 to 2	-	41,891	(41,891)	-
New financial assets originated	21,977	-	-	21,977
Fully derecognised financial assets	(7,500)	(74,696)	(74,431)	(156,627)
Changes to inputs used in ECL	(191,885)	220,565	(23,452)	5,228
<b>As at 31 December 2023</b>	<b><u>617,616</u></b>	<b><u>883,620</u></b>	<b><u>1,939,525</u></b>	<b><u>3,440,761</u></b>

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 7. Financial Investment Assets (Continued)

#### Loss Allowances (continued)

The Company has limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance.

The most significant period-end assumptions used for the ECL for the year ended 31 December 2024 and 2023 were as follows:

Unemployment rate	<b>Outlook</b>	
	Base	Stable
	Upside	Positive
	Downside	Negative

#### Receivables and Other Assets

Receivables and other assets comprise:

	<b>2024</b>	<b>2023</b>
	\$	\$
Other receivables and other assets	2,162,150	817,607
Prepayments and deposits	948,435	884,724
	<u><b>3,110,585</b></u>	<u><b>1,702,331</b></u>
Intercompany receivables	<u>5,496,907</u>	<u>4,490,867</u>

The amounts due from related parties represent the net result of transactions between these parties. The balances are unsecured, non-interest bearing and have no fixed terms of repayment.

All receivables and other assets are considered current. Due to the short-term nature of the accounts receivable, their carrying amount is considered to approximate its fair value.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 9. Property and Equipment

The movement of property and equipment for the year is as follows:

	2024							
	Freehold Land & Improvements	Freehold Buildings & Improvements	Furniture & Equipment	Motor Vehicles	Computer Hardware	Leasehold Improvements	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 December 2024</b>								
Opening net book amount	7,991,000	19,080,000	156,978	9,884	739,470	105,083	118,794	28,201,209
Additions	-	-	176,521	-	205,137	-	19,166	400,824
Transfers/adjustments	33,179	84,863	-	-	-	-	(118,794)	(752)
Depreciation charge	-	(1,140,957)	(79,565)	(2,045)	(304,815)	(15,868)	-	(1,543,250)
<b>Net book amount</b>	<b>8,024,179</b>	<b>18,023,906</b>	<b>253,934</b>	<b>7,839</b>	<b>639,792</b>	<b>89,215</b>	<b>19,166</b>	<b>27,058,031</b>
As at 31 December 2024								
Cost or revaluation	8,024,179	19,164,863	5,761,826	98,691	3,744,180	1,270,384	-	38,064,123
Work in progress	-	-	-	-	-	-	19,166	19,166
Accumulated depreciation	-	(1,140,957)	(5,507,892)	(90,852)	(3,104,388)	(1,181,169)	-	(11,025,258)
<b>Net book amount</b>	<b>8,024,179</b>	<b>18,023,906</b>	<b>253,934</b>	<b>7,839</b>	<b>639,792</b>	<b>89,215</b>	<b>19,166</b>	<b>27,058,031</b>
	2023							
	Freehold Land & Improvements	Freehold Buildings & Improvements	Furniture & Equipment	Motor Vehicles	Computer Hardware	Leasehold Improvements	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 December 2023</b>								
Opening net book amount	7,436,833	17,750,468	217,215	11,928	578,005	40,385	191,188	26,226,022
Additions	-	38,170	20,586	-	403,999	19,641	117,419	599,815
Revaluations	574,536	2,293,829	-	-	-	-	-	2,868,365
Transfers/adjustments	-	23,339	13,200	-	424	67,260	(189,813)	(85,590)
Depreciation charge	(20,369)	(1,025,806)	(94,023)	(2,044)	(242,958)	(22,203)	-	(1,407,403)
<b>Net book amount</b>	<b>7,991,000</b>	<b>19,080,000</b>	<b>156,978</b>	<b>9,884</b>	<b>739,470</b>	<b>105,083</b>	<b>118,794</b>	<b>28,201,209</b>
As at 31 December 2023								
Cost or revaluation	7,991,000	19,080,000	5,585,305	98,691	3,539,044	1,270,384	-	37,564,424
Work in progress	-	-	-	-	-	-	118,794	118,794
Accumulated depreciation	-	-	(5,428,327)	(88,807)	(2,799,574)	(1,165,301)	-	(9,482,009)
<b>Net book amount</b>	<b>7,991,000</b>	<b>19,080,000</b>	<b>156,978</b>	<b>9,884</b>	<b>739,470</b>	<b>105,083</b>	<b>118,794</b>	<b>28,201,209</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

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#### 9. Property and Equipment (Continued)

The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last revaluation of the Company's land and buildings was performed 31 December 2023 and was performed by a qualified independent property appraiser.

The fair value of the land and buildings were determined based on valuations using the Income capitalisation method, sales method and the cost method which were used to derive an "as is" value, which was determined to be the assets' highest and best use.

Had the Company's land and buildings been measured on a historical cost basis, their carrying amount would have been \$4,856,627 (2023: \$4,823,448) and \$13,935,567 (2023: \$14,991,661), respectively as at 31 December 2024.

Details of the Company's freehold land and buildings, as per the fair value hierarchy at 31 December, is as follows:

	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Freehold land	-	-	8,024,179	8,024,179
Freehold buildings	-	-	18,023,906	18,023,906
	<u>-</u>	<u>-</u>	<u>26,048,085</u>	<u>26,048,085</u>
	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Freehold land	-	-	7,991,000	7,991,000
Freehold buildings	-	-	19,080,000	19,080,000
	<u>-</u>	<u>-</u>	<u>27,071,000</u>	<u>27,071,000</u>

The assets are required to be measured at fair value on a recurring basis. There were no transfers between the various levels during the year.

Significant inputs on land and building revaluations in 2023 were as follows:

Property Classification	Valuation technique	Unobservable inputs	Range of unobservable inputs
Land	Sales Comparison	Market and Exposure time	12 months
	Discounted Cash flow	Capitalisation rate for terminal value	9%
Commercial office	Sales Comparison	Vacancy rate	5%
	Income approach	Sales price/sq.ft	\$14 - \$31
		Capitalisation rate	9%
		Vacancy rate	5%

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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### 10. Intangible Asset

The movement in the intangible asset is as follows:

	<b>2024</b>		
	<b>Computer Software</b>	<b>Work in Progress</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 31 December 2024</b>			
Opening net book amount	2,727,209	7,644,379	10,371,588
Additions	6,343	1,471,882	1,478,225
Transfers/adjustments	8,561,238	(8,561,238)	-
Disposals - cost	-	-	-
Amortisation	(1,171,925)	-	(1,171,925)
<b>Net book amount</b>	<b>10,122,865</b>	<b>555,023</b>	<b>10,677,888</b>
As at 31 December 2024			
Cost or revaluation	21,085,138	-	21,085,138
Work in progress	-	555,023	555,023
Accumulated amortisation	(10,962,273)	-	(10,962,273)
<b>Net book amount</b>	<b>10,122,865</b>	<b>555,023</b>	<b>10,677,888</b>
	<b>2023</b>		
	<b>Computer Software</b>	<b>Work in Progress</b>	<b>Total</b>
	\$	\$	\$
<b>Year ended 31 December 2023</b>			
Opening net book amount	2,932,415	7,183,817	10,116,232
Additions	12,400	2,117,736	2,130,136
Transfers/adjustments	1,657,174	(1,657,174)	-
Disposals - cost	(425)	-	(425)
Amortisation	(1,874,355)	-	(1,874,355)
<b>Net book amount</b>	<b>2,727,209</b>	<b>7,644,379</b>	<b>10,371,588</b>
As at 31 December 2023			
Cost or revaluation	12,517,557	-	12,517,557
Work in progress	-	7,644,379	7,644,379
Accumulated amortisation	(9,790,348)	-	(9,790,348)
<b>Net book amount</b>	<b>2,727,209</b>	<b>7,644,379</b>	<b>10,371,588</b>

Fully amortised computer software totaling \$5.6 million (2023: \$3.2m) remain in use by the Company.

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts

The groups of insurance contracts issued and reinsurance contracts held are set out in the table below:

	<b>2024</b>	<b>2023</b>
	\$	\$
Insurance contract assets	-	-
Insurance contract liabilities	255,155,535	248,920,404
Reinsurance contract assets	10,015,709	9,028,166
Reinsurance contract liabilities	-	-

The current portion of reinsurance contract assets is \$988,443 (2023: \$1,999,620) and insurance contract liabilities is \$33,510,828 (2023: \$30,948,288).

The Company disaggregates information to provide disclosure in respect of insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the Group is managed.

The following table presents insurance contracts and reinsurance contracts assets and liabilities by contract type and summarises the contracts by those measured under the premium allocation approach (PAA) and those not measured under the PAA.

	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Insurance contracts issued</b>		
Contracts measured under PAA	10,707,125	9,061,662
Contracts not measured under PAA	244,448,410	239,858,742
	<u>255,155,535</u>	<u>248,920,404</u>
<b>Reinsurance contracts held</b>		
Contracts measured under PAA	2,105,796	1,644,807
Contracts not measured under PAA	7,909,913	7,383,359
	<u>10,015,709</u>	<u>9,028,166</u>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 11. Insurance and Reinsurance Contracts (Continued)

The tables below disclose the roll forward of insurance contract and reinsurance contract assets and liabilities, and the changes in these balances for the period.

i) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Long-Term Insurance – Contracts not measured under PAA

	2024			
	LRC		LIC	Total
	Excluding loss component \$	Loss component \$	\$	\$
<b>Insurance contract liabilities as at 1 January</b>	<b>221,248,793</b>	<b>822,033</b>	<b>17,787,916</b>	<b>239,858,742</b>
<b>Insurance revenue</b>	<b>(29,100,144)</b>	-	-	<b>(29,100,144)</b>
Contracts under fair value approach	(14,428,350)	-	-	(14,428,350)
Other contracts	(14,671,794)	-	-	(14,671,794)
<b>Insurance service expenses</b>	<b>4,546,035</b>	<b>1,436,340</b>	<b>15,806,568</b>	<b>21,788,943</b>
Incurred claims and other expenses	-	(387,503)	15,806,568	15,419,065
Amortisation of insurance acquisition cash flows	4,546,035	-	-	4,546,035
Changes that relate to future service	-	1,823,843	-	1,823,843
Changes that relate to past service	-	-	-	-
<b>Insurance service result</b>	<b>(24,554,109)</b>	<b>1,436,340</b>	<b>15,806,568</b>	<b>(7,311,201)</b>
Insurance finance expense	11,974,241	22,461	-	11,996,702
<b>Total changes in the statement of comprehensive income</b>	<b>(12,579,868)</b>	<b>1,458,801</b>	<b>15,806,568</b>	<b>4,685,501</b>
Investment components and premium refunds	(16,379,661)	-	16,379,661	-
<b>Cash flows</b>				
Premiums received	39,515,762	-	-	39,515,762
Claims and other expenses paid	-	-	(29,909,191)	(29,909,191)
Insurance acquisition cash flows	(9,702,404)	-	-	(9,702,404)
<b>Total cash flows</b>	<b>29,813,358</b>	-	<b>(29,909,191)</b>	<b>(95,833)</b>
<b>Insurance contract liabilities as at 31 December</b>	<b>222,102,622</b>	<b>2,280,834</b>	<b>20,064,954</b>	<b>244,448,410</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

i) Reconciliation of the liability for remaining coverage and the liability for incurred claims components (continued)

Long-Term Insurance – Contracts not measured under PAA (continued)

	2023			
	LRC		LIC	
	Excluding loss component \$	Loss component \$	\$	Total \$
<b>Insurance contract liabilities as at 1 January</b>	<b>213,241,589</b>	<b>865,281</b>	<b>18,188,688</b>	<b>232,295,558</b>
<b>Insurance revenue</b>	<b>(25,051,044)</b>	-	-	<b>(25,051,044)</b>
Contracts under fair value approach	(14,129,654)	-	-	(14,129,654)
Other contracts	(10,921,390)	-	-	(10,921,390)
<b>Insurance service expenses</b>	<b>3,528,052</b>	<b>(43,807)</b>	<b>14,642,369</b>	<b>18,126,614</b>
Incurred claims and other expenses	-	(584,216)	14,340,165	13,755,949
Amortisation of insurance acquisition cash flows	3,528,052	-	-	3,528,052
Changes that relate to future service	-	540,409	-	540,409
Changes that relate to past service	-	-	302,204	302,204
<b>Insurance service result</b>	<b>(21,522,992)</b>	<b>(43,807)</b>	<b>14,642,369</b>	<b>(6,924,430)</b>
Insurance finance expense	12,206,909	559	-	12,207,468
<b>Total changes in the statement of comprehensive income</b>	<b>(9,316,083)</b>	<b>(43,248)</b>	<b>14,642,369</b>	<b>5,283,038</b>
Investment components and premium refunds	(20,890,865)	-	20,890,865	-
<b>Cash flows</b>				
Premiums received	46,293,707	-	-	46,293,707
Claims and other expenses paid	-	-	(35,934,006)	(35,934,006)
Insurance acquisition cash flows	(8,079,555)	-	-	(8,079,555)
<b>Total cash flows</b>	<b>38,214,152</b>	<b>-</b>	<b>(35,934,006)</b>	<b>2,280,146</b>
<b>Insurance contract liabilities as at 31 December</b>	<b>221,248,793</b>	<b>822,033</b>	<b>17,787,916</b>	<b>239,858,742</b>



## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

- i) Reconciliation of the liability for remaining coverage and the liability for incurred claims components (Continued)

Short-Term Insurance – Contracts measured under PAA

	2024			Total \$
	LRC Excluding loss component \$	LIC Present value of future cash flows \$	Risk adjustment \$	
Insurance contract (assets)/liabilities as at 1 January	(925,241)	9,586,275	400,628	9,061,662
Insurance revenue	(80,563,262)	-	-	(80,563,262)
Insurance service expenses	-	70,761,410	(150,628)	70,610,782
Incurred claims and other expenses	-	70,477,283	-	70,477,283
Changes that relate to past service	-	284,127	(150,628)	133,499
Insurance service result	(80,563,262)	70,761,410	(150,628)	(9,952,480)
<b>Total changes in the statement of comprehensive income</b>	<b>(80,563,262)</b>	<b>70,761,410</b>	<b>(150,628)</b>	<b>(9,952,480)</b>
<b>Cash flows</b>				
Premiums received	81,595,641	-	-	81,595,641
Claims and other expenses paid	-	(69,997,698)	-	(69,997,698)
<b>Total cash flows</b>	<b>81,595,641</b>	<b>(69,997,698)</b>	<b>-</b>	<b>11,597,943</b>
Insurance contract (assets)/liabilities as at 31 December	<b>107,138</b>	<b>10,349,987</b>	<b>250,000</b>	<b>10,707,125</b>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 11. Insurance and Reinsurance Contracts (Continued)

- i) Reconciliation of the liability for remaining coverage and the liability for incurred claims components (Continued)

Short-Term Insurance – Contracts measured under PAA (continued)

	2023			Total \$
	LRC Excluding loss component \$	LIC Present value of future cash flows \$	Risk adjustment \$	
<b>Insurance contract (assets)/liabilities as at 1 January</b>	<b>(407,511)</b>	<b>8,910,995</b>	<b>1,500,000</b>	<b>10,003,484</b>
<b>Insurance revenue</b>	<b>(75,315,680)</b>	-	-	<b>(75,315,680)</b>
<b>Insurance service expenses</b>	-	69,208,319	(1,099,372)	68,108,947
Incurred claims and other expenses	-	68,113,405	-	68,113,405
Changes that relate to past service	-	1,094,914	(1,099,372)	(4,458)
<b>Insurance service result</b>	<b>(75,315,680)</b>	<b>69,208,319</b>	<b>(1,099,372)</b>	<b>(7,206,733)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>(75,315,680)</b>	<b>69,208,319</b>	<b>(1,099,372)</b>	<b>(7,206,733)</b>
<b>Cash flows</b>				
Premiums received	74,797,950	-	-	74,797,950
Claims and other expenses paid	-	(68,533,039)	-	(68,533,039)
<b>Total cash flows</b>	<b>74,797,950</b>	<b>(68,533,039)</b>	<b>-</b>	<b>6,264,911</b>
<b>Insurance contract (assets)/liabilities as at 31 December</b>	<b>(925,241)</b>	<b>9,586,275</b>	<b>400,628</b>	<b>9,061,662</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

##### ii) Reconciliation of the measurement components of insurance contract balances

##### Long-Term Insurance – Contracts not measured under PAA

	2024			
	Present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM \$	Total \$
<b>Insurance contract liabilities as at 1 January</b>	<b>178,155,356</b>	<b>35,335,613</b>	<b>26,367,773</b>	<b>239,858,742</b>
<b>Changes that relate to current service</b>				
CSM recognised in profit or loss for the services provided	-	-	(5,595,833)	(5,595,833)
Changes in the risk adjustment for non-financial risk for the risk expired	-	(3,593,042)	-	(3,593,042)
Experience adjustments	53,830	-	-	53,830
	<u>53,830</u>	<u>(3,593,042)</u>	<u>(5,595,833)</u>	<u>(9,135,045)</u>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(12,570,725)	2,874,543	9,696,182	-
Changes in estimates that result in onerous contract losses or reversal of losses	(285,268)	115,427	-	(169,841)
Contracts initially recognised in the period	(5,264,579)	3,483,259	3,775,005	1,993,685
	<u>(18,120,572)</u>	<u>6,473,229</u>	<u>13,471,187</u>	<u>1,823,844</u>
Changes that relate to past service	-	-	-	-
<b>Insurance service result</b>	<b>(18,066,742)</b>	<b>2,880,187</b>	<b>7,875,354</b>	<b>(7,311,201)</b>
Insurance finance expense	8,120,023	2,552,674	1,324,005	11,996,702
<b>Total changes in the statement of comprehensive income</b>	<b>(9,946,719)</b>	<b>5,432,861</b>	<b>9,199,359</b>	<b>4,685,501</b>
<b>Cash flows</b>				
Premiums received	39,515,762	-	-	39,515,762
Claims and other directly attributable expenses paid	(29,909,191)	-	-	(29,909,191)
Insurance acquisition cash flows	(9,702,404)	-	-	(9,702,404)
<b>Total cash flows</b>	<b>(95,833)</b>	<b>-</b>	<b>-</b>	<b>(95,833)</b>
<b>Insurance contract liabilities as at 31 December</b>	<b>168,112,804</b>	<b>40,768,474</b>	<b>35,567,132</b>	<b>244,448,410</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

ii) Reconciliation of the measurement components of insurance contract balances (continued)

Long-Term Insurance – Contracts not measured under PAA (continued)

	2023			
	Present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM \$	Total \$
<b>Insurance contract liabilities as at 1 January</b>	<b>177,944,369</b>	<b>32,688,104</b>	<b>21,663,085</b>	<b>232,295,558</b>
<b>Changes that relate to current service</b>				
CSM recognised in profit or loss for the services received	-	-	(4,186,956)	(4,186,956)
Change in the risk adjustment for non-financial risk for the risk expired	-	(3,191,317)	-	(3,191,317)
Experience adjustments	(388,769)	-	-	(388,769)
	<u>(388,769)</u>	<u>(3,191,317)</u>	<u>(4,186,956)</u>	<u>(7,767,042)</u>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(5,682,471)	614,094	5,068,377	-
Changes in estimates that result in onerous contract losses or reversal of losses	(958,019)	206,855	-	(751,164)
Contracts initially recognised in the period	(4,421,090)	2,884,696	2,827,966	1,291,572
	<u>(11,061,580)</u>	<u>3,705,645</u>	<u>7,896,343</u>	<u>540,408</u>
Changes that relate to past service	302,204	-	-	302,204
<b>Insurance service result</b>	<b>(11,148,145)</b>	<b>514,328</b>	<b>3,709,387</b>	<b>(6,924,430)</b>
Insurance finance expense	9,078,986	2,133,181	995,301	12,207,468
<b>Total changes in the statement of comprehensive income</b>	<b>(2,069,159)</b>	<b>2,647,509</b>	<b>4,704,688</b>	<b>5,283,038</b>
<b>Cash flows</b>				
Premiums received	46,293,707	-	-	46,293,707
Claims and other directly attributable expenses paid	(35,934,006)	-	-	(35,934,006)
Insurance acquisition cash flows	(8,079,555)	-	-	(8,079,555)
<b>Total cash flows</b>	<b>2,280,146</b>	<b>-</b>	<b>-</b>	<b>2,280,146</b>
<b>Insurance contract liabilities as at 31 December</b>	<b>178,155,356</b>	<b>35,335,613</b>	<b>26,367,773</b>	<b>239,858,742</b>

# Family Guardian Insurance Company Limited

## Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

### 11. Insurance and Reinsurance Contracts (Continued)

#### Components of New Business

The table below discloses the components of new business for insurance contracts issued:

	2024		
	Onerous \$	Non-Onerous \$	Total \$
<b>Life insurance contracts issued</b>			
Estimate of present value of future cash outflows:			
Excluding insurance acquisition cashflows	6,005,133	12,803,042	18,808,175
Estimate of insurance acquisition cashflows	3,708,372	4,854,361	8,562,733
Estimate of present value of future cash outflows	9,713,505	17,657,403	27,370,908
Estimate of present value of future cash inflows	(9,070,551)	(23,564,936)	(32,635,487)
Risk adjustment	1,350,731	2,132,528	3,483,259
CSM	-	3,775,005	3,775,005
<b>Increase in insurance contract liabilities from contracts recognised in the year</b>	<b>1,993,685</b>	<b>-</b>	<b>1,993,685</b>
	2023		
	Onerous \$	Non-Onerous \$	Total \$
<b>Life insurance contracts issued</b>			
Estimate of present value of future cash outflows:			
Excluding insurance acquisition cashflows	3,471,070	10,982,901	14,453,971
Estimate of insurance acquisition cashflows	2,792,868	4,576,397	7,369,265
Estimate of present value of future cash outflows	6,263,938	15,559,298	21,823,236
Estimate of present value of future cash intflows	(5,881,558)	(20,362,768)	(26,244,326)
Risk adjustment	909,192	1,975,504	2,884,696
CSM	-	2,827,966	2,827,966
<b>Increase in insurance contract liabilities from contracts recognised in the year</b>	<b>1,291,572</b>	<b>-</b>	<b>1,291,572</b>

## Family Guardian Insurance Company Limited

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### 11. Insurance and Reinsurance Contracts (Continued)

#### Contractual Service Margin

The table below discloses the impact on the current period of the CSM for insurance contract liabilities:

	<b>2024</b>		
	<b>Fair Value Approach</b>	<b>All Other Contracts</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Contractual service margin as at 1 January</b>	<b>10,091,612</b>	<b>16,276,161</b>	<b>26,367,773</b>
<b>Changes that relate to current services</b>			
CSM recognised for services provided	(2,343,073)	(3,252,760)	(5,595,833)
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	-	3,775,005	3,775,005
Changes in estimates that adjust the contractual service margin	7,672,571	2,023,611	9,696,182
	<u>7,672,571</u>	<u>5,798,616</u>	<u>13,471,187</u>
<b>Insurance service result</b>	<b>5,329,498</b>	<b>2,545,856</b>	<b>7,875,354</b>
Insurance finance expenses	485,053	838,952	1,324,005
<b>Total changes in the statement of comprehensive income</b>	<b>5,814,551</b>	<b>3,384,808</b>	<b>9,199,359</b>
<b>Contractual service margin as at 31 December</b>	<b>15,906,163</b>	<b>19,660,969</b>	<b>35,567,132</b>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements

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(Expressed in Bahamian dollars)

(Continued)

### 11. Insurance and Reinsurance Contracts (Continued)

#### Contractual Service Margin (continued)

	<b>2023</b>		
	<b>Fair Value Approach</b>	<b>All Other Contracts</b>	<b>Total</b>
	\$	\$	\$
<b>Contractual service margin as at 1 January</b>	<b>9,603,238</b>	<b>12,059,847</b>	<b>21,663,085</b>
<b>Changes that relate to current services</b>			
CSM recognised for services provided	(1,508,101)	(2,678,855)	(4,186,956)
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	-	2,827,966	2,827,966
Changes in estimates that adjust the contractual service margin	1,600,255	3,468,122	5,068,377
	<u>1,600,255</u>	<u>6,296,088</u>	<u>7,896,343</u>
<b>Insurance service result</b>	<b>92,154</b>	<b>3,617,233</b>	<b>3,709,387</b>
Insurance finance expense	396,220	599,081	995,301
<b>Total changes in the statement of comprehensive income</b>	<b>488,374</b>	<b>4,216,314</b>	<b>4,704,688</b>
<b>Contractual service margin as at 31 December</b>	<b>10,091,612</b>	<b>16,276,161</b>	<b>26,367,773</b>

Included within the allocation of reinsurance premiums are non-recoverable expenses incurred by the Company, directly attributable to fulfilment of reinsurance contracts held.

## **Family Guardian Insurance Company Limited**

**Notes to the Financial Statements**

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**(Continued)**

### **11. Insurance and Reinsurance Contracts (Continued)**

#### **Contractual Service Margin (continued)**

A loss-recovery component was set up upon the initial recognition of an onerous group of underlying insurance contracts. It has been adjusted subsequently to reflect changes in the loss component of the related onerous group of underlying insurance contracts, such that the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the Company of reinsurance contracts held.

Changes in the expected fulfilment cash flows on reinsurance contracts held which relate to groups of underlying insurance contracts are recognised in profit and loss if the changes in expected fulfilment cash flows from the group of underlying insurance contracts issued was also recognised in profit and loss.

The table below discloses the roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers:



## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

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(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

i) Reconciliation of the remaining coverage and the incurred claims components

Long-Term Reinsurance – Contracts not measured under PAA

	2024		AIC	Total
	ARC			
	Excluding loss recovery component	Loss recovery component		
	\$	\$	\$	\$
<b>Reinsurance contract assets as at 1 January</b>	<b>2,407,128</b>	<b>247,770</b>	<b>4,728,461</b>	<b>7,383,359</b>
Allocation of reinsurance premiums	(4,778,068)	-	-	(4,778,068)
Recognition of loss recovery from onerous underlying contracts	-	591,901	-	591,901
Reversal of loss-recovery from onerous underlying contracts	-	(154,516)	-	(154,516)
Amounts recoverable for claims and expenses incurred	-	(125,503)	2,789,981	2,664,478
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	(318,404)	(318,404)
<b>Net income or expense from reinsurance contracts held</b>	<b>(4,778,068)</b>	<b>311,882</b>	<b>2,471,577</b>	<b>(1,994,609)</b>
Reinsurance finance income	(15,410)	33,476	-	18,066
Effect of changes in non-performance risk of reinsurers	2,066	-	-	2,066
<b>Total changes in the statement of comprehensive income</b>	<b>(4,791,412)</b>	<b>345,358</b>	<b>2,471,577</b>	<b>(1,974,477)</b>
<b>Cash flows</b>				
Premiums and similar expenses paid	4,596,860	-	-	4,596,860
Amounts received	-	-	(2,095,829)	(2,095,829)
<b>Total cash flows</b>	<b>4,596,860</b>	<b>-</b>	<b>(2,095,829)</b>	<b>2,501,031</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>2,212,576</b>	<b>593,128</b>	<b>5,104,209</b>	<b>7,909,913</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

i) Reconciliation of the remaining coverage and the incurred claims components (continued)

Long-Term Reinsurance – Contracts not measured under PAA (continued)

	2023		AIC	Total
	ARC	Loss recovery component		
<b>Reinsurance contract assets as at 1 January</b>	<b>2,244,015</b>	<b>192,104</b>	<b>4,149,342</b>	<b>6,585,461</b>
Allocation of reinsurance premiums	(4,444,460)	-	-	(4,444,460)
Recognition of loss recovery from onerous underlying contracts	-	336,178	-	336,178
Reversal of loss recovery from onerous underlying contracts	-	(230,139)	-	(230,139)
Amounts recoverable for claims and expenses incurred	-	(68,058)	2,341,741	2,273,683
Reinsurance investment components	-	-	(63,222)	(63,222)
<b>Net income or expense from reinsurance contracts held</b>	<b>(4,444,460)</b>	<b>37,981</b>	<b>2,278,519</b>	<b>(2,127,960)</b>
Reinsurance finance income	111,470	17,685	-	129,155
Effect of changes in non-performance risk of reinsurers	399	-	-	399
<b>Total changes in the statement of comprehensive income</b>	<b>(4,332,591)</b>	<b>55,666</b>	<b>2,278,519</b>	<b>(1,998,406)</b>
<b>Cash flows</b>				
Premiums and similar expenses paid	4,495,704	-	-	4,495,704
Amounts received	-	-	(1,699,400)	(1,699,400)
<b>Total cash flows</b>	<b>4,495,704</b>	<b>-</b>	<b>(1,699,400)</b>	<b>2,796,304</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>2,407,128</b>	<b>247,770</b>	<b>4,728,461</b>	<b>7,383,359</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

i) Reconciliation of the remaining coverage and the incurred claims components (continued)

Short-Term Reinsurance– Contracts measured under PAA

	2024		Total \$
	ARC Excluding loss recovery component \$	AIC Present Value of Future Cash Flows \$	
<b>Reinsurance contracts assets as at 1 January</b>	-	<b>1,644,807</b>	<b>1,644,807</b>
Allocation of reinsurance premiums	(5,446,119)	-	(5,446,119)
Amounts recoverable for claims and expenses incurred	-	1,530,564	1,530,564
Changes in amounts recoverable arising from changes in liability for incurred claims	-	475,847	475,847
<b>Net income or expense from reinsurance contracts held</b>	<b>(5,446,119)</b>	<b>2,006,411</b>	<b>(3,439,708)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>(5,446,119)</b>	<b>2,006,411</b>	<b>(3,439,708)</b>
<b>Cash flows</b>			
Premiums and similar expenses paid	4,720,839	-	4,720,839
Amounts received	-	(820,142)	(820,142)
<b>Total cash flows</b>	<b>4,720,839</b>	<b>(820,142)</b>	<b>3,900,697</b>
<b>Reinsurance contract assets/(liabilities) as at 31 December</b>	<b>(725,280)</b>	<b>2,831,076</b>	<b>2,105,796</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

i) Reconciliation of the remaining coverage and the incurred claims components (continued)

Short-Term Reinsurance– Contracts measured under PAA (continued)

	2023		Total \$
	ARC Excluding loss recovery component \$	AIC Present value of future cash flows \$	
<b>Reinsurance contract assets as at 1 January</b>	-	<b>1,864,104</b>	<b>1,864,104</b>
Allocation of reinsurance premiums	(5,988,218)	-	(5,988,218)
Amounts recoverable for claims and expenses incurred	-	835,406	835,406
Changes in amounts recoverable arising from changes in liability for incurred claims	-	1,185,513	1,185,513
<b>Net income or expense from reinsurance contracts held</b>	<b>(5,988,218)</b>	<b>2,020,919</b>	<b>(3,967,299)</b>
<b>Total changes in the statement of comprehensive income</b>	<b>(5,988,218)</b>	<b>2,020,919</b>	<b>(3,967,299)</b>
<b>Cash flows</b>			
Premiums and similar expenses paid	5,988,218	-	5,988,218
Amounts received	-	(2,240,216)	(2,240,216)
<b>Total cash flows</b>	<b>5,988,218</b>	<b>(2,240,216)</b>	<b>3,748,002</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>-</b>	<b>1,644,807</b>	<b>1,644,807</b>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 11. Insurance and Reinsurance Contracts (Continued)

ii) Reconciliation of the measurement components of reinsurance contract balances

Long-Term Insurance – Contracts not measured under PAA

	2024			
	Present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM \$	Total \$
<b>Reinsurance contract assets as at 1 January</b>	<u>(297,785)</u>	<u>8,538,678</u>	<u>(857,534)</u>	<u>7,383,359</u>
<b>Changes that relate to current service</b>				
CSM recognised in profit or loss for the services received	-	-	(746,454)	(746,454)
Change in the risk adjustment for non-financial risk for the risk expired	-	(533,252)	-	(533,252)
Experience adjustments	(833,883)	-	-	(833,883)
	<u>(833,883)</u>	<u>(533,252)</u>	<u>(746,454)</u>	<u>(2,113,589)</u>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(4,478,814)	1,129,974	2,733,313	(615,527)
Contracts initially recognised in the period	7,438	582,830	1,632	591,900
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contract	12,146	197,676	(195,875)	13,947
	<u>(4,459,230)</u>	<u>1,910,480</u>	<u>2,539,070</u>	<u>(9,680)</u>
<b>Changes that relate to past service</b>				
Changes that relate to past service - adjustments to the incurred claims	(318,404)	-	-	(318,404)
Effect of changes in the risk of reinsurers non-performance	2,044	-	-	2,044
	<u>(316,360)</u>	<u>-</u>	<u>-</u>	<u>(316,360)</u>
Net income/(expenses) from reinsurance contracts held	(5,609,473)	1,377,228	1,792,616	(2,439,629)
Finance income/(expense) from reinsurance contracts held	(563,731)	624,518	(42,721)	18,066
<b>Total amounts recognised in comprehensive income</b>	<u>(6,173,204)</u>	<u>2,001,746</u>	<u>1,749,895</u>	<u>(2,421,563)</u>
<b>Cash flows</b>				
Premiums paid, net of ceding commissions and other directly attributable expenses paid	5,043,924	-	-	5,043,924
Recoveries from reinsurance	(2,095,807)	-	-	(2,095,807)
<b>Total cash flows</b>	<u>2,948,117</u>	<u>-</u>	<u>-</u>	<u>2,948,117</u>
<b>Reinsurance contract assets as at 31 December</b>	<u>(3,522,872)</u>	<u>10,540,424</u>	<u>892,361</u>	<u>7,909,913</u>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

##### ii) Reconciliation of the measurement components of reinsurance contract balances (continued)

Long-Term Insurance – Contracts not measured under PAA (continued)

	2023			
	Present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM \$	Total \$
<b>Reinsurance contract assets as at 1 January</b>	<b>(92,769)</b>	<b>7,843,278</b>	<b>(1,165,048)</b>	<b>6,585,461</b>
<b>Changes that relate to current service</b>				
CSM recognised in profit or loss for the services received	-	-	(368,844)	(368,844)
Change in the risk adjustment for non-financial risk for the risk expired	-	(475,535)	-	(475,535)
Experience adjustments	(1,326,398)	-	-	(1,326,398)
	<u>(1,326,398)</u>	<u>(475,535)</u>	<u>(368,844)</u>	<u>(2,170,777)</u>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(1,133,319)	122,829	1,010,490	-
Contracts initially recognised in the period	(201,600)	508,505	29,273	336,178
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contract	34,757	45,970	(310,866)	(230,139)
	<u>(1,300,162)</u>	<u>677,304</u>	<u>728,897</u>	<u>106,039</u>
<b>Changes that relate to past service</b>				
Changes that relate to past service - adjustments to the incurred claims	(63,222)	-	-	(63,222)
Effect of changes in the risk of reinsurers non-performance	399	-	-	399
	<u>(62,823)</u>	<u>-</u>	<u>-</u>	<u>(62,823)</u>
Net income/(expenses) from reinsurance contracts held	(2,689,383)	201,769	360,053	(2,127,561)
Finance income/(expense) from reinsurance contracts held	(311,937)	493,631	(52,539)	129,155
<b>Total changes in the statement of comprehensive income</b>	<b>(3,001,320)</b>	<b>695,400</b>	<b>307,514</b>	<b>(1,998,406)</b>
<b>Cash flows</b>				
Premiums paid, net of ceding commissions and other directly attributable expenses paid	4,495,704	-	-	4,495,704
Recoveries from reinsurance	(1,699,400)	-	-	(1,699,400)
<b>Total cash flows</b>	<b>2,796,304</b>	<b>-</b>	<b>-</b>	<b>2,796,304</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>(297,785)</b>	<b>8,538,678</b>	<b>(857,534)</b>	<b>7,383,359</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

The table below discloses the impact on the current period of the CSM for reinsurance contracts held:

	<b>2024</b>		
	<b>Fair Value Approach</b>	<b>All Other Contracts</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Contractual service margin as at 1 January</b>	<b>39,594</b>	<b>(897,128)</b>	<b>(857,534)</b>
<b>Changes that relate to current services</b>			
CSM recognised for services received	(253,029)	(493,426)	(746,455)
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	-	1,633	1,633
Changes in estimates that adjust the CSM	1,937,634	795,679	2,733,313
Changes in the CSM due to reversal of a loss-recovery component onerous contracts	-	(195,875)	(195,875)
	<u>1,937,634</u>	<u>601,437</u>	<u>2,539,071</u>
Reinsurance finance income	(720)	(42,001)	(42,721)
<b>Total changes in the statement of comprehensive income</b>	<b><u>1,683,885</u></b>	<b><u>66,010</u></b>	<b><u>1,749,895</u></b>
<b>Contractual service margin as at 31 December</b>	<b><u><u>1,723,479</u></u></b>	<b><u><u>(831,118)</u></u></b>	<b><u><u>892,361</u></u></b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

	Fair Value Approach \$	2023 All Other Contracts \$	Total \$
<b>Contractual service margin as at 1 January</b>	<b>(769,885)</b>	<b>(395,163)</b>	<b>(1,165,048)</b>
<b>Changes that relate to current services</b>			
CSM recognised for services received	60,367	(429,211)	(368,844)
<b>Changes that relate to future services</b>			
Contracts initially recognised in the period	-	29,274	29,274
Changes in estimates that adjust the CSM	785,808	224,682	1,010,490
Changes in the CSM due to reversal of a loss-recovery component onerous contracts	-	(310,866)	(310,866)
	<u>785,808</u>	<u>(56,910)</u>	<u>728,898</u>
Reinsurance finance income	(36,696)	(15,844)	(52,540)
<b>Total changes in the statement of comprehensive income</b>	<b>809,479</b>	<b>(501,965)</b>	<b>307,514</b>
<b>Contractual service margin as at 31 December</b>	<b>39,594</b>	<b>(897,128)</b>	<b>(857,534)</b>



## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

The table below discloses the components of new business for reinsurance contracts held:

	2024		Total
	Contracts Purchased	Contracts Acquired	
	\$	\$	\$
<b>Reinsurance contract assets</b>			
Estimate of present value of future cash outflows	2,302,015	-	2,302,015
Estimate of present value of future cash inflows	(2,294,578)	-	(2,294,578)
Risk adjustment	582,830	-	582,830
CSM	1,633	-	1,633
<b>Increase in reinsurance contract assets from contracts recognised in the year</b>	<b>591,900</b>	<b>-</b>	<b>591,900</b>
	2023		Total
	Contracts Purchased	Contracts Acquired	
	\$	\$	\$
<b>Reinsurance contact assets</b>			
Estimate of present value of future cash outflows	1,974,818	-	1,974,818
Estimate of present value of future cash inflows	(2,176,418)	-	(2,176,418)
Risk adjustment	508,505	-	508,505
CSM	29,273	-	29,273
<b>Increase in reinsurance contract assets from contracts recognised in the year</b>	<b>336,178</b>	<b>-</b>	<b>336,178</b>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 11. Insurance and Reinsurance Contracts (Continued)

##### CSM Recognition in Net Income

The expected timeline for the CSM recognition for reinsurance contracts held is in line with insurance contracts issued.

The table below discloses when the CSM is expected to be in profit or loss in future years:

	2024						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Insurance contracts issued</b>							
Insurance contracts	4,958,171	4,085,655	3,452,590	2,962,958	2,567,490	17,540,268	35,567,132
Reinsurance contracts	-	-	-	-	-	-	-
	<u>4,958,171</u>	<u>4,085,655</u>	<u>3,452,590</u>	<u>2,962,958</u>	<u>2,567,490</u>	<u>17,540,268</u>	<u>35,567,132</u>
<b>Reinsurance contracts held</b>							
Insurance contracts	(411,446)	(168,391)	(56,737)	(13,662)	1,694	(243,819)	(892,361)
	<u>(411,446)</u>	<u>(168,391)</u>	<u>(56,737)</u>	<u>(13,662)</u>	<u>1,694</u>	<u>(243,819)</u>	<u>(892,361)</u>
	2023						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
<b>Insurance contracts issued</b>							
Insurance contracts	3,854,465	3,093,577	2,565,540	2,182,252	1,879,395	12,792,544	26,367,773
Reinsurance contracts	-	-	-	-	-	-	-
	<u>3,854,465</u>	<u>3,093,577</u>	<u>2,565,540</u>	<u>2,182,252</u>	<u>1,879,395</u>	<u>12,792,544</u>	<u>26,367,773</u>
<b>Reinsurance contracts held</b>							
Insurance contracts	(182,886)	30,087	119,661	142,914	133,440	614,318	857,534
	<u>(182,886)</u>	<u>30,087</u>	<u>119,661</u>	<u>142,914</u>	<u>133,440</u>	<u>614,318</u>	<u>857,534</u>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
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### 12. Investment Contract Liabilities

	2024	2023
	\$	\$
Investment contract liabilities	<u>449,669</u>	<u>594,359</u>

The fair value of financial liabilities is based on a discounted cash flow valuation technique. The discount rate is determined by current market assessment of the time value of money and risk specific to the liability. Investment contract liabilities are classified as Level 2 financial instruments in the fair value hierarchy.

### 13. Net Expense from Reinsurance Contracts Held

	2024	2023
	\$	\$
<b>Net expenses from reinsurance contracts held</b>		
<b>Contracts not measured under PAA</b>		
Allocation of premiums paid	(4,778,068)	(4,444,460)
Amounts received from reinsurers	2,783,459	2,316,500
Effect of changes in non-performance risk of reinsurers	2,066	399
	<u>(1,992,543)</u>	<u>(2,127,561)</u>
<b>Contracts measured under PAA</b>		
Allocation of premiums paid	(5,446,119)	(5,988,218)
Amounts received from reinsurers	2,006,411	2,020,919
	<u>(3,439,708)</u>	<u>(3,967,299)</u>
	<u><b>(5,432,251)</b></u>	<u><b>(6,094,860)</b></u>

### 14. Other Liabilities

Other liabilities are comprised of the following:

	2024	2023
	\$	\$
General payables and accruals	6,780,029	5,560,539
Regulatory fees and Statutory payables	1,407,841	1,164,250
Intercompany payable	372,358	357,473
	<u><b>8,560,228</b></u>	<u><b>7,082,262</b></u>

The carrying amount of payables and accruals are considered to approximate its fair value.

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
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### 15. Bank Overdraft Facilities

The Company has bank overdraft facilities of \$250,000 (2023: \$250,000). Amounts utilised under the facilities attract interest at Nassau prime rate of 4.25% plus 1.5% (2023: 4.25% plus 1.5%).

### 16. Revaluation Reserve

Revaluation reserve is comprised of the following:

	<b>Financial Investment Assets Revaluation \$</b>	<b>Fixed Assets Revaluation \$</b>	<b>Total Revaluation Reserve \$</b>
<b>Balance as at 31 December 2022</b>	3,276,864	5,970,592	9,247,456
Unrealised gain on equity instruments	2,438,386	-	2,438,386
Revaluation of property and equipment	-	<u>2,868,365</u>	<u>2,868,365</u>
<b>Balance as at 31 December 2023</b>	5,715,250	8,838,957	14,554,207
Unrealised gain on equity instruments	460,985	-	460,985
<b>Balance as at 31 December 2024</b>	<u><b>6,176,235</b></u>	<u><b>8,838,957</b></u>	<u><b>15,015,192</b></u>

### 17. Share Capital

The Company's share capital is comprised as follows:

	<b>Ordinary shares of \$1.0 each par value</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
Authorised	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid	<u>1,707,462</u>	<u>1,707,462</u>

The excess of the issue and purchase price of the ordinary shares over the par value less the costs incurred with the tender offer has been credited to the share premium account.

# Family Guardian Insurance Company Limited

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## 18. Insurance Revenue

Insurance revenue recognised in the period is comprised of:

	2024	2023
	\$	\$
<b>Contracts not measured under the PAA</b>		
CSM recognised for services provided	5,595,833	4,186,956
Change in risk adjustment for non-financial risk for risk expired	3,469,198	3,030,339
Expected insurance service expenses incurred:		
Claims	11,588,453	11,165,009
Expenses	3,900,625	3,140,688
Recovery of insurance acquisition cash flows	4,546,035	3,528,052
<b>Total revenue from contracts not measured under PAA</b>	<u><b>29,100,144</b></u>	<u><b>25,051,044</b></u>
<b>Contracts measured under the PAA</b>		
Expected premium receipts allocation under the PAA	80,563,262	75,315,680
<b>Total revenue from contracts measured under PAA</b>	<u><b>80,563,262</b></u>	<u><b>75,315,680</b></u>
<b>Total Insurance Revenue</b>	<u><b>109,663,406</b></u>	<u><b>100,366,724</b></u>

## 19. Insurance Service Expense

Insurance service expenses recognised in the period is comprised of:

	2024	2023
	\$	\$
<b>Contracts not measured under PAA</b>		
Incurring claims and other directly attributable expenses	(15,419,065)	(13,755,949)
Losses on onerous contracts and reversal of losses	(1,823,843)	(540,409)
Changes related to past services	-	(302,204)
Insurance acquisition cash flows amortised	(4,546,035)	(3,528,052)
	<u><b>(21,788,943)</b></u>	<u><b>(18,126,614)</b></u>
<b>Contracts measured under PAA</b>		
Incurring claims and other directly attributable expenses	(70,477,283)	(68,113,405)
Changes related to past services	(133,499)	4,458
	<u><b>(70,610,782)</b></u>	<u><b>(68,108,947)</b></u>
<b>Total insurance service expenses</b>	<u><b>(92,399,725)</b></u>	<u><b>(86,235,561)</b></u>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

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#### 20. Investment Income and Insurance Finance Result

Investment income and insurance finance result recognised in the year is comprised of:

	2024	2023
	\$	\$
<b>Interest income- amortised cost investments</b>		
Loans	3,289,284	3,434,058
Deposits	2,768	3,498
	<u>3,292,052</u>	<u>3,437,556</u>
<b>Other investment income</b>		
Interest income	12,534,532	12,125,806
Dividend income	1,079,396	947,922
Unrealised (loss)/gain on financial assets	(177,509)	913,143
	<u>13,436,419</u>	<u>13,986,871</u>
<b>Net change in investment contract liabilities</b>	<u>144,690</u>	<u>(62,638)</u>
Total investment income	<u>16,873,161</u>	<u>17,361,789</u>
Reversal of credit impairment losses on financial assets	140,558	611,766
<b>Net investment income</b>	<u><u>17,013,719</u></u>	<u><u>17,973,555</u></u>

## Family Guardian Insurance Company Limited

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 31 December 2024  
 (Expressed in Bahamian dollars)  
 (Continued)

### 20. Investment Income and Insurance Finance Result (Continued)

Investment income and insurance finance result recognised in the year is comprised of:

	2024	2023
	\$	\$
<b>Insurance finance expense from insurance contracts issued</b>		
Interest accreted to insurance contracts	(6,367,640)	(7,254,237)
Interest accreted on CSM using locked-in rates	(1,324,006)	(995,301)
Changes in interest rates and other financial assumptions	(4,305,056)	(3,957,930)
<b>Total recognised in net income</b>	<u><u>(11,996,702)</u></u>	<u><u>(12,207,468)</u></u>
<b>Reinsurance finance income from insurance contracts held</b>		
Interest accreted to reinsurance contracts	132,933	71,744
Interest accreted on CSM using locked-in rates	(42,721)	52,540
Changes in interest rates and other financial assumptions	(72,146)	4,871
<b>Total recognised in net income</b>	<u><u>18,066</u></u>	<u><u>129,155</u></u>

## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 21. Leases

Amounts recognised in the Statements of financial position:

	2024	2023
	\$	\$
<b>Right-of-use assets:</b>		
Land & Buildings	<u>477,003</u>	<u>523,916</u>
<b>Lease liabilities:</b>		
Current	48,901	45,831
Non-current	<u>483,654</u>	<u>532,556</u>
	<u>532,555</u>	<u>578,387</u>

Additions to the right-of-use assets during 2024 were \$Nil (2023: \$Nil).

Amounts recognised in the statements of comprehensive income:

	2024	2023
	\$	\$
<b>Depreciation charge of right-of-use assets:</b>		
Buildings	<u>46,913</u>	<u>46,916</u>
<b>Interest expense on lease liabilities:</b>		
Interest Expense	<u>35,804</u>	<u>38,650</u>

The Company leases certain office premises under non-cancellable operating leases. Lease terms are negotiated on an individual basis and range from 12 months to 20 years. In prior periods, the Company's leases were classified as operating leases. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date on which the leased asset was available for use by the Company. Right-of-use assets and lease liabilities that arise from leases are initially measured at present value. Lease liabilities include the net present value of fixed payments, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Company uses recent third party financing received as a starting point and adjust the rate to reflect changes in financing conditions.

The Company is exposed to potential increases in future lease payments, which are not included in the lease liability. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use assets.



## Family Guardian Insurance Company Limited

### Notes to the Financial Statements

31 December 2024

(Expressed in Bahamian dollars)

(Continued)

#### 22. Taxation

There are no corporate, income or capital gains taxes levied in The Bahamas and the Company, therefore, pays no taxes on its net income. However, taxes based on gross premium income, levied at 3% (2023: 3%), for the year ended 31 December 2024 amounted to \$3,683,926 (2023: \$3,498,914).

The Company is also subject to Value Added Tax (“VAT”) on taxable supplies at a standard rate of 10%. The Company is eligible for input tax deductions, based on an apportionment formula using the premiums for standard rated taxable and exempt supplies. VAT incurred by the Company in excess of the input tax deductions is included in operating expenses in the statement of comprehensive income.

The Bahamas enacted the Domestic Minimum Top-Up Tax Act, 2024 (the Act) on 28 November 2024, which implements a Domestic Minimum Top-Up Tax (DMTT) of 15% effective 1 January 2024 for qualifying multinational entities in The Bahamas. The DMTT aligns with the Organisation for Economic Cooperation and Development’s (OECD) Pillar Two Framework. The company is not subject to the DMTT Framework.

#### 23. Pension Plan

The Company’s pension costs, net of forfeitures in respect to the Plan for the year ended 31 December 2024, amounted to \$804,348 (2023: \$528,950) and are included in operating expenses in the Statements of comprehensive income.

#### 24. Other Operating Expenses

Expenses incurred by the Company in the reporting year consists of the following:

	<b>2024</b>			
	<b>Expenses attributed to insurance acquisition cash flows</b>	<b>Other directly attributable expenses</b>	<b>Other operating expenses</b>	<b>Total</b>
	\$	\$	\$	\$
Employee salaries & benefits	4,041,223	4,271,794	6,085,231	14,398,248
Auditor's remuneration	-	516,621	-	516,621
Statutory expenses	-	240,381	242,777	483,158
Office expenses	312,401	259,267	781,091	1,352,759
Depreciation and amortisation	1,435,268	436,033	882,104	2,753,405
Premises & Maintenance	-	41,473	386,198	427,671
Communication & Technology	1,197,600	363,830	681,268	2,242,698
Professional fees	70,000	676,922	338,727	1,085,649
Marketing & Public Relations	227,154	-	686,988	914,142
Other Expenses	669,871	203,506	(792,812)	80,565
Other Operating Expenses	<u>7,953,517</u>	<u>7,009,827</u>	<u>9,291,572</u>	<u>24,254,916</u>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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(Continued)

### 24. Other Operating Expenses (Continued)

	2023			Total
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	
	\$	\$	\$	\$
Employee salaries & benefits	3,262,343	3,842,054	5,048,739	12,153,136
Auditor's remuneration	-	499,792	-	499,792
Statutory expenses	-	45,865	236,685	282,550
Office expenses	370,505	318,562	711,057	1,400,124
Depreciation and amortisation	1,685,536	536,561	1,106,574	3,328,671
Premises & Maintenance	-	44,744	461,694	506,438
Communication & Technology	993,500	316,264	468,785	1,778,549
Professional fees	70,000	871,633	272,037	1,213,670
Marketing & Public Relations	201,553	-	957,529	1,159,082
Other Expenses	637,421	203,173	(932,470)	(91,876)
Other Operating Expenses	<u>7,220,858</u>	<u>6,678,648</u>	<u>8,330,630</u>	<u>22,230,136</u>

### 25. Commitments and Contingent Liabilities

Outstanding commitments to extend credit under mortgage loan agreements amounted to \$428,290 as at 31 December 2024 (2023: \$1,052,829).

The Company has been named as a defendant in several legal actions arising in the normal course of its business affairs. Management believes that the resolution of these matters will not have a material impact on the Company's financial position.

The Company is contingently liable for \$5,000 (2023: \$5,000) in respect of customs bonds.

### 26. Related Party Balances and Transactions

Related parties of the Company are those defined in Note 4(p).

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
31 December 2024  
(Expressed in Bahamian dollars)  
(Continued)

### 26. Related Party Balances and Transactions (Continued)

Balances and transactions not disclosed elsewhere in these financial statements are disclosed below:

	2024	2023
	\$	\$
<i>Related party transactions with the Parent:</i>		
Rent expense	12,986	12,986
<i>Related party transactions with the Parent:</i>		
Loan	-	1,000,000
<i>Related party transactions with affiliates:</i>		
Expense allocation	(1,607,194)	(1,689,903)
<i>Related party transactions with other related parties:</i>		
Administration fees	132,000	132,000
<i>Related party balances with other related parties:</i>		
Receivables and other assets	424,144	245,469
<i>Compensation of key management personnel:</i>		
Salaries and other short-term employee benefits	2,711,844	2,314,971
Commissions	-	343,740
	<u>2,711,844</u>	<u>2,658,711</u>

#### *Employees' incentive plan:*

The Company sponsors a plan as an on-going incentive system for its key employees. The plan holds 31,850 shares (2023: 33,500 shares) of the Company and these shares are awarded to the plan participants on an annual basis for services rendered in the previous year or as special awards for a promotion or upon hiring at the executive level. The Company makes cash awards as the need arises to the plan and the plan purchases the shares as needed on the open market at market value. The shares vest over a period of 10 years. The cost of these benefits to the Company amounted to \$Nil (2023:\$ nil) and are included in employee salary and benefit expenses.

### 27. Post-Retirement Medical Benefit

The Company introduced a post-retirement medical plan on 1 January 1999 for employees who retire after that date. Employees at age 65 or older with 10 or more years of service to the Company are eligible for subsidised post-retirement medical benefits. The Company's contributions will be provided as premium payments are due, for retired participants. Retirees are assumed to pay the full retiree costs, less the Company's subsidy. The employer contribution subsidy for medical costs is set to a fixed dollar amount.

The most recent actuarial valuation was carried out by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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### 27. Post-Retirement Medical Benefit (Continued)

Amounts recognised in the statements of comprehensive income consists of:

	<b>Other Post - employment benefits</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Components of benefit cost recognised in net income:</b>		
Current service cost	126,437	115,566
Interest cost	90,853	87,294
<b>Net benefit cost recognised in statement of comprehensive income</b>	<b>217,290</b>	<b>202,860</b>
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Components of benefit cost recognised in other comprehensive income:</b>		
Actuarial loss due to experience	43,874	20,525
Actuarial loss due to liability assumption changes	-	-
<b>Actuarial loss on defined benefit obligation</b>	<b>43,874</b>	<b>20,525</b>
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Total benefit cost recognised in statement of comprehensive income:</b>		
Cost recognised in net income	217,290	202,860
Remeasurement effects recognised in other comprehensive income	43,874	20,525
<b>Total benefit cost recognised in statement of comprehensive income</b>	<b>261,164</b>	<b>223,385</b>

The current service cost, interest expense and past service cost for the year are included in the employee benefits expense in the statement of comprehensive income. The re-measurement of the net defined benefit liability is included in other comprehensive income.

There are no assets associated with the Company's post-retirement medical benefit plan.

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Notes to the Financial Statements  
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### 27. Post-Retirement Medical Benefit (Continued)

#### Funded Status

The funded status at the end of the year, and the related amounts recognised in the statement of financial position are as follows:

	<b>Other Post - employment benefits</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Funded status, beginning of year</b>		
Benefit obligation, funded plans	(2,061,143)	(1,960,365)
Net amount recognised, end of year	<u>(2,061,143)</u>	<u>(1,960,365)</u>

Amounts recognised in the statement of financial position are as follows:

	<b>2024</b>	<b>2023</b>
	\$	\$
Liabilities	<u>(2,061,143)</u>	<u>(1,960,365)</u>

	<b>Other Post - employment benefits</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Experience adjustments</b>		
DBO, end of year	(2,061,143)	(1,960,365)
Funded status	<u>(2,061,143)</u>	<u>(1,960,365)</u>

	<b>Other Post - employment benefits</b>	
	<b>2024</b>	<b>2023</b>
	\$	\$
<b>Change in plan assets</b>		
Fair value of plan assets, beginning of year	-	-
Employer contribution	160,386	152,698
Plan participant's contribution	(160,386)	(152,698)
Fair value of plan assets, end of year	<u>-</u>	<u>-</u>

## Family Guardian Insurance Company Limited

Notes to the Financial Statements  
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### 27. Post-Retirement Medical Benefit (Continued)

The weighted average assumptions used to determine the defined benefit obligation at the end of the year were as follows:

	2024	2023
Discount rate	4.50%	4.50%
Medical cost trend rate	N/A	N/A
Dental/Vision cost trend	0.00%	0.00%
Mortality	RP2000	RP2000

The sensitivity of the post-retirement medical benefit to changes in the principal assumptions is as follows:

	2024		2023	
	Change in assumptions	Increase/(decrease) in DBO	Increase/(decrease) in DBO	DBO
		\$		\$
Discount rate	1% Increase	(160,162)		(157,324)
	1% Decrease	160,162		157,324
Life expectancy	1 Year increase	79,745		73,346
	1 Year decrease	(79,745)		(73,346)

## **Family Guardian Insurance Company Limited**

### **Notes to the Financial Statements**

**31 December 2024**

**(Expressed in Bahamian dollars)**

**(Continued)**

#### **27. Post-Retirement Medical Benefit (Continued)**

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the post-retirement medical benefit, to significant actuarial assumptions, the same method has been applied as when calculating the liability recognised within the consolidated statement of financial position. There have been no changes from the prior period in the methods and assumptions used in preparing the sensitivity analysis.

#### **Expected employer contributions**

The Company expects to contribute \$160,386 (2023: \$137,220) to the post-retirement benefits plan in 2024. This benefit is expected to be paid from corporate assets.

#### **28. Subsequent Events**

On 13 February 2025, the Board of Directors declared a fourth-quarter dividend of \$1.76 per share or \$3,000,000 to the parent company.