

NAGICO INSURANCES

2019 ANNUAL REPORT



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ABOUT **NAGICO**

NAGICO Insurances is a dynamic and versatile group with almost 40 years of operating history in the Dutch, French and English-speaking Caribbean. NAGICO provides a combination of property and casualty and life and health insurance risk solutions to its customers across 21 territories. The NAGICO Group is also well regulated and supervised by 17 regulators in the region.

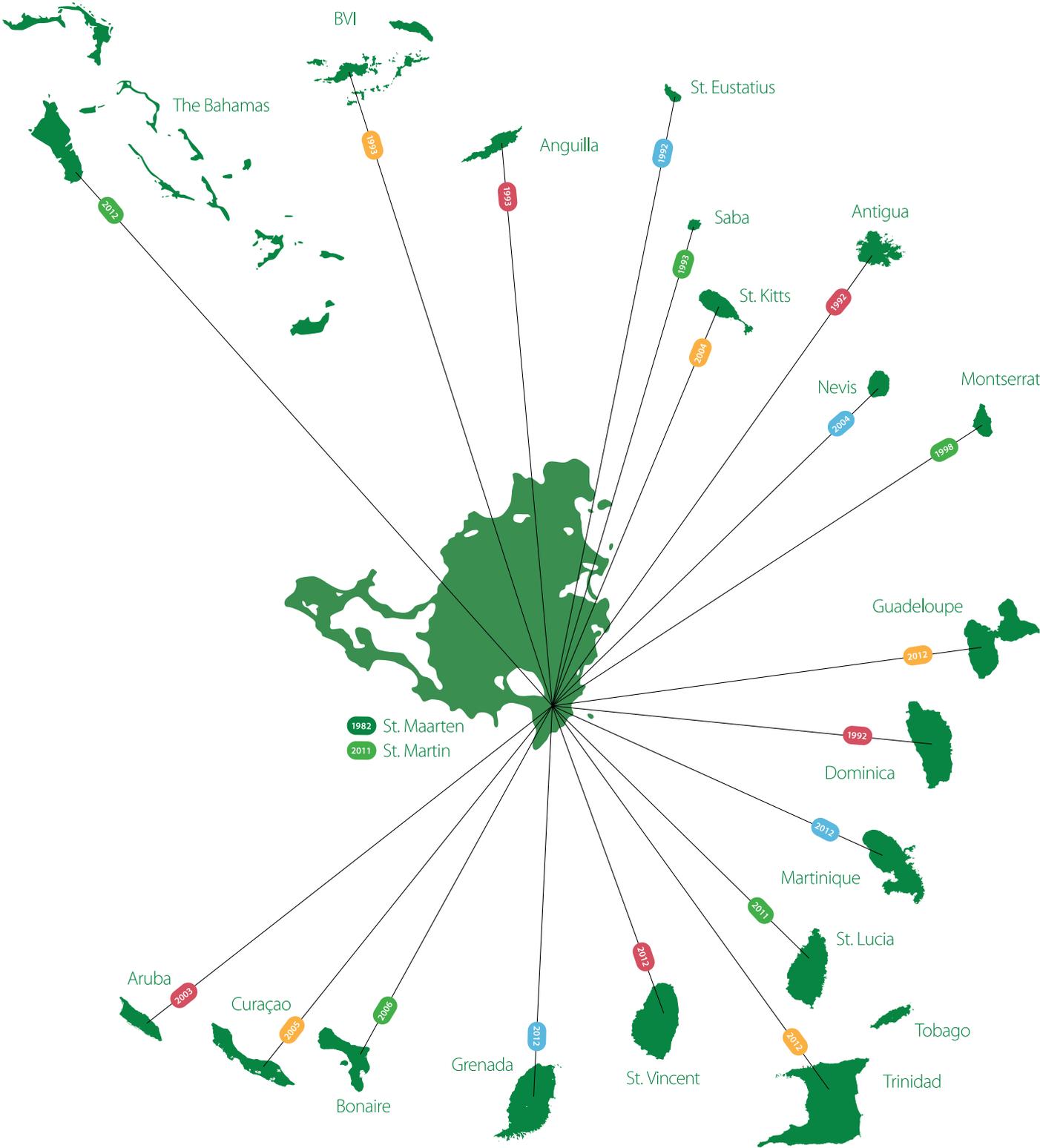
Through an exceptional understanding of the insurance business, its customers' needs and the environment within which they operate, as well as its outstanding claim settlement record, NAGICO is recognized as a knowledgeable and trustworthy insurer and a market leader in the region. NAGICO proudly attributes its success, ultimately, to the excellent support of its reliable and friendly staff, qualified and experienced intermediaries, and very strong reinsurance partners.

The NAGICO Group is very committed to providing timely, professional and courteous service to its customers and delivering on its promise to be Fast, Fair and Always There. In 2020, COVID-19 (Coronavirus) required persons to distance themselves from each other and limit or avoid physical contact. This created a need for businesses to quickly evolve to be able to effectively serve its clients. NAGICO did just that through the enhancement of its website and online service offerings which enabled its existing customers and potential new ones regionwide to transact online safely and securely. To NAGICO, the delivery of a positive customer experience is very important and

it invests wisely to generate that desired result. The NAGICO Group is a resilient one which truly knows about disasters and crises and how to successfully navigate through them; this is as a result of risk management and customer experience both being at the core of its balanced decision making. The NAGICO Group has over \$75 million in equity, nearly \$0.5 billion in assets and generates nearly \$200 million in gross written premiums annually. Furthermore, the NAGICO Group has an impressive claims settlement track record, having paid billions of dollars over the years for the various perils it covers, including the recent hurricanes of 2017: Irma and Maria and 2019: Dorian.

In 2016, the NAGICO Group became a member of the Fosun Group, which has in excess of \$25 billion in equity, when Peak Reinsurance Company Limited, an A- Excellent rated company, became a shareholder of the NAGICO Group; this further enhanced NAGICO's financial strength.

OUR FOOTPRINT



CHAIRMAN'S & CEO'S STATEMENT

Management approached 2019 as a consolidation year, wherein we focused on improving and refining the Company's operations, so that we may better understand and respond to our environment and market.

The NAGICO Group continues to be exposed to the risk of natural disasters within the Caribbean which includes hurricanes, earthquakes, volcanic eruptions, tsunamis and flooding and these are acceptable risks to our business, as we apply effective risk management strategies to protect the interests of our stakeholders. We continue to partner with the leading global reinsurers, all rated A- or higher by A.M. Best or S&P, and ensure that adequate coverage is maintained for our catastrophe and other perils loss exposure. The Group's underwriting practices and broad product offering also assists it with ensuring a quality and balanced book of business is maintained. Our understanding of and experience in the insurance industry, underwriting philosophy, prudent risk management approach and effective reinsurance program significantly contribute to our strength and resilience.

As at 31 December 2019, the NAGICO Group's total assets increased to USD 404 million from USD 398 million, and its equity decreased to USD 80.3 million from USD 92.2 million. The decline in the equity is mainly attributed to the prudent and conservative approach applied in our reserving and provisioning and the devaluation of properties taking the stressed state of the economy in some territories into consideration. In addition, 2019 was another year in which the region was affected by natural disaster; a CAT 5 hurricane devastated the Bahamas for an unprecedented three (3) days causing billions of dollars of losses. Almost 90% of NAGICO's policyholders were paid in full by the 2019 year end. The NAGICO Group effectively delivered on its promise once again to be Fast, Fair and Always There for its clients.

We continued to execute our strategic growth plan for our life operations. We established a life insurance company with its domicile in the Eastern Caribbean to facilitate our entrance into and growth within this region and in 2019, we commenced life and pension operations in Anguilla, Montserrat and St. Kitts. We are in the process of entering the market in other Eastern Caribbean islands and are excited to make our life products, retirement saving options, competitive prices and fast turnaround times available to the wider Caribbean region, especially during this financially challenging period where stability and certainty are needed.

As mentioned, improvement and refinement were the focal points for management in 2019. The investments made and decisions taken were done specifically to aid in strengthening the NAGICO Group's foundation and to secure it for another 40 years of operation.

We take this opportunity to recognize and thank our Shareholders, Directors, Management, Staff, Agents, Brokers, Reinsurers, Loss Adjusters and most importantly our policyholders for their continued patronage and support, without whom we would not exist. Thank you!



A handwritten signature in black ink, appearing to read 'Im Amjad'.

Imran McSood Amjad
Chairman
NAGICO Group of Companies



A handwritten signature in black ink, appearing to read 'Detlef Hooyboer'.

Detlef Hooyboer CPCU, Drs.
Chief Executive Officer
NAGICO Group of Companies

BOARD OF DIRECTORS



Mr. Imran McSood Amjad (1)

Mr. Amjad is the Chairman of the Board of Directors for NAGICO Insurances Company Limited and National General Insurance Corp. N.V. In 1981, he became one of the youngest Chartered Insurers (ACII) in the Caribbean. After quickly moving up the ranks at GTM Insurance Company in Guyana, he took the challenge of heading a small insurance start-up in St. Maarten. He has been at the helm of NAGICO since its inception in 1982 guiding the one office operation with US \$75,000 starting capital to the largest privately held general insurance provider in the Caribbean.

Mr. Franz Hahn (2)

Mr. Franz Josef Hahn is the Co-founder and Chief Executive Officer of Peak Re. He is responsible for charting corporate strategic directions and overseas operations. With over 28 years of reinsurance experience, he has a successful track record in building strong teams and successful reinsurance business in China and the Asia Pacific region. Before Peak Re, he was the Managing Partner of FJ Hahn & Associates, offering strategic business advisory services to insurance companies and other financial institutions in Asia, Europe and the US. Mr. Hahn was previously Swiss Re's

lead in the Greater China region where he built up a strong leadership team and developed several innovations. Before his time with Swiss Re, he had spent nine years at Munich Re, where he served as Head of Casualty in Hong Kong.

Mr. Reza Amjad (3)

Mr. Reza McSood Amjad joined the Boards of the NAGICO Insurances Group in 2014. He is the Managing Director of Motorworld, Caribbean Auto and Dollar/Thrifty Car Rental in St. Maarten and International Motors located in Anguilla. He earned a Bachelor's Degree in Communications and Public Relations from St. John's University in New York.

Ms. Kaihong "Cathy" Chen (4)

Ms. Cathy Chen is the Chief Financial Officer for Peak Re, overseeing their financial and operational management. Cathy has over 10 years of accounting and financial experience in both the insurance and reinsurance industry and has solid knowledge of the related regulations.

Prior to joining Peak Re, Cathy was the Chief Representative for Lloyd's Beijing representation office, responsible for Lloyd's brand exposure and government relations in China. Before that, she was

the CFO for Swiss Re's China operation and had successfully established and maintained good relationships with Chinese government agencies. Cathy holds an MBA in Finance and a Bachelor's degree in Economics. She is also a member of the Association of Chartered Certified Accountants (ACCA) Fellowship.

Mr. Ronald Knowles (5)

Mr. Ronald Knowles is a member of the Boards of the NAGICO Insurances Group. He is a Fellow of the Association of Chartered Certified Accountants. Mr. Knowles previously worked for Peat Marwick (now known as KPMG) in their Bahamas and London Offices. In 1989, Mr. Knowles started his own accounting practice and now runs two offices in The Bahamas.

Mr. Yu "Alex" Pei (6)

Mr. Alex Pei is the Vice President of Fosun Insurance Group and leads insurance investments. He has extensive experience in financial institution mergers and acquisitions. He led the execution of several major Fosun investments of more than 4 billion USD during the last four years, including the acquisition of Fidelidade Group in Portugal and Ironshore Inc. in Bermuda. He also serves as a board

director for NAGICO Insurance Group and Supervisory Board Director for Fidelidade Group.

Mr. Pei has more than 10 years' experience in the insurance and financial industry and worked in London and Paris before he joined Fosun in Hong Kong. Mr. Pei is a fellowship member of the Institute and Faculty of Actuaries (IFoA) in the UK and a fellowship member for the Institut des Actuaire in France.

Mr. Eckart Roth (7)

Mr. Eckart Roth is Chief Risk Officer of Peak Re. He is a seasoned reinsurance professional with more than 25 years of experience in the regional and international reinsurance markets and a proven track record in building and implementing comprehensive risk management systems during his previous experience with various global reinsurers.

Prior to founding Peak Re together with Mr. Franz Josef Hahn, Mr. Roth ran and owned a consultancy which offered tailored reinsurance solutions to financial institutions in Asia Pacific, Europe and the US.

Mr. Edward Lord (8)

Mr. Lord is the Resident Director for NAGICO Insurance (Grenada) Ltd. He is the Administrative Manager of the Grenada Ports Authority and past member of the Grenada Sustainable Development Council. In 2006, Lord was a part of the Ministry of Finance Strategy Design Team which formulated the Grenada Export Strategy.

Mr. Lord represented the Ministry of Environment, Foreign Trade and Export

Development in preparing the social road map on building a green economy for sustainable development in Carriacou and Petite Martinique, Grenada for United Nations Department of Economic and Social Council.

Mr. Tatenda Gotosa (9)

Mr. Tatenda "Tate" Gotosa is the Director of Corporate Governance at Harney's Fiduciary in the British Virgin Islands. An experienced professional director, Tate acts on the boards of many significant corporate vehicles and investment funds domiciled in the British Virgin Islands and the Cayman Islands.

Tate and his team also provide liquidation, client accounting and FATCA/CRS advisory services to BVI entities. Tate is a qualified American Certified Public Accountant and a graduate of the Institute of Chartered Secretaries in the UK.

Mr. Adam Rhodes (10)

Mr. Adam Rhodes has worked in private practice in the Caribbean since February 2010 where he is responsible for insurance management and brokering services for institutional and private clients. He also serves an advisor to clients on lines of business including professional indemnity, property, marine and healthcare. This has involved the establishment and licensing of captives and insurance companies as well as on-going regulatory, corporate governance and compliance advice.

Ms. Heather Thompson (11)

Ms. Heather Thompson is a recognized leader in the private client sector, advising individuals, trustees and

beneficiaries in international trust and company creation and ownership structures.

She counsels Trust companies and advises diverse clientele on all aspects of wills, probate applications, estates administration etc. She is also a sought-after conference speaker and contributor to the STEP Journal, Heather has received the STEP Founder's Award for Outstanding Achievement (2009); the Bahamas Financial Services Board 'Executive of the Year' Award (2003); and the International Law Office Client Choice Award in Offshore Services (2012). She is ranked by Chambers Global in General Business Law (2010 – 2017) and Chambers High Net Worth Guide (2017). Heather has been named to City Wealth Leaders List (2012 – 2013); Guide to the World's Leading Women in Business Law (2012); and the IFC Power Women Top 100 list (2013).

Ms. Dawn Davies (12)

Ms. Davies has been the Director of NAGICO Insurance (Bahamas) Limited since 2011. Mrs. Davies retired as Deputy Managing Director of Fortis Fund Services (Bahamas) Limited in 2000, after having served in managerial positions in the financial services sector in The Bahamas for over thirty-five years.

She is a graduate of the University of Strathclyde in Scotland and obtained her MBA from the University of Miami, Florida. Currently, Mrs. Davies serves as a Director of Euro-Dutch Trust Company (Bahamas) Limited and many investment companies.

2019 C-SUITE **EXECUTIVES**



Detlef J.G. Hooyboer (1)
Chief Executive Officer
NAGICO General Group

Andrew Rajcoomar (2)
Chief Information Technology Officer
NAGICO Group of Companies

Bhardwaj Raghubir (3)
Chief Underwriting Officer
NAGICO Group of Companies

Donna-Maria de Roché (4)
Chief Claims Officer
NAGICO Group of Companies

Kyria Ali (5)
Chief Strategy & Development Officer
NAGICO Group of Companies

Eric Ellis (6)
Director of Properties
NAGICO Group of Companies

Justin K. Woods (7)
Chief Financial Officer
NAGICO Group of Companies

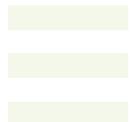
Cleveland Beresford Jr. (8)
Chief Human Resource Officer
NAGICO Group of Companies

Knowledgeable. Experienced. Qualified. Risk Management is Our Business.

Our team is comprised of:

- 30+ chartered underwriters and claims experts
- 60 professionals with insurance qualifications
- In-house and external actuaries
- Enterprise Risk Management certified professionals
- 15+ qualified accountants and auditors
- Team of qualified and experienced investment experts
- The best reinsurers in the world

Together we make NAGICO the most competent and versatile insurance group in the region.



2019 TERRITORY LEADERS



Shan Mohamed (1)

Century Insurance Agency
BVI (Tortola/Virgin Gorda)

Johannes William (2)

Branch Offices
Bonaire
Curacao

Judith Greer (3)

Judith Greer & Associates Inc.
Montserrat

Marjorie Parchment (4)

Bryson's Insurance Agency
Antigua

Constantin Desert (5)

Branch Office
St. Martin (French Side)

Yvette Ryan (6)

Ryan Investments Ltd.
Authorized Agent
Montserrat

Adele Jn Baptiste (7)

Subsidiary
St. Lucia

Ivan Rivers (8)

I.F. Rivers Enterprises N.V.
St. Eustatius

Detlef Hooyboer (9)

Subsidiary
Aruba
NAGICO Life
Dutch Antilles

Amit Mohabir (10)

Branch Offices
Nevis
St. Kitts

Carla Blake (11)

Turks & Caicos Islands

Sheritsa Oleana (12)

Branch Office
Saba

Chantelle Bristol (13)

Subsidiary
Grenada

Howard Chengajune (14)

Branch Office
Anguilla

Vibert Williams (15)

Subsidiary
The Bahamas

Heather Reid (16)

Branch Office
Dominica

Sharon Melville (17)

Subsidiary
Trinidad & Tobago

Arlene Cuvalay (not shown)

A.R.C. Agency N.V.
St. Eustatius

Samuel Goodluck (not shown)

St. Vincent Insurances Ltd.
(Represented By Vinsure)
St. Vincent

NAGICO Head Office
St. Maarten

Cooper Gay
France And Overseas Territories

FINANCIAL HIGHLIGHTS

NAGICO HOLDINGS LIMITED, ANGUILLA Consolidated Statement of Financial Position as at December 31, 2019

ASSETS	2019	2018
<i>(In Thousands of U.S. Dollars)</i>		
Property and Equipment	20,000	22,598
Right-of-use Assets	2,738	-
Retirement Benefit Asset	12,541	11,568
Investment Properties	22,521	10,990
Held-for-sale Assets	-	19,300
Investment Securities	111,125	98,392
Intangible Assets	5,028	5,330
Deferred Tax Asset	12,827	6,472
Receivables		
Due from reinsurers	86,935	99,014
Insurance receivables	37,735	32,782
Deferred acquisition costs	12,255	10,308
Policy loans	1,969	811
Prepayments and other current assets	6,247	10,188
	<u>145,141</u>	<u>153,103</u>
Cash and Cash Equivalents	72,055	70,206
TOTAL ASSETS	<u>403,976</u>	<u>397,959</u>

EQUITY AND LIABILITIES	2019	2018
<i>(In Thousands of U.S. Dollars)</i>		
Equity		
Share capital	10	10
Additional paid in capital	43,515	43,515
Other components of equity	4,165	6,729
Retained earnings	30,430	39,775
Shareholders' equity	<u>78,120</u>	<u>90,029</u>
Non-controlling interests	2,216	2,125
Total equity	<u>80,336</u>	<u>92,154</u>
Liabilities		
Insurance liabilities	205,169	216,203
Due to reinsurers	88,021	62,780
Deferred tax payable	7,275	7,047
Current tax payable	1,200	1,100
Lease Liabilities	2,760	-
Accounts payable and accrued liabilities	9,187	8,022
Loan payable	10,028	10,653
	<u>323,640</u>	<u>305,805</u>
TOTAL EQUITY AND LIABILITIES	<u>403,976</u>	<u>397,959</u>

Consolidated Statement of Profit or Loss for the Year Ended December 31, 2019

	2019	2018
<i>(In Thousands of U.S. Dollars)</i>		
Underwriting Income		
Insurance premium revenue	196,986	171,695
Reinsurance cost	(88,601)	(65,319)
Net premiums earned	<u>108,385</u>	<u>106,376</u>
Commission expense	(30,234)	(26,364)
Net insurance premium revenue	78,151	80,012
Other underwriting income	2,847	2,427
Total underwriting income	<u>80,998</u>	<u>82,439</u>
Underwriting expenses		
Insurance claims and loss adjustment expenses, net of recoveries from reinsurers	61,248	38,046
Other underwriting expenses	391	372
Total underwriting expenses	<u>61,639</u>	<u>38,418</u>
Net Underwriting Income	19,359	44,021
Other Expenses		
Personnel expenses	21,934	21,462
Administrative expenses	6,303	6,346
Other operating expenses	13,105	9,389
Amortization	885	110
Depreciation	2,110	1,463
Total other expenses	<u>44,337</u>	<u>38,770</u>
Other Income		
Investment income	7,709	1,701
Other income	2,477	764
Total other income	<u>10,186</u>	<u>2,465</u>
Net Result Before Taxation	(14,792)	7,716
Taxation	5,247	(448)
Net Result After Taxation	<u>(9,545)</u>	<u>7,268</u>
Attribution:		
Net (loss)/income for the year attributable to shareholders	(9,743)	7,070
Net income for the year attributable to non-controlling interests	198	198
	<u>(9,545)</u>	<u>7,268</u>

FINANCIAL HIGHLIGHTS CONTINUED

Consolidated Statement of Other Comprehensive Income for the Year Ended December 31, 2019

(In Thousands of U.S. Dollars)

	2019	2018
Net result after taxation	(9,545)	7,268
Other comprehensive income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent years (net of tax):</i>		
Exchange differences on translation of foreign operations	(256)	-
Net (loss)/gain on available-for-sale financial assets	(25)	12
	(281)	12
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax):</i>		
Remeasurement gains/(losses) on defined benefit plans	398	(278)
Revaluation of land and buildings	(2,291)	312
	(1,893)	34
Net other comprehensive (loss)/income for the year	(2,174)	46
Comprehensive (loss)/income for the year	(11,719)	7,314
Attribution:		
Comprehensive (loss)/income for the year attributable to shareholders	(11,909)	7,116
Comprehensive income for the year attributable to non-controlling interests	190	198
	(11,719)	7,314

Consolidated Statement of Cash Flows for the Year Ended December 31, 2019

(In Thousands of U.S. Dollars)

	2019	2018
Cash flows from operating activities:		
Net result before taxation	(14,792)	7,716
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property and equipment	1,694	1,463
Depreciation from right-of-use assets	416	-
Amortization of intangible assets	885	110
Gain on disposal of property and equipment	(236)	(116)
Effect of currency translation rate changes	(250)	-
Change in unrealized gains and losses on investments	(3,496)	1,631
Movements in retirement benefit asset	(283)	(257)
Interest and other expense from lease liability	110	-
Interest on borrowings	(625)	653
Bad debts	2,332	535
<i>Working capital movements:</i>		
Due from reinsurers	12,079	401,621
Insurance receivables	(7,373)	518
Deferred acquisition costs	(1,947)	(1,030)
Policy loans	(78)	(17)
Other receivables and prepayments	661	(7,534)
Due to reinsurers	25,241	3,426
Insurance liabilities	(19,525)	(377,331)
Accounts payable and accrued liabilities	1,165	130
	<u>10,770</u>	<u>23,802</u>
Interest received	3,490	2,853
Profit tax paid	(1,072)	(467)
	<u>2,418</u>	<u>2,386</u>
Net cash flows (used in)/provided by operating activities	(1,604)	33,904
Cash flows from investing activities:		
Purchase of property and equipment	(1,988)	(2,722)
Proceeds from sale/disposal of property and equipment	831	443
Proceeds from sale/disposal of investment properties	7,769	-
Purchase of investment securities	(41,258)	(55,745)
Proceeds from sale and maturity of investment securities	39,285	47,456
Purchase of intangible assets	(583)	(879)
<i>Net cash flows provided by/(used in) investing activities</i>	<u>4,056</u>	<u>(11,447)</u>
Cash flows from financing activities:		
Repayment of lease liability	(504)	-
Proceeds from borrowings	10,000	10,000
Repayment of borrowings	(10,000)	-
Dividend pay out St. Vincent Insurances Limited	(99)	(62)
<i>Net cash flows (used in)/provided by financing activities</i>	<u>(603)</u>	<u>9,938</u>
Net increase in cash and cash equivalents	1,849	32,395
<i>Cash and cash equivalents at January 1</i>	<u>70,206</u>	<u>37,811</u>
Cash and cash equivalents at December 31	<u>72,055</u>	<u>70,206</u>

FINANCIAL RESULTS

(In Thousands of U.S. Dollars)

TOTAL INCOME	2019	2018	2017	2016	2015
Insurance activities	196,986	171,695	158,792	148,576	146,398
Investment and other activities	10,186	2,465	5,334	4,087	3,124

FINANCIAL POSITION	2019	2018	2017	2016	2015
Total Assets	403,976	397,959	752,703	294,712	248,018
Total Liabilities	323,640	305,805	668,329	193,119	152,249
Net Equity	80,336	92,154	84,374	101,593	95,769

A.M. BEST IS TALKING ABOUT NAGICO **PEOPLE ARE LISTENING**

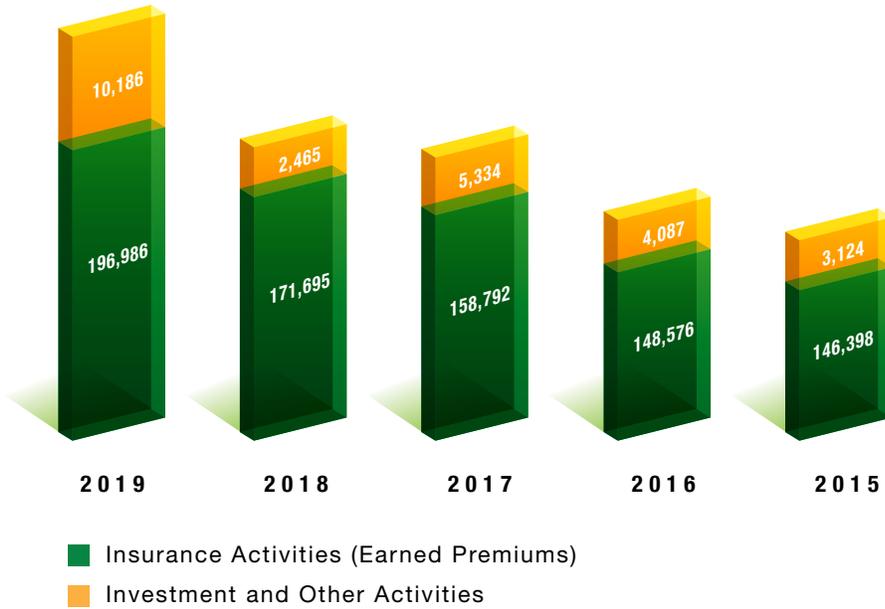
“...affirmed NAGICO's rating confirming the group's financial strength and stability.”

“NAGICO Group's balance sheet strength, categorized as very strong, is underpinned by the strongest level of risk-adjusted capitalization...”

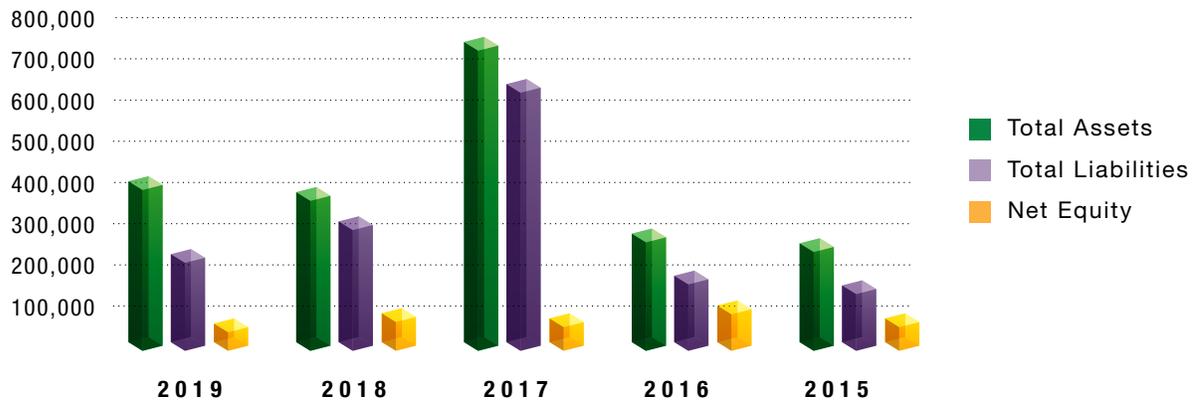
“NAGICO is one of the largest insurance carriers in the Caribbean based on premium written, with strong brand recognition in all of its operating territories.”

“Persistent regulatory oversight of the insurance industry contributes to improved governance and decision-making.”

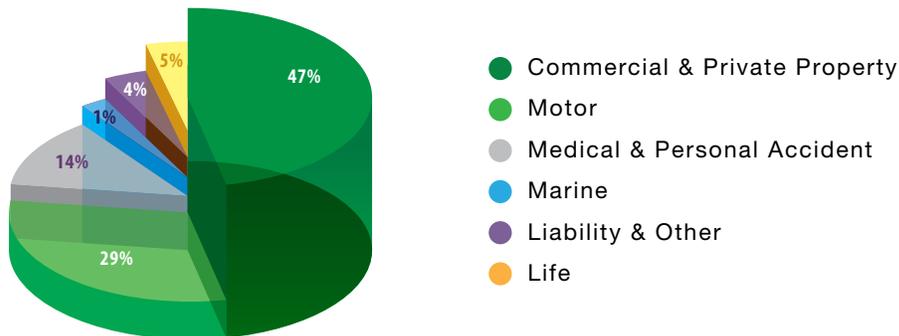
TOTAL INCOME



FINANCIAL POSITION



2019 LINE OF BUSINESS REVENUE



2019 BUSINESS RECAP

Our People, Our Leaders, Our Future

At the beginning of 2019, there was a changing of the guard for the NAGICO Group where one of our own, Detlef Hooyboer, was promoted to leader for both the property and casualty as well as life and health operations. At NAGICO we believe in the growth and development of our people and trust them to look after the group and its various stakeholders. We have over the years invested in this area and we continue to do.

As a dynamic and progressive organization, it is of paramount importance for our continued success that our employees stay up to date on technical and soft skills relative to their field of work. Training and development, comprising a combination of online, in person, apprenticeship and mentorship programs were arranged for our team in 2019. One of the most significant, value adding and appreciated programs arranged for our middle management team was the Harvard ManageMentor. This self-study training allowed our leaders to tailor the learning to their specific personal development needs while building core leadership skills, necessary for business.

In addition to technical insurance and leadership subject matters, the NAGICO training series extended to topics which addressed culture, code of conduct and ethics. The training and development curriculum at NAGICO is a holistic one designed to instill strong values, encourage good governance and ensure that the team is technically sound; thus, equipping our employees with the tools they need today as well as preparing them for the future.

NAGICO's path will be illuminated by its team of qualified and experienced staff, agents and brokers who remain focused on creating and delivering a positive customer experience.

Strong Premium Growth

Insurance is an everchanging and competitive market which demands that we continuously learn and evolve. 2019 marked two years after the passing of Hurricanes Irma and Maria and our application of the various lessons learned from that experience. The market hardened, as expected, following the storms which resulted in higher premium charges across the region. This, coupled with the increased trust and loyalty of the market in NAGICO based on its claims settlement performance, the enhancement of some of our underwriting processes, including an increased education and advisory drive with our clients, directly and through our committed intermediary network, contributed to the 17% growth in premium income generated over 2018.

Claims Management and Customer Satisfaction at the Heart

Warnings of climate change or not, no one could have predicted just how long Hurricane Dorian would stay over the Bahamas wrecking devastation and resulting in the loss of an unknown number of lives. In the



wake of such catastrophe, we can be heartened by our highly commendable claims response to our clients which was evidenced by the settlement of ~90% of all Dorian claims by the end of 2019. It is indeed this drive to fairly satisfy our customers in their time of need which is at the core of our business. However, it is also understood that there will be times when disputes arise as parties are unable to see eye to eye. The uncertain outcome of disputes is always a risk which may at times manifest in adverse claim results, such as that portrayed in our 2019 financial statements. While such situations are not usual, when they do arise we adopt the most prudent approach in our reporting and at the same time, we continue to work toward the most equitable resolution of these differences for the benefit of all stakeholders concerned

Maturing Reinsurance Program

Our reinsurance program remained supported by the strongest reinsurers in the world, each with a financial rating of A- or better by A.M. Best. We continue to utilize risk modelling tools, underwriting and claims experience, as well as reinsurance experts to assist with the design of our reinsurance programs and we enhance these periodically where such opportunities exist.

Due to the increase in the frequency and severity of hurricanes, and their impact on the islands as well as the United States of America, the Caribbean market has unfortunately become less attractive to reinsurers. This has resulted in a smaller panel of interested reinsurers and less catastrophe related reinsurance capacity being available for Caribbean insurers. The limited capacity is also extended to the market at significantly higher costs and consequently adversely impacts the rates charged to our direct clients.

NAGICO continues to refine its underwriting, keeping at the forefront its reinsurance program and coverage, which are directly correlated.

Strategy and Business Development

NAGICO continued its phased growth strategy in the life and health domain, wherein it achieved a 16% growth over 2018. Our community is important to us, so during 2019, a key component of NAGICO's health related initiatives included the promotion of a healthy lifestyle campaign. This campaign was designed to encourage persons to review and modify their habits where needed (for example as it relates to diet, exercise, smoking and alcohol consumption) to improve their overall quality of life and in the process be rewarded for being fit and healthy. The level of excitement and results garnered from the campaign to date has been positive.

The Eastern Caribbean market, namely Anguilla, Montserrat and St. Kitts, has been accessing the life product offering of NAGICO and they have been impressed by the timeliness of response and policy issuance and the overall quality of service delivered by our team. Rest assured that it remains a core objective of the group to

2019 BUSINESS **RECAP** CONTINUED

make its suite of life insurance and pension products available to other islands wherein it operates, and the next phase of our expansion is being diligently addressed; although, unfortunately, the impact of Covid-19 has forced timelines to be extended.

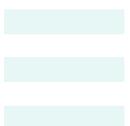
Our clients and partners know that we seek to stay in touch and interact with them face to face as much as possible, as relationships are important to us. However, Covid-19 brought with-it life-threatening risks which caused us to revisit and revise the way in which we communicated and transacted. There was an immediate need to ensure physical distance between parties which meant that in person interactions were no longer possible. As a result, NAGICO's plans to enhance its website, to address the increased demand for online transacting by its customer base, was brought forward and quickly implemented making it possible for clients, new and existing, to complete their main transactions remotely. As stated in our tag line, we aim to always be there for our clients.

Corporate Governance, Enterprise Risk Management and Compliance

Borne out of our desire to produce superior customer outcomes and be the most trusted insurer in the region, NAGICO invests in ensuring a solid governance, enterprise risk management and compliance infrastructure. We believe that good governance requires Board ownership and accountability for driving professional behavior, the right attitude and corporate culture. This critical area of our business is managed by dedicated, qualified and experienced persons at both the Board and Executive Management level and the efforts of this group also extend to risk management and compliance as it relates to the overall steering and monitoring of the operations.

NAGICO accepts risks in a uniformed and disciplined manner; within a predetermined risk appetite and tolerance. The enterprise risk management framework results in the business being provided with timely constructive feedback and considerations for the effective management or mitigation of risks and the achievement of desired results. This is done for example through scenario and stress testing, risk modelling and use of early warning systems linked to critical assumptions underlying strategies. Our enterprise risk management program is reviewed annually by A.M. Best who has confirmed that it is appropriate for our size and complexity of operations.

NAGICO's footprint in the Caribbean is wide and this results in it being supervised by 17 regulators. Its compliance framework is, as a result, more complex than most of its competitors. However, NAGICO has over the years developed and enhanced its infrastructure to streamline and simplify its compliance management. During 2019 there was a noticeable uptick in regulatory related requests emanating from our various territories as the supervisory bodies diligently executed their duties and NAGICO was able to address them in



a comprehensive and timely manner. NAGICO is committed to remaining knowledgeable of the regulatory and legal environment within which it operates and ensuring its compliant status.

Rooted in the Community

Another prized status that NAGICO aims to uphold, is in relation to its commitment to the community. As a well-established insurance provider in the region, NAGICO has built a reputation of being genuine and caring. NAGICO has been partnering with like-minded groups regionwide to increase the impact of its efforts in the communities within which it operates and the value created for the people.

In 2019 we made a strategic decision to concentrate our CSR and volunteer efforts in specific areas. These focus areas were: education, sports, the environment and social development, as we strongly believe that these are critical elements for a well-rounded society.



One of the newest initiatives NAGICO implemented groupwide, and of which it is very proud, was the 'NAGICO is Green' campaign. This campaign was aimed at encouraging persons to think and act in a more environmentally friendly manner and providing them with opportunities as well as examples of how they could do so in their normal lives. Habits are hard to break once formed so we set out to help create some positive habits with this project.

The 'NAGICO is Green' campaign was executed during the month of October to coincide with Global Ethics Day, which is the 3rd Wednesday of October every year. As an insurer, ethics is high on our agenda. Inspired by Earth Day, Global Ethics Day provides an opportunity for organizations around the world to hold events on or around this day, exploring the meaning of ethics in international affairs. In the first phase of our campaign we educated the public about the benefits of reusable bags and the dangers of plastic to the environment.



To help create the change that we wish to see, we distributed thousands of reusable shopping bags and were pleased with the enthusiasm regionwide and also with the introduction of new legislation in some of the islands with respect to bans being placed on the use of plastic bags.

2019 BUSINESS **RECAP** CONTINUED

The second phase of the NAGICO is Green campaign was geared toward educating the youth about the value trees provide to us and our planet and showing them how fun gardening can be. NAGICO offices across the Caribbean engaged primary and secondary schools in this project, actively teaching the young students and providing practical lessons where they literally got their hands dirty. NAGICO is pleased to have planted over 200 trees in our islands and hopes to have also planted a seed in the hearts and minds of our future, our children.



NAGICO Hurricane Relief

The Bahamas was devastated by Hurricane Dorian in September 2019, recording hundreds of deaths and billions of dollars in property damage. NAGICO knows about the destruction left in the wake of catastrophes so in addition to its role in relation to claims handling, our team also worked on providing humanitarian relief. NAGICO partnered with Samaritan's Purse, an International crisis response organization, to raise funds and ensure a coordinated approach toward providing relief specifically for the people of Bahamas. In addition, NAGICO through our Bahamas office was able to provide air support evacuation, accommodation, food and other urgently needed supplies to our colleagues and their affected families.

Developing Core Values Through Sport

Aside from its entertainment value, sport has been seen, over the years, as an artform which unites people of all creed, color, age and cultures. The SXM Future Champs Program is designed to mold and shape young boys, teaching them to become responsible, hardworking and well-rounded young men.

This youth cricket training program has been sponsored by NAGICO because it provides structure and stability for the youth and offers social guidance while developing their skill for the sport. Youths from age 8 are involved in the program and are given the opportunity to be able to develop their talent, with the real possibility of pursuing cricket as a career and displaying their skills on a regional and / or international stage. Key objectives of this program are to instill values and principles such as: teamwork, discipline, respect,



sportsmanship, accountability and hard work; with the overall goal being to develop well-rounded individuals, who will be productive and positive contributors to society. Many young boys have benefited from this program over the years thanks to NAGICO, to the point where St. Maarten has now recorded the highest number of youth players on the Leeward Island Team.

Honoring Our Senior Citizens – A Blast From the Past

Scores of elderly residents of the St. Maarten community were treated to a Thanksgiving Gala they will not soon forget. The staff of NAGICO volunteered their time and skills to provide an evening of entertainment for the group at the formal black tie event. After enjoying a sumptuous meal, the senior citizens enjoyed trivia, raffles, had their professional photos taken and then took to the dance floor where they enjoyed music that took them back in time. One grandmother of 8, while thanking NAGICO, said that it was one of the best days she had in a very long time.



NAGICO strives to create positive experiences and add value with everything that it does.



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