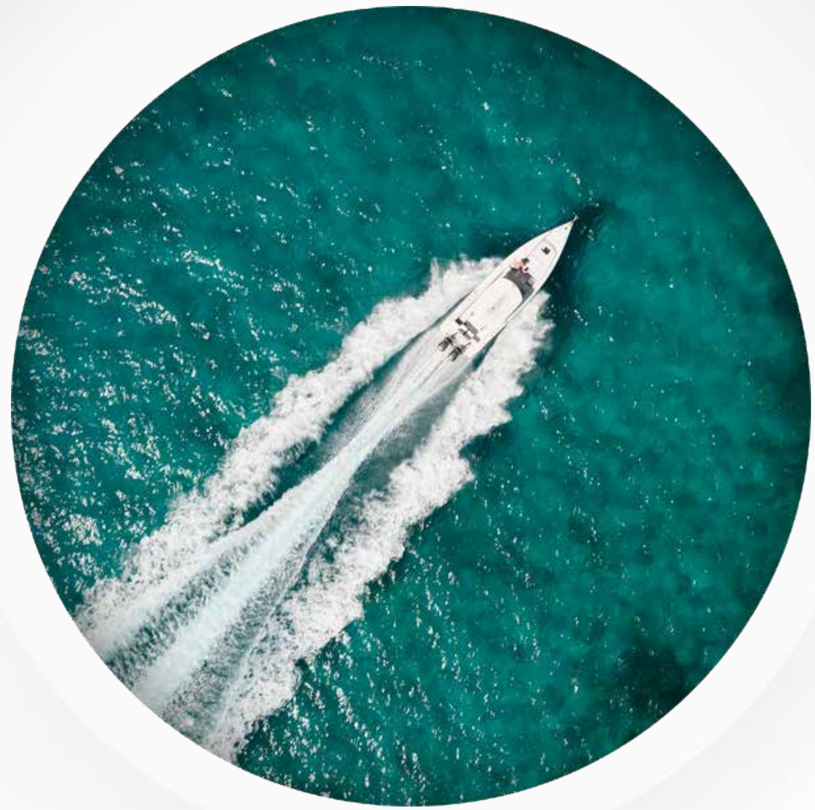
Forward **Focused**

Annual Report
2024



BF&M

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View our 2024 annual report online:
bfm.bm/2024annualreport

Report to shareholders

Abigail Clifford
Group President and
Chief Executive Officer

L. Anthony Joaquin
Group Chair

We are very pleased to share with you the 2024 Annual Report for BF&M Limited. As we reflect on another year of progress, this report marks a pivotal moment in our journey, as it will be the final one issued for BF&M as a standalone entity. BF&M and Argus are moving forward together, and all future annual reports will reflect the financial results of the combined group.

Key business highlights

In 2024, the business remained resilient against a backdrop of escalating cost pressures. The company reported IFRS net income of $13.9 million for the year ended 31 December 2024, compared to $27.2 million in the prior year. However, excluding the impact of external market factors over which we have limited control, such as the change in the fair value of investments and/or one-off exceptional items, our 2024 operating result was $17.9 million, in line with 2023's $18.7 million.

Our Pensions business delivered strong performance, contributing $16.6 million before allocated expenses, up from $13.3 million in 2023, driven by an increase in assets under management and solid investment returns.

Our Health Insurance segment reported income before allocated expenses of $3.6 million. This result reflected rising healthcare claims costs, particularly from medication and overseas treatment, which were a headwind for the business in 2024. This challenge continues into 2025, and we are committed to leveraging our newly combined scale to mitigate it.

Our Property & Casualty (P&C) business faced continued high reinsurance costs in 2024, which impacted profitability. Income before allocated expenses was $7.6 million, compared to $22.6 million in 2023. While Bermuda and Cayman saw robust property rates in 2024, results in certain other jurisdictions did not meet expectations. As a result, we are reviewing our business in those locations where returns on capital were below target levels. Notably, 2024 was free from significant catastrophe losses.

Our core investment income remained strong at $19.3 million, benefiting from favourable bond and bank income, a testament to our disciplined investment strategy. The year also saw net fair value gains of $17.7 million across our asset-liability matched, general insurance, and surplus portfolios, further strengthening our financial position.

In recognition of our resilient performance this year, our Board of Directors declared a dividend of $0.28 per BF&M share paid in April 2025.

Workforce and community engagement

We are proud of our role in Bermuda and remain steadfast in our commitment to improving outcomes for the island.

In 2024, we focused on expanding employee engagement across our offices. Through education and meaningful dialogue, we deepened our understanding of race, gender equity, and allyship while equipping our leaders with the tools to foster a more inclusive environment. We also hosted company-wide celebrations and learning sessions for Black History Month, International Women's Day, and Pride Month. Additionally, we participated in and sponsored Bermuda's local Pride Parade in August, demonstrating our dedication to equality and visibility for all.

We launched an internal campaign focused on allyship, helping employees explore what it means to be a good ally in the workplace. Our leaders received tailored inclusivity training, while our DEI committee enhanced its expertise through participation in industry conferences and coalitions.

Through these initiatives, we reinforced our dedication to a more inclusive and supportive workplace.

At BF&M, we believe in the power of giving back and strengthening the communities in which we operate. In 2024, across our group of companies, we contributed more than $600,000 to local charities, programmes, and initiatives focused on education, health and wellness, and social development. We provided scholarships and mentorship opportunities to support young Bermudians in their academic and professional journeys. Our sponsorships of local sports teams and wellness initiatives underscored our commitment to promoting a healthier Bermuda. Additionally, we continued our partnerships with non-profit organisations dedicated to food security, youth development, and environmental sustainability.

By investing in our community, we reaffirm our responsibility to help build a stronger, more resilient Bermuda—one where businesses and individuals alike can thrive.

Looking ahead with confidence

As we explained in our December 2024 circular to shareholders about the combination with Argus, the BF&M Board believes that the combination will provide a compelling opportunity to enhance value creation for our shareholders.

In 2025, we will be focused on driving growth and enhanced operational excellence; first, by leveraging our greater scale to mitigate rising costs; second, by operating with enhanced efficiency; and third, by providing greater resources to invest in growth and expand into new international markets.

While we view the future with renewed confidence, we are committed to ensuring that this work never comes at the expense of "business as usual." We recognise our duty to support our customers in moments that matter – whether through natural disasters or medical emergencies – and we will never take that responsibility lightly.

Conclusion

We extend our sincere appreciation to the Board for their guidance and support during this period of significant transformation. Their leadership has been instrumental in shaping our path forward. In particular, we would like to thank those BF&M Board members who departed at the time of the combination and whose contribution will be remembered.

We are grateful for the continued trust of our customers, employees, and shareholders. With the foundation we have built, the talented teams we have assembled, and the strategic direction we have set, we look forward to 2025 with optimism and determination.

Yours sincerely,

Abigail Clifford
Group President and
Chief Executive Officer

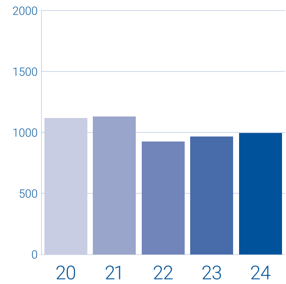
L. Anthony Joaquin
Group Chair

Financials

Our 2024 financial results reflect a year of steady performance in a challenging environment. While profitability was broadly in line with expectations, results were tempered by ongoing pressure from rising health claims and market volatility. As we enter a pivotal year in 2025, our focus remains on strengthening our financial position, driving sustainable growth, and creating long-term value. Disciplined underwriting, prudent risk management, and a continued emphasis on operational excellence provide a strong foundation for the road ahead.

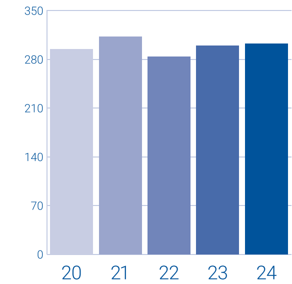
Total General Fund Assets
At end of year
(in millions of dollars)

$995.7



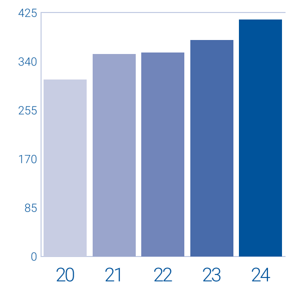
Shareholders' Equity
At end of year
(in millions of dollars)

$303.0



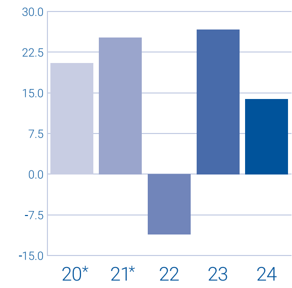
Insurance Revenue
For the year
(in millions of dollars)

$412.6



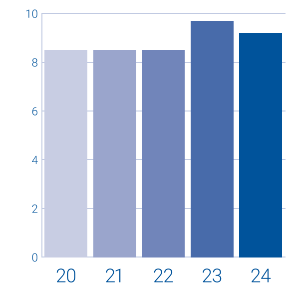
Net Income
For the year
(millions of dollars)

$13.9



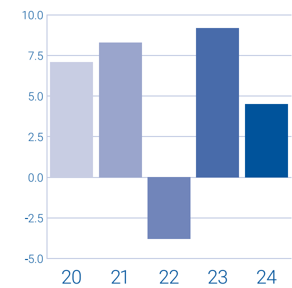
Dividends Declared
For the year
(in millions of dollars)

$9.2



Return on Common Shareholders' Equity
Financial ratios
(in percentages)

4.5%



Best in class ratings from AM Best**

A (Excellent) — BF&M Life Insurance Company Limited, Bermuda

A (Excellent) — BF&M Life Insurance Company Limited, Bermuda

A (Excellent) — BF&M Life Insurance Company Limited, Bermuda

Note: On January 1, 2023, BF&M adopted IFRS 17, resulting in a transformational change to the accounting treatment for insurance contracts. The standard was adopted retrospectively; therefore, the January 1, 2022, opening balance sheet was adjusted to reflect the new standard. The figures presented in the table prior to 2022 may not be directly comparable to those under the new standard.

*Presented as Gross Written Premium under previous accounting standards.

**Effective July 2, 2024, AM Best placed BF&M ratings under review with developing implications following BF&M Limited and Argus Group Holdings Limited's joint announcement. For the latest rating information please refer to the Best's Financial Report.

Governance

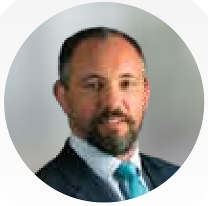
Effective governance is central to who we are and how we operate. It shapes our culture, strengthens accountability, and supports sound decision-making at every level of the organisation. Through clear oversight and responsible stewardship, we aim to create sustainable value for our stakeholders and contribute meaningfully to the communities we serve.

The information presented in the Governance section of this report is accurate as of January 6, 2025, following the amalgamation of Argus Group Holdings Limited ("Argus") and Eleos Health Ltd., a wholly-owned subsidiary of BF&M.

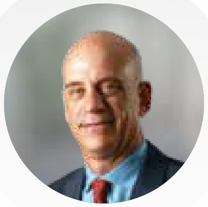
Executive Leadership Team

Abigail Clifford
Group President and Chief Executive Officer

Jennifer Campbell
EVP, Group Chief Human Resources Officer



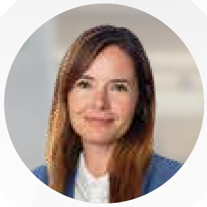
Peter Dunkerley
EVP, Group Chief Financial Officer



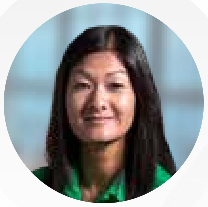
Peter Lozier
EVP, Group Head of Benefits

Caroline Mills-White
EVP, Group Head of P&C Insurance and Broking Services

Alex Reynolds
EVP, Group Chief Corporate Development Officer



Gemma Rochelle
EVP, Group General Counsel and Chief Compliance Officer



Hannah Ross
EVP, Group Chief Capital and Risk Officer

Board of Directors

L. Anthony Joaquin
Group Chair, BF&M Limited
Retired Managing Partner, Ernst & Young

David Brown[2,3]
Chairman,
Hamilton Insurance Group Founder and CEO,
Flagstone Reinsurance Holdings

Abigail Clifford
Group President and CEO,
BF&M Limited

Gordon J. Henderson[1,3]
Retired President and CEO,
BMO Life Insurance Company

Andrew Lo[1,2]
President and CEO,
Embark

Paul C. J. Markey[2,3]
Retired Chair,
AON Bermuda

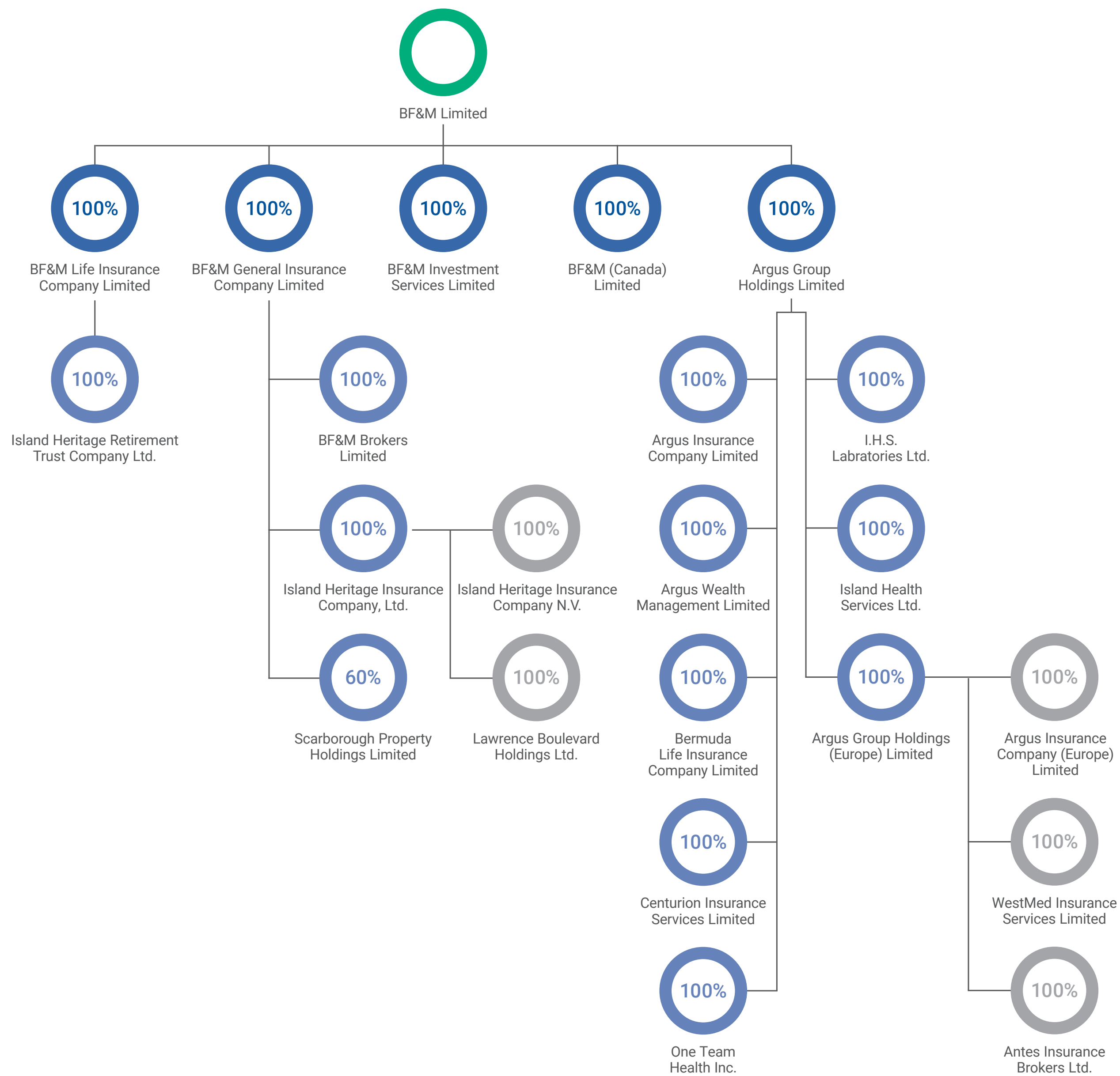
Costantinos Miranthis[1,3]
Former President and CEO,
PartnerRe

Conor O'Dea[1,3]
Retired Chair / Director,
Butterfield Bank (Cayman) Ltd.

E. Barclay Simmons[1,2]
Chair and CEO,
Rose Investment Limited

[1] Group Finance Committee
[2] Group Audit, Compliance, and Corporate Risk Management Committee
[3] Group People & Corporate Governance Committee

Corporate Structure



Directors and Officers

BF&M General Insurance Company Limited

Directors

- Paul C. J. Markey, Chair
- Abigail Clifford, B.A., M.Sc.
- Andrew Lo, BASc, P. Eng.
- Caroline Mills-White, M.Sc., FCIP

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Caroline Mills-White, M.Sc., FCIP, EVP, Group Head of P&C Insurance and Broking Services
- Larenzo Ratteray, CPCU, AIC, Group Head of P&C Claims and Product Development
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Janice Fernandes, B.Comm., Corporate Secretary

BF&M Life Insurance Company Limited

Directors

- Gordon Henderson, B.A. (Hons.), LL.B., Chair
- L. Anthony Joaquin, FCA, Deputy Chair
- Abigail Clifford, B.A., M.Sc.
- Conor O'Dea, FCA

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Janice Fernandes, B.Comm., Corporate Secretary

BF&M Investment Services Limited

Directors

- Abigail Clifford, B.A., M.Sc.
- Gemma Rochelle, LL.B. (Hons.)

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Andrew Spencer, CPA, CMA, MBA, CFA, FLMI, Head of Investments
- Janice Fernandes, B.Comm., Corporate Secretary

Directors and Officers

Island Heritage Insurance Company, Ltd.

Directors

- Conor O'Dea, FCA, Chair
- Abigail Clifford, B.A., M.Sc.
- Gordon Henderson, B.A. (Hons.), LL.B.
- Paul C. J. Markey
- Caroline Mills-White, M.Sc., FCIP

Officers

- Abigail Clifford, B.A., M.Sc., Group President and Chief Executive Officer
- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Caroline Mills-White, M.Sc., FCIP, EVP, Group Head of P&C Insurance and Broking Services
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Barry Williams, Head of Compliance, Caribbean

Island Heritage Retirement Trust Company Ltd.

Directors

- Conor O'Dea, FCA, Chair
- Abigail Clifford, B.A., M.Sc.
- Peter Lozier, H.BSc.

Officers

- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Peter Lozier, H.BSc., EVP, Group Head of Benefits
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Barry Williams, Head of Compliance, Caribbean

Argus Group Holdings (Europe) Limited

Directors

- Peter Dunkerley, Chair
- Abigail Clifford

Directors and Officers

Argus Insurance Company (Europe) Limited

Directors

- Michel Macelli, Chair*
- Alex Bonavia
- Abigail Clifford
- Peter Dunkerley
- Constantinos Miranthis

*Chair appointment awaiting regulatory approval.

Antes Insurance Brokers Limited

Directors

- Abigail Clifford*
- Peter Dunkerley
- Kevin Galea Pace
- Caroline Mills-White
- Paul Markey*
- Lawrence Pavia

*Awaiting regulatory approval.

WestMed Insurance Services Limited

Directors

- Peter Dunkerley, Chair
- Alex Bonavia
- Abigail Clifford
- Caroline Mills-White

Directors and Officers

Argus Group Holdings Limited (Amalgamated Company)

Directors

- Abigail Clifford
- Peter Dunkerley
- Gemma Rochelle

Officers

- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer, Company Secretary

Argus Insurance Company Limited

Directors

- Constantinos Miranthis, Chair
- Abigail Clifford
- Peter J. Dunkerley
- Peter B. Lozier
- E. Barclay Simmons
- Caroline Mills-White

Officers

- Peter Lozier, H.BSc., EVP, Group Head of Benefits
- Thomas Healy, Global Director of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary

Bermuda Life Insurance Company Limited

Directors

- Constantinos Miranthis, Chair
- Abigail Clifford
- Peter J. Dunkerley
- E. Barclay Simmons
- David Brown

Officers

- Peter Lozier, H.BSc., EVP, Group Head of Benefits
- Thomas Healy, Group Head of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary

Directors and Officers

Centurion Investment Services Limited

Directors

- Abigail Clifford
- Peter J. Dunkerley
- Ryan D. Eve
- Kevin Galea Pace
- Caroline Mills-White

Officers

- Thomas Healy, Group Head of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary

Argus Wealth Management Limited

Directors

- E. Barclay Simmons, Chair
- Abigail Clifford
- Peter J. Dunkerley
- Constantinos Miranthis

Officers

- E. Barclay Simmons, Chair
- Louis Millar, Head of Wealth Management
- Thomas Healy, Group Head of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary

Argus Investment Strategies Fund Ltd.

Directors

- E. Barclay Simmons, Chair
- Peter J. Dunkerley
- Abigail Clifford
- Constantinos Miranthis

Officers

- E. Barclay Simmons, Chair
- Constantinos Miranthis, Deputy Chair
- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary

Directors and Officers

One Team Health, Inc.

Directors

- Peter J. Dunkerley, Chair
- Peter B. Lozier
- Abigail Clifford

Officers

- Peter Dunkerley, FCA, EVP, Group Chief Financial Officer, Chair
- Derek Goldberg, Group Head of Employee Benefits Administration
- Thomas Healy, Group Head of Finance
- Sasha Castle-Siddiq, Company Secretary

Island Health Services Ltd.

Directors

- David A. Brown, Chair
- Abigail Clifford
- Dr. Gerhard L. Boonstra
- Peter B. Lozier
- Peter J. Dunkerley

Officers

- David A Brown, Chair
- Dr. Gerhard Boonstra, Deputy Chairman and Clinical Director
- Peter Lozier, H.BSc., EVP, Group Head of Benefits
- Thomas Healy, Group Head of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary
- Tawanna Wedderburn, Head of Medical Practice Operations

I.H.S. Laboratories Ltd.

Directors

- David A. Brown, Chair
- Abigail Clifford
- Dr. Basil Wilson
- Peter B. Lozier, Deputy Chair
- Peter J. Dunkerley

Officers

- Dr. Basil Wilson, Clinical Director
- Peter Lozier, H.BSc., EVP, Group Head of Benefits
- Thomas Healy, Group Head of Finance
- Gemma Rochelle, LL.B. (Hons.), EVP, Group General Counsel and Chief Compliance Officer
- Sasha Castle-Siddiq, Company Secretary
- Tawanna Wedderburn, Head of Medical Practice Operations

Financial statements

Responsibility for Financial Reporting

For the year ended December 2024

The management of BF&M Limited ("the Group") is responsible for the preparation of the consolidated financial statements contained in this report. These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards.

Management has established and maintains a system of financial reporting and internal controls to provide reasonable assurance that transactions are properly authorised and recorded. These controls include the careful selection, training, and supervision of qualified employees, the establishment of well-defined responsibilities, and the communication of policies relating to good conduct and business practice. Internal controls are reviewed and evaluated by the Group's internal audit function.

The Audit, Compliance, and Corporate Risk Management Committee, composed of directors who are not officers or employees of the Group, reviews the consolidated financial statements on behalf of the Board of Directors before the statements are submitted to the shareholders.

The shareholders' independent auditors, PricewaterhouseCoopers Ltd., have audited the consolidated financial statements of the Group in accordance with International Standards on Auditing and have expressed their opinion in their report to the Group's shareholders. The auditors have unrestricted access to and meet periodically with the Audit, Compliance, and Corporate Risk Management Committee to review its findings regarding internal controls over the financial reporting process, auditing matters and reporting issues.

These consolidated financial statements have been authorised for issue by the Board of Directors on 20 March 2025. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.

Abigail Clifford
Group President and
Chief Executive Officer

L. Anthony Joaquin
Group Chair

Independent auditor's report

To the Shareholders of BF&M Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of BF&M Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2024, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated 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 Group 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) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

PricewaterhouseCoopers Ltd., Chartered Professional Accountants, P.O. Box HM 1171, Hamilton HM EX, Bermuda
T: +1 (441) 295 2000, F:+1 (441) 295 1242, www.pwc.com/bermuda

Our audit approach

Overview

- Overall group materiality: $4.1 million, which represents approximately 1% of insurance revenue

- We conducted an audit of three full scope components covering over 90% of the Group's consolidated total assets and revenues. Each of the three components were audited by component audit teams located in Bermuda, and the Cayman Islands.

- Valuation of the liability for incurred claims for short-duration lines of business
- Methodologies and assumptions used for determining long-duration insurance contract liabilities for life and annuity claims - fulfilment cash flows

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

BF&M Limited is the parent of a group of entities. The financial information of the parent and its subsidiaries is included in the consolidated financial statements of BF&M Limited. The Group is structured into five operating segments (see Note 7 of the consolidated financial statements) and is a consolidation of 11 separate legal entities (see Note 1 of the consolidated financial statements).

In establishing the overall approach to the Group audit, we determined the scope of audit procedures to be performed at the components by us, as the Group engagement team, or by PwC component auditors in Bermuda, and the Cayman Islands operating under our instruction. The Group's operations are dominated by three legal entities (components) which also represent three operating segments, as such these components due to their size and risk required an audit of their complete financial information which provided us with over 90% coverage of the Group's operations as measured by consolidated total assets and revenues. These component entities are: (i) BF&M Life Insurance Company Limited, (ii) BF&M General Insurance Company Limited, and (iii) Island Heritage Insurance Company, Ltd. Additionally, based on our professional judgement, audit procedures were conducted by the Group engagement team over certain balances within the Group's real estate and corporate segments.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	$4.1 million
How we determined it	In determining materiality, we considered a range of financial metrics considered relevant to the primary users of the consolidated financial statements. We selected a materiality amount using our professional judgement which represents approximately 1% of insurance revenue for the year ended 31 December 2024.
Rationale for the materiality benchmark applied	The materiality amount selected is appropriate to the size and nature of the business. Insurance revenue is one of the key metrics relevant to users of the consolidated financial statements, which is representative of the size and complexity of the business, and is not distorted by insured catastrophe events to which the Group is exposed.

We agreed with the Audit and Corporate Risk Management Committee that we would report to them misstatements identified during our audit above $205,000 and reclassification misstatements above $4.1 million, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims for short-duration lines of business *See notes 2.O(iii), 5C(ii) and 23 to the consolidated financial statements for disclosures of related accounting policies, judgements and estimates.* The liability for incurred claims (LIC) for short-duration lines of business, which consists of short-duration life and health, and general	Our approach to testing management's valuation of the LIC for short-duration lines of business, with the assistance of our actuarial experts, involved the following procedures, amongst others: Evaluated the accounting policies for any material changes.

insurance contracts, both measured using the premium allocation approach (PAA), is $75.1 million as at 31 December 2024. The LIC for short-duration lines of business is inherently uncertain and contains material management estimates in determining the fulfilment cashflows, and as such is an area of audit focus. The development of the fulfilment cashflows required to settle incurred claims, whether reported or not yet reported, encompass estimates for future cash flows, actuarial assumptions including assumptions regarding policy holder behaviour (lapse), future claim levels and future expense levels. Additional estimation is applied to the fulfilment cash flows in the application of discounting and a risk adjustment.	Updated our understanding of management's end to end process and controls underlying the valuation of the LIC for short-duration contracts. In order to challenge management's assumptions and methodologies related to the fulfilment cashflows, performed independent re-projections on selected classes of general insurance contracts particularly focusing on the largest and most volatile reserves as these were considered higher risk and compared the results to those recorded by management. For the remaining classes of general insurance and short-duration life and health contracts measured under the PAA method, evaluated the reasonableness of the future cash flow and actuarial assumptions applied by management in arriving at the fulfilment cashflows, including assessing consistency with industry and entity-specific facts and circumstances. Performed a methodology and assumptions assessment of management's determination of discount rates and risk adjustment in the actuarial valuation considering market data, and entity specific facts. Tested on a sample basis, the completeness, accuracy and reliability of the underlying data utilised by management to support the actuarial valuation by tracing to underlying support.
Methodologies and assumptions used for determining long-duration insurance contract liabilities for life and annuity claims - fulfilment cash flows *See notes 2.O(ii), 5C(i) and 23 to the consolidated financial statements for disclosures of related accounting policies, judgements and estimates.* As at 31 December 2024 insurance contract liabilities for long-duration life and annuity claims are $174.8 million. The forecast of fulfilment cash flows requires management to develop assumptions and methodologies that represent a probability-weighted view of potential future outcomes. The methodologies and assumptions utilised to measure both the timing and amount of fulfilment cash flows involve complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the determination of these liabilities, and as such is an area of audit focus. The key assumptions include mortality, morbidity, lapse, and expenses. Additional estimation is applied to the fulfilment cash flows in the application of discounting and a risk adjustment.	Our approach to testing management's methodologies and assumptions used for determining insurance contract liabilities for long-duration life and annuity claims, with the assistance of our actuarial experts, included the following procedures, amongst others: Evaluated the accounting policies for any material changes. Updated our understanding of management's end to end process and controls supporting the determination of the fulfilment cash flows. Evaluated the methodologies used by management including assessing consistency with industry and entity-specific facts and circumstances. Assessed the key assumptions being mortality, morbidity, lapse, and expenses, by referencing internal experience and/or industry studies to confirm that management's assumptions are reasonable and consistent with relevant actuarial standards of practice. Performed an independent calculation of the risk adjustment confidence level and compared it to the results of management. Tested management's discount rate methodology and application thereof including evaluating the observable period yields applied and the derivation of the ultimate rate selected.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Marisa Savage.

PricewaterhouseCoopers Ltd.

PricewaterhouseCoopers Ltd.
Chartered Professional Accountants
Hamilton, Bermuda
4 April 2025

Consolidated Statement of Financial Position

As at 31 December 2024
(in thousands of Bermuda dollars)

Assets	Notes	2024 $	2023 $
Cash and cash equivalents	9	**89,258**	83,679
Regulatory assets	10	**28,148**	26,129
Investments	11	**699,227**	717,632
Other assets	12	**39,810**	15,643
Reinsurance contracts held assets	23	**65,813**	71,875
Investment properties	15	**14,968**	15,650
Property and equipment	16	**14,494**	12,992
Tax recoverable	17	**419**	820
Deferred tax asset	17	**422**	394
Intangible assets	18	**7,632**	10,685
Assets held for sale	4	**35,462**	10,803
Total general fund assets		**995,653**	966,302
Segregated funds assets	19	**1,559,395**	1,353,193
Total assets		**2,555,048**	2,319,495
Liabilities			
Other liabilities	20	**43,190**	41,876
Retirement benefit obligations	21	**529**	591
Investment contract liabilities	22	**337,302**	324,434
Insurance contract liabilities	23	**299,689**	286,750
Reinsurance contracts held liabilities	23	**4,607**	5,578
Liabilities held for sale	4	**—**	165
Total general fund liabilities		**685,317**	659,394
Segregated funds liabilities	19	**1,559,395**	1,353,193
Total liabilities		**2,244,712**	2,012,587

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

Consolidated Statement of Financial Position (continued)

As at 31 December 2024
(in thousands of Bermuda dollars)

Equity	Notes	2024 $	2023 $
Share capital	24	**9,388**	9,273
Treasury shares	24	**(6,988)**	(6,352)
Contributed surplus	24	**1,482**	1,482
Share premium	24	**74,207**	69,494
Accumulated other comprehensive loss	28	**(8,079)**	(2,591)
Retained earnings		**233,010**	228,723
Total shareholders' equity		**303,020**	300,029
Non-controlling interests		**7,316**	6,879
Total equity		**310,336**	306,908
Total liabilities and equity		**2,555,048**	2,319,495

Approved by the Board of Directors.

L. Anthony Joaquin, FCA, JP
Group Chair

Abigail Clifford, B.A., M.Sc.
Group President and Group Chief Executive Officer

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

Consolidated Statement of Income

For the year ended 31 December 2024
(in thousands of Bermuda dollars except for per share amounts)

	Notes	2024 $	2023 $
Insurance revenue	13	**412,605**	377,541
Insurance service expenses		**(205,488)**	(186,740)
Net expenses from reinsurance contracts held		**(186,503)**	(163,272)
Insurance service result		**20,614**	27,529
Investment result	14	**22,691**	44,826
Change in investment contract liabilities	14	**196**	(5,883)
Net investment result		**22,887**	38,943
Net finance expenses from insurance contracts issued	14	**(2,713)**	(11,124)
Net finance income from reinsurance contracts held	14	**2,192**	838
Net insurance finance result		**(521)**	(10,286)
Other (income)	26	**(25,476)**	(16,655)
Participating policyholders' net loss		**471**	837
Other operating expenses	27	**49,262**	39,660
Commission and acquisition expense		**86**	110
Amortisation expense		**3,632**	4,322
Interest expense		**211**	139
Net income before income taxes		**14,794**	27,773
Income tax expenses		**(914)**	(600)
Net income for the year		**13,880**	27,173
Net income attributable to:			
Shareholders		**13,458**	26,740
Non-controlling interests in subsidiaries		**422**	433
Net income for the year		**13,880**	27,173
Earnings per share			
Basic and fully diluted	29	**$1.49**	$2.99

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024
(in thousands of Bermuda dollars except for per share amounts)

	2024 $	2023 $
Net income for the year	**13,880**	27,173
Other comprehensive loss:		
Items that will not be reclassified to profit or loss		
Re-measurement of retirement benefit obligations	**107**	85
Unrealised losses on fair value through OCI investments	**(4,905)**	(1,554)
	(4,798)	(1,469)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**(675)**	167
Total other comprehensive loss for the year after income taxes	**(5,473)**	(1,302)
Total other comprehensive loss attributable to:		
Shareholders	**(5,488)**	(1,304)
Non-controlling interests in subsidiaries	**15**	2
Total other comprehensive loss for the year after income taxes	**(5,473)**	(1,302)
Comprehensive income	**8,407**	25,871
Comprehensive income attributable to:		
Shareholders	**7,957**	25,436
Non-controlling interests in subsidiaries	**450**	435
Comprehensive income	**8,407**	25,871

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 17.

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(in thousands of Bermuda dollars except for per share amounts)

	Notes	2024 $	2023 $
Share capital			
Balance – beginning of year		**9,273**	9,187
Shares issued under employee share purchase plan	24	**–**	7
Shares issued under equity incentive plan	24	**–**	9
Share grants issued under equity incentive plan	24	**118**	83
Share grants forfeited under equity incentive plan	24	**(3)**	(13)
Balance – end of year		**9,388**	9,273
Treasury shares			
Balance – beginning of year		**(6,352)**	(5,227)
Acquisition of shares	24	**(636)**	(1,846)
Shares issued outside employee/equity plans	24	**–**	721
Balance – end of year		**(6,988)**	(6,352)
Contributed surplus – beginning and end of year		**1,482**	1,482
Share premium			
Balance – beginning of year		**69,494**	67,853
Shares issued under employee share purchase plan	24	**–**	132
Shares issued under equity incentive plan		**–**	170
Share grants issued under equity incentive plan		**2,664**	1,373
Share grants forfeited under equity incentive plan		**230**	(256)
Treasury shares allocated		**–**	345
Deferred share grant		**1,819**	(123)
Balance – end of year		**74,207**	69,494
Accumulated other comprehensive loss			
Balance – beginning of year		**(2,591)**	(1,287)
Other comprehensive loss for the year		**(5,488)**	(1,304)
Balance – end of year		**(8,079)**	(2,591)

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

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024
(in thousands of Bermuda dollars except for per share amounts)

	2024 $	2023 $
Retained earnings		
Balance – beginning of year	**228,723**	211,957
Impact of initial application of IFRS 9	**–**	(303)
Restated balance – beginning of year	**228,723**	211,654
Net income for the year	**13,458**	26,740
Cash dividends	**(9,171)**	(9,671)
Balance – end of year	**233,010**	228,723
Total equity attributable to shareholders of the Group	**303,020**	300,029
Attributable to non-controlling interests		
Balance – beginning of year	**6,879**	6,444
Net income for the year	**422**	433
Other comprehensive income for the year	**15**	2
Balance – end of year	**7,316**	6,879
Total equity	**310,336**	306,908

The dividends paid in 2024 and 2023 were $9,171 ($1.12 per share) and $9,671 ($1.08 per share) respectively. The 2024 fourth quarter dividend for shares held by Holdco 123 Limited, a subsidiary of Argus Group Holdings Limited ("Argus"), was withheld see Note 33.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(in thousands of Bermuda dollars)

	2024 $	2023 $
Cash flows from operating activities		
Income for the year before income taxes	**14,794**	27,773
Adjustments for:		
Investment income	**(28,769)**	(22,954)
Net realised loss/(gain) on investments	**8,338**	(2,181)
Change in fair value of investments	**(11,093)**	(22,425)
Net recovery on investments	**2,392**	(1,384)
Gain on sale of subsidiaries	**(7,295)**	–
Amortisation of property and equipment	**1,656**	1,332
Amortisation of investment properties	**897**	1,024
Amortisation of intangible assets	**2,990**	3,797
Net impairment of property and equipment	**–**	21
Net impairment of intangible assets	**44**	287
Interest on lease liabilities	**211**	139
Compensation expense related to shares and options	**4,828**	1,193
Changes in assets and liabilities:		
Regulatory assets	**(2,019)**	(871)
Other assets	**(20,870)**	8,656
Reinsurance contracts held assets	**6,062**	890
Reinsurance contracts held liabilities	**(971)**	(69)
Insurance contract liabilities	**12,939**	45
Investment contract liabilities	**12,868**	26,217
Other liabilities	**(474)**	(745)
Retirement benefit obligations	**62**	36
Cash (used)/generated from operations	**(3,410)**	20,781
Income taxes paid	**(532)**	(719)
Interest received	**23,287**	21,250
Dividends received	**1,474**	1,051
Net cash generated from operating activities	**20,819**	42,363

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

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024
(in thousands of Bermuda dollars)

	2024 $	2023 $
Cash flows from investing activities		
Purchase of investments	**(209,898)**	(293,904)
Proceeds from sales of investments	**189,009**	262,273
Net acquisition of property and equipment	**(137)**	(1,513)
Additions to investment properties	**(215)**	(388)
Net acquisition of intangible assets	**19**	(1,115)
Cash proceeds from sale of subsidiaries	**17,600**	–
Net cash used for investing activities	**(3,622)**	(34,647)
Cash flows from financing activities		
Cash dividends paid	**(10,096)**	(9,671)
Interest paid	**(211)**	(139)
Proceeds from loan	**–**	12,000
Acquisition of treasury shares	**(636)**	(1,846)
Cash proceeds on issue of common shares	**–**	189
Principal elements of lease payments	**(694)**	(366)
Net cash (used)/generated for financing activities	**(11,637)**	167
Effect from changes in exchange rates	**(199)**	167
Increase in cash and cash equivalents	**5,361**	8,050
Cash and cash equivalents – beginning of year	**83,897**	75,847
Cash and cash equivalents – end of year	**89,258**	83,897
Cash and cash equivalents include:		
Cash and cash equivalents of assets held for sale	**–**	218
Cash and cash equivalents of continuing operations	**89,258**	83,679

See Note 11 for disclosures of non cash investing activities arising in the year.

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024
(in thousands of Bermuda dollars)

1. Nature of the Group and its business

BF&M Limited (the "Group") was incorporated in Bermuda on 5 August 1991, as a holding company, and is a public limited company listed on the Bermuda Stock Exchange. The address of its registered office is: 112 Pitts Bay Road, Pembroke HM08, Bermuda.

The Group's principal business is insurance. It determines and charges a premium to policyholders which, taken as a pool with all other policyholders, is expected to cover underwriting costs and claims which may take a number of years to settle. The business risks of insurance reside in determining the premium, settlement of claims, estimation of claim costs and management of investment funds.

The Group is involved in property, casualty, motor, marine, life, health and long-term disability insurance, annuities, the management and investment of pension plans, as well as the rental of office space in buildings owned by the Group.

The Group has the following subsidiaries:

	% owned	Principal country of operation and incorporation
BF&M General Insurance Company Limited ("BF&M General")	100	Bermuda
BF&M Life Insurance Company Limited ("BF&M Life")	100	Bermuda
Island Heritage Insurance Company, Ltd. ("IHIC")	100	Cayman Islands
BF&M (Canada) Limited ("BF&M Canada")	100	Canada
BF&M Brokers Limited ("BF&M Brokers")	100	Bermuda
BF&M Investment Services Limited ("BFMISL")	100	Bermuda
Island Heritage Insurance Company N.V.	100	Netherlands Antilles
Island Heritage Retirement Trust Company Ltd. ("IHRT")	100	Cayman Islands
Lawrence Boulevard Holdings Ltd.	100	Cayman Islands
Eleos Health Ltd.	100	Bermuda
Scarborough Property Holdings Limited ("Scarborough")	60	Bermuda

At 31 December 2024 Eleos Health Ltd. is non operational. During 2024, the Group disposed of two wholly-owned subsidiaries Barr's Bay Properties Limited, and BF&M Properties Limited. Further details are provided in Note 4 Assets and liabilities held for sale and dispositions.

All subsidiary undertakings are included in the consolidated financial statements with any portion not owned by the Group reflected in non-controlling interest; in addition, all subsidiaries have a 31 December year-end.

On 20 March 2025, the Board of Directors approved the consolidated financial statements and authorised them for issue. The Board of Directors has the power to amend the consolidated financial statements after issue.

Notes to Consolidated Financial Statements
For the year ended 31 December 2024
(in thousands of Bermuda dollars)

2. Material accounting policy information

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

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued and adopted by the International Accounting Standards Board ("IASB").

B. Basis of preparation

i) Basis of measurement

The consolidated financial statements have been compiled on the going concern basis.

The consolidated statement of financial position is presented in order of liquidity except for Assets held for sale and Liabilities held for sale. Refer to Note 4.

ii) Critical estimates, judgments and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amount of the asset or liability affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Key sources of estimation uncertainty and areas where significant judgments have been made are listed below and discussed throughout the notes to these consolidated financial statements including:

- The actuarial assumptions used in the valuation of life and health insurance contract liabilities. Key assumptions are discussed in Note 23E and sensitivities are disclosed in Note 5C.
- The estimate of the ultimate liability arising from claims under short-term insurance contracts. Refer to Note 23E and Note 5C.
- Management exercises judgment in determining whether credit risk on financial assets carried at amortised cost has increased significantly since initial recognition and in choosing appropriate models and assumptions for the measurement of expected credit loss allowances, including the incorporation of estimated or forecast information. Refer to Note 2I and Note 5B.
- In the determination of the fair value of financial instruments, the Group's management exercises judgment in the determination of fair value inputs, particularly those items categorised within level 3 of the fair value hierarchy. Refer to Note 8.
- Management considers the synergies and future economic benefits to be realised in the initial recognition and measurement of goodwill and intangible assets as well as evaluating recoverable amounts. The assessment of the carrying value of goodwill and intangible assets relies upon the use of forecasts and future results. Refer to Note 2N and Note 18.
- The actuarial assumptions used in determining the liability and expense of the Group's retirement benefit obligations. Management reviews previous experience of its plan members and market conditions for the year. Refer to Note 21.
- Management uses independent qualified appraisal services to assist in determining the fair value of investment properties or properties providing collateral for mortgages, for purposes of evaluating possible impairment. This fair value assessment requires judgments and estimates on future cash flows and general market conditions. Refer to Notes 8 and 15.

C. Consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Group and deconsolidated on the date control ceases. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

ii) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Notes to Consolidated Financial Statements
For the year ended 31 December 2024
(in thousands of Bermuda dollars)

D. Determination of fair value

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is typically based on alternative valuation methods such as discounted cash flows and other techniques. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation methods and inputs. For bonds and fixed income securities, broker quotes are typically used when external public vendor prices are not available. Judgment is also applied in adjusting external observable data for items including liquidity and credit factors. A description of the fair value methodologies and assumptions by type of asset is included in Note 8.

E. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

F. Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). All amounts in the consolidated financial statements, excluding per share data or where otherwise stated, are in thousands of Bermuda dollars, which is the Group's presentation currency (the "presentation currency").

ii) Transactions and balances

Monetary assets and liabilities, including insurance and reinsurance contact assets and liabilities, denominated in currencies other than the functional currency of the Group or its subsidiaries are translated into the functional currency using the rate of exchange prevailing at the consolidated statement of financial position date. Income and expenses are translated at rates of exchange in effect on the transaction dates. Foreign exchange gains and losses are expensed in the consolidated statement of income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets classified as available-for-sale are included in other comprehensive income.

iii) Group companies

The financial statements of foreign operations are translated from their respective functional currency to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at rates of exchange for the period at the statement of financial position date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in other comprehensive income on the consolidated statement of comprehensive income.

The Cayman Islands operation's functional currency is the United States dollar, which is on par with the Bermuda dollar. As a result there are no unrealised translation gains and losses to be reported other than for BF&M Canada, for which the functional currency is the Canadian dollar.

G. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid financial assets with original maturities of three months or less and are readily convertible to known amounts of cash and which are subject to an insignificant change in value, and bank overdrafts.

H. Regulatory assets

Regulatory assets are held with Regulators as a legal requirement in order to provide services in the respective territories. Regulatory assets comprise deposits and fixed income securities. Refer to Note 2I(i) and (ii) for the classification, recognition and subsequent measurement of fixed income securities held as regulatory assets.

I. Financial assets and financial liabilities

i) Recognition and initial measurement

Financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Notes to Consolidated Financial Statements
For the year ended 31 December 2024
(in thousands of Bermuda dollars)

ii) Classification and subsequent measurement

a) Financial assets

Classification

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification assigned depends on the contractual cash flow characteristics of the assets, how the assets are managed (i.e., the applicable business model), and whether the Group has made an election in order to reduce an accounting mismatch which would otherwise arise.

Assets at amortised cost comprise financial assets with contractual terms that give rise solely to interest and principal ("SPPI") cash flows, and which are held in a business model whose objective is to hold the assets to collect their cash flows. They are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income

With the exception of the investments discussed in Note 4, and a cross shareholding with a strategic partner, all other financial assets are measured at FVTPL, either mandatorily (such as for equity instruments that are not plan assets) or by designation, where such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise were it to be measured at FVOCI or amortised cost. Net gains and losses on assets measured at FVTPL, including any interest or dividend income and foreign exchange gains and losses, are recognised in the consolidated statement of income.

Financial assets at FVTPL by the Group comprise certain debt instruments that are held to support insurance contract liabilities, and regulatory assets.

Debt instruments supporting insurance contract liabilities are held at FVTPL. The objective of the Group's business model is to fund the associated liabilities by applying techniques such as cash flow and duration matching. Financial risk changes on such liabilities flow through the consolidated statement of income.

Regulatory assets are held to fulfil requirements imposed by regulators and since there is moderate turnover in this portfolio, and the performance of the portfolio is evaluated on a total return basis, these assets are classified as at FVTPL.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and how information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- how risks are assessed and managed;
- how investment managers are compensated; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are SPPI

Key to determining whether financial assets meet the criteria for classification at amortised cost is assessing whether the contractual cash flows are SPPI. In performing this assessment the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. Where the contractual terms deviate from a basic lending arrangement, the SPPI criterion would not be met, and such a financial asset would be measured at FVTPL.

c) Financial liabilities

Classification

The Group classifies its financial liabilities as either FVTPL or amortised cost.

The Group's investment contract liabilities and segregated fund liabilities are held at FVTPL on initial recognition since the related assets are managed and their performance is evaluated on a fair value basis. For investment contract liabilities, net gains and losses, including any interest expenses and foreign exchange gains and losses, on these financial liabilities are recognised in the consolidated statement of income.

All other financial liabilities are measured at amortised cost.

d) Interest on financial instruments

Interest income and expenses are recognised in the consolidated statement of income using the effective interest rate method for financial instruments measured at amortised cost. If a financial asset is not credit-impaired, the gross carrying amount is used to calculate interest income. When a financial asset becomes credit impaired, interest income is calculated on the carrying amount net of the allowance for expected credit losses ("ECL").

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iii) Impairment

The Group recognises allowances for ECL on financial assets measured at amortised cost and the carrying amount of such assets in the statements of financial position are net of the allowances for ECL.

The Group measures loss allowances at an amount equal to the lifetime ECL allowance, except in the following cases, for which the amount recognised is the 12-month allowance for ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

Financial instruments for which the 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. The 12-month ECL is estimated based on default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are estimated based on all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The Group's ECL model is detailed in Note 5B.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event; or
- the debtor entering bankruptcy or other financial reorganisation becoming probable.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Write-off

The gross carrying amount of a financial asset, and the related allowance for ECL, is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

iv) Derecognition

a) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of income.

b) Financial liabilities

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

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J. Investment properties

Investment properties are defined as properties with an insignificant portion that is owner occupied and are held for long-term rental yields or capital appreciation and comprise freehold land and buildings. Properties that do not meet these criteria are classified as property and equipment. Investment properties are initially recognised at cost in the consolidated statement of financial position. Subsequently, investment properties are carried at historical cost less depreciation. Depreciation on investment properties is calculated using the straight-line method over 50 years, excluding land and its residual value. Rental income from investment properties is recognised on a straight-line basis over the term of the lease in rental income in the consolidated statement of income. Expenditures relating to ongoing maintenance of investment properties are expensed. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. 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.

K. Property and equipment

Owner occupied properties and all other assets classified as property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures relating to ongoing maintenance of property and equipment are expensed as incurred in operating expenses in the consolidated statement of income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following rates:

Computer hardware	3 to 5 years
Motor vehicles	5 years
Furniture and equipment	5 to 10 years
Leasehold improvements	the shorter of the lease term or 5 to 10 years
Buildings	50 years

The assets' residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered impaired and it is written down immediately to its recoverable amount. In the event of improvement in the estimated recoverable amount, the related impairment may be reversed.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in other income in the consolidated statement of income.

L. Leases

i) The Group as a lessee

The Group leases various buildings and equipment. Rental contracts are typically made for fixed periods (2 to 10 years for buildings and 3 to 6 years for equipment) but may have extension options described further below. These leases do not include residual value guarantees or purchase options.

Lease contracts that contain an identified asset for which the Group has the right to direct the use of the identified asset and obtain substantially all of the economic benefits through the period of use are recognised on the consolidated statement of financial position as a right-of-use asset within Property and equipment and a corresponding liability within Other liabilities at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; lease payments for reasonably certain renewal options; and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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 Group:

- Where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- Because all third-party financing is to be arranged at the Group level, the use of the Group financing rates has been applied.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

- Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases with a lease term of 12 months or less and all leases of low-value assets are recognised as an expense in the consolidated statement of income.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The probability of renewal (or termination) is assessed using several factors such as: suitability and location of the asset; comparison to market rates; historical lease durations; costs and business disruption to replace the lease assets; and any other relevant factors.

Most extension options in equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

ii) The Group as a lessor

Where the Group is the lessor under an operating lease for its investment properties, lease arrangements are fixed, and income is credited to the consolidated statement of income on a straight-line basis over the period of the lease. In addition, the tenant can renew their lease when their tenancy is nearing expiry. There are no contingent rentals included in the lease agreements.

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M. Intangible assets

Intangible assets comprise finite-life intangible assets which are amortised on a straight-line basis over varying periods of up to 10 years, being the estimated expected lives. The estimated life is re-evaluated when there is objective evidence of impairment (refer to Note 2(N)). For assets that are not yet in use, impairment is assessed on an annual basis. Finite-life intangible assets include the following:

Customer relationships and contracts

These assets, which comprise customer lists, customer relationships and contracts acquired from the purchase of rights or as part of business combinations, were initially measured at fair value by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. Subsequently, these assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over either 5 or 10 years, being the expected life of the business assumed. These assets include assets acquired on the acquisition of IHIC and BF&M Brokers and assets acquired from agents in the health, life, annuity and pension segment.

Distribution channels

These assets, which comprise agent and bank relationships acquired as part of business combinations, were initially measured at fair value by estimating the net present value of future cash flows from these relationships based on certain historical ratios of gross written premium arising from these distribution channels on business in force at the date of acquisition. Subsequently, these assets are carried as cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over 10 years, being the expected life of the business assumed and the business channel relationship. These assets include assets acquired on the acquisition of IHIC.

Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as internally generated intangible assets when:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and

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- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development include employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are expensed when incurred. Capitalised software development costs for projects in use are amortised on a straight-line basis over their useful lives, which range from 3 to 10 years.

N. Impairment of non-financial assets

The Group's non-financial assets comprise investment properties, property and equipment and intangible assets. Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever there is objective evidence of impairment. Objective evidence includes but is not limited to the following: (i) adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability; (ii) the likelihood of accelerated obsolescence arising from the development of new technologies and products; and (iii) the disintegration of the active market(s) to which the asset is related. If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised as part of amortisation expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions of the time value of money and the risks specific to the asset. Assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash-generating units), except where the value in use of an asset can be estimated as being close to its fair value less costs to sell where fair value can be reliably determined.

O. Insurance and reinsurance contracts and investment contracts

The Group issues contracts that transfer insurance risk or both insurance and financial risk.

Insurance contracts issued are those contracts where the Group (the insurer) has accepted significant insurance risk from another party, the policyholder or ceding company, by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. In addition, the Group considers the proportion of premiums received to the benefit payable if the insured event did occur. Insurance contracts can also transfer financial risk. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held.

Life insurance contracts issued include term, whole life and universal life insurance contracts, group life insurance policies, and life contingent annuities. Whole life contracts may be participating or non-participating contracts. Life insurance contracts issued that contain participating features do not meet the definition of contracts with direct participation features set out in IFRS 17 Insurance Contracts since a specified pool of underlying assets is not clearly identified.

Term certain annuities issued expose the Group to financial risk primarily and are therefore classified as investment contracts and accounted for under IFRS 9 (see Note 2(I)).

Short-duration group life and health contracts issued, and the related reinsurance contracts held, automatically qualify for measurement under the premium allocation approach ("PAA") set out in IFRS 17 since the coverage periods (after also considering cancellation clauses) are 12 months or less. Long-duration life and annuity contracts are measured using the general measurement principles (collectively, the "GMM") of IFRS 17.

General insurance contracts (issued by IHIC and BF&M General) include property, casualty, motor, marine and other specialty insurance contracts. These contracts are all non-participating contracts.

General insurance contracts issued, and the related reinsurance contracts held, are measured using the PAA. Most contracts automatically qualify for this approach (given a one-year coverage duration), however certain contracts have longer durations and necessitated PAA eligibility testing. In performing this eligibility testing, various reasonably possible scenarios were tested, and it was concluded that the measurement of the liability for remaining coverage ("LRC") under the PAA approach would not differ significantly from the measurement if the general measurement principles of IFRS 17 were applied instead.

i) Aggregation and recognition of insurance and reinsurance contracts

a) Insurance contracts issued

Insurance contracts are aggregated into groups for IFRS 17 measurement purposes. Contracts are first assigned to portfolios by aggregating together those subject to similar risks that are also managed together. Portfolios are then subdivided into annual cohorts (i.e., by year of issue).

The Group has not identified any contracts that were onerous at initial recognition or at the date of transition to IFRS 17, however there is a risk that some groups of contracts included in a particular cohort may become onerous subsequently due to adverse experience. Hence, all contracts are included in a single "remaining" profitability group and loss component accounting is currently not applicable.

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The Group's main life and health portfolios are:

- Long-duration under the GMM: Annuity and Individual Life contracts
- Short-duration under the PAA: Group Life and Group Health contracts.

In addition, the Group also has four General insurance portfolios namely, Property, Motor, Casualty and Marine.

Various contracts contain investment components which are non-distinct. The identification of and accounting for such components is discussed in Note 23(E).

An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period; or
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder.

b) Reinsurance contracts held

Reinsurance contracts held are allocated into portfolios based on the direct risks covered. Some reinsurance contracts provide cover for underlying contracts that are included in different direct portfolios. These contracts are subdivided based on the underlying direct risks covered and allocated into portfolios on this basis since the covers were combined into one contract merely for administrative convenience. The different covers do not lapse together and can be priced and sold separately in the market.

Groups of reinsurance contracts held are initially recognised on the following date:

- Contracts providing proportionate coverage: The date on which any underlying insurance contract is initially recognised.
- Others: The beginning of the coverage period of the group of reinsurance contracts.

ii) Measurement of contracts under the GMM

a) Insurance contracts issued Initial measurement

On initial recognition, the Group measures a group of insurance contracts issued as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM").

The risk adjustment for non-financial risk is the compensation required by the Group for bearing uncertainty that arises from non-financial risk.

The CSM represents the unearned profit that the Group will recognise as it provides services under those contracts. The CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

b) Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts issued at each reporting date is the sum of the LRC and the liability for incurred claims ("LIC").

After initial recognition, the LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date (see below).

The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid.

The fulfilment cash flows of groups of insurance contracts issued are measured at the reporting date using current estimates of future cash flows (Note 23E(i)(a)), current discount rates (Note 23E(i)(d)) and current estimates of the risk adjustment for non-financial risk (Note 23E(i)(e)).

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition;
- the amount recognised as insurance revenue because of the services provided in the year (see Note 20 (v)).

c) Reinsurance contracts held – GMM

To measure groups of reinsurance contracts held that cover the underlying insurance risks that are measured using GMM, the Group applies accounting policies and assumptions that are consistent with those applied to the associated insurance contracts issued.

iii) Measurement of contracts under the PAA

The Group uses the PAA to simplify the measurement of groups of General insurance and short-duration life and health contracts.

a) Insurance contracts issued

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows at that date. For certain life and health group insurance contracts, the Group expenses insurance acquisition cash flows as they are incurred.

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Subsequently, the Group measures the carrying amount of the LRC at the end of each reporting period as: (a) the LRC balance at beginning of the period; plus (b) premiums received in the period; minus (c) directly attributable acquisition costs net of related amortisation (unless expensed as incurred); minus (d) amount recognised as insurance revenue for the period; minus (e) investment component paid or transferred to the LIC.

Since the Group expects that the period between providing each part of the services and the related premium due dates will be less than a year, the Group has chosen not to adjust the PAA LRC to reflect the time value of money and the effect of financial risk.

For General insurance, amounts receivable from brokers and agents are accounted for as part of the LRC.

The Group measures the LIC at the amount of fulfilment cash flows required to settle incurred claims, whether reported or not yet reported. The future cash flows are discounted (at current market rates) to reflect the time value of money and the effect of financial risk, unless they are expected to be paid in one year or less from the date the claims are incurred.

During the reporting period, no facts and circumstances were identified that would indicate that any groups of contracts are onerous.

b) Reinsurance contracts held
The Group applies the same accounting policies to measure groups of reinsurance contracts held that cover the risks of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

iv) Contract derecognition
The Group derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled.

v) Presentation
Portfolios of insurance contracts issued that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the consolidated statement of financial position.

The Group disaggregates amounts recognised in the consolidated statement of income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) net insurance finance income or expenses .

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts issued, and on a net basis as "net expenses from reinsurance contracts held" in the insurance service result and net reinsurance finance income or expenses in the consolidated statement of income.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and net insurance/reinsurance finance income or expenses by applying a systematic allocation method.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

a) Insurance revenue from contracts not measured under the PAA
The Group recognises insurance revenue as it satisfies its performance obligations – i.e., as it provides services. For contracts not measured under the PAA, insurance revenue comprises the following items:

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- A release of the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses previously reserved for that were released in the year, are measured at the amounts expected at the beginning of the year.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue, and an equal amount as insurance service expenses.

Release of the CSM
The amount of the CSM that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in insurance revenue the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. Time value of money is not considered for the purposes of the CSM amortisation.

b) Insurance revenue from contracts measured under the PAA
For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the following bases:

- certain property and life and health contracts: the pattern of the expected release from risk; and
- other contracts: the passage of time.

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c) Insurance service expenses

Insurance service expenses arising from insurance contracts issued are recognised in the consolidated statement of income generally as they are incurred. Insurance service expenses exclude repayments of investment components, and comprise the following items:

- Incurred claims and other costs associated with policy maintenance;
- Insurance acquisition cash flows incurred (life and health under the PAA) and amortised (General insurance PAA); and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk, and changes thereon.

d) Net income/expenses from reinsurance contracts held

Net income/expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in the consolidated statement of income as it receives services under the reinsurance contracts held. For contracts not measured under PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration. These services include expected recoveries, a release of the reinsurance risk adjustment, and a release of the reinsurance CSM.

For contracts measured under PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

e) Net insurance and reinsurance finance income and expenses

Net insurance and reinsurance finance income and expenses comprises changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. For contracts measured under GMM this primarily includes interest accreted on the FCF and the CSM and the effect of changes in interest rates and other financial assumptions. For contracts measured under the PAA this primarily includes interest accretion on LIC and the effect of changes in interest rates and other financial assumptions.

The Group presents net insurance finance income or expenses and net reinsurance finance income or expenses separately in the consolidated statement of income.

vi) Investment contracts

Investment contracts are those contracts that do not transfer significant insurance risk but do transfer financial risk from the policyholder. The Group issued contracts that in some instances contained a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, a dividend. Dividends are paid on the policy anniversary and as long as the policy is in force. These contracts are referred to as participating contracts.

IFRS allows the non-guaranteed, or participating, elements of such contracts to be classified as either a liability or as equity, depending on the nature of the obligation to the policyholder. The contracts issued by the Group contain constructive obligations to the policyholder with respect to the DPF of the contracts. The Group has therefore elected to classify these features as a liability.

Investment contracts with DPF's are accounted for in accordance with IFRS 17 and investment contracts without discretionary participating features are accounted for in accordance with IFRS 9, Financial Instruments. The Group's investment contracts include pension plans with a guaranteed rate of return and annuities that do not transfer insurance risk. All new investment contracts issued are non-participating.

Liabilities for investment contracts have been designated at FVTPL. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income. These liabilities are derecognised when the obligation of the contract is discharged, cancelled or expired.

P. Service contracts

Contracts issued by the Group that do not transfer significant insurance or financial risk from the customer are referred to as service contracts. These contracts are primarily for the provision of pension administration and investment management services. Fee income earned from these contracts is described in the Revenue Recognition accounting policy, Note 2T. Deferred acquisition costs ("DAC") arising from service contracts are amortised over the expected life of the contracts up to a maximum of 10 years. Where the cost of meeting the obligations of the contract exceed the economic benefits expected to be received under it, a provision is recognised.

Q. Segregated funds assets and liabilities

Segregated funds assets and liabilities relates to contracts issued by the Group where the benefit amount to the policyholder is directly linked to the fair value of the investment held in the particular segregated fund. The underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets. The contractual arrangements are such that the segregated fund policyholder bears the risk and rewards of the fund's investment performance. There is also no insurance risk to the Group with these contracts. Segregated funds net assets are recorded at fair value. The fair value of the segregated funds net liabilities is equal to the segregated funds net assets. Investment income earned by the segregated funds and expenses incurred by the segregated funds offset and are not separately presented in the consolidated statement of income and are disclosed in Note 19. Fee income earned on the management of these contracts is included in commission and other income in the consolidated statement of income.

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R. Current and deferred income tax

The tax expense for the period on the Group's Canadian and Cayman Islands operations comprises current and deferred tax. In December 2023, the Bermuda Government enacted a 15 per cent corporate income tax ("CIT") that comes in effect in 2025. The Group is not presently in scope of the requirements since CIT is applicable only to multinational enterprise groups with annual revenues of €750 million or more.

Tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effect of carry-forwards of unused tax losses are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. When management's assessment indicates that it is more likely than not that deferred income tax assets will not be realised, a valuation allowance is recorded against the deferred tax assets.

S. Employee benefits

The Group operates various post-employment benefit schemes, including defined benefit and defined contribution pension plans and post-employment medical plans.

i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. With respect to the Group's defined contribution plans, the Group pays contributions into the plan and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

A defined benefit plan is a pension plan in which the Group is obligated to pay a specified benefit based on a predetermined formula. The net liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. When the calculation results in a surplus, the asset recognised is limited to the present value of the future economic benefit available in the form of future refunds from the plan or reductions in future contributions to the plan (the asset limit). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market interest rates of high-quality debt instruments.

Re-measurement of the net defined benefit asset or liability consists of actuarial gains and losses, the change in effect from asset limits and the return on plan assets, excluding amounts included in net interest on the net defined benefit asset or liability, and are charged or credited to other comprehensive income in the period in which they arise. Current service costs, past services cost, any gains or losses from curtailments and interest on the net defined benefit liability (asset) are recognised immediately in the consolidated statement of income.

ii) Other post-employment benefit obligations

In addition to pension benefits, the Group provides post-retirement benefits for health care to qualified Bermuda retirees. The entitlement to these benefits was conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. As the plan is closed to new participants, only the interest on the obligation is recognised in the consolidated statement of income. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

iii) Share-based compensation

The Group has an Equity Incentive Plan under which the entity receives services from employees as consideration for equity instruments of the Group (both equity, and equity based but cash settled, transactions). Share grants are issued to employees equal to the fair value of the shares on the grant date. The amount of the benefit of these share grants is amortised over the vesting period as operating expense in the consolidated statement of income. Where share grants are forfeited due to failure by the employee to satisfy the service conditions, any expense previously recognised in relation to such shares is reversed effective the date of forfeiture.

If the Group grants share options to employees that vest in the future if service conditions are met, then the fair value of the options will be calculated at the date the options are granted. This fair value will be charged to the consolidated statement of income equally over the vesting period with adjustments made at each accounting date to reflect the best estimate of the number of options that will eventually vest. Expenses previously recognised related to share options are not reversed on forfeit.

The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to share capital and share premium with a corresponding charge to operating expenses.

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iv) Employee share purchase plan

The Group operates an employee share purchase plan that allows its employees to purchase the Group's common shares at below-market rates, subject to certain restrictions. Shares are offered at a discount to the shares' fair market value, as determined by the market share price on the date of purchase. Employees may purchase shares up to a maximum percentage of their gross salary. The discount is charged to compensation expense in the period in which the shares are purchased.

T. Revenue recognition

Revenue arising from the management of service contracts, pension administrative services and investment advisory and management services offered by the Group is included within other income in the consolidated statement of income. Revenue is recognised at the point in time when services are rendered.

The majority of the revenue from service contracts is comprised of variable consideration and is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur. Revenue comprises the fair value for services.

U. Share capital and treasury shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Where the Group purchases the Group's common shares, for example as the result of a share buy-back, the consideration paid, including any directly attributable costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transactions costs, is included in equity.

V. Dividend distribution

Dividend distribution to the Group's shareholders' is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Group's Board of Directors.

W. Earnings per share

Basic earnings per share is presented in the consolidated statement of income and is calculated by dividing the shareholders' net earnings for the year by the weighted average number of ordinary shares outstanding, excluding treasury shares, at the reporting date.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. When there is a loss, no potential common shares are included in the computation of fully diluted earnings per share.

X. Non-current assets and disposal groups classified as held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when a sale is highly probable and the assets are available for immediate sale in their present condition, subject only to terms that are usual and customary for sales of non-current assets and disposal groups. For a sale to be highly probable management are committed to sell the non-current asset or disposal group within one year from the date of classification as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Certain assets are specifically excluded from these measurement requirements. The assets in this category include financial assets, investment properties and insurance and reinsurance assets. These exempt assets are measured in accordance with the relevant accounting policies described within the Notes to these consolidated financial statements. The disposal group as a whole is then measured to the lower of its carrying amount and fair value less cost to sell. Any impairment loss for the disposal group is recognised as a reduction to the carrying amount of the non-current assets in the disposal group that are in scope of the measurement requirements.

Assets and liabilities in a disposal group classified as held for sale are presented separately in the consolidated statements of financial position.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation the comparative consolidated statement of income and consolidated statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

3. New and revised accounting standards

(i) New and revised accounting standards effective 1 January 2024.

The Group has applied the following relevant amendments for the first time for its annual reporting period commencing 1 January 2024

Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback.
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.

(ii) New and revised accounting standards not yet effective.

(i) Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback.
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" ("IFRS 7")) were
issued in May 2024 to be effective for years beginning on 1 January 2026 and to be applied retrospectively. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS9 Financial Instruments. The Group is assessing the impact of these amendments.

(ii) IFRS 18 "Presentation and Disclosure in the Financial Statements"
IFRS 18 "Presentation and Disclosure in Financial Statements" ("IFRS 18") was issued in April 2024 to be effective for years beginning on 1 January 2027 and to be applied retrospectively. The standard replaces IAS 1 "Presentation of Financial Statements" ("IAS 1") while carrying forward many elements of IAS 1 unchanged. IFRS 18 introduces new requirements for presentation of financial statements and disclosures within financial statements. The Group is assessing the impact of this standard.

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4. Assets and liabilities held for sale and dispositions

(i) Disposal of BF&M Properties and Barr's Bay

In 2023, the Group committed to sell its headquarters and a wholly-owned-subsidiary company, Barr's Bay. The Group simultaneously committed to lease back a portion of Barr's Bay and all of the headquarters. The subsidiary's assets and liabilities, which comprise a disposal group, and the headquarters were treated as held-for-sale at the 31 December 2023 year-end.

The aforementioned transactions closed on 31 July 2024, the portions of the properties subject to lease back were accounted for as sale and lease back transactions under IFRS 16. The portion of Barr's Bay not leased back was treated as an outright sale. The combined impact of the transactions are as follows:

	2024 $
Total consideration received	**17,600**
Carrying amount of net assets sold	**(10,785)**
Right of use asset	**3,081**
Lease liability	**(2,601)**
Gain on sale and lease back	**7,295**

The gain is recorded in other income in the consolidated statement of comprehensive income.

(ii) Investment in Argus Group Holdings Limited

In 2023, the Group and Equilibria Capital Management Limited ("Equilibira") announced a multifaceted strategic partnership, which included the following:

- The Group purchased a call option written by investment funds managed by Equilibria to purchase at a pre agreed price (the strike price) 2,978,925 shares of Argus. The option was deemed to be called upon the announcement of the transaction between the Group and Argus on 28 June 2024. However, settlement of the option was dependent on various closing conditions related to the amalgamation transaction with Argus which did not occur until December 2024. The impact of exercising the option in December 2024 is included within investment return and includes (i) the write-off of the carrying value of the Level 3 derivative asset, and (ii) the loss arising from the strike price exceeding the Argus stock price on the date of settlement. Subsequent to exercising the option the 2,978,925 shares held are classified as FVOCI;
- Investments in a dedicated fund set up by Equilibria, which consisted solely of Argus shares, and was classified as FVOCI. In December 2024, the Group redeemed the subscription, and as a result holds directly an additional 4,113,399 common shares of Argus.

The completion of the above transactions resulted in the Group directly holding approximately 33% of Argus' outstanding shares at year end. Under IAS 28 Investments in Associates and Joint Ventures, there is a presumption that significant influence exists if an entity holds more than 20% of the voting rights of an investee, and if there is significant influence then the equity method of accounting shall be applied. However, the Group will dispose the investment as part of executing the amalgamation with Argus in the first quarter of 2025. As a result, the investment is deemed held for sale per the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, and recorded at its fair value under IFRS 9. There was no gain or loss recognised upon recording the investments as held for sale as they are carried at FVOCI. The following table shows the assets and liabilities held for sale at 31 December.

	Notes	2024 $	2023 $
Assets			
Cash and cash equivalents	9	–	218
Investments	11	**35,462**	–
Other assets	12	–	324
Investment properties	15	–	5,545
Property and equipment	16	–	4,716
Total assets held for sale		**35,462**	10,803
Liabilities			
Other liabilities	20	–	165
Total liabilities held for sale		–	165

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5. Management of financial and insurance risk

A. Risk management and objectives

The Group's primary objective in undertaking risk management activity is to manage risk exposures in line with risk appetite, minimising its exposure to unexpected financial loss and limiting the potential for deviation from anticipated outcomes. In this respect, a framework of limits and qualitative statements, aligned with the Group's risk appetite, is in place for material exposures. Key management recognises the critical importance of having efficient and effective risk management systems in place.

A significant part of the Group's business involves the acceptance and management of risk. The Group is exposed to insurance, market, credit, liquidity and operational risks and operates a formal risk management framework to ensure that all significant risks are identified and managed.

The Group seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board of Directors. The Group has established a risk management function with terms of reference from the Board of Directors, its committees, and the associated executive management committees. This is supplemented with an organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The key control techniques for the major categories of risk exposure are summarised in the following sections.

Risks are usually grouped by risk type: (i) financial, including credit, liquidity, and market; and (ii) insurance, including life and health insurance and short-term insurance risk. Risks falling within these types may affect a number of key metrics including those relating to the consolidated statement of financial position's strength, liquidity, and profit. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Assets which relate to certain life insurance and investment contracts are managed for the account and risk of the Group's customers. They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair value of the liabilities reflects the fair value of the assets.

B. Financial risks

i) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the Group's reinsurance contract assets and financial assets. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures – e.g., individual obligor default risk, country risk and sector risk.

The following policies and procedures are in place to manage this risk:

- Holding a diversified investment portfolio that focuses on quality of investment. The portfolio is monitored and reviewed regularly by management's Investment Committee and by the Board of Director's Finance, Compensation, and Corporate Governance Committee;
- Investment guidelines are in place that require the purchase of only investment-grade assets and minimise undue concentration of assets in any single issuer, industry group, asset class or credit rating, unless required by local law or regulation;
- Investment guidelines specify collateral requirements for mortgages and loans and receivables which include the underlying property or other security;
- Transacting business with well-established reinsurance companies with strong credit ratings; and
- Transacting business with well-established financial institutions and diversification of holdings where possible.
- Developing and maintaining the Group's processes for measuring ECL. This includes processes for determining and monitoring of significant increases in credit risk, such as identifying past-due amounts, placing at-risk exposures on credit watchlists, and scrutinising the borrower's financial position.

Maximum exposure to credit risk

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

	2024 $	2023 $
Cash and cash equivalents	**89,258**	83,897
Regulatory assets	**28,148**	26,129
Fixed income securities – at amortised cost	**—**	—
Fixed income securities – at FVTPL	**552,006**	531,335
Mortgages and loans	**29,740**	32,177
Other assets	**39,810**	15,967
Reinsurance contracts held assets	**65,813**	71,875
	804,775	761,380
Assets held for sale	**—**	(542)
Total	**804,775**	760,838

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Concentration of credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries.

The following table provides details of the carrying value of fixed income securities by industry sector and geographic distribution:

	2024 $	2024 $	2023 $	2023 $
Assets held in:	**Investments**	**Regulatory assets**	**Investments**	**Regulatory assets**
Fixed income securities issued or guaranteed by:				
Financials	**105,420**	**1,313**	94,144	2,167
Government	**39,753**	**7,898**	56,070	7,523
U.S. Treasury and other agencies	**81,419**	**3,734**	66,245	343
Utilities and energy	**60,936**	**752**	63,064	738
Consumer staples and discretionary	**52,134**	**887**	54,066	416
Computer technology products and services	**15,846**	**444**	20,892	432
Industrials and materials	**36,289**	**308**	36,209	—
Health care equipment and services	**25,408**	**—**	—	—
Structured/securitised	**134,801**	**—**	140,645	—
Total fixed income securities	**552,006**	**15,336**	531,335	11,619
Comprising:				
– at FVTPL	**552,006**	**15,336**	531,335	11,619

(in thousands of Bermuda dollars)

Assets held in:	2024 $ Investments	2024 $ Regulatory assets	2023 $ Investments	2023 $ Regulatory assets
United States	**512,705**	**6,443**	492,064	2,646
Canada	**6,081**	**340**	7,565	330
Northern Europe	**12,553**	**250**	15,288	533
Asia-Pacific	**4,831**	**1,155**	4,786	1,127
United Kingdom	**11,161**	**259**	7,142	448
Caribbean	**4,169**	**6,889**	2,396	6,535
Other	**506**	**—**	2,094	—
Total fixed income securities	**552,006**	**15,336**	531,335	11,619
Comprising:				
— at FVTPL	**552,006**	**15,336**	531,335	11,619

The carrying value of mortgages and loans by geographic location is shown in the following table:

	2024 $	2023 $
Bermuda	**29,740**	32,177
Total mortgages and loans	**29,740**	32,177

Credit quality of financial assets

The following tables set out information about the credit quality of financial assets, without taking into account collateral or other credit enhancements, at gross carrying amounts.

As at 31 December 2024	AAA $	AA $	A $	BBB $	BB and lower $	Not rated $	Total $
Cash and cash equivalents							
– Stage 1	39,840	6,762	26,794	14,819	—	1,043	**89,258**
Regulatory assets							
– Held at FVTPL and not subject to ECL requirements	1,381	4,395	9,029	2,059	7,650	3,634	**28,148**
Fixed income securities							
– Held at FVTPL and not subject to ECL requirements	60,418	172,621	209,763	108,538	666	—	**552,006**
Mortgages *							
– Stage 1	—	—	—	—	—	28,260	**28,260**
– Stage 2	—	—	—	—	—	1,154	**1,154**
– Stage 3	—	—	—	—	—	326	**326**
Other assets							
– Stage 1 **	—	—	—	—	—	39,810	**39,810**
Total	**101,639**	**183,778**	**245,586**	**125,416**	**8,316**	**74,227**	**738,962**

*Includes residential properties foreclosed and pending sale which are all in Stage 3. **Other assets subject to ECL requirements comprise trade/contract receivables for which the ECL model is simplified and the ECL allowance is always based on lifetime ECLs.

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As at 31 December 2023	AAA $	AA $	A $	BBB $	BB and lower $	Not rated $	Total $
Cash and cash equivalents							
– Stage 1	17,092	21,232	23,701	18,628	—	3,244	**83,897**
Regulatory assets							
– Held at FVTPL and not subject to ECL requirements	3,799	586	9,059	1,923	7,144	3,618	**26,129**
Fixed income securities							
– Held at FVTPL and not subject to ECL requirements	63,095	177,722	197,109	92,785	624	—	**531,335**
Mortgages *							
– Stage 1	—	—	—	—	—	30,836	**30,836**
– Stage 2	—	—	—	—	—	—	**—**
– Stage 3	—	—	—	—	—	1,340	**1,340**
Other assets							
– Stage 1 **	—	—	—	—	—	15,970	**15,970**
	83,986	**199,540**	**229,869**	**113,336**	**7,768**	**55,008**	**689,507**
Assets held for sale	**—**	**—**	**—**	**—**	**—**	**(542)**	**(542)**
Total	**83,986**	**199,540**	**229,869**	**113,336**	**7,768**	**54,466**	**688,965**

*Includes residential properties foreclosed and pending sale which are all in Stage 3. **Other assets subject to ECL requirements comprise trade/contract receivables for which the ECL model is simplified and the ECL allowance is always based on lifetime ECLs.

For reinsurance contracts held assets, the Group's reinsurance panel consists of 42 reinsurance companies, excluding facultative and fronting policies, the majority of which are rated A– or better by AM Best. Any exceptions to this are approved by the Group Security Committee.

As disclosed in Note 2(l), certain financial liabilities are held at FVTPL. All credit risk changes in these liabilities are presented within net income on the consolidated statement of income since to present such changes in OCI would create an accounting mismatch between the liabilities and the assets supporting them. The changes in fair value of these financial liabilities that are attributable to changes in credit risk were insignificant in both 2024 and 2023.

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Credit quality enhancements
The credit quality of mortgages and other loans is enhanced by the assignment of collateral. Mortgages comprise first mortgages on real property situated in Bermuda and are registered under The Mortgage Registration Act 1976 and The Trustee Act 1975. Other loans are secured by collateral assignments. The collateral cannot be alienated in absence of default.

The following table quantifies the extent to which collateral mitigates credit risk on mortgages and other loans that are in Stage 3:

	%
31 December 2024	
Mortgages and other loans * – Stage 3	**133**
31 December 2023	
Mortgages and other loans * – Stage 3	132

*Includes residential properties foreclosed and pending sale which are all in Stage 3 in both 2024 and 2023.

e) **Amounts arising from ECL on financial assets**
The ECL allowance model is introduced in Note 2(I)(iii).

Stage 1 financial assets
Financial assets that have not had a significant increase in credit risk since initial recognition and fixed income securities that have low credit risk (i.e., with an external credit rating agency rating of "BBB" or better) at the reporting date are included in Stage 1.

ECL measurement in Stage 1
The loss allowance for Stage 1 financial assets is equal to the 12-month ECL. 12-month ECLs represent the portion of lifetime ECLs that result from default events possible within 12 months of the reporting date.

For Stage 1 mortgages, the 12-month ECL is calculated as the reporting date balance (including accrued interest) multiplied by the applicable ECL rate as described below.

Other financial assets in Stage 1 are low credit risk assets which are externally rated and the ECL allowance for these assets is measured using default rates published by a credit rating agency.

Movement from Stage 1 to Stage 2
Financial assets are moved from Stage 1 to Stage 2 when a significant increase in credit risk ("SICR") occurs. Financial assets with low credit risk at the reporting date are assumed to not have undergone a SICR. Additionally, trade/contract receivables follow a simplified model whereby the loss allowance is always based on lifetime ECLs and SICR assessments are not performed.

When determining whether a SICR has occurred, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort.

For financial assets other than mortgages and trade/contract receivables, reports issued by rating agencies are reviewed for indications of deterioration such as rating downgrades and negative outlook reports.

For mortgages, given the size and nature of the Bermudian market and the constraints on the availability of relevant, timely macroeconomic information and of external sources of credit quality information, emphasis is placed on past-due information. Where available, qualitative information that comes to light is also incorporated using management judgment.

Notwithstanding the above, the Group considers that a SICR occurs when an asset is more than 30 days past due.

ECL measurement for Stage 2 assets and trade/contract receivables
For trade/contract receivables, the loss allowance is based on lifetime ECLs. For these balances, the group makes use of provision matrices incorporating the ageing of receivables and historical credit loss rates to calculate the ECL allowance on a collective basis.

The lifetime ECL allowance for Stage 2 mortgages is calculated by multiplying the applicable ECL rate as described below by the expected outstanding balance (including accrued interest) at each future year end for the remaining lifetime of the mortgage and discounting the resulting sum to arrive at the present value.

For other financial assets in Stage 2, the lifetime ECL allowance is measured using externally published default rates for individual exposures.

Movement from Stage 2 to Stage 3
Financial assets are moved to Stage 3 when they become credit impaired or are considered to be in default, which is defined as when it is unlikely that full payment will be received. Factors considered in this determination are set out in Note 2(I)(iii). Notwithstanding the foregoing, it is presumed that financial assets that are more than 90 days past due are credit impaired.

ECL measurement for Stage 3 assets

The loss allowance for Stage 3 financial assets is also based on lifetime ECLs.

For Stage 3 mortgages, lifetime ECLs are calculated as the difference between the present value of expected net cash flows (usually sale proceeds after costs to sell) discounted at the mortgage contract interest rate, and the net carrying amount of the mortgage. Market fluctuations will impact the expected value of sale proceeds and can significantly impact the estimate of the ECL allowance. Management estimates that sales will occur within 12 months. An additional impairment of between $nil and $nil could be incurred if the sales occurred within 18-24 months. A 10% drop in the collateral value supporting Stage 3 mortgages would result in an increase in the ECL allowance of $nil (2023 – $nil).

Incorporation of forward-looking information

The ECL rates are derived from a combination of historical averages (10 year and 3 year) and scenario assumptions. Separate historical rates and scenarios are calculated for commercial and residential mortgages. A weighted average ECL is calculated from a best case, most likely, and worst-case scenarios for both commercial and residential mortgages, where the scenario assumptions are partly based on the historical loss rates. Management has determined that actual experienced historical loss rates combined with the current status of the mortgage book is the best methodology for estimating scenarios and future ECL rates. See above under Stage 1 regarding assessment of macroeconomic information.

Loss allowance

The following tables show the reconciliation from the opening balance to the closing balance of the loss allowance by class of financial instruments. Transfers due to changes in credit risk are determined in accordance with the accounting policy set out in Note 2(I) and above. None of the Group's financial assets are purchased or originated credit-impaired and there are no instruments for which there has been a significant increase in credit risk that are not accounted for as Stage 2 or Stage 3 financial assets.

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Mortgages *				
Balance at 1 January	30,836	–	1,340	**32,176**
Additions due to new originations	346	–	–	**346**
Transfer to Stage 1	692	–	(692)	**–**
Transfer to Stage 2	(1,058)	1,154	(96)	**–**
Transfer to Stage 3	–	–	–	**–**
Derecognition due to repayments	(2,556)	–	(226)	**(2,782)**
Balance at 31 December	**28,260**	**1,154**	**326**	**29,740**

*Includes residential properties foreclosed and pending sale.** The contractual amount outstanding on financial assets that were written off during the period but are still subject to enforcement activities is $nil.

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	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Mortgages *				
Balance at 1 January	32,161	173	1,590	**33,924**
Additions due to new originations	1,243	–	–	**1,243**
Transfer to Stage 1	–	–	–	**–**
Transfer to Stage 2	–	–	–	**–**
Transfer to Stage 3	–	(173)	173	**–**
Derecognition due to repayments	(2,568)	–	(423)	**(2,991)**
Balance at 31 December	**30,836**	**–**	**1,340**	**32,176**
	2023			
Fixed income held at amortised cost				
Balance at 1 January	1,000	–	–	1,000
Additions due to new purchases	–	–	–	–
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Net remeasurements	–	–	–	–
Derecognition due to repayments	(1,000)	–	–	(1,000)
Write-offs, net of recoveries **	–	–	–	–
Balance at 31 December	**–**	**–**	**–**	**–**

*Includes residential properties foreclosed and pending sale. ** The contractual amount outstanding on financial assets that were written off during the period but are still subject to enforcement activities is $nil.

The allowance for ECL for trade/contract receivables (within other assets) amounts to $nil at the end of 2024 (2023 – $nil). None of these receivables are credit impaired.

The following table provides an explanation of how significant changes in the gross carrying amounts of financial instruments contributed to changes in the loss allowance:

		Increase (decrease in loss allowance)		
Increase (decrease) in gross carrying amount		**Stage 1**	**Stage 2**	**Stage 3**
During the year ended 31 December 2024				
Mortgages *				
– Sale of property underlying defaulted mortgage	(226)	–	–	–

*Includes residential properties foreclosed and pending sale.

		Increase (decrease in loss allowance)		
Increase (decrease) in gross carrying amount		**Stage 1**	**Stage 2**	**Stage 3**
During the year ended 31 December 2023				
Mortgages *				
– Sale of property underlying defaulted mortgage	(2,787)	–	–	(2,367)

*Includes residential properties foreclosed and pending sale.

(in thousands of Bermuda dollars)

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations as they become due. The following policies and procedures are in place to manage this risk:

- Management maintains levels of cash and short-term deposits, which are sufficient to fulfill the Group's short-term obligations;
- Short-term cash flow needs are adequately met by operating cash flows and proceeds from mortgage and loan repayments;
- The Group closely manages operating liquidity through cash flow matching of assets and liabilities on its life insurance, annuities, and pensions business. Investments in various types of assets occur with a view to match them to the liabilities of various durations;
- Investments are graded internally on a liquidity level (1 to 4) and the Group looks to maintain adequate levels in highly liquid (1 and 2) securities;
- The ability of the Group's subsidiaries in certain jurisdictions to pay dividends and transfer funds is regulated. The Group maintains appropriate dividend and capital policies to ensure movement of cash flow through the Group as needed;

Arrangements with reinsurers are made to ensure that recoverables are received in a timely fashion in the event of a liquidity crisis.

The maturity profile of financial assets at 31 December 2024 is as follows:	Within 1 year $	2 to 3 years $	4 to 5 years $	Over 5 years $	Total $	Effective interest rate ranges $
Mortgages *	2,448	4,516	4,517	18,259	29,740	4.50% – 9.00%
Regulatory assets	17,269	2,873	7,505	501	28,148	1.50% – 6.95%
Fixed income securities – at FVTPL	61,140	104,272	110,537	276,057	552,006	0.21% – 7.54%
Total	**80,857**	**111,661**	**122,559**	**294,817**	**609,894**	
Percent of total	**13.3%**	**18.3%**	**20.1%**	**48.3%**	**100.0%**	

*Includes residential properties foreclosed and pending sale. The timing of the realisation of sale proceeds could differ from current expectations.

The maturity profile of financial assets at 31 December 2023 is as follows:

	Within 1 year $	2 to 3 years $	4 to 5 years $	Over 5 years $	Total $	Effective interest rate ranges $
Mortgages *	2,412	4,519	4,398	20,848	32,177	4.50% – 9.00%
Regulatory assets	21,371	586	2,249	1,922	26,128	1.50% – 6.95%
Fixed income securities – at FVTPL	80,243	90,493	115,822	244,777	531,335	0.21% – 7.54%
Total	**104,026**	**95,598**	**122,469**	**267,547**	**589,640**	
Percent of total	**17.6%**	**16.2%**	**20.8%**	**45.4%**	**100%**	

*Includes residential properties foreclosed and pending sale. The timing of the realisation of sale proceeds could differ from current expectations.

(in thousands of Bermuda dollars)

The maturity profile of non-insurance liabilities at 31 December 2024 is as follows:

	Within 1 year $	1 to 5 years $	Over years $	Total $
Investment contract liabilities	102,287	235,015	—	337,302
Other liabilities	38,971	1,875	2,344	43,190
Total	**141,258**	**236,890**	**2,344**	**380,492**

The maturity profile of non-insurance liabilities at 31 December 2023 is as follows:

	Within 1 year $	1 to 5 years $	Over years $	Total $
Investment contract liabilities	102,258	222,119	57	324,434
Other liabilities	38,591	496	2,954	42,041
	140,849	222,615	3,011	366,475
Liabilities held for sale	(165)	—	—	(165)
Total	**140,684**	**222,615**	**3,011**	**366,310**

The following table provides a maturity analysis of the Group's insurance and reinsurance contract liabilities, which reflects the dates on which the cash flows are expected to occur.

	Within 1 year $	1 – 2 years $	2 – 3 years $	3 – 4 years $	4 – 5 years $	More than 5 years $	Total $
31 December 2024							
Insurance contract liabilities	140,170	12,845	12,083	11,360	10,689	112,542	**299,689**
Reinsurance contracts held liabilities	222	239	215	233	231	3,467	**4,607**
Total	**140,392**	**13,084**	**12,298**	**11,593**	**10,920**	**116,009**	**304,296**
31 December 2023							
Insurance contract liabilities	126,414	12,322	11,698	10,984	10,375	114,957	**286,750**
Reinsurance contracts held liabilities	325	304	249	234	245	4,221	**5,578**
Total	**126,739**	**12,626**	**11,947**	**11,218**	**10,620**	**119,178**	**292,328**

Certain insurance contract liabilities measured under GMM have provisions which enables the holder to demand payment upon cancellation, the total value of such features is approximately $40,804 (2023 – $41,000).

The expected maturity profile of insurance and reinsurance contract liabilities presented above is significantly affected by the insurance risk assumptions set out in Note 5(C).

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iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (price risk).

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations in several jurisdictions and revenue and expenses are denominated in several local currencies. The Group is not significantly exposed to foreign exchange risk because of the following:

- The majority of the Group's assets, liabilities, and earnings are denominated in Bermuda, Cayman, Bahamian or United States dollars;
- The Bermuda, Cayman and Bahamian dollars are pegged to the United States dollar;
- The Bermuda dollar is at par with the United States dollar; and
- The Group's Canadian operation is fully integrated. Its monetary assets and liabilities are not considered material.

The Group regularly monitors currency translation fluctuations. Generally, the Group looks to match the currency of its local assets to the currency of the local liabilities they support or to the United States dollar as the currency of the liabilities is generally pegged to the United States dollar. This achieves the objective of mitigating risk of loss arising from movements in currency. Policies written in currencies that are not pegged to the United States dollar are not material and the Group considers the currency risk minimal.

b) Interest rate risk

Interest rate risk is price volatility produced by changes in the overall level of interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Utilisation of a formal process for managing the matching of assets and liabilities;
- Investing in assets that are suitable for the products sold;
- Investing in fixed income assets that closely match the life liability product cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The sensitivity analysis for interest rate risk illustrates how the values of interest-sensitive assets and certain liabilities would have fluctuated because of changes in interest rates at the reporting date, and the consequential immediate impact such fluctuations would have had on net income.

Assets are notionally segmented to correspond to the different liability categories of the Group. The impact of interest rate risk on the Group's GMM actuarial liabilities is as follows:

If interest rates on fixed income investments supporting GMM actuarial liabilities shifted parallel by 100 basis points higher/lower, the immediate impact to net income and equity would have been ($11,532)/$13,418 (2023 – ($12,622)/$14,733) lower/higher. This impact was calculated using a discounted cash flow method.

If interest rates on other fixed-income investments shifted parallel by 100 basis points higher/lower, the immediate impact to net income and equity (excluding any liability effects) would have been $11,738/$11,975 (2023 – $10,201/$10,361) lower/higher. This interest rate sensitivity impact was calculated using the effective duration method.

c) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting the market.

The Group's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities. None of the Group's equity and fund investments are linked with or notionally allocated to supporting the Group's insurance contract liabilities hence such liabilities do not carry price risk.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, and market.

A 10% increase/decrease in the value of the Group's equity and fund portfolio would increase/decrease the Group's comprehensive income by $11,642 (2023 – $12,476) and the Group's other components of equity by $3,653 (2023 – $2,662). The price risk sensitivity impact was calculated by using the ending balances in equity and funds at a 10% increase/decrease.

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C. Insurance risk

Insurance risk is any risk other than financial risk that is transferred from the holder of the contract to the issuer. 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. Insurance risk is implicit in the Group's insurance business and arises as a consequence of the type and volume of business written and the concentration of risk in particular policies or groups of policies subject to the same risks.

i) Life and health insurance risk

Insurance risk in the Group arises through its exposure to mortality and morbidity risks and exposure to worse than anticipated operating experience on factors such as persistency levels and management and administration expenses.

Management of life and health insurance risks

The Group has developed an insurance risk policy and guidelines. Individual insurance risks are managed at a business unit level but are also monitored at the Group level.

The impact of insurance risk is monitored by the business units as part of the control cycle of business management. Exposure is monitored through the assessment of liabilities and the asset liability management framework. At the Group level the overall exposure to insurance risk is measured through management reporting, stress testing, and Bermuda Solvency Capital Requirement ("BSCR") analysis.

The Board of Directors considers the reinsurance coverage across the life and health businesses. It confirms that guidance and procedures are in place for each of the major components of life insurance risk, and that the businesses mitigate against any insurance risk within the parameters for the overall Group risk appetite.

The Board of Directors has also developed guidance for business units on management of a number of areas of insurance risk to ensure best practice is shared throughout the Group and common standards are adopted.

The individual life and health insurance risks are managed as follows:

- Mortality and morbidity risks are mitigated by use of reinsurance. The Group companies select reinsurers, from those approved by the Group, based on local factors, but assess the overall programme to manage Group-wide risk exposures and monitor that the aggregation of risk ceded to individual reinsurers is within the Group appetite for credit risk. In the case of default by a reinsurer, this does not release the Group from its liability to the insured policyholders.
- Longevity risk: Whilst individual Group companies are responsible for reserving and pricing for annuity business, the Group monitors the exposure to this risk and the capital implications to manage the impact on the Group-wide exposure and the capital funding that Group companies may require as a consequence.
- Persistency risk: Where possible the financial impact of lapses is reduced through appropriate product design. Group companies also implement specific initiatives to improve retention of policies which may otherwise lapse.
- Product design and pricing risk arises from poorly designed or inadequately priced products and can lead to both financial loss and reputational damage to the Group. Guidelines have been developed to support the Group companies through the complete cycle of the product development process, financial analysis and pricing.
- Expense risk is primarily managed by the Group companies through the assessment of profitability and frequent monitoring of expense levels.

Concentration risk

The following table shows life and health insurance liabilities by geographic area.

31 December 2024 Territory		Long-duration life and annuities $	Short-duration life and health $	Total $
Bermuda	Gross	167,781	30,992	198,773
	Net	171,763	25,201	196,964
Bahamas	Gross	6,992	—	6,992
	Net	7,617	—	7,617
Total	**Gross**	**174,773**	**30,992**	**205,765**
	Net	**179,380**	**25,201**	**204,581**

31 December 2023 Territory		Long-duration life and annuities $	Short-duration life and health $	Total $
Bermuda	Gross	167,272	20,197	187,469
	Net	172,222	14,747	186,969
Bahamas	Gross	8,407	—	8,407
	Net	8,379	—	8,379
Total	**Gross**	**175,679**	**20,197**	**195,876**
	Net	**180,601**	**14,747**	**195,348**

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Assumptions and methodology

The nature of life and health insurance business is such that a number of assumptions are made in compiling these consolidated financial statements. Assumptions are made about investment returns, mortality rates, lapse rate, morbidity, expenses, and premium payment patterns in connection with the in-force policies for each business unit. Assumptions are best estimates based on historic and expected experience of the business. The estimate of the ultimate liability arising from life and health insurance contracts is a significant accounting estimate.

The valuation of liabilities was performed based on requirements in IFRS 17. Note 23(E) sets out a broad definition of future cash flows, the policy for discounting those cash flows and how those cash flows were adjusted for non-financial risk, however the underlying actuarial assumptions fundamental to the valuation (being mortality, morbidity, expenses, policyholder behaviour (lapse and premium payment pattern), policyholder dividend levels) are discussed below. In some instances, approximations are used due to the nature of liabilities. The approximations are not expected to change the results materially.

a) Mortality/Longevity

Mortality refers to the rates at which death is expected to occur for defined classes of insured. Management reviews the Group's mortality experience annually, however the portfolio of business is too small to form the basis for any internally produced mortality assumption. Therefore, the Group's mortality assumption is based on industry experience. The assumed mortality rates for life insurance contracts do not reflect any future improvement. For life contingent annuities, the assumed mortality assumption includes future mortality improvement, the effect of which is to increase insurance contract liabilities, based on prescribed minimum mortality improvement rates promulgated by the Canadian Actuarial Standards Board ("ASB").

For life products, a higher mortality would be financially adverse to the Group. For annuity products, a lower mortality would be financially adverse to the Group.

b) Morbidity

Morbidity refers to the likelihood that an insured will contract or develop any number of illnesses. The Group's portfolio of group and individual health business is large enough for an internal analysis of lag and is used, along with an analysis of experience, as the basis for setting annually renewable premiums. A very small block of individual disability business assumes industry standard morbidity rates when setting assumptions. Morbidity also refers to both the rates of accident or sickness and the rates of recovery therefrom. An increase in medical claim rates net of reinsurance would increase the actuarial liabilities.

c) Expenses

Actuarial liabilities provide for future administrative policy-related expenses. These include the costs of premium collection, claims adjudication and processing, related consulting services, preparation and mailing of policy statements and related indirect expenses and overheads. A unit expense study is performed to determine an appropriate estimate of expenses by liability type. An inflation assumption is incorporated in the estimate of future expenses.

d) Lapse

The best estimate lapse assumption is based on a combination of industry and the Group's lapse experience and pricing assumptions for newer products.

Policyholders may allow their policies to terminate prior to the end of the contractual period by choosing not to continue to pay premiums or by exercising one of the non-forfeiture options contained in the contract. Assumptions for termination experience on life insurance are based on industry and the Group's experience. Termination rates vary by plan, policy duration and method of premium payment. For universal life policies, it is also necessary to set assumptions about premium cessation occurring prior to termination of the policy.

e) Premium payment patterns

Universal life liabilities are sensitive to the amount of discretionary premium received from the policyholders. A premium persistency assumption is made for all universal life products and can vary by plan, age and policy duration.

f) Policyholder dividends

Future policyholder dividends are included in the determination of actuarial liabilities for participating policies, with the assumption that future policyholder dividends will change to reflect the experience of the respective participating accounts consistent with the participating policyholder dividend policies.

g) Sensitivity test analysis

There is considerable judgment required by management in making assumptions in the measurement of insurance and investment contract liabilities. Application of different assumptions may result in a different measure of the liabilities. Therefore, sensitivity testing is widely used to measure the capital required and volatility in earnings due to exposure to life and health insurance risks. This assessment is taken at both business unit level and at Group level where the impact of aggregation of similar risks can be measured. This enables the Group to determine whether action is required to reduce risk, or whether that risk is within the overall risk appetite.

The Group uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Sensitivities to economic and operating experience are regularly produced on all of the Group's financial performance measurements to inform the Group's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which each of its business units, and the Group as a whole, are exposed.

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The table below analyses how the CSM, net income and equity would have increased (decreased) if changes in risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Change in assumption	Increase in fulfilment cash flows		Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2024									
Mortality rate – life products	+3%	639	255	(706)	(82)	67	(173)	67	(173)
Mortality rate – annuity products	-3%	719	719	(1,072)	(1,072)	353	353	353	353
Morbidity – medical claims	+1%	1,079	1,079	—	—	(1,079)	(1,079)	(1,079)	(1,079)
Expenses	+10%	1,115	1,115	(1,512)	(1,512)	397	397	397	397
Termination rate	+10%	558	604	(1,161)	(1,429)	603	825	603	825

	Change in assumption	Increase in fulfilment cash flows		Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2023									
Mortality rate – life products	+3%	697	258	(702)	(104)	4	(154)	4	(154)
Mortality rate – annuity products	-3%	780	780	(1,028)	(1,028)	248	248	248	248
Morbidity – medical claims	+1%	1,016	1,016	—	—	(1,016)	(1,016)	(1,016)	(1,016)
Expenses	+10%	1,259	1,272	(1,554)	(1,568)	295	296	295	296
Termination rate	+10%	603	737	(1,265)	(1,507)	662	771	662	771

Interest rates (see Note 5(B)(iii)) a change in assumption of 1% would increase the present value of cash flows and decrease net income on a net basis of $16,505 (2023 – $18,910).

ii) General insurance risk

Types of risk

General insurance risk in the Group arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- Unexpected claims arising from a single source;
- Unexpected increases in reinsurance costs;
- Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
- Inadequate reinsurance protection or other risk transfer techniques; and
- Inadequate reserves.

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The majority of the general insurance business underwritten by the Group is of a short-term nature such as property, motor and marine insurances. The Group's general insurance exposures are located in Bermuda and throughout the Caribbean, climate change may impact the frequency and severity of tropical cyclone activity in the regions in which Group writes general insurance, which in turn may impact the frequency and severity of claims. Furthermore for casualty insurances the Group is exposed to changing legal and litigation trends, and societal expectations. The Group's underwriting strategy and appetite is agreed by the Board of Directors and communicated via specific policy statements and guidelines. Like the life insurance risk, general insurance risk is managed primarily at a business unit level with oversight at a Group level.

Management of general insurance risks

The Group's insurance risk policy sets out the overall framework for the management of insurance risk. As part of the framework, a structure of delegated pricing and underwriting authorities is in place. Pricing is based on assumptions which consider past experience and trends. Insurance exposures are limited through the purchase of reinsurance. Overall, the Group seeks to be conservative in its acceptance of insurance risks by establishing strict underwriting criteria and limits. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks.

Significant insurance risks will be reported through the risk management framework. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The LIC for these contracts comprise a provision for claims incurred but not yet reported ("IBNR"), a provision for reported claims not yet paid at the end of the reporting period.

Management under the direction of the Board of Directors monitors and develops the management of insurance risk in the general insurance business units and assesses the aggregate risk exposure. It is responsible for the development, implementation and review of the Group policies for underwriting, claims, reinsurance, and reserving that operate within the risk management framework.

BF&M General and IHIC have developed mechanisms that identify, quantify and manage accumulated exposures to contain them within the limits of the appetite of the Group. Where appropriate such mechanisms are employed throughout the business units to promote the adoption of best practice as standard.

Reinsurance strategy

Reinsurance is used to reduce potential loss to the Group from individual large risks and catastrophic events. It may also be used to manage capital or to provide access to specialist underwriting expertise.

Significant reinsurance programmes are reviewed annually at both the business unit and Group level, to verify that the levels of protection being purchased reflect any developments in exposure and the risk appetite of the Group. The reinsurance arrangements include quota share, excess of loss catastrophe treaties and parametric coverages. In addition to the overall Group reinsurance programme, individual business units are permitted to purchase additional reinsurance protection.

Reinsurance purchases are in line with the strategy set out in the Group's Reinsurance policy. The basis of these purchases is underpinned by extensive financial and capital modeling and actuarial analysis to optimise the cost and capital efficiency benefits from the reinsurance programme.

The reinsurance is placed with providers who meet the Group's counterparty security requirements, and large reinsurance placements may also require approval from the Board of Directors.

Management evaluates the remaining reinsurance coverage available from the Group's excess of loss catastrophe treaties subsequent to claims activity related to catastrophic events and, in the current year, have concluded that the remaining available coverage will be sufficient to absorb potential adverse development on unsettled claims.

Concentration risk

Processes are in place to manage catastrophe risk in individual business units and at a Group level. The Group cedes much of its catastrophe risk to third-party reinsurers but retains a pooled element for its own account gaining diversification benefits.

The concentration of insurance risk before and after reinsurance by territory in relation to the type of general insurance business risk accepted is summarised below, with reference to the carrying amount of the insurance reserve liabilities (gross and net of reinsurance) arising from general insurance contracts:

31 December 2024 **Territory**		**Property** **$**	**Motor** **$**	**All other** **$**	**Total** **$**
Bermuda	Gross	16,448	9,803	4,420	30,671
	Net	(10,946)	9,443	3,391	1,888
Cayman/Other Caribbean	Gross	42,211	14,005	7,038	63,254
	Net	16,599	9,337	6,077	32,013
Total	**Gross**	**58,659**	**23,808**	**11,458**	**93,925**
	Net	**5,653**	**18,780**	**9,468**	**33,901**

31 December 2023 Territory		Property $	Motor $	All other $	Total $
Bermuda	Gross	12,526	12,020	6,592	31,138
	Net	(4,844)	8,676	3,593	7,425
Cayman/Other Caribbean	Gross	36,977	12,113	10,646	59,736
	Net	119	10,680	6,881	17,680
Total	**Gross**	**49,503**	**24,133**	**17,238**	**90,874**
	Net	**(4,725)**	**19,356**	**10,474**	**25,105**

Assumptions and methodology

The valuation of liabilities was performed based on requirements in IFRS 17. The measurement of the LRC for General insurance is discussed in Note 2(O)(iii). For the general insurance LIC, Note 23(E) sets out a broad definition of future cash flows, the policy for discounting those cash flows and how those cash flows were adjusted for non-financial risk, however the underlying actuarial assumptions fundamental to the valuation (being ultimate claim and expense levels) are discussed below.

The ultimate cost of outstanding contract liabilities are estimated by using a range of standard actuarial claims projections techniques, such as the Incurred Development Methodology and the Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. Historical claims development is analysed by accident period. Claims development is analysed for each geographical area as well as by line of business.

General insurance business claims reserving

The subsidiaries writing general insurance business have a documented reserving policy setting out the basis on which liabilities are to be determined using statistical analysis and actuarial experience. Policies for each subsidiary are in line with relevant local regulation and legislation.

Management monitors and conducts quarterly reviews of the Group's general insurance claims provisions, and their adequacy.

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The Group has claims departments dealing with the mitigation of risks surrounding known exposures. These departments investigate and adjust claims with the assistance and advice of external loss adjusters. The claims are reviewed individually on a quarterly basis and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. The adequacy of the Group's general insurance claims provisions is ultimately overseen by the Board of Directors.

The estimate of the ultimate liability arising from short term insurance contracts is a significant accounting estimate. These liabilities are divided into 2 categories, which are both reported in the LIC: the provision for IBNR and the provision for the cost of reported claims not yet paid. Also included in the LIC are provisions for adverse development and unallocated loss adjustment expenses.

The estimation of the IBNR claims is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For casualty contracts, the IBNR liability will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Any estimate of future costs is subject to the inherent uncertainties in predicting the course of future events. Assumptions are made around costs such as repairs, jury decisions, court interpretations and legislative changes. Consequently, the amounts recorded in respect of unpaid claims may change significantly in the short term. Management engages independent actuaries to assist them in making such estimates based on the Group's own loss history and relevant industry data.

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Sensitivity analysis

The following provides information about the impact of changes in the best estimate undiscounted ultimate claims liability under reasonably possible scenarios.

	Change in assumption	Effect on liability		Effect on net income		Effect on equity	
		Gross $	Net $	Gross $	Net $	Gross $	Net $
31 December 2024							
Ultimate claims liability	+ 5%	1,941	1,033	1,941	1,033	1,941	1,033
Ultimate claims liability	- 5%	(1,941)	(1,033)	(1,941)	(1,033)	(1,941)	(1,033)

6. Capital management and regulatory compliance

The Group's policy is to maintain a strong consolidated capital base. The Group manages its capital to ensure its continued ability to provide an adequate return to shareholders, exceed insurance regulatory capital requirements, provide flexibility to take advantage of growth opportunities, maintain a strong credit rating, and to support the risks associated with the business of the Group. The Group's capital base is defined as shareholders' equity as disclosed in the consolidated statement of financial position.

The Bermuda Monetary Authority ("BMA") is the regulator of the Group. Under the laws and regulations of Bermuda, the Group must maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As at 31 December 2024, the Group exceeded the minimum requirement.

Management monitors the adequacy of the Group's capital from the perspective of the Bermuda insurance regulations and The Bermuda Companies Act (1981) as well as the regulatory requirements of the other jurisdictions in which it operates. The Group's practice is to maintain the capitalisation of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements within the various jurisdictions.

The Group's investment policies emphasise the preservation of capital and the maintenance of a diversified investment portfolio, which together serve to minimise the risk that investment activities pose to the Group's capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The regulatory requirements for jurisdictions with significant activities are as follows:

A. Bermuda

Under The Insurance Act 1978 (Bermuda) ("the Act"), amendments thereto and the Insurance Account Rules 2016 ("the Legislation"), the Group and the Group's Bermuda-based insurance subsidiaries are required to annually prepare and file a statutory financial return, a capital and solvency return and audited financial statements prepared under Generally Accepted Accounting Principles. In addition, the Group submits a quarterly financial return. The Bermuda Solvency and Capital Requirement ("BSCR") is the prescribed form of capital and solvency return in Bermuda. The BSCR includes a standardised model for assessing the minimum capital required to be held by a company based on a measure of risk associated with an insurance company's assets, liabilities, premiums and catastrophe risk exposure. The BMA requires all Groups and insurers to maintain their minimum statutory capital and surplus at a level which is 120% of the amount calculated in accordance with the BSCR.

The Act also requires the Group's Bermuda based insurance subsidiaries which write general business, to meet minimum liquidity ratios whereby defined relevant assets must exceed 75% of defined relevant liabilities.

The Act limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. These insurance subsidiaries are prohibited from declaring or paying any dividend of more than 25% of its total statutory capital and surplus, as shown in the previous year statutory balance sheet, unless at least seven days before payment of the dividend it files with the BMA an affidavit that it will continue to meet its minimum capital requirement as described above. In addition, the subsidiaries must obtain the BMA's prior approval before reducing its total statutory capital, as shown in the previous financial year statutory balance sheet, by 15% or more.

In addition, The Bermuda Companies Act (1981) limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and share premium accounts.

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B. Cayman Islands

The Cayman Islands Monetary Authority ("CIMA") has statutory powers that enable it to use its discretion to require the Group to conduct its Cayman operations in accordance with general or specific conditions which may be imposed by CIMA or may be agreed between CIMA and IHIC. IHIC is required to maintain capital in excess of the greater of approximately $300 for domestic insurers or $1,000 for external insurers, and an amount determined as per a prescribed formula set out in legislation. The formula prescribes the minimum capital requirements for the IHIC's assets and liabilities on a risk basis and also provides for a margin for catastrophe risk. IHIC holds both a domestic insurer license and an external insurer Class A license. Additionally, IHIC has regulated insurance operations in several other jurisdictions throughout the Caribbean. As at 31 December 2024, IHIC was in compliance with its regulatory requirements.

7. Segmental information

Management has determined the operating segments based on a combination of factors, including products, geographical areas and reports reviewed by the Group Chief Executive Officer ("CEO") used to make strategic decisions. All the operating segments meet the definition of a reportable segment.

Health, life, annuity and pension
This operating segment includes group and individual health and accident, life, disability, annuity and pension products offered in Bermuda, Bahamas and Cayman.

Property and casualty (Bermuda)
This operating segment includes the following products: personal and commercial fire, windstorm, burglary, public liability, marine, special types, personal automobile, personal auto-cycle, workmen's compensation and commercial vehicles.

Real estate (Bermuda)
This operating segment includes the Group's real estate operations in Bermuda. The Group currently holds a majority ownership in one building, which is leased principally to non-related parties. Two fully owned properties were sold on 31 July 2024.

Cayman Islands and other Caribbean operations
This operating segment is identified by its geographical location. Insurance coverage includes motor, property, marine, and casualty business.

Corporate and other
Corporate operations consist of corporate level income and expenses and returns from investments not allocated to any operating segments. It also represents the combined operations of a holding company, a management company, and an investment management company. The Group manages shared services centrally with most costs allocated based on either net assets, head count, expenses or revenues. Some central costs are not allocated and remain within the corporate Group.

Measurement basis
The accounting policies of the segments are generally the same as those for the Group as a whole, adjustments are made at the Group level where differences exist. The Group evaluates performance of operating segments on the basis of profit or loss from operations before tax.

(in thousands of Bermuda dollars)

The segmental information provided to the CEO for the reportable segments for the year ended 31 December 2024 is as follows:

Results by segment	Health, life, annuity, and pension 2024 $	Property and casualty 2024 $	Real estate 2024 $	Cayman and other Caribbean operations 2024 $	Corporate and other 2024 $	Total 2024 $
Insurance revenue	139,073	67,107	–	206,425	–	412,605
Insurance service expenses	(130,910)	(17,862)	–	(56,769)	53	(205,488)
Net expenses from reinsurance contracts held	(1,599)	(41,017)	–	(143,834)	(53)	(186,503)
Insurance service result	**6,564**	**8,228**	**–**	**5,822**	**–**	**20,614**
Investment revenue	20,080	7,273	–	2,845	(7,507)	22,691
Movement in investment contract liabilities	196	–	–	–	–	196
Net investment income	**20,276**	**7,273**	**–**	**2,845**	**(7,507)**	**22,887**
Net finance income/(expense) from insurance contracts issued	(499)	(440)	–	(1,774)	–	(2,713)
Net finance income/(expense) from reinsurance contracts held	511	403	–	1,278	–	2,192
Net insurance financial result	**12**	**(37)**	**–**	**(496)**	**–**	**(521)**
Other income	(13,201)	(2)	(10,275)	(23)	(1,975)	(25,476)
Allocation of participating policyholders' share of net income	471	–	–	–	–	471
Other operating expenses	15,680	11,459	411	9,845	11,867	49,262
Amortisation expense	58	651	897	377	1,649	3,632
Commission and acquisition expense	86	–	–	–	–	86
Interest expense	–	–	–	12	199	211
Income taxes	–	–	–	495	419	914
Non-controlling interest	–	–	422	–	–	422
Shareholders' net shareholders' net income/(loss)	**23,758**	**3,356**	**8,545**	**(2,535)**	**(19,666)**	**13,458**
Other segment Information						
Net impairment on investments	–	–	–	–	(2,615)	(2,615)
Impairment losses on intangible assets	–	–	–	–	46	46
Total assets	**2,252,101**	**212,091**	**19,572**	**131,881**	**(60,597)**	**2,555,048**
Fixed asset and intangible expenditures	–	18	215	69	3,523	3,825
Total liabilities	**2,128,126**	**34,473**	**849**	**77,627**	**3,637**	**2,244,712**

Intersegment income is recorded at management's estimate of current market prices.

(in thousands of Bermuda dollars)

The segmental information provided to the CEO for the reportable segments for the year ended 31 December 2023 is as follows:

Results by Segment	Health, life, annuity, and pension 2023 $	Property and casualty 2023 $	Real estate 2023 $	Cayman and other Caribbean operations 2023 $	Corporate and other 2023 $	Total 2023 $
Insurance revenue	128,528	63,372	–	185,641	–	377,541
Insurance service expenses	(128,157)	(17,594)	–	(41,151)	162	(186,740)
Net expenses from reinsurance contracts held	(2,438)	(30,290)	–	(130,382)	(162)	(163,272)
Insurance service result	**(2,067)**	**15,488**	**–**	**14,108**	**–**	**27,529**
Investment revenue	35,091	6,622	–	3,283	(170)	44,826
Movement in investment contract liabilities	(5,883)	–	–	–	–	(5,883)
Net investment income	**29,208**	**6,622**	**–**	**3,283**	**(170)**	**38,943**
Net finance income/(expense) from insurance contracts issued	(9,282)	(653)	–	(1,189)	–	(11,124)
Net finance income/(expense) from reinsurance contracts held	(303)	437	–	704	–	838
Net insurance financial result	**(9,585)**	**(216)**	**–**	**(485)**	**–**	**(10,286)**
Other income	(11,287)	(40)	(3,799)	(31)	(1,498)	(16,655)
Allocation of participating policyholders' share of net income	837	–	–	–	–	837
Other operating expenses	16,452	10,789	850	9,481	2,088	39,660
Amortisation expense	89	1,365	1,225	386	1,257	4,322
Commission and acquisition expense	110	–	–	–	–	110
Interest expense	–	–	–	14	125	139
Income taxes	–	–	–	467	133	600
Non-controlling interest	–	–	433	–	–	433
Shareholders' net income/(loss)	**11,355**	**9,780**	**1,291**	**6,589**	**(2,275)**	**26,740**
Other segment Information						
Credit impairment recoveries on mortgages	879	–	–	–	–	879
Impairment losses on intangible assets	67	207	–	–	13	287
Total assets	**2,006,431**	**130,518**	**30,655**	**136,435**	**15,456**	**2,319,495**
Fixed asset and intangible expenditures	34	27	1,260	811	774	2,906
Total liabilities	**1,898,823**	**35,470**	**2,173**	**78,952**	**(2,831)**	**2,012,587**

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8. Fair value measurements

A. Fair value methodologies and assumptions

Management has assessed that the carrying values of cash and cash equivalents, and regulatory assets approximate their fair values.

The fair value of fixed income securities which are carried at FVTPL is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices, and reference data including market research publications. In limited circumstances, non-binding broker quotes are used.

The fair value of equity and fund securities is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using equity valuation models, which include discounted cash flow analysis and other techniques that involve benchmark comparison. Valuation inputs primarily include projected future operating cash flows and earnings, dividends, market discount rates, and earnings multiples of comparable companies.

For disclosure purposes, the fair values of mortgages and loans classified as amortised cost are determined by discounting the expected future cash flows using a current market interest rate applicable to financial instruments with a similar yield, credit quality and maturity characteristics. Valuation inputs typically include benchmark yields and risk-adjusted spreads from current lending activities or loan issuances. For impaired mortgages, fair value reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Fair values for investment properties and residential properties foreclosed pending sale are assessed annually and reviewed quarterly for material changes. The fair value is assessed using the most recently available reports from qualified external appraisal services. Investment properties are appraised externally at least once every three years. The Bermuda property was externally valued as at 30 June 2023. Values are estimated using 1) the income approach to estimate the present value of discounted projected future cash flows using current rental values, assessed rental values or market rental values at a market discount rate; or 2) determined having regard to recent market transactions for similar properties in similar locations or where such information is not readily available, other valuation techniques such as the income capitalisation model are used. The methodologies and inputs used in these models are in accordance with real estate industry valuation standards. Valuation inputs include estimated rental value, rental growth rates, vacancy rates, discount rates, future operating expenses and terminal growth rates. Changes in valuation inputs can have a significant impact on fair value assessed.

The fair value of investments for accounts of segregated fund holders is determined using quoted prices in active markets or independent valuation information provided by investment managers. The fair value of direct investments within investments for accounts of segregated fund holders, such as short-term securities and government and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

Liabilities for investment contracts are held at FVTPL. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income.

B. Fair value hierarchy

The Group categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Groups valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

i) Level 1

Fair value is based on quoted market prices for identical assets and liabilities in an active market at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

ii) Level 2

Fair value for level 2 are inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These inputs include the following:

- Quoted prices for similar assets and liabilities in an active market.
- Quoted prices for identical or similar assets in a market that is not active, the prices are not current, or price quotations vary substantially over time or for which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves.

In addition, fund investments classified in Level 2 are fair valued using the net asset value of the fund, as reported by the respective fund administrator. For these fund investments, management believes that the Group could have redeemed its investment at the net asset value per share at the statement of financial position date.

iii) **Level 3**
If one or more of the significant inputs is not based on observable market data, the financial assets are included in level 3. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models using market observable data where possible. A transfer from level 2 to level 3 would occur primarily due to decreased observability of inputs in the valuation methodology. Conversely, transfers out of level 3 would primarily occur due to increased observability of inputs.

C. Assets and liabilities measured at fair value

The following table presents the Group's assets and liabilities measured at fair value in the consolidated statement of financial position, categorised by level under the fair value hierarchy:

As at 31 December 2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
At FVTPL:				
Fixed income securities	77,887	474,119	—	552,006
Segregated fund assets	1,470,835	88,560	—	1,559,395
Regulatory assets	16,546	11,602	—	28,148
Equity and fund investments	43,052	73,365	—	116,417
Designated at fair value through other comprehensive income:				
Equity and fund investments	—	35,462	1,066	36,528
Total assets measured at fair value on a recurring basis	**1,608,320**	**683,108**	**1,066**	**2,292,494**
Asset Held for Sale	**—**	**(35,462)**	**—**	**(35,462)**
Total assets measured at fair value on a recurring basis	**1,608,320**	**647,646**	**1,066**	**2,257,032**
Liabilities				
At FVTPL:				
Investment contract liabilities	—	337,302	—	337,302
Segregated fund liabilities	—	1,559,395	—	1,559,395
Total liabilities measured at fair value on a recurring basis	**—**	**1,896,697**	**—**	**1,896,697**

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As at 31 December 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
At FVTPL:				
Fixed income securities	72,591	458,744	—	531,335
Segregated fund assets	1,271,286	81,907	—	1,353,193
Regulatory assets	14,994	11,135	—	26,129
Equity and fund investments	53,566	71,198	—	124,764
Derivatives	—	—	2,739	2,739
Designated at fair value through other comprehensive income:				
Equity and funds	—	25,551	1,066	26,617
Total assets measured at fair value on a recurring basis	**1,412,437**	**648,535**	**3,805**	**2,064,777**
Liabilities				
At FVTPL:				
Investment contract liabilities	—	324,434	—	324,434
Segregated fund liabilities	—	1,353,193	—	1,353,193
Total liabilities measured at fair value on a recurring basis	**—**	**1,677,627**	**—**	**1,677,627**

Additional information pertaining to assets measured at fair value on a recurring basis which fall into Level 3 of the fair value hierarchy is provided below.

The following tables depict the changes in Level 3 assets for the reporting periods presented:.

	Unquoted securities at FVOCI $	Derivatives at FVTPL $	Total $
Opening balance on 1 January 2024	1,066	2,739	3,805
Additions in the period	—	—	—
Unrealised losses recognised in OCI	—	—	—
Realised losses recognised in Net income*	—	(2,739)	(2,739)
Closing balance on 31 December 2024	**1,066**	**—**	**1,066**

* Presented within Investment result in the consolidated statement of income.

	Unquoted securities at FVOCI $	Derivatives at FVTPL $	Total $
Opening balance on 1 January 2023	–	–	–
Additions in the period	1,066	3,723	4,789
Unrealised losses recognised in OCI	–	–	–
Unrealised losses recognised in Net income*	–	(984)	(984)
Closing balance on 31 December 2023	**1,066**	**2,739**	**3,805**

* Presented within Investment result in the consolidated statement of income.

The following table sets out information about significant unobservable inputs used to determine fair values of Level 3 assets:

	Valuation approach	Significant unobservable inputs utilised in valuation		Relationship of unobservable inputs to fair value
Unquoted equity securities at FVOCI	The value of the investee company was derived using estimations of future cash flows for a set period of time and the terminal value, which were then discounted using a risk-adjusted rate. A constant, long-term earnings growth factor was applied in determining the terminal value.	*Earnings growth factor:* The earnings growth factor was estimated based on market information for similar companies.	2.00%	A higher earnings growth factor and lower discount rate would increase the FV; a lower growth factor and higher discount rate would decrease FV.
		Risk-adjusted discount rate: The discount rate was determined using a capital asset pricing model and reflects current market assessments of the time value of money and the risk specific to the investee company.	11.90%	
Derivatives at FVTPL	Derivatives consisted of a long position in call options over the equity securities of Argus and were valued using the industry-standard Black-Scholes option pricing model. One of the key inputs to the model is the volatility measure – the only significant input that is unobservable. Other observable inputs are the risk-free rate, time to expiration, the current market price of the underlying security and the exercise price.	*Volatility:* Historical volatility levels of the underlying security were calculated for a range of time periods using exchange-quoted price history information. Management then applied a judgmental overlay to account for, among other factors, low trading frequency and low traded volumes. The midpoint of this range of adjusted volatility measures was used in the model.		

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D. Assets and liabilities not measured at fair value

For assets and liabilities not measured at fair value in the consolidated statement of financial position, the following table discloses fair value information categorised by level in the preceding hierarchy:

As at 31 December 2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	89,258	–	–	89,258
Mortgages*	–	–	26,845	26,845
Other non-financial assets:				
Investment properties	–	–	27,850	27,850
Total assets not measured at fair value but for which fair value is disclosed	**89,258**	**–**	**54,695**	**143,953**

*Includes Residential properties foreclosed and pending sale.

As at 31 December 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	83,897	–	–	83,897
Mortgages*	–	–	28,924	28,924
Other non-financial assets:				
Investment properties	–	–	39,550	39,550
	83,897	–	68,474	152,371
Assets held for sale	(218)	–	(11,700)	(11,918)
Total assets not measured at fair value but for which fair value is disclosed	**83,679**	**–**	**56,774**	**140,453**

*Includes Residential properties foreclosed and pending sale.

9. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and in hand	82,702	79,120
Short-term bank deposits	6,556	4,777
	89,258	83,897
Assets held for sale	–	(218)
Total	**89,258**	**83,679**

10. Regulatory assets

	2024 $	2023 $
Regulatory	28,148	26,129
Total	**28,148**	**26,129**

Regulatory assets represent cash and fixed income security amounts placed on deposit with banks and government bodies to satisfy licensing criteria in certain jurisdictions in which the Group operates. These assets cannot be removed nor the accounts reduced without the prior written consent of the relevant regulator.

11. Financial instruments

The carrying amounts of the Group's financial assets and financial liabilities are set out below:

31 December 2024	FVTPL $	Amortised cost $	FVOCI $	Total carrying amount $
Financial assets				
Cash and cash equivalents	—	89,258	—	89,258
Regulatory assets	28,148	—	—	28,148
Recognised within investments:				
Fixed income securities	552,006	—	—	552,006
Equity and fund investments	116,417	—	36,528	152,945
Mortgages*	—	29,740	—	29,740
Segregated fund assets	1,559,395	—	—	1,559,395
	2,255,966	118,998	36,528	2,411,492
Assets held for sale	—	—	(35,462)	(35,462)
Total financial assets	**2,255,966**	**118,998**	**1,066**	**2,376,030**
Financial liabilities				
Investment contract liabilities	337,302	—	—	337,302
Segregated fund liabilities	1,559,395	—	—	1,559,395
Total financial liabilities	**1,896,697**	**—**	**—**	**1,896,697**

* Includes residential properties foreclosed and pending sale.

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31 December 2023	FVTPL $	Amortised cost $	FVOCI $	Total carrying amount $
Financial assets				
Cash and cash equivalents	—	83,897	—	83,897
Regulatory assets	26,129	—	—	26,129
Recognised within investments:				
Fixed income securities	531,335	—	—	531,335
Equity and fund investments	124,764	—	26,617	151,381
Mortgages*	—	32,177	—	32,177
Derivative	2,739	—	—	2,739
Segregated fund assets	1,353,193	—	—	1,353,193
	2,038,160	116,074	26,617	2,180,851
Assets held for sale	—	(218)	—	(218)
Total financial assets	**2,038,160**	**115,856**	**26,617**	**2,180,633**
Financial liabilities				
Investment contract liabilities	324,434	—	—	324,434
Segregated fund liabilities	1,353,193	—	—	1,353,193
Total financial liabilities	**1,677,627**	**—**	**—**	**1,677,627**

* Includes residential properties foreclosed and pending sale.

12. Other assets

	2024 $	2023 $
Other receivables and prepayments	33,797	10,395
Accrued investment income	5,189	4,684
Other deferred costs	329	256
Tenant allowances	495	632
	39,810	15,967
Assets held for sale	—	(324)
Total	**39,810**	**15,643**

(in thousands of Bermuda dollars)

13. Insurance revenue

The tables below analyses the Group's insurance revenue in the consolidated statement of income. The Group disaggregates information in Notes 13, 14 and 23 to provide disclosures in respect of the following major insurance product lines separately:

- Long-duration life and annuities under the GMM
- Short-duration life and health under the PAA
- Property and casualty under the PAA
- Cayman and other Caribbean operations under the PAA

These reporting levels were determined based on how the Group is managed.

Results by segment	Long duration life and annuities under the GMM 2024 $	Short duration life and health under the PAA 2024 $	Property and casualty under the PAA 2024 $	Cayman and other Caribbean operations under the PAA 2024 $	Total 2024 $
CSM recognised for services provided	1,870	—	—	—	1,870
Change in risk adjustment for non-financial risk for risk expired	612	—	—	—	612
Expected insurance service expenses incurred:					
Claims	6,160	—	—	—	6,160
Expenses	1,108	—	—	—	1,108
Total revenue from contracts not measured under the PAA	9,751	—	—	—	9,751
Revenue from contracts measured under the PAA	—	129,322	67,107	206,425	402,854
Total insurance revenue	**9,751**	**129,322**	**67,107**	**206,425**	**412,605**

Results by segment	Long duration life and annuities under the GMM 2023 $	Short duration life and health under the PAA 2023 $	Property and casualty under the PAA 2023 $	Cayman and other Caribbean operations under the PAA 2023 $	Total 2023 $
CSM recognised for services provided	1,561	—	—	—	1,561
Change in risk adjustment for non-financial risk for risk expired	657	—	—	—	657
Expected insurance service expenses incurred:					
Claims	5,980	—	—	—	5,980
Expenses	1,171	—	—	—	1,171
Total revenue from contracts not measured under the PAA	9,369	—	—	—	9,369
Revenue from contracts measured under the PAA	—	119,159	63,372	185,641	368,172
Total insurance revenue	**9,369**	**119,159**	**63,372**	**185,641**	**377,541**

(in thousands of Bermuda dollars)

14. Net investment income and net insurance financial result

The Group disaggregates information in this note according to the major product lines mentioned in Note 13. This note also discloses net investment income on non-insurance business and categorises these amounts under "Corporate and other".

Results by segment	Long duration life and annuities under the GMM 2024 $	Short duration life and health under the PAA 2024 $	Property and casualty under the PAA 2024 $	Cayman and other Caribbean operations under the PAA 2024 $	Corporate and other 2024 $	Total 2024 $
Net investment return						
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	1,793	–	–	–	410	2,203
Net gains on FVTPL financial assets	6,538	761	6,797	2,750	10,892	27,738
Dividend income	–	–	477	95	902	1,474
Net credit impairment loss on financial assets	–	–	–	–	(2,615)	(2,615)
Less: Crediting interest on guaranteed contracts for the account of customers					(6,109)	(6,109)
Total net investment return	**8,331**	**761**	**7,274**	**2,845**	**3,480**	**22,691**
Net finance expenses from insurance contracts issued						
Interest accreted	(8,381)	(196)	(618)	(1,610)	–	(10,805)
Effect of changes in interest rates and other financial assumptions	8,014	64	178	(164)	–	8,092
Total net finance expense from insurance contracts issued	**(367)**	**(132)**	**(440)**	**(1,774)**	**–**	**(2,713)**
Net finance income from reinsurance contracts held						
Interest accreted	(230)	74	474	1,049	–	1,367
Effect of changes in interest rates and other financial assumptions	684	(17)	(71)	229	–	825
Total net finance expense from reinsurance contract held	**454**	**57**	**403**	**1,278**	**–**	**2,192**
Movement in investment contract liabilities	–	–	–	–	196	196
Total net investment income and net insurance financial result	**8,418**	**686**	**7,237**	**2,349**	**3,676**	**22,366**
Represented by:						
Amounts recognised in the consolidated statement of income:						
– Within net investment income	8,331	761	7,274	2,845	3,676	22,887
– Within net insurance finance result	87	(75)	(37)	(496)	–	(521)
Total net investment income and net insurance financial result	**8,418**	**686**	**7,237**	**2,349**	**3,676**	**22,366**

(in thousands of Bermuda dollars)

Results by segment	Long duration life and annuities under the GMM 2023 $	Short duration life and health under the PAA 2023 $	Property and casualty under the PAA 2023 $	Cayman and other Caribbean operations under the PAA 2023 $	Corporate and other 2023 $	Total 2023 $
Net investment return						
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	1,914	–	48	–	719	2,681
Net gains on FVTPL financial assets	9,702	791	6,088	3,102	25,968	45,651
Dividend income	–	–	486	181	384	1,051
Net credit impairment loss reversal on financial assets	–	–	–	–	(879)	(879)
Less: Crediting interest on guaranteed contracts for the account of customers	–	–	–	–	(3,678)	(3,678)
Total net investment return	**11,616**	**791**	**6,622**	**3,283**	**22,514**	**44,826**
Net finance expenses from insurance contracts issued						
Interest accreted	(10,587)	(155)	(656)	(1,195)	–	(12,593)
Effect of changes in interest rates and other financial assumptions	1,498	(38)	3	6	–	1,469
Total net finance expense from insurance contracts issued	**(9,089)**	**(193)**	**(653)**	**(1,189)**	**–**	**(11,124)**
Net finance income from reinsurance contracts held						
Interest accreted	(542)	55	438	710	–	661
Effect of changes in interest rates and other financial assumptions	161	23	(1)	(6)	–	177
Total net finance expense from reinsurance contract held	**(381)**	**78**	**437**	**704**	**–**	**838**
Movement in investment contract liabilities	–	–	–	–	(5,883)	(5,883)
Total net investment income and net insurance financial result	**2,146**	**676**	**6,406**	**2,798**	**16,631**	**28,657**
Represented by:						
Amounts recognised in the consolidated statement of income:						
– Within net investment income	11,616	791	6,622	3,283	16,631	38,943
– Within net insurance finance result	(9,470)	(115)	(216)	(485)	–	(10,286)
Total net investment income and net insurance financial result	**2,146**	**676**	**6,406**	**2,798**	**16,631**	**28,657**

(in thousands of Bermuda dollars)

15. Investment properties

	2024 $	2023 $
Cost	29,133	37,809
Accumulated depreciation	(14,165)	(16,614)
	14,968	21,195
Assets held for sale	–	(5,545)
Net book value	**14,968**	**15,650**
Year ended 31 December		
At beginning of year	15,650	21,831
Net additions and capital improvements	215	388
Amortisation	(897)	(1,024)
Transfer to assets held for sale	–	(5,545)
Closing net book value	**14,968**	**15,650**

Investment properties located in Bermuda consist of 30 Woodbourne, owned by Scarborough, a 60% owned subsidiary, and Exchange House, owned by Barr's Bay, which was sold during the year, see note 4.

At 31 December 2024, investment property with a net book value of $14,968 (2023 – $15,650) was estimated to be valued at $27,850 (2023 – $27,850) on the basis of the estimated open market value for existing use. During the years ended 31 December 2024 and 2023, there were no impairments of investment properties for continuing operations.

Rental income generated from these investment properties during the year amounted to $2,425 (2023 – $2,889).

16. Property and equipment

A. Property and equipment comprises:

	Land and buildings $	Furniture, equipment and leasehold Improvements $	Computer hardware $	Motor Vehicles $	Total $
At 1 January 2023					
Cost	19,342	4,417	2,827	126	26,712
Accumulated amortisation	(4,183)	(3,165)	(1,690)	(126)	(9,164)
Net book value	**15,159**	**1,252**	**1,137**	**–**	**17,548**
Year ended 31 December 2023					
Transfer to held for sale assets – cost	(8,121)	(240)	–	–	(8,361)
Transfer to held for sale assets – accumulated amortisation	3,580	65	–	–	3,645
Additions	769	221	413	–	1,403
Disposals	–	(70)	(335)	–	(405)
Disposals – accumulated amortisation	–	70	335	–	405
Amortisation charge	(591)	(259)	(503)	–	(1,353)
Effect of movement in exchange rates	80	14	16	–	110
Closing net book value	**10,876**	**1,053**	**1,063**	**–**	**12,992**
At 31 December 2023					
Cost	12,075	4,343	2,962	126	19,506
Accumulated amortisation	(1,199)	(3,290)	(1,899)	(126)	(6,514)
Total net book value	**10,876**	**1,053**	**1,063**	**–**	**12,992**
Year ended 31 December 2024					
Transfer from held for sale assets – cost	–	260	–	–	260
Transfer from held for sale assets – accumulated	–	(59)	–	–	(59)
Additions	3,083	140	104	–	3,327
Disposals	(51)	(7)	(100)	(70)	(228)
Disposals – accumulated amortisation	49	7	100	70	226
Amortisation charge	(925)	(273)	(458)	–	(1,656)
Effect of movement in exchange rates	(264)	(48)	(56)	–	(368)
Closing net book value	**12,768**	**1,073**	**653**	**–**	**14,494**
At 31 December 2024					
Cost	14,814	4,680	2,758	56	22,308
Accumulated amortisation	(2,046)	(3,607)	(2,105)	(56)	(7,814)
Total net book value	**12,768**	**1,073**	**653**	**–**	**14,494**

(in thousands of Bermuda dollars)

B Leases:

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 15.

i) Amounts recognised in the consolidated statement of financial position:

	2024 $	2023 $
Right-of-use assets		
Land and buildings	5,652	3,594
Furniture, equipment and leasehold improvements	19	162
	5,671	3,756
Lease liabilities		
Other liabilities	5,588	3,893
	5,588	**3,893**

Additions to the right-of-use assets during the year were $3,087 (2023 – $nil).

ii) Amounts recognised in the consolidated statement of income:

	2024 $	2023 $
Amortisation charge of right-of-use assets		
Land and buildings	759	231
Furniture, equipment, and leasehold improvements	42	43
	801	**274**
Interest expense	211	139
Expenses relating to leases of low-value assets (included in operating expenses)	79	67

The total cash outflow for leases was $905 (2023 – $366).

iii) The maturity profile of lease liabilities at 31 December 2024 is as follows:

	Within 1 year $	1 to 5 years $	Over 5 years $	Total $
Lease liabilities	1,214	1,792	2,582	5,588

The maturity profile of lease liabilities at 31 December 2023 is as follows:

	Within 1 year $	1 to 5 years $	Over 5 years $	Total $
Lease liabilities	221	719	2,953	3,893

17. Income taxes

Income tax is calculated and payable on the profits of BF&M Canada, and IHIC which operate in jurisdictions with corporate tax requirements.

Income Taxes related to the OECD's International Pillar Two Tax Reform were issued in May 2023. The OECD aims to establish a global minimum tax ("GMT") for large international companies. In response to the OECD's reforms, in December 2023, a 15 per cent corporate income tax ("CIT") was enacted in Bermuda. The Group is not presently in scope of the requirements since CIT is applicable only to multinational enterprise groups with annual revenues of €750 million or more. As at 31 December 2024, certain other jurisdictions in which the Group operates, including Barbados and Canada, have enacted legislation to adopt GMT. Other jurisdictions in which the Group operates, including the Cayman Islands, have not yet announced or enacted final local rules.

A. Income tax

The income tax expense comprises:

	2024 $	2023 $
Current tax	944	684
Deferred tax	(30)	(84)
Total income tax expense	**914**	**600**

The taxation charge on taxable income differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2024 $	2023 $
BF&M Canada and IHIC's (loss)/income before corporation tax	(2,365)	5,769
Tax calculated at effective rates of 29% and 13% respectively	869	586
Income not subject to tax	32	(1)
Tax over accrual	13	15
Total Income tax expense	**914**	**600**

B. Deferred taxes

The deferred tax asset and deferred tax liability relate to the following items:

	2024 $	2023 $
Deferred tax assets:		
Insurance contract liabilities	174	174
Reinsurance contract assets	407	407
Tax charge related to components of other comprehensive income	485	485
Accelerated tax depreciation	922	1,039
Deferred tax asset	**1,988**	**2,105**
Deferred tax liabilities:		
Accelerated tax depreciation	(876)	(1,104)
Insurance contract liabilities	(690)	(607)
Deferred tax liability	**(1,566)**	**(1,711)**
Net deferred tax asset	**422**	**394**

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C. Tax recoverable

	2024 $	2023 $
Tax recoverable at beginning of year	1,548	1,243
Tax payments made	(82)	309
Tax under accrual	–	(1)
Other	(7)	(3)
Total tax recoverable at end of year	**1,459**	**1,548**
Tax payable at beginning of year	(728)	(456)
Tax payments made	614	410
Current tax expense for year	(944)	(684)
Tax over accrual	–	(14)
Other	18	16
Total tax payable at end of year	**(1,040)**	**(728)**
Net tax recoverable	**419**	**820**

D. Impact to other comprehensive loss

The tax credit/(charge) relating to components of OCI is as follows:

	2024		
	Before tax $	Tax (charge) credit $	After tax $
Re-measurements of retirement benefit obligations	107	–	107
Unrealised losses on fair value through OCI investments	(4,905)	–	(4,905)
Currency translation differences	(1,094)	419	(675)
Total other comprehensive loss	**(5,892)**	**419**	**(5,473)**

	2023		
	Before tax $	Tax (charge) credit $	After tax $
Re-measurements of retirement benefit obligations	85	–	85
Unrealised losses on fair value through OCI investments	(1,554)	–	(1,554)
Currency translation differences	34	133	167
Total other comprehensive loss	**(1,435)**	**133**	**(1,302)**

(in thousands of Bermuda dollars)

18. Goodwill and intangible assets

The carrying amounts of intangible assets are as follows:

	Customer relationships and contracts $	Distribution channels $	Brands $	Software development costs $	Goodwill $	Total $
At 1 January 2023						
Cost	9,370	14,500	2,040	32,995	207	59,112
Accumulated amortisation	(7,546)	(14,500)	(2,040)	(21,372)	–	(45,458)
Net book value	**1,824**	**–**	**–**	**11,623**	**207**	**13,654**
Year ended 31 December 2023						
Additions	–	–	–	1,115	–	1,115
Disposals	–	–	–	(2,399)	–	(2,399)
Disposals – accumulated amortisation	–	–	–	2,399	–	2,399
Amortisation	(720)	–	–	(3,077)	–	(3,797)
Impairment losses	–	–	–	(80)	(207)	(287)
Closing net book value	**1,104**	**–**	**–**	**9,581**	**–**	**10,685**
At 31 December 2023						
Cost	9,370	14,500	2,040	31,631	–	57,541
Accumulated amortisation	(8,266)	(14,500)	(2,040)	(22,050)	–	(46,856)
Total net book value	**1,104**	**–**	**–**	**9,581**	**–**	**10,685**
Year ended 31 December 2024						
Additions	–	–	–	284	–	284
Disposals	–	–	–	(127)	–	(127)
Disposals – accumulated amortisation	–	–	–	(176)	–	(176)
Amortisation	(705)	–	–	(2,285)	–	(2,990)
Impairment losses	–	–	–	(44)	–	(44)
Closing net book value	**399**	**–**	**–**	**7,233**	**–**	**7,632**
At 31 December 2024						
Cost	9,370	14,500	2,040	31,744	–	57,654
Accumulated amortisation	(8,971)	(14,500)	(2,040)	(24,511)	–	(50,022)
Total net book value	**399**	**–**	**–**	**7,233**	**–**	**7,632**
Remaining weighted average amortisation period in years	0.4	–	–	2.3	n/a	

Impairment losses and the amortisation charge on goodwill and intangibles assets are included in amortisation expense in the consolidated statement of income.

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A. Software development costs

Costs associated with the development of information systems are deferred to the extent that the cost satisfies the criteria under IAS 38 – Intangible assets, until such time that management determines that a component is available for use in the manner expected and then it is amortised over its expected useful life. Annually, the Group reviews its software development costs available for use, for evidence of impairment. The Group impaired software development costs of $44 in 2024 (2023 – $80). Annually in accordance with IAS 36, the Group reviews whether there is any indication that an impairment loss previously recognised for an asset either not longer exists or has decreased. The amount of any reversal that can be recognised is restricted to the carrying value that would have been recognised if the original impairment had not occurred. For significant software development costs not available for use, management performs an impairment assessment annually in accordance with IAS 36, using the methodology described in Note 2(J)(ii).

19. Segregated funds

The Group's segregated funds net assets were comprised entirely of mutual funds for both the 2024 and 2023 years.

	2024 $	2023 $
Segregated funds assets – beginning of year	1,353,193	1,128,491
Additions:		
Pension contributions	169,372	154,420
Net realised and unrealised gains	181,477	200,289
Total additions	350,849	354,709
Deductions:		
Payments to policyholders and their beneficiaries	(130,360)	(118,348)
Management fees	(14,287)	(11,659)
Total deductions	(144,647)	(130,007)
Net additions to segregated funds	**206,202**	**224,702**
Total segregated funds assets – end of year	**1,559,395**	**1,353,193**

20. Other liabilities

	2024 $	2023 $
Payables and accrued expenses	35,619	35,282
Lease liabilities	5,588	3,893
Dividends payable	1,983	2,866
	43,190	42,041
Liabilities held for sale	—	(165)
Total	**43,190**	**41,876**

Financial liabilities included within Other liabilities are classified as held at amortised cost. The 2024 fourth quarter dividend for shares held by Argus Group Holdings Limited was withheld see Note 33.

21. Retirement benefit obligations

A. Defined contribution pension plan

The Group has established a defined contribution pension plan for eligible qualifying employees. Contributions by the Group to the defined contribution plan are subject to certain vesting requirements and are generally a set percentage of an employee's annual income and matched against employee contributions. The cost of the defined contribution pension plan is not reflected in the tables below. An expense of $1,292 (2023 – $1,197) equating to the service cost for the year for these employees was reported during the year.

B. Post retirement medical plan

The Group sponsors a post-retirement medical benefit plan for its Bermuda employees. The main benefit provided is for health care. Prior to 1 January 2012, the Group paid 50% of the total premiums paid to the insurer and the pensioner paid the balance. Retirees after 31 December 2011 pay 100% of their premiums if they want to continue to be covered by the plan. This change reduced the number of current employees who will be prospectively entitled to benefits. The plan is closed to new entrants from employees hired after 1999.

Cash contributions to the plan by the Group during 2024 were $173 (2023 – $191).

C. Defined benefit pension plan

The Group also sponsors a defined benefit pension plan for eligible employees in Bermuda, which follows the National Pension Scheme (Occupational Pensions) Act 1998 regulatory framework. The plan is closed to new entrants for employees hired after 1999. The defined benefit plan is administered by a separate fund that is legally separated from the Group. Responsibility for governance of the plan including investment and contributions lies jointly with the Group and the Trustees of the pension fund.

Under the plan, the pension amount at retirement is based on an employee's highest three years average earnings. The scheme is generally funded through payments determined by periodic actuarial calculations. Cash contributions to the plan by the Group during 2024 were $nil (2023 – $nil).

The Group measures the fair value of assets and the accrued benefit obligations as of 31 December. The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligation were carried out as of 31 December 2024.

The following table provides a summary of the defined benefit pension and post-retirement medical plans' estimated financial position at 31 December 2024 and 2023:

	2024 $	2023 $
Defined benefit pension plan (asset)/liability	(921)	(922)
Medical benefit plan (asset)/liability	1,450	1,513
Total retirement benefit obligations	**529**	**591**

	Defined benefit pension plan		Medical benefit plan	
Changes in benefit obligation	2024 $	2023 $	2024 $	2023 $
Balance – beginning of year	34,963	34,485	1,513	1,678
Current service cost	138	144	–	–

	Defined benefit pension plan		Medical benefit plan	
Changes in benefit obligation	2024 $	2023 $	2024 $	2023 $
Interest expense	1,386	1,367	71	71
Actuarial (gains) and losses due to changes in:				
Experience	179	101	(23)	4
Economic assumption changes	1,478	(1,149)	62	(49)
Changes in asset ceiling, excluding amounts included in interest expense	(3,225)	2,086	–	–
Benefits paid	(3,010)	(2,071)	(173)	(191)
Total benefit obligation – end of year	**31,909**	**34,963**	**1,450**	**1,513**

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	Defined benefit pension plan		Medical benefit plan	
Changes in plan assets	2024 $	2023 $	2024 $	2023 $
Fair value – beginning of year	35,885	35,523	–	–
Return on plan assets	5	2,488	–	–
Employer contributions	–	–	173	191
Plan expenses	(50)	(55)	–	–
Benefits paid	(3,010)	(2,071)	(173)	(191)
Total fair value of plan assets – end of year	**32,830**	**35,885**	**–**	**–**
Net (benefit) liability recognised in the consolidated statement of financial position	**(921)**	**(922)**	**1,450**	**1,513**

Amounts recognised in respect of these plans:

	Defined benefit pension plan		Medical benefit plan	
Net benefit cost recognised in consolidated statement of income	2024 $	2023 $	2024 $	2023 $
Current service cost	138	144	–	–
Interest expense	1,386	1,367	71	71
Expected return on plan assets	(1,804)	(1,654)	–	–
Administrative expense	50	55	–	–
Interest on effect of asset ceiling	378	245	–	–
Total net benefit cost	**148**	**157**	**71**	**71**

	Defined benefit pension plan		Medical benefit plan	
Re-measurement effects recognised in OCI	2024 $	2023 $	2024 $	2023 $
Return on plan assets (excluding amounts included in interest income)	1,799	(834)	–	–
Actuarial gains and losses due to change in:				
Experience	179	101	(23)	4
Financial assumptions	1,478	(1,149)	62	(49)
Adjustments for restrictions on the defined benefit asset	(3,604)	1,842	–	–
Total re-measurements effects	**(148)**	**(40)**	**39**	**(45)**

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Asset allocation and fair values of the plan assets by major category for the defined benefit pension plan is as follows:

	2024			2023		
	Quoted $	Unquoted $	Total $	Quoted $	Unquoted $	Total $
Equity and fund instruments	8,652	–	8,652	9,172	–	9,172
Fixed income instruments	24,010	–	24,010	26,990	–	26,990
Real estate	–	295	295	–	442	442
Other	–	(127)	(127)	–	(719)	(719)
Total asset allocation	**32,662**	**168**	**32,830**	**36,162**	**(277)**	**35,885**

Plan assets include the Group's ordinary shares with a fair value of $1,120 (2023 – $1,400).

Risk

Through its defined benefit pension plan and post-employment medical plan, the Group is exposed to a number of risks, the most significant are detailed below:

Changes in bond yields – a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the fair value of the plans' bond holdings.

Life expectancy – the majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Inflation risk – the pension obligation is linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit of the plan or reduce the surplus of the plan.

As the Group's defined benefit plan is closed to new entrants, the volatility associated with future service accruals for active members has been limited and will decline over time.

Actuarial assumptions

	Defined benefit pension plan		Medical benefit plan	
	2024 %	2023 %	2024 %	2023 %
Discount rate	4.60	5.25	4.30	5.00
Compensation increase	3.85	3.50	–	–
Medical claims inflation	–	–	5.00	5.00

The significant weighted-average assumptions as of 31 December 2024 and 2023 are:

The expected return on assets assumption for pension cost purposes is the weighted average of expected long-term asset return assumptions by asset class and is selected from a range of possible future asset returns.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. As the defined benefit plan is closed to new entrants, these assumptions translate into an average life expectancy in years for a pensioner who retired at age 65:

	Defined benefit pension plan		Medical benefit plan	
	2024 In years	2023 In years	2024 In years	2023 In years
Male	20.68	20.61	20.68	20.61
Female	22.62	22.58	22.62	22.58

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Significant judgment is used in setting the assumptions used to calculate the Group's retirement benefit obligations. The sensitivity analysis has been determined based on reasonably possible changes of the significant assumptions occurring at the end of the reporting period. Changes in trend rate assumptions by 1% in either direction will change the retirement benefit obligation as follows:

	Defined benefit pension plan		Medical benefit plan	
	Increase in assumption 2024 %	Decrease in assumption 2024 %	Increase in assumption 2024 %	Decrease in assumption 2024 %
Discount rate	(2,381)	2,811	(87)	98
Compensation	99	(95)	n/a	n/a
Average life expectancy – 1 year change	847	(885)	98	(94)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and a change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

For the funded plan, the Group ensures that the investment positions are managed with an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. The Group's ALM objective is to match assets to the pension's obligation by investing in long-term fixed interest securities with maturities that match the benefits payments as they fall due.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the process used to manage its risk from previous periods. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is set on a risk-free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases should be paid immediately to the fund.

Expected contributions to post-employment benefit plans for the year ending 31 December 2025 are $167.

The weighted average duration of the defined benefit obligation is 9.29 years. The weighted average duration of the medical plan obligation is 6.39 years.

Future benefit payments

The following table sets forth the expected future benefit payments of the defined benefit pension and medical plan.

	2025 $	2026 $	2027 $	2028 $	2029-2040 $
Defined benefit pension	2,290	2,291	2,410	2,422	30,401
Medical benefit plan	167	147	121	95	244
Total future payments	**2,457**	**2,438**	**2,531**	**2,517**	**30,645**

22. Investment contract liabilities

The composition of investment contract liabilities and the movement in liabilities are shown below:

Composition of investment contract liabilities	2024 $	2023 $
Guaranteed interest pension	336,870	323,522
Term certain annuities	432	912
Total investment contract liabilities	**337,302**	**324,434**

Investment contract liabilities carried at fair value	2024 $	2023 $
At 1 January	324,434	298,217
Pension contributions	68,842	58,959
Net investment income	5,901	9,466
Benefits paid	(44,178)	(33,193)
Management fees deducted	(260)	(220)
Net transfers out	(17,437)	(8,795)
Total at 31 December	**337,302**	**324,434**

In the above reconciliation, the investment return from the underlying assets represents changes in the fair value of the investment contract liabilities due to the changes in market conditions. The amount due to the investors is contractually determined based on the performance of the underlying assets. The effect of this feature on the fair value of the liabilities is asset-specific performance risk, not credit risk of the liability; accordingly, no amount of fair value gain or loss required an allocation to OCI.

(in thousands of Bermuda dollars)

23. Insurance and reinsurance contracts

The table below analyses the carrying amounts of insurance contracts issued and reinsurance contracts held within the consolidated statement of financial position.

31 December 2024	Note	Long-duration life and annuities under the GMM $	Short-duration life and health under the PAA $	Property and casualty under the PAA $	Cayman and other Caribbean operations under the PAA $	Total $
Insurance contracts						
Insurance contracts liabilities	A	174,803	30,964	30,670	63,252	299,689
Reinsurance contracts held						
Reinsurance contracts held assets	A	—	(5,791)	(28,782)	(31,240)	(65,813)
Reinsurance contracts held liabilities	A	4,607	—	—	—	4,607

31 December 2023	Note	Long-duration life and annuities under the GMM $	Short-duration life and health under the PAA $	Property and casualty under the PAA $	Cayman and other Caribbean operations under the PAA $	Total $
Insurance contracts						
Insurance contracts liabilities	A	175,679	20,197	31,138	59,736	286,750
Reinsurance contracts held						
Reinsurance contracts held assets	A	(656)	(5,450)	(23,713)	(42,056)	(71,875)
Reinsurance contracts held liabilities	A	5,578	—	—	—	5,578

A. Movements in insurance and reinsurance contract balances

The disclosures in this note are for the net insurance contract asset or liability and the net reinsurance held contract asset or liability. Certain reconciliations or other disclosures that are provided for GMM contracts are not required for PAA contracts. Included within insurance contract liabilities in the consolidated statement of financial position, however excluded from the reconciliations in Note 23 A (i)(a), are amounts in respect of policyholders' surplus which are disclosed in Note 23 A (i)(c).

(in thousands of Bermuda dollars)

i. Long-duration life and annuities under the GMM

a) Insurance contracts

Analysis by remaining coverage and incurred claims

	Liabilites for remaining coverage			Liabilites for remaining coverage		
	Excluding loss component 2024 $	Liabilities for incurred claims 2024 $	Total 2024 $	Excluding loss component 2023 $	Liabilities for incurred claims 2023 $	Total 2023 $
Opening insurance contract liabilities	165,127	9,220	174,347	158,477	7,547	166,024
Insurance revenue – full retrospective approach						
CSM recognised for services provided	(60)	–	(60)	(60)	–	(60)
Change in risk adjustment for non-financial risk for risk expired	(3)	–	(3)	(3)	–	(3)
Expected insurance service expenses incurred:						
Claims	(102)	–	(102)	(103)	–	(103)
Expenses	(9)	–	(9)	(9)	–	(9)
Insurance revenue – fair value approach						
CSM recognised for services provided	(1,667)	–	(1,667)	(1,445)	–	(1,445)
Change in risk adjustment for non-financial risk for risk expired	(606)	–	(606)	(653)	–	(653)
Expected insurance service expenses incurred:						
Claims	(5,847)	–	(5,847)	(5,805)	–	(5,805)
Expenses	(1,076)	–	(1,076)	(1,147)	–	(1,147)
Insurance revenue – post transition						
CSM recognised for services provided	(142)	–	(142)	(55)	–	(55)
Change in risk adjustment for non-financial risk for risk expired	(4)	–	(4)	(1)	–	(1)
Expected insurance service expenses incurred:						
Claims	(206)	–	(206)	(73)	–	(73)
Expenses	(28)	–	(28)	(14)	–	(14)
Recovery of insurance acquisition cash flows	(1)	–	(1)	(1)	–	(1)
Total insurance revenue – all transition methods	**(9,751)**	**–**	**(9,751)**	**(9,369)**	**–**	**(9,369)**
Insurance service expenses						
Incurred insurance service expenses:						
Claims	–	5,995	5,995	–	7,680	7,680
Expenses	–	1,228	1,228	–	1,215	1,215
Amortisation of insurance acquisition cash flows	–	–	–	1	–	1
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	(655)	(655)	–	(814)	(814)
Total insurance service expense	**–**	**6,568**	**6,568**	**1**	**8,081**	**8,082**
Investment components	**(9,422)**	**9,422**	**–**	**(8,758)**	**8,758**	**–**
Total insurance service result	**(19,173)**	**15,990**	**(3,183)**	**(18,126)**	**16,839**	**(1,287)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	199	168	367	8,934	155	9,089

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	Liabilites for remaining coverage			Liabilites for remaining coverage		
	Excluding loss component 2024 $	Liabilities for incurred claims 2024 $	Total 2024 $	Excluding loss component 2023 $	Liabilities for incurred claims 2023 $	Total 2023 $
Total insurance finance income or expense	**199**	**168**	**367**	**8,934**	**155**	**9,089**
Total changes in the consolidated statement of income	**(18,974)**	**16,158**	**(2,816)**	**(9,192)**	**16,994**	**7,802**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	18,707	–	18,707	15,889	–	15,889
Claims and other insurance service expenses paid, included investment components	–	(17,003)	(17,003)	–	(15,321)	(15,321)
Insurance acquisition cash flows	(59)	–	(59)	(47)	–	(47)
Total cash flows	**18,648**	**(17,003)**	**1,645**	**15,842**	**(15,321)**	**521**
Closing insurance contract liabilities	**164,801**	**8,375**	**173,176**	**165,127**	**9,220**	**174,347**

Analysis by measurement component – contracts not measured under the PAA

			CSM			
31 December 2024	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	Full retrospective approach $	Fair value approach $	Post transition $	Total $
Opening insurance contract liabilities	145,217	6,498	1,192	19,195	2,245	174,347
Changes that relate to current services						
CSM recognised for services provided	–	–	(60)	(1,667)	(142)	(1,869)
Change in risk adjustment for non-financial risk for risk expired	–	(516)	–	–	–	(516)
Experience adjustments not related to future service	(171)	–	–	–	–	(171)
Changes that relate to future services						
Contracts initially recognised in the year	(2,064)	194	–	–	1,870	–
Changes in estimates that adjust the CSM	(3,031)	132	(42)	3,048	(107)	–
Changes that relate to past services						
Changes in estimates in LIC fulfilment cash flows	226	–	–	–	–	226
Experience adjustments in claims and other insurance service expenses in LIC	(757)	(96)	–	–	–	(853)
Total insurance service result	**(5,797)**	**(286)**	**(102)**	**1,381**	**1,621**	**(3,183)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	(930)	(34)	58	1,111	162	367
Total insurance finance income or expense	**(930)**	**(34)**	**58**	**1,111**	**162**	**367**
Total changes in the consolidated statement of income	**(6,727)**	**(320)**	**(44)**	**2,492**	**1,783**	**(2,816)**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	18,707	–	–	–	–	18,707
Claims and other insurance service expenses paid, including investment components	(17,003)	–	–	–	–	(17,003)
Insurance acquisition cash flows	(59)	–	–	–	–	(59)
Total cash flows	**1,645**	**–**	**–**	**–**	**–**	**1,645**
Closing insurance contract liabilities	**140,135**	**6,178**	**1,148**	**21,687**	**4,028**	**173,176**

(in thousands of Bermuda dollars)

31 December 2023	Estimates of present value of future cash flows $	Risk adjustment for non-financial risk $	CSM: Full retrospective approach $	CSM: Fair value approach $	CSM: Post transition $	Total $
Opening insurance contract liabilities	138,736	6,656	1,115	18,933	584	166,024
Changes that relate to current services						
CSM recognised for services provided	—	—	(60)	(1,445)	(55)	(1,560)
Change in risk adjustment for non-financial risk for risk expired	—	(561)	—	—	—	(561)
Experience adjustments not related to future service	1,674	—	—	—	—	1,674
Changes that relate to future services						
Contracts initially recognised in the year	(1,750)	136	—	—	1,614	—
Changes in estimates that adjust the CSM	(2,310)	(151)	126	2,312	22	(1)
Changes that relate to past services						
Changes in estimates in LIC fulfilment cash flows	70	—	—	—	—	70
Experience adjustments in claims and other insurance service expenses in LIC	(801)	(97)	—	—	—	(898)
Total insurance service result	**(3,117)**	**(673)**	**66**	**867**	**1,581**	**(1,276)**
Insurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	9,282	515	11	(605)	80	9,283
Total insurance finance income or expense	**9,282**	**515**	**11**	**(605)**	**80**	**9,283**
Total changes in the consolidated statement of income	**6,165**	**(158)**	**77**	**262**	**1,661**	**8,007**
Cash flows (actual cashflows in the period)						
Premiums and premium tax received	15,684	—	—	—	—	15,684
Claims and other insurance service expenses paid, including investment components	(15,321)	—	—	—	—	(15,321)
Insurance acquisition cash flows	(47)	—	—	—	—	(47)
Total cash flows	**316**	**—**	**—**	**—**	**—**	**316**
Closing insurance contract liabilities	**145,217**	**6,498**	**1,192**	**19,195**	**2,245**	**174,347**

(in thousands of Bermuda dollars)

b) **Reinsurance contracts held**

Analysis by remaining coverage and incurred claims

	Remaining coverage component			Remaining coverage component		
	Excluding loss-recovery component 2024 $	Incurred claims component 2024 $	Total 2024 $	Excluding loss-recovery component 2023 $	Incurred claims component 2023 $	Total 2023 $
Opening reinsurance contract assets	(33)	689	656	–	–	–
Opening reinsurance contract liabilities	(5,915)	337	(5,578)	(5,828)	349	(5,479)
Net opening balance	**(5,948)**	**1,026**	**(4,922)**	**(5,828)**	**349**	**(5,479)**
Allocation of the premiums paid – fair value approach						
CSM recognised for services provided	(238)	–	(238)	(179)	–	(179)
Change in risk adjustment for non-financial risk for risk transferred	(136)	–	(136)	(147)	–	(147)
Expected recoveries of incurred claims and other insurance service expense	(975)	–	(975)	(1,024)	–	(1,024)
Total allocation of premiums paid	**(1,349)**	**–**	**(1,349)**	**(1,350)**	**–**	**(1,350)**
Amounts recovered from reinsurance						
Recoveries of incurred claims and other insurance service expense	–	422	422	–	1,025	1,025
Changes related to past service (changes related to incurred claims component)	–	(278)	(278)	–	(252)	(252)
Total amounts recovered from reinsurance	**–**	**144**	**144**	**–**	**773**	**773**
Total net expenses from reinsurance	**(1,349)**	**144**	**(1,205)**	**(1,350)**	**773**	**(577)**
Reinsurance finance income or expense						
The effect of and changes in time of time value of money and financial risk	454	–	454	(394)	–	(394)
Total reinsurance finance income or expense	**454**	**–**	**454**	**(394)**	**–**	**(394)**
Total changes in the consolidated statement of income	**(895)**	**144**	**(751)**	**(1,744)**	**773**	**(971)**
Cash flows (actual cashflows in the period)						
Premiums and premium tax paid	1,808	–	1,808	1,624	–	1,624
Amounts recovered	–	(742)	(742)	–	(96)	(96)
Total cash flows	**1,808**	**(742)**	**1,066**	**1,624**	**(96)**	**1,528**
Net closing balance	**(5,035)**	**428**	**(4,607)**	**(5,948)**	**1,026**	**(4,922)**
Closing reinsurance contract assets	–	–	–	(33)	689	656
Closing reinsurance contract liabilities	(5,035)	428	(4,607)	(5,915)	337	(5,578)
Net closing balance	**(5,035)**	**428**	**(4,607)**	**(5,948)**	**1,026**	**(4,922)**

Analysis by measurement component – Contracts not measured under the PAA

31 December 2024	Estimates of present value of future cash flows 2024 $	Risk adjustment for non-financial risk 2024 $	CSM Fair value approach 2024 $	Total 2024 $
Opening reinsurance contract assets	619	20	17	656
Opening reinsurance contract liabilities	(8,035)	1,045	1,412	(5,578)
Net opening balance	**(7,416)**	**1,065**	**1,429**	**(4,922)**
Changes that relate to current services				
CSM recognised for services received	–	–	(237)	(237)
Change in risk adjustment for non-financial risk for risk expired	–	(103)	–	(103)
Experience adjustments not related to future service	(587)	–	–	(587)
Changes that relate to future services				
Changes in estimates that adjust the CSM	(649)	15	634	–
Changes that relate to past services				
Experience adjustments in claims and other insurance service expenses in LIC	(244)	(34)	–	(278)
Total net expenses from reinsurance	**(1,480)**	**(122)**	**397**	**(1,205)**
Reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	225	143	86	454
Total reinsurance finance income or expense	**225**	**143**	**86**	**454**
Total changes in the consolidated statement of income	**(1,255)**	**21**	**483**	**(751)**
Cash flows				
Premiums and premium tax paid	1,808	–	–	1,808
Amounts recovered	(742)	–	–	(742)
Total cash flows	**1,066**	**–**	**–**	**1,066**
Net closing balance	**(7,605)**	**1,086**	**1,912**	**(4,607)**
Closing reinsurance contract assets	–	–	–	–
Closing reinsurance contract liabilities	(7,605)	1,086	1,912	(4,607)
Net closing balance	**(7,605)**	**1,086**	**1,912**	**(4,607)**

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31 December 2023	Estimates of present value of future cash flows 2023 $	Risk adjustment for non-financial risk 2023 $	CSM Fair value approach 2023 $	Total 2023 $
Opening reinsurance contract assets	–	–	–	–
Opening reinsurance contract liabilities	(7,388)	1,131	778	(5,479)
Net opening balance	**(7,388)**	**1,131**	**778**	**(5,479)**
Changes that relate to current services				
CSM recognised for services received	–	–	(179)	(179)
Change in risk adjustment for non-financial risk for risk expired	–	(113)	–	(113)
Experience adjustments not related to future service	(32)	–	–	(32)
Changes that relate to future services				
Changes in estimates that adjust the CSM	(866)	11	855	–
Changes that relate to past services				
Changes in fulfilment cash flows re LIC	39	–	–	39
Experience adjustments in claims and other insurance service expenses in LIC	(257)	(35)	–	(292)
Total net expenses from reinsurance	**(1,116)**	**(137)**	**676**	**(577)**
Reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	(440)	71	(25)	(394)
Total reinsurance finance income or expense	**(440)**	**71**	**(25)**	**(394)**
Total changes in the consolidated statement of income	**(1,556)**	**(66)**	**651**	**(971)**
Cash flows				
Premiums and premium tax paid	1,624	–	–	1,624
Amounts recovered	(96)	–	–	(96)
Total cash flows	**1,528**	**–**	**–**	**1,528**
Net closing balance	**(7,416)**	**1,065**	**1,429**	**(4,922)**
Closing reinsurance contract assets	619	20	17	656
Closing reinsurance contract liabilities	(8,035)	1,045	1,412	(5,578)
Net closing balance	**(7,416)**	**1,065**	**1,429**	**(4,922)**

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c) Policyholders' surplus

Amounts in respect of policyholders' surplus as set out below are included within insurance contract liabilities in the consolidated statement of financial position, however are excluded from the reconciliations in Note 23 A (i)(a):

Policyholders' surplus reconciliation	Total $
Included within insurance contract liabilities:	
Total policyholders' surplus on 31 December 2024	**1,627**
Change in policyholders' surplus:	
Opening balance, 1 January 2023	**564**
Net income after dividends, prior to shareholders' attribution	819
Less: attribution to shareholders	(52)
Closing balance, 31 December 2023	**1,331**
Net income after dividends, prior to shareholders' attribution	347
Less: attribution to shareholders	(51)
Closing balance, 31 December 2024	**1,627**

ii. Short-duration life and health under the PAA

a) Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2024	Liabilities for remaining coverage: Excluding loss component 2024 $	Liabilities for incurred claims: Estimates of present value of future cash flows 2024 $	Liabilities for incurred claims: Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	(7,721)	26,082	1,836	20,197
Net opening balance	**(7,721)**	**26,082**	**1,836**	**20,197**
Insurance revenue	**(129,322)**	**–**	**–**	**(129,322)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	116,652	8,052	124,704
Expenses	–	5,903	–	5,903
Other movements related to current service	–	–	(6,617)	(6,617)
Amortisation of insurance acquisition cash flows	1,525	–	–	1,525
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	21	(1,196)	(1,175)
Total insurance service expenses	**1,525**	**122,576**	**239**	**124,340**
Total insurance service result	**(127,797)**	**122,576**	**239**	**(4,982)**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	121	11	132
Total net insurance finance income or expense	**–**	**121**	**11**	**132**
Total changes in the consolidated statement of income	**(127,797)**	**122,697**	**250**	**(4,850)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	135,065	–	–	135,065
Claims and other insurance service expenses paid, including investment components	–	(117,924)	–	(117,924)
Insurance acquisition cash flows	(1,525)	–	–	1,525)
Total cash flows	**133,540**	**(117,924)**	**–**	**15,616**
Net closing balance	**(1,978)**	**30,856**	**2,086**	**30,964**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	(1,978)	30,856	2,086	30,964
Net closing balance	**(1,978)**	**30,856**	**2,086**	**30,964**

31 December 2023	Liabilities for remaining coverage: Excluding loss component 2023 $	Liabilities for incurred claims: Estimates of present value of future cash flows 2023 $	Liabilities for incurred claims: Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	(6,605)	21,332	1,621	16,348
Net opening balance	**(6,605)**	**21,332**	**1,621**	**16,348**
Insurance revenue	**(119,159)**	**–**	**–**	**(119,159)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	111,017	7,433	118,450
Expenses	–	5,991	–	5,991
Other movements related to current service	–	–	(6,145)	(6,145)
Amortisation of insurance acquisition cash flows	1,482	–	–	1,482
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	1,385	(1,088)	297
Total insurance service expenses	**1,482**	**118,393**	**200**	**120,075**
Total insurance service result	**(117,677)**	**118,393**	**200**	**916**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	178	15	193
Total net insurance finance income or expense	**–**	**178**	**15**	**193**
Total changes in the consolidated statement of income	**(117,677)**	**118,571**	**215**	**1,109**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	118,043	–	–	118,043
Claims and other insurance service expenses paid, including investment components	–	(113,821)	–	(113,821)
Insurance acquisition cash flows	(1,482)	–	–	(1,482)
Total cash flows	**116,561**	**(113,821)**	**–**	**2,740**
Net closing balance	**(7,721)**	**26,082**	**1,836**	**20,197**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	(7,721)	26,082	1,836	20,197
Net closing balance	**(7,721)**	**26,082**	**1,836**	**20,197**

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b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

31 December 2024	Remaining coverage component: Excluding loss component 2024 $	Incurred claims component: Estimates of present value of future cash flows 2024 $	Incurred claims component: Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening reinsurance contract assets	(894)	6,161	183	5,450
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**(894)**	**6,161**	**183**	**5,450**
Insurance revenue	**(6,706)**	**–**	**–**	**(6,706)**
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	8,056	91	8,147
Changes related to past service (changes related to incurred claims component)	–	(1,679)	(156)	(1,835)
Total amounts recovered from reinsurance	**–**	**6,377**	**(65)**	**6,312**
Total net expenses from reinsurance	**(6,706)**	**6,377**	**(65)**	**(394)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	53	4	57
Total net reinsurance finance income or expense	**–**	**53**	**4**	**57**
Total changes in the consolidated statement of income	**(6,706)**	**6,430**	**(61)**	**(337)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	7,094	–	–	7,094
Amounts recovered	–	(6,416)	–	(6,416)
Total cash flows	**7,094**	**(6,416)**	**–**	**678**
Net closing balance	**(506)**	**6,175**	**122**	**5,791**
Closing reinsurance contract assets	(506)	6,175	122	5,791
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**(506)**	**6,175**	**122**	**5,791**

31 December 2023	Remaining coverage component Excluding loss component 2023 $	Incurred claims component Estimates of present value of future cash flows 2023 $	Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening reinsurance contract assets	(1,203)	5,407	106	4,310
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**(1,203)**	**5,407**	**106**	**4,310**
Insurance revenue	**(8,732)**			**(8,732)**
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	7,046	131	7,177
Changes related to past service (changes related to incurred claims component)	–	(255)	(60)	(315)
Total amounts recovered from reinsurance	**–**	**6,791**	**71**	**6,862**
Total net expenses from reinsurance	**(8,732)**	**6,791**	**71**	**(1,870)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	72	6	78
Total net reinsurance finance income or expense	**–**	**72**	**6**	**78**
Total changes in the consolidated statement of income	**(8,732)**	**6,863**	**77**	**(1,792)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	9,041	–	–	9,041
Amounts recovered	–	(6,108)	–	(6,108)
Total cash flows	**9,041**	**(6,108)**	**–**	**2,933**
Net closing balance	**(894)**	**6,161**	**183**	**5,450**
Closing reinsurance contract assets	(894)	6,161	183	5,450
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**(894)**	**6,161**	**183**	**5,450**

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iv. P&C insurance under the PAA

a) Insurance contracts, Analysis by remaining coverage and incurred claims

31 December 2024	Liabilities for remaining coverage Excluding loss component 2024 $	Liabilities for incurred claims Estimates of present value of future cash flows 2024 $	Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	13,116	16,183	1,839	31,138
Net opening balance	**13,116**	**16,183**	**1,839**	**31,138**
Insurance revenue	**(67,107)**	**–**	**–**	**(67,107)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	12,579	1,297	13,876
Expenses	–	5,519	–	5,519
Other movements related to current service	–	–	(805)	(805)
Amortisation of insurance acquisition cash flows	2,747	–	–	2,747
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	(2,359)	(1,117)	(3,476)
Total insurance service expenses	**2,747**	**15,739**	**(625)**	**17,861**
Total insurance service result	**(64,360)**	**15,739**	**(625)**	**(49,246)**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	561	(121)	440
Total net insurance finance income or expense	**–**	**561**	**(121)**	**440**
Total changes in the consolidated statement of income	**(64,360)**	**16,300**	**(746)**	**(48,806)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	72,976	–	–	72,976
Claims and other insurance service expenses paid, including investment components	–	(22,207)	–	(22,207)
Insurance acquisition cash flows	(2,431)	–	–	(2,431)
Total cash flows	**70,545**	**(22,207)**	**–**	**48,338**
Net closing balance	**19,301**	**10,276**	**1,093**	**30,670**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	19,301	10,276	1,093	30,670
Net closing balance	**19,301**	**10,276**	**1,093**	**30,670**

31 December 2023	Liabilities for remaining coverage Excluding loss component 2023 $	Liabilities for incurred claims Estimates of present value of future cash flows 2023 $	Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	13,341	18,340	2,070	33,751
Net opening balance	**13,341**	**18,340**	**2,070**	**33,751**
Insurance revenue	**(63,372)**	**–**	**–**	**(63,372)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	11,240	1,178	12,418
Expenses	–	5,292	–	5,292
Other movements related to current service	–	–	(513)	(513)
Amortisation of insurance acquisition cash flows	2,557	–	–	2,557
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	(1,197)	(963)	(2,160)
Total insurance service expenses	**2,557**	**15,335**	**(298)**	**17,594**
Total insurance service result	**(60,815)**	**15,335**	**(298)**	**(45,778)**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	586	67	653
Total net insurance finance income or expense	**–**	**586**	**67**	**653**
Total changes in the consolidated statement of income	**(60,815)**	**15,921**	**(231)**	**(45,125)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	63,247	–	–	63,247
Claims and other insurance service expenses paid, including investment components	–	(18,078)	–	(18,078)
Insurance acquisition cash flows	(2,657)	–	–	(2,657)
Total cash flows	**60,590**	**(18,078)**	**–**	**42,512**
Net closing balance	**13,116**	**16,183**	**1,839**	**31,138**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	13,116	16,183	1,839	31,138
Net closing balance	**13,116**	**16,183**	**1,839**	**31,138**

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b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

31 December 2024	Remaining coverage component Excluding loss component 2024 $	Incurred claims component Estimates of present value of future cash flows 2024 $	Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening reinsurance contract assets	8,774	13,422	1,517	23,713
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**8,774**	**13,422**	**1,517**	**23,713**
Insurance revenue	**(47,423)**	**–**	**–**	**(47,423)**
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	7,519	497	8,016
Changes related to past service (charges related to incurred claims component)	–	(992)	(619)	(1,611)
Total amounts recovered from reinsurance	**–**	**6,527**	**(122)**	**6,405**
Total net expenses from reinsurance	**(47,423)**	**6,527**	**(122)**	**(41,018)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	430	(27)	403
Total net reinsurance finance income or expense	**–**	**430**	**(27)**	**403**
Total changes in the consolidated statement of income	**(47,423)**	**6,957**	**(149)**	**(40,615)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	54,770	–	–	54,770
Amounts recovered	–	(9,087)	–	(9,087)
Total cash flows	**54,770**	**(9,087)**	**–**	**45,683**
Net closing balance	**16,121**	**11,292**	**1,368**	**28,781**
Closing reinsurance contract assets	16,121	11,292	1,368	28,781
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**16,121**	**11,292**	**1,368**	**28,781**

31 December 2023	Remaining coverage component Excluding loss component 2023 $	Incurred claims component Estimates of present value of future cash flows 2023 $	 Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening reinsurance contract assets	9,914	13,464	1,503	24,881
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**9,914**	**13,464**	**1,503**	**24,881**
Allocation of the premiums paid:	(38,145)	–	–	(38,145)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	4,245	402	4,647
Changes related to past service (charges related to incurred claims component)	–	3,640	(432)	3,208
Total amounts recovered from reinsurance	**–**	**7,885**	**(30)**	**7,855**
Total net expenses from reinsurance	**(38,145)**	**7,885**	**(30)**	**(30,290)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	393	44	437
Total net reinsurance finance income or expense	**–**	**393**	**44**	**437**
Total changes in the consolidated statement of income	**(38,145)**	**8,278**	**14**	**(29,853)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	37,005	–	–	37,005
Amounts recovered	–	(8,320)	–	(8,320)
Total cash flows	**37,005**	**(8,320)**	**–**	**28,685**
Net closing balance	**8,774**	**13,422**	**1,517**	**23,713**
Closing reinsurance contract assets	8,774	13,422	1,517	23,713
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**8,774**	**13,422**	**1,517**	**23,713**

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v. Cayman and other Caribbean Islands under the PAA

a) Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2024	Liabilities for remaining coverage Excluding loss component 2024 $	Liabilities for incurred claims Estimates of present value of future cash flows 2024 $	 Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	32,401	24,800	2,535	59,736
Net opening balance	**32,401**	**24,800**	**2,535**	**59,736**
Insurance revenue	**(206,425)**	**–**	**–**	**(206,425)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	22,243	2,083	24,326
Expenses	–	7,190	–	7,190
Other movements related to current service	–	–	(848)	(848)
Amortisation of insurance acquisition cash flows	29,172	–	–	29,172
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	(1,604)	(1,466)	(3,070)
Total insurance service expenses	**29,172**	**27,829**	**(231)**	**56,770**
Total insurance service result	**(177,253)**	**27,829**	**(231)**	**(149,655)**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	1,610	164	1,774
Total net insurance finance income or expense	**–**	**1,610**	**164**	**1,774**
Total changes in the consolidated statement of income	**(177,253)**	**29,439**	**(67)**	**(147,881)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	206,764	–	–	206,764
Claims and other insurance service expenses paid, including investment components	–	(25,964)	–	(25,964)
Insurance acquisition cash flows	(29,401)	–	–	(29,401)
Total cash flows	**177,363**	**(25,964)**	**–**	**151,399**
Net closing balance	**32,511**	**28,275**	**2,468**	**63,254**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	32,511	28,275	2,468	63,254
Net closing balance	**32,511**	**28,275**	**2,468**	**63,254**

31 December 2023	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component 2023 $	Estimates of present value of future cash flows 2023 $	Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening insurance contract assets	–	–	–	–
Opening insurance contract liabilities	35,635	31,397	2,985	70,017
Net opening balance	**35,635**	**31,397**	**2,985**	**70,017**
Insurance revenue	**(185,641)**	**–**	**–**	**(185,641)**
Insurance service expenses				
Incurred insurance service expenses:				
Claims	–	14,802	1,362	16,164
Expenses	–	6,216	–	6,216
Other movements related to current service	–	–	(393)	(393)
Amortisation of insurance acquisition cash flows	29,177	–	–	29,177
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	(8,491)	(1,522)	(10,013)
Total insurance service expenses	**29,177**	**12,527**	**(553)**	**41,151**
Total insurance service result	**(156,464)**	**12,527**	**(553)**	**(144,490)**
Net insurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	1,086	103	1,189
Total net insurance finance income or expense	**–**	**1,086**	**103**	**1,189**
Total changes in the consolidated statement of income	**(156,464)**	**13,613**	**(450)**	**(143,301)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax received	180,283	–	–	180,283
Claims and other insurance service expenses paid, including investment components	–	(20,210)	–	(20,210)
Insurance acquisition cash flows	(27,053)	–	–	(27,053)
Total cash flows	**153,230**	**(20,210)**	**–**	**133,020**
Net closing balance	**32,401**	**24,800**	**2,535**	**59,736**
Closing insurance contract assets	–	–	–	–
Closing insurance contract liabilities	32,401	24,800	2,535	59,736
Net closing balance	**32,401**	**24,800**	**2,535**	**59,736**

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b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

31 December 2024	Remaining coverage component	Incurred claims component		
	Excluding loss component 2024 $	Estimates of present value of future cash flows 2024 $	Risk adjustment for non-financial risk 2024 $	Total 2024 $
Opening reinsurance contract assets	21,793	18,518	1,745	42,056
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**21,793**	**18,518**	**1,745**	**42,056**
Allocation of the premiums paid:	(159,101)	–	–	(159,101)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	13,503	1,004	14,507
Changes related to past service (charges related to incurred claims component)	–	2,451	(1,691)	760
Total amounts recovered from reinsurance	**–**	**15,954**	**(687)**	**15,267**
Total net expenses from reinsurance	**(159,101)**	**15,954**	**(687)**	**(143,834)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	1,049	229	1,278
Total net reinsurance finance income or expense	**–**	**1,049**	**229**	**1,278**
Total changes in the consolidated statement of income	**(159,101)**	**17,003**	**(458)**	**(142,556)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	145,575	–	–	145,575
Amounts recovered	–	(13,835)	–	(13,835)
Total cash flows	**145,575**	**(13,835)**	**–**	**131,740**
Net closing balance	**8,267**	**21,686**	**1,287**	**31,240**
Closing reinsurance contract assets	8,267	21,686	1,287	31,240
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**8,267**	**21,686**	**1,287**	**31,240**

	Remaining coverage component	Incurred claims component		
31 December 2023	Excluding loss component 2023 $	Estimates of present value of future cash flows 2023 $	Risk adjustment for non-financial risk 2023 $	Total 2023 $
Opening reinsurance contract assets	21,902	19,747	1,755	43,404
Opening reinsurance contract liabilities	–	–	–	–
Net opening balance	**21,902**	**19,747**	**1,755**	**43,404**
Allocation of the premiums paid:	(133,276)			(133,276)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	–	9,318	722	10,040
Changes related to past service (charges related to incurred claims component)	–	(6,356)	(790)	(7,146)
Total amounts recovered from reinsurance	**–**	**2,962**	**(68)**	**2,894**
Total net expenses from reinsurance	**(133,276)**	**2,962**	**(68)**	**(130,382)**
Net reinsurance finance income or expense				
The effect of and changes in time of time value of money and financial risk	–	646	58	704
Total net reinsurance finance income or expense	**–**	**646**	**58**	**704**
Total changes in the consolidated statement of income	**(133,276)**	**3,608**	**(10)**	**(129,678)**
Cash flows (actual cashflows in the period)				
Premiums and premium tax paid	133,167	–	–	133,167
Amounts recovered	–	(4,837)	–	(4,837)
Total cash flows	**133,167**	**(4,837)**	**–**	**128,330**
Net closing balance	**21,793**	**18,518**	**1,745**	**42,056**
Closing reinsurance contract assets	21,793	18,518	1,745	42,056
Closing reinsurance contract liabilities	–	–	–	–
Net closing balance	**21,793**	**18,518**	**1,745**	**42,056**

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B. Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under PAA in the year.

i. Long-duration life and annuities under GMM

a) Insurance contracts

	2024 $	2023 $
Claims and other insurance service expenses payable	**10,924**	7,797
Insurance acquisition cash flows	**59**	46
Estimates of present value of cash outflows	**10,983**	7,843
Estimates of present value of cash inflows	**(13,047)**	(9,593)
Risk adjustment for non-financial risk	**194**	136
CSM	**1,870**	1,614
Increase in insurance contract liabilities from contracts recognised in the year	**–**	**–**

(in thousands of Bermuda dollars)

C. Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in the consolidated statement of income after the reporting date for contracts not measured under the PAA.

Long-duration life insurance under GMM

Projected recognition of the CSM into net income – 31 December 2024	All years $	Less than 1 year $	1 to 2 years $	2 to 3 years $	3 to 4 years $	4 to 5 years $	5 to 10 years $	More than 10 years $
Insurance contracts issued	26,863	1,719	1,592	1,480	1,395	1,321	5,648	13,708
Reinsurance contracts held	(1,912)	(216)	(186)	(162)	(144)	(130)	(484)	(590)
Total	**24,951**	**1,503**	**1,406**	**1,318**	**1,251**	**1,191**	**5,164**	**13,118**

Projected recognition of the CSM into net income – 31 December 2023	All years $	Less than 1 year $	1 to 2 years $	2 to 3 years $	3 to 4 years $	4 to 5 years $	5 to 10 years $	More than 10 years $
Insurance contracts issued	22,632	1,490	1,369	1,270	1,178	1,109	4,704	11,512
Reinsurance contracts held	(1,429)	(166)	(144)	(125)	(109)	(98)	(362)	(425)
Total	**21,203**	**1,324**	**1,225**	**1,145**	**1,069**	**1,011**	**4,342**	**11,087**

D. Non-life claims development

The table below illustrates how estimates of cumulative claims for the Group have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Claims development disclosure is not required when the expected settlement period of claims is less than one year. The Group settles all claim for life insurance with 12 months of the reporting date.

(in thousands of Bermuda dollars)

i) P&C Insurance under PAA

Estimates of undiscounted gross cumulative claims	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	2024 $	Total $
At the end of accident year	7,945	19,398	22,546	7,865	19,782	9,809	12,631	14,823	11,019	12,452	—
One year later	8,984	16,746	16,840	7,464	18,329	8,694	14,119	14,001	10,797	—	—
Two years later	8,545	16,757	16,650	6,927	17,771	8,815	14,009	12,411	—	—	—
Three years later	8,377	16,640	16,365	6,888	17,572	8,859	13,099	—	—	—	—
Four years later	8,237	16,218	16,306	6,928	17,463	9,527	—	—	—	—	—
Five years later	8,215	16,228	16,331	6,912	17,384	—	—	—	—	—	—
Six years later	8,111	16,205	16,470	6,854	—	—	—	—	—	—	—
Seven years later	8,133	16,198	16,461	—	—	—	—	—	—	—	—
Eight years later	8,121	16,188	—	—	—	—	—	—	—	—	—
Nine years later	8,119	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative claims	8,119	16,188	16,461	6,854	17,384	9,527	13,099	12,411	10,797	12,452	123,292
Cumulative payments to date	(8,063)	(16,183)	(16,258)	(6,566)	(17,315)	(8,908)	(12,275)	(10,395)	(8,838)	(7,969)	(112,770)
Gross liabilities — accident years 2015 — 2024	56	5	203	288	69	619	824	2,016	1,959	4,483	10,522
Gross liabilities — accident years before 2015	—	—	—	—	—	—	—	—	—	71	71
Gross liabilities for incurred claims included in the statement of financial position (see A)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**10,593**

Estimates of undiscounted cumulative claims, net of reinsurance	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	2024 $	Total $
At the end of accident year	5,737	9,470	15,468	6,821	8,293	6,988	7,223	7,750	7,192	7,429	—
One year later	6,356	8,899	15,427	6,400	7,489	6,063	6,919	7,740	7,728	—	—
Two years later	6,272	8,774	14,998	5,952	7,222	6,080	7,069	7,617	—	—	—
Three years later	6,163	8,644	14,829	5,847	7,141	6,007	7,102	—	—	—	—
Four years later	6,040	8,354	14,780	5,875	7,128	5,909	—	—	—	—	—
Five years later	6,021	8,367	14,787	5,868	7,091	—	—	—	—	—	—
Six years later	5,918	8,329	14,929	5,808	—	—	—	—	—	—	—
Seven years later	5,922	8,327	14,920	—	—	—	—	—	—	—	—
Eight years later	5,924	8,326	—	—	—	—	—	—	—	—	—
Nine years later	5,922	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative claims	5,922	8,326	14,920	5,808	7,091	5,909	7,102	7,617	7,728	7,429	77,852
Cumulative payments to date	(5,871)	(8,326)	(14,731)	(5,616)	(7,076)	(5,536)	(6,373)	(6,183)	(6,168)	(4,548)	(70,428)
Net liabilities — accident years 2015 — 2024	51	—	189	192	15	373	729	1,434	1,560	2,881	7,424
Net liabilities — accident years before 2015	—	—	—	—	—	—	—	—	—	71	71
Net liabilities for incurred claims included in the statement of financial position (see A)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**7,495**

(in thousands of Bermuda dollars)

ii) Cayman and other Caribbean Islands under PAA

Estimates of undiscounted gross cumulative claims	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	2024 $	Total $
At the end of accident year	9,530	61,642	647,217	10,073	584,281	8,775	14,492	15,478	12,528	21,710	—
One year later	8,741	60,485	586,239	9,047	506,326	8,143	15,397	13,094	11,909	—	—
Two years later	8,171	61,729	578,477	8,486	513,976	7,872	15,161	13,028	—	—	—
Three years later	8,162	60,258	579,155	8,273	515,072	8,174	15,779	—	—	—	—
Four years later	8,424	60,136	578,373	7,611	510,395	7,646	—	—	—	—	—
Five years later	8,432	60,253	575,994	7,689	509,672	—	—	—	—	—	—
Six years later	8,480	59,042	574,410	7,856	—	—	—	—	—	—	—
Seven years later	8,629	58,765	574,661	—	—	—	—	—	—	—	—
Eight years later	8,554	58,557	—	—	—	—	—	—	—	—	—
Nine years later	8,775	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative claims	8,775	58,557	574,661	7,856	509,672	7,646	15,779	13,028	11,909	21,710	1,229,593
Cumulative payments to date	(8,472)	(58,246)	(570,680)	(7,533)	(507,519)	(7,063)	(13,970)	(10,461)	(8,115)	(9,506)	(1,201,565)
Gross liabilities — accident years 2015 — 2024	303	311	3,981	323	2,153	583	1,809	2,567	3,794	12,204	28,028
Gross liabilities — accident years before 2015	—	—	—	—	—	—	—	—	—	—	193
Gross liabilities for incurred claims included in the statement of financial position (see A)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**28,221**

Estimates of undiscounted cumulative claims, net of reinsurance	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	2024 $	Total $
At the end of accident year	5,914	11,263	9,919	7,014	12,255	5,743	8,440	8,378	8,678	13,578	—
One year later	5,316	10,230	9,907	6,320	12,091	5,666	9,234	7,645	8,507	—	—
Two years later	4,945	9,950	9,235	6,018	12,387	5,313	9,253	7,412	—	—	—
Three years later	5,068	9,921	9,085	5,880	12,502	5,216	9,199	—	—	—	—
Four years later	5,115	9,802	9,188	5,413	12,206	5,038	—	—	—	—	—
Five years later	5,117	9,854	9,064	5,468	11,702	—	—	—	—	—	—
Six years later	5,117	10,099	9,094	5,461	—	—	—	—	—	—	—
Seven years later	5,132	9,996	9,072	—	—	—	—	—	—	—	—
Eight years later	5,119	9,978	—	—	—	—	—	—	—	—	—
Nine years later	5,157	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative claims	5,157	9,978	9,072	5,461	11,702	5,038	9,199	7,412	8,507	13,578	85,104
Cumulative payments to date	(5,086)	(9,707)	(8,821)	(5,378)	(11,452)	(4,723)	(8,415)	(6,049)	(6,145)	(6,246)	(72,022)
Net liabilities — accident years 2015 — 2024	71	271	251	83	250	315	784	1,363	2,362	7,332	13,082
Net liabilities — accident years before 2015	—	—	—	—	—	—	—	—	—	—	84
Net liabilities for incurred claims included in the statement of financial position (see A)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**13,166**

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E. SIGNIFICANT JUDGEMENTS AND ESTIMATES FOR INSURANCE AND REINSURANCE CONTRACTS

i) Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows (see a. below);
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows (see d. below); and
- a risk adjustment for non-financial risk (see e. below).

a) Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience.

When estimating future cash flows, the Group considers current expectations of future events that might affect those cash flows, including expected inflation. Estimates of any relevant market variables are consistent with observable market prices when available.

Cash flows include premiums received from policyholders, payments to (or on behalf of) policyholders, insurance acquisition costs, and other directly attributable costs that are incurred in issuing and fulfilling contracts.

Acquisition costs may be internal or external. Internal acquisition costs are derived from cost and time studies. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio, but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

b) Actuarial assumptions – Life and health insurance

Actuarial assumptions utilised in the valuation of life and health insurance business are discussed in Note 5C.

c) Actuarial assumptions – General insurance

Key assumptions related to the valuation of the Group's General insurance business include views on policyholder behaviour and future claim and expense levels, including views on inflation (see a. above).

d) Discount rates

Current rates are used to discount expected cash flows occurring after the reporting date. These discount rates reflect the time value of money and the liquidity characteristics of the future cash flows. A discount curve is established to align the rates to the expected timing of the future cash flows. For Life and health insurance, part of the discount curve is based on available market information (this referred to as the observable period), while the remainder of the curve is determined using extrapolation techniques (this is the unobservable period). General insurance contracts are typically settled over a shorter period of time, with all claims expected to be settled within the observable period of 30 years.

The Group uses a top-down approach to determine the discount curves. Under this approach, the discount rates are determined as the yields implicit in the fair value of a notional reference portfolio of assets, adjusted for expected and unexpected credit losses. The reference portfolio for Life insurance comprises a mix of fixed income instruments, structured securities and mortgages, with a range of maturities and levels of credit risk, whereas the reference portfolio for General Insurance is comprised solely of fixed income instruments.

Within the observable period, interpolation is applied to derive rates for non-available term structures that are reflective of current market conditions. Extrapolation, using the Smith-Wilson method, from the last available term structure is used to arrive at the ultimate rate of return.

The yields from the reference portfolio were adjusted to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historical levels of default and external, credible studies of default risk which are published annually.

The following tables provide a summary of the spot discount curves used to present value cash flows that do not vary based on the returns on underlying items for all major products:

As at 31 December 2024:	1 year	5 years	10 years	30 years	Ultimate
Life and health	4.70%	4.79%	5.15%	5.84%	4.81%
General insurance	4.66%	4.91%	5.33%	n/a	n/a

As at 31 December 2023:	1 year	5 years	10 years	30 years	Ultimate
Life and health	4.79%	4.46%	4.55%	4.94%	4.34%
General insurance	5.32%	4.56%	4.78%	n/a	n/a

e) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and is the compensation the Group requires for bearing uncertainties arising from non-financial risks (such as mortality, morbidity, and lapse risk) that affect the amount and timing of cash outflows required to fulfil insurance contracts.

For life insurance, the risk adjustment is determined using a margin approach. This approach utilises margin percentages to adjust individual best-estimate non-financial assumptions. Where relevant, the percentages determined at the legal entity level are applied to each non-financial assumption to determine the risk adjustment at the contract level.

For General insurance, the risk adjustment for non-financial risk is determined using a quantile approach. This approach involves calculating the value-at-risk at the selected confidence level.

In determining the risk adjustment, the Group considers both favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

Diversification benefits are incorporated into the calculations at the legal entity level.

The Group does not consider the effect of reinsurance in determining the risk adjustment for non-financial risk on underlying insurance contracts – rather the risk adjustment for reinsurance held is included in the measurement of the reinsurance contract asset or liability and represents the risk transferred to the reinsurer. This risk adjustment for reinsurance held is calculated using the same methodologies as for the underlying contracts.

For life and health, the RA for insurance contracts issued and reinsurance contracts held corresponds to a confidence level of approximately 80-85% overall for all periods presented. The RA for General insurance contracts issued and reinsurance contracts held corresponds to a confidence level of approximately 75% overall for all legal entities and periods presented.

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ii) Contractual service margin

a) Determination of coverage units

See also Note 2 (O).

Management makes judgements to determine the appropriate coverage units that adequately reflect the quantity of insurance contract services provided over the issued insurance contract's coverage period. Coverage units for issued insurance contracts were determined on the following basis:

Contract type	Basis for determining covering units
Contracts providing periodic benefits	Periodic benefit payout amounts
Contracts providing lump sum benefits	Actual face value of benefit amounts
Contracts providing both periodic and lump sum benefits	Weighted average sum of the expected present value of the periodic benefit payout amounts and actual face value payout amounts

For reinsurance contracts held that provide proportionate coverage, reinsurance coverage units are determined on the same basis as the underlying contracts. For reinsurance contracts held that provide non-proportional coverage, the expected amount of underlying benefits to be covered in the period is used to determine the quantity of reinsurance coverage units.

An analysis of the expected timing of the allocation of the CSM to the consolidated statement of income is disclosed in (C).

24. Equity

A. Share capital

	2024 $	2023 $
Authorised – 20,000,000 (2023 – 10,000,000) common shares of a par value of $1 each	**20,000**	10,000
Issued and fully paid –		
Common shares of a par value of $1 each	**9,388**	9,273

Common shares in issue in the Group rank pari passu with any new common shares issued in the Group. All the common shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Group.

A reconciliation of the number of shares outstanding at the beginning and at the end of the year is as follows:

	2024 #of shares	2023 # of shares
At 1 January	**9,273,263**	9,187,213
Shares issued under the employee share purchase plan	**–**	7,080
Shares issued under the equity incentive plan	**–**	8,836
Share grants issued under the equity incentive plan	**117,664**	83,267
Share grants forfeited under the equity incentive plan	**(3,250)**	(13,133)
Total at 31 December	**9,387,677**	9,273,263

B. Share premium and contributed surplus

Share premium comprises additional paid in capital in excess of the par value. This reserve is not ordinarily available for distribution. Contributed surplus represents additional paid in capital.

C. Share buy back

In 2016, the Group's Board of Directors authorised a share repurchase program up to a maximum of 500,000 shares, increased to 600,000 in 2022. As at 31 December 2024, the Group had repurchased 528,586 shares for a total of $10,759. The repurchased shares are held as treasury shares until reissued or cancelled. The program expired in August 2024 and may be renewed at the discretion of the Group and upon approval by the Bermuda Stock Exchange. The repurchase of shares is at the discretion of the Group.

D. Treasury shares

Treasury shares are shares of BF&M Limited that are held by the Group primarily for the purpose of issuing shares under the employee share purchase scheme or the equity incentive plan. Shares were acquired through purchases on the Bermuda Stock Exchange.

	2024 $	2024 # of shares	2023 $	2023 # of shares
At 1 January	**6,352**	**299,468**	5,227	260,582
Acquisition of shares through share buy-back	**636**	**25,075**	1,846	83,286
Shares issued outside the employee share purchase plan	**–**	**–**	(721)	(44,400)
Total at 31 December	**6,988**	**324,543**	6,352	299,468

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E. Accumulated other comprehensive loss

This consists of gains and losses on financial instruments designated at FVOCI, along with translation adjustments arising from the consolidation of the BF&M Canada operations, and actuarial gains and losses on employee benefit plans.

F. Employee share purchase plan

During 2024, nil (2023 – 7,080) shares were purchased by employees of the Group. The Group suspended the Employee share purchase plan as a result of the pending Argus acquisition. The fair value of the shares was credited to either share capital or treasury shares depending on the source of the shares and share premium. The discount was charged to compensation expense.

Source of shares	Shares Issued #	Share capital $	Treasury shares $	Share premium $	Compensation expense $
2024					
Share capital	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**
2023					
Share capital	7,080	7	–	132	21
Total	**7,080**	**7**	**–**	**132**	**21**

G. Shares held by the Group's defined benefit pension scheme

As at 31 December 2024, 55,992 (2023 – 55,992) shares of the Group were owned within the investment portfolio of the Group's defined benefit pension scheme.

(in thousands of Bermuda dollars)

25. Share based payments

Restricted share grants and restricted unit grants
During the year 117,664 (2023 – 83,267) common shares and 27,534 (2023 – 16,535) units were issued to certain employees in respect of restricted share grants and restricted unit grants. These are held by the Group and are restricted from sale or use by the employees for three years from the grant date. Restricted unit grants differ from restricted share grants in that no common shares are issued at the time of the grant; instead they are paid in cash after the vesting date. The amount of the benefit to these employees totalled $3,431 (2023 – $1,746), excluding impact of dividends. This benefit was measured using the 20-day average share price prior to the grant date.

The terms of the Restricted Share Agreements in place stipulate that upon a change in control, any unvested portion of the restricted stock grants issued become immediately vested and non-forfeitable. In the agreements, a change in control is defined as a change in beneficial ownership of more than 35%. During the year, the change in control provision within these restricted stock agreements was triggered. In accordance with the provisions of *IFRS 2 – Stock Based Compensation*, when the vesting of awards is accelerated, the entity recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The amount charged to compensation expense in the current year totalled $5,204 (2023 – $1,611). The carrying amount of the liability in respect of restricted unit grants, which is included in other liabilities, is $nil (2023 – $967).

26. Other income

The following tables present fee income from service contracts and rental income by reportable segment:

	Health, life, annuity and pension 2024 $	Property and casualty 2024 $	Real estate 2024 $	Cayman and other Caribbean operations 2024 $	Corporate and other 2024 $	Total 2024 $
Fee income from service contracts:						
Pension administration asset-based income	12,893	—	—	—	—	12,893
Administrative services and other fees	308	2	—	—	2,530	2,840
Rental income	—	—	2,980	23	(555)	2,448
Gain on sale and lease back	—		7,295	—	—	7,295
Total other income	**13,201**	**2**	**10,275**	**23**	**1,975**	**25,476**

(in thousands of Bermuda dollars)

	Health, life, annuity and pension 2023 $	Property and casualty 2023 $	Real estate 2023 $	Cayman and other Caribbean operations 2023 $	Corporate and other 2023 $	Total 2023 $
Fee income from service contracts:						
Pension administration asset-based income	10,760	—	—	—	—	10,760
Administrative services and other fees	527	2	—	—	2,407	2,936
Rental income	—	—	3,799	31	(909)	2,921
Commission income from brokerage services rendered	—	38	—	—	—	38
Total other income	**11,287**	**40**	**3,799**	**31**	**1,498**	**16,655**

27. Operating expenses

	2024 $	2023 $
Wages and salaries	**35,688**	31,976
Professional and consulting fees*	**8,705**	4,843
Post retirement benefit costs	**1,291**	1,425
IT maintenance contracts	**7,590**	6,643
Advertising and business development	**2,214**	2,037
Bank charges and foreign currency purchase tax	**1,851**	2,564
Office rent, building and utilities costs	**1,573**	1,690
Share expense	**5,204**	1,611
Compliance, legal and regulatory	**2,145**	2,124
Office and administration expenses	**551**	682
Travel	**572**	549
Bad debt	**383**	484
Memberships and subscriptions	**161**	188
Training and development	**157**	172
Other	**(89)**	256
Total operating expenses	**67,997**	57,244
Represented by:		
Insurance service expenses within the consolidated statement of income		
Amounts attributed to insurance acquisition cash flows	**3,232**	3,246
Other directly attributable insurance service expenses	**15,503**	14,338
Other operating expenses within the consolidated statement of income	**49,262**	39,660
Total operating expenses	**67,997**	57,244

*Included in 2024 Professional and consulting fees, are $1,585 related to audit services, $238 other services provided by PricewaterhouseCoopers Ltd. and other PricewaterhouseCoopers network firms to the Group.

(in thousands of Bermuda dollars)

28. Components of accumulated other comprehensive loss

	2024 $	2023 $
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of retirement benefit obligation		
Balance – beginning of year	**(2,123)**	(652)
Re-measurement of retirement benefit obligation	**107**	85
Unrealised losses on fair value through OCI investments	**(4,905)**	(1,554)
Non-controlling interest	**(15)**	(2)
Balance – end of year	**(6,936)**	(2,123)
Currency translation differences		
Balance – beginning of year	**(468)**	(635)
Unrealised foreign exchange (losses)/gains on translation of foreign operations	**(675)**	167
Balance – end of year	**(1,143)**	(468)
Total	**(8,079)**	(2,591)

29. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2024			2023		
	Income $	# of weighted average shares	Per share amount $	Income $	# of weighted average shares	Per share amount $
Basic earnings per share:						
Income available to common shareholders	**13,458**	**9,024,191**	**$1.49**	26,740	8,947,923	$2.99
Effect of dilutive securities:						
Share options	**—**	**—**	**—**	—	—	—
Diluted earnings per share:						
Income available to common shareholders and assumed conversions	**13,458**	**9,024,191**	**$1.49**	26,740	8,947,923	$2.99

There are no share options granted to employees of the Group and thus there is no dilutive or anti-dilutive impact on earnings per share

(in thousands of Bermuda dollars)

30. Related parties

On 4 December 2024, Holdco 123 Limited, incorporated in Bermuda, acquired 3,394,403 shares of the Group from Lawrie (Bermuda) Limited, which represents 36.2% of the Group's shares. The remaining shares are widely held.

As disclosed in Note 2C(i), a number of the subsidiaries transacted with the Group during the year in the normal course of business. These transactions are eliminated on consolidation.

Key management personnel have been defined as the executive team and the Board of Directors of the Group. The following transactions were carried out with key management:

A. Sales of insurance contracts and other services

	2024 $	2023 $
Sales of insurance contracts and pension services:		
Key management	**117**	119
Purchase of services:		
Key management	**976**	351

B. Key management compensation

The following table shows compensation to key management:

	2024 $	2023 $
Salaries and other short-term employee benefits	**5,135**	3,070
Post-employment benefits	**196**	123
Termination Benefits	**1,220**	–
Share based payments	**1,815**	596
Total	**8,366**	3,789

Pursuant to Regulation 6.8 (3) of Section 11A of the Bermuda Stock Exchange Listing Regulations, the total interests of all directors and officers of the Group in the common shares of the Group at 31 December 2024 were 177,143 (2023 – 193,452) shares. No rights to subscribe for shares in the Group have been granted to or exercised by any director or officer, other than those disclosed in Note 25.

C. Loans to related parties

Loans are extended to key management of the Group (and their families) and to companies related to key management. Mortgage terms are typically no more than 20 years in duration and interest rates are consistent with rates charged by the Group to non-related parties.

	2024 $	2023 $
At 1 January	**1,968**	4,301
Adjustments to changes in key management	**638**	(2,246)
Loans repaid	**(210)**	(178)
Interest charges	**174**	91
Total at 31 December	**2,570**	1,968

D. Self-insurance

The Group self-insures its office building reported in investment properties. The insured assets are reinsured through the Group's reinsurance programme and is subject to the same terms and conditions as other reinsured insurance contracts.

31. Subsidiaries with material non-controlling interest

Set out below is the summarised financial information for the aggregate of each subsidiary that has non-controlling interests that are material to the Group.

	Scarborough	
Summarised statement of financial position	**2024 $**	**2023 $**
Total assets	**19,571**	18,895
Total liabilities	**848**	1,261
Total net assets	**18,723**	17,634

	Scarborough	
Summarised comprehensive income	**2024 $**	**2023 $**
Total income	**2,160**	2,227
Total benefits and expenses	**(1,106)**	(1,143)
Net income	**1,054**	1,084
Other comprehensive income		
Items that will not be reclassified to profit or loss	**36**	5
Total comprehensive income	**1,090**	1,089
Total income attributable to non-controlling interest	**422**	433

	Scarborough	
Summarised statement of financial position	**2024 $**	**2023 $**
Net cash generated from operating activities	**1,751**	1,094
Net cash used in investing activities	**(215)**	(357)
Net increase in cash and cash equivalents	**1,536**	737
Cash and cash equivalents at beginning of year	**1,514**	777
Cash and cash equivalents at end of year	**3,050**	1,514

32. Commitments and contingencies

A. Operating leases

i) Group as Lessor

The Group has entered into non-cancellable operating leases on space within the Group's investment property. These agreements include an extension option and terminate between 2025 and 2033. The future minimum lease payments receivable are as follows:

	2024 $	**2023 $**
No later than 1 year	**2,104**	2,462
Later than 1 year and no later than 5 years	**4,043**	5,274
Later than 5 years	**1,899**	2,501
Total	**8,046**	10,237

B. Commitments

The Group has commitments made in the normal course of business that are to be disbursed upon fulfilment of certain contract conditions. The Group has committed in principle to making donations to various local charities. The amount to be disbursed is unknown but will be determinable on an annual basis subject to contract terms. The Group also expects capital expenditures related to renovation work on its investment property.

C. Contingencies

The Group and its subsidiaries are from time to time subject to legal actions arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty and it is possible that an adverse resolution could have a material effect on the consolidated financial statements of the Group.

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33. Subsequent events

A. Acquisition of subsidiary

On 6 January 2025, the Group completed the acquisition of Argus, a Bermuda-domiciled insurance company that operates predominantly in Bermuda, Gibraltar, Malta and Canada, underwriting life, health and general insurance and selling investment, savings, retirement, administrative, health care and insurance broker products and services. The acquisition is expected to enhance the Group's market share as an insurance carrier in Bermuda, offers substantial vertical integration benefits via supplier, producer and service provider relationships and creates additional geographical diversification into Europe.

In accordance with the Amalgamation Transaction Agreement, the Group issued 0.251 BF&M shares for each Argus share held by Argus shareholders as at the close of business on Monday, 6 January 2025.

As the acquisition took place after the reporting date of 31 December 2024, it is considered a non-adjusting subsequent event in accordance with *IAS 10 – Events After the Reporting Period*. Consequently, the financial effects of this transaction have not been recognised in the consolidated financial statements for the year ended 31 December 2024.

Management is currently evaluating the fair values of the identifiable assets, liabilities, and contingent liabilities acquired, as well as the potential goodwill arising from the transaction. This evaluation will be finalised and disclosed in the consolidated financial statements for the year ending 31 December 2025.

B. Dividends

On 22 November 2024, the Group declared BF&M shareholders appearing on the shareholder register on 31 December 2024 would be paid an interim dividend of $0.28 per BF&M share, which was paid on 10 January 2025. The Group did not advance the 2024 fourth quarter dividend on the Group's shares held by Argus at 31 December 2024 (see Note 30).

Former Argus shareholders appearing on the shareholder register of Argus on 31 December 2024 were paid an interim dividend of $0.12 per Argus shares on 31 January 2025.

On 25 March 2025, the Group, declared a dividend to be paid to shareholders of record at 2 April 2025. The dividend will be paid on or about 11 April 2025 at $0.28 per share.

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