

NOTICE TO SHAREHOLDERS

The audited Consolidated Financial Statements of Bahamas First Holdings Ltd (BFH or “the Group”) for the year ended 31 December 2022 were filed and became public on 1 May 2023. The Financial Statements noted that BFH’s Cayman subsidiary, Cayman First Insurance Ltd (CFI), experienced delays in reporting to its regulator in Cayman due to the Group’s implementation of a new policy and claim processing system during the year, which affected its Health and Life division (H&L). As a result of problems with the implementation of the new processing system, CFI failed to comply with regulatory reporting deadlines with respect to claims processing, payment and client invoicing.

These problems, which have proved both difficult and, as a result, slow to resolve, are ongoing. They have led to the Cayman Health Insurance Commission (CHIC) indicating to CFI on 30 March 2023 that what occurred breached the conditions of its Approved Insurer Certificate for health insurance business issued by the CHIC, that it was considering enforcement action and may be minded to make regulatory orders which would prevent new health insurance for Cayman residents being underwritten by H&L. A remediation plan was prepared and presented to CHIC and is now being implemented. CFI has engaged a well-regarded international expert as well as additional staff (on a temporary basis) to execute the remediation plan with the objective of achieving substantial resolution of the problems within the course of the next 90 days. CFI continues to liaise closely with CHIC as it executes the remediation plan. It is to be stressed that CFI has no problem in meeting claims in full, but the problem encountered has been in processing claims.

The Boards of BFH and CFI are concerned as to the time taken and the difficulties encountered by management to resolve the situation with H&L. The Board of BFH has appointed an investigation committee comprised of non-executive Board members to investigate the matters surrounding the CFI issues and the governance related thereto. The Board has also resolved to use external consultants to advise them on the origin and handling of the problems both from a technical and wider perspective and further to advise on appropriate steps to ensure that H&L’s systems are robust and resilient as well as those of BFH.

Over the coming weeks the Board will closely review the financial implications of H&L’s problems. BFH’s 2022 consolidated Financial Statements show that H&L’s total segment assets of over \$27million greatly exceed its total segment liabilities of less than \$12million so the H&L Division carries no material financial risk to the wider Group.