



**UNAUDITED FINANCIAL STATEMENTS  
FOR PERIOD ENDED 30 SEPTEMBER 2015**



# General Accident Insurance Company Jamaica Limited

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Period ended 30 September 2015

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# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Report to Stockholders

### For the quarter ended 30 September 2015

We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited (“General Accident”) for the quarter ended 30 September 2015.

The highlights are as follows:

Net profit of \$115.7 million, a reduction of 52% (2014: 241.5 million)

Earnings per share of \$0.11 (2014: \$0.23)

Book value of \$1.60 billion (2014: \$1.61 billion)

Annualized return on average equity of 9.7% (2014:25%)

#### **Underwriting Performance**

For the 9 months ending 30 September 2015, gross written premium grew to \$5.5 billion, an increase of 21% over the same period last year. Our net earned premiums were relatively flat growing by just 1% to \$791 million. Net claims charges saw a significant increase by 23% to \$517 million. Administrative expenses also increased by 8% when compared to the same period prior year.

This resulted in General Accident suffering an underwriting loss of \$21.8 million dollars in the first 9 months. As a consequence, our combined ratio deteriorated for the first 9 months of 2015 to 103% from 90% for the same period of 2014.

#### **Investment Performance**

Our investment income for the 9 months ending 30 September 2015 was \$152.1 million. This represents an annualized return of 9% or slightly below the annualized return of 10% for the same period prior year. These yields are however above inflation and returns on Government of Jamaica securities.

# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Interim Report to Stockholders

### Summary

General Accident's profitability of \$115.7 million for the first nine months of 2015 is disappointing. By far the largest driver of this outcome is our claims experience, particularly in our motor portfolio. Over short periods of time, our loss ratios may experience significant volatility. We remain confident that the consistent application of General Accident's standards and practices will continue to produce underwriting profits over the long-term consistent with our track record.

In the third quarter our performance already showed some signs of improvement compared to the first six months of the year. We expect this trend to continue for the remainder of 2015.

As at 30 September 2015, we remain in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

We wish to thank our all of our policyholders, brokers, reinsurers, and employees for their loyal support.

On behalf of the Board of Directors

**P. B. Scott**  
Chairman

**Sharon Donaldson**  
Managing Director



**General Accident Insurance Company Jamaica Limited**  
**Statement of Comprehensive Income**  
**Quarter ended 30 September 2015**

Column1	Unaudited 9 months Ended 30 September 2015	Unaudited 9 months Ended 30 September 2014	Unaudited 3 months Ended 30 September 2015	Unaudited 3 months Ended 30 September 2014	Audited Year ended 31 December 2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross Premiums Written</b>	5,448,685	4,516,973	1,675,181	1,074,116	5,072,375
Reinsurance ceded	(4,474,446)	(3,612,745)	(1,373,873)	(801,598)	(3,878,197)
Excess of Loss Reinsurance Cost	(70,944)	(96,363)	(19,432)	(23,417)	(127,640)
<b>Net Premiums Written</b>	903,295	807,865	281,876	249,101	1,066,538
Changes in unearned premiums, net	(111,392)	(24,464)	18,902	49,120	2,560
<b>Net Premiums Earned</b>	<b>791,903</b>	<b>783,401</b>	<b>299,968</b>	<b>298,221</b>	<b>1,069,098</b>
Commission Income	239,293	240,821	61,145	65,977	335,967
Commission Expense	(136,270)	(117,976)	(42,348)	(48,897)	(182,938)
Claims Expense	(590,738)	(516,876)	(177,695)	(200,427)	(678,558)
Management Expenses	(325,991)	(314,398)	(104,229)	(108,961)	(441,628)
<b>Underwriting Profit/(Loss)</b>	<b>(21,803)</b>	<b>74,972</b>	<b>36,841</b>	<b>5,913</b>	<b>101,941</b>
Investment Income	152,150	176,282	58,373	51,571	160,396
Other Income	8,128	10,136	1,685	4,136	88,124
Other Operating Expenses	(22,674)	(19,850)	(7,701)	(7,392)	(30,496)
<b>Profit before Taxation</b>	<b>115,801</b>	<b>241,540</b>	<b>89,198</b>	<b>54,228</b>	<b>319,965</b>
Taxation	(60)	(60)	(30)	(30)	113
<b>NET PROFIT FOR THE PERIOD</b>	<b>115,741</b>	<b>241,480</b>	<b>89,168</b>	<b>54,198</b>	<b>320,078</b>
<b>Other Comprehensive Income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Unrealised (losses)/gains on available-for-sale investments, net of tax					
	7,405	(2,233)	(12,263)	9,730	6,192
Tax credit					
	7,405	(2,233)	(12,263)	9,730	46
					6,238
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>123,146</b>	<b>239,247</b>	<b>76,905</b>	<b>63,928</b>	<b>323,316</b>
<b>EARNINGS PER SHARE</b>	<b>0.11</b>	<b>0.23</b>	<b>0.09</b>	<b>0.05</b>	<b>0.31</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Financial Position**  
**As at 30 September 2015**

	Unaudited 30 September 2015 \$'000	Unaudited 30 September 2014 \$'000	Audited 31 December 2014 \$'000
<b>ASSETS</b>			
Cash and Short Term Investments	1,121,731	1,264,923	1,272,527
Taxation Recoverable	144,565	119,989	127,445
Due from policyholders, brokers and agents	415,849	446,356	380,606
Due from reinsurers and co-insurers	557,089	535,989	528,584
Deferred policy acquisition cost	263,172	224,663	202,900
Other Receivables	76,789	40,512	26,273
Due from related parties	793	100,234	2,275
Loans receivable	165,622	164,298	169,591
Leases receivable	18,042	61,305	44,556
Investment Securities	1,176,441	816,427	910,145
Pooled real estate investment	143,549	143,549	143,549
Property, Plant & Equipment	129,817	94,025	95,138
Intangible assets	4,196	9,085	7,463
Deferred tax assets	499	340	499
<b>Total Assets</b>	<b>4,218,154</b>	<b>4,021,695</b>	<b>3,911,551</b>
<b>LIABILITIES</b>			
Due to reinsurers and coinsurers	187,976	196,506	268,437
Other liabilities	69,067	108,324	75,159
Insurance Reserves	2,358,614	2,099,462	1,988,573
<b>Total Liabilities</b>	<b>2,615,657</b>	<b>2,404,292</b>	<b>2,332,169</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	61,966	46,090	54,561
Retained earnings	918,143	948,925	902,433
<b>Total shareholders' equity</b>	<b>1,602,497</b>	<b>1,617,403</b>	<b>1,579,382</b>
<b>Total liabilities and shareholder's equity</b>	<b>4,218,154</b>	<b>4,021,695</b>	<b>3,911,551</b>

Approved by the Board of Directors on November 3, 2015, and signed on its behalf by:



**General Accident Insurance Company Jamaica Limited**  
**Statement of Changes in Equity**  
**Quarter ended 30 September 2015**

	Share Capital	Capital Reserves	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 31 December 2013	470,358	152,030	48,323	786,233	1,456,944
Net profit for the period				241,480	241,480
Other Comprehensive Income					
Unrealised losses on available-for-sale investment, net of tax	-	-	(2,233)		(2,233)
<b>Total other comprehensive income</b>	-	-	(2,233)	-	(2,233)
Transactions with owners					
Dividends	-	-	-	(78,788)	(78,788)
<b>Total transactions with owners</b>	-	-	-	(78,788)	(78,788)
<b>Balance as at 30 September 2014</b>	<b>470,358</b>	<b>152,030</b>	<b>46,090</b>	<b>948,925</b>	<b>1,617,403</b>
<b>Balance as at 31 December 2014</b>	<b>470,358</b>	<b>152,030</b>	<b>54,561</b>	<b>902,433</b>	<b>1,579,382</b>
Net profit for the period				115,741	115,741
Other Comprehensive Income					
Unrealised gains on available-for-sale investment, net of tax			7,405		7,405
<b>Total other comprehensive income</b>	-	-	7,405	-	7,405
Transactions with owners					
Dividends				(78,788)	(78,788)
<b>Total transactions with owners</b>	-	-	-	(78,788)	(78,788)
<b>Balance as at 30 September 2015</b>	<b>470,358</b>	<b>152,030</b>	<b>61,966</b>	<b>918,143</b>	<b>1,602,497</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Cash Flows**  
**Quarter ended 30 September 2015**

	Unaudited	Unaudited	Audited
	30 September 2015	30 September 2014	31 December 2014
	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>			
Net profit	115,741	241,480	320,078
Adjustments for items not affecting cash:			
Depreciation	19,154	15,041	24,066
Amortisation of intangible assets	3,413	4,808	6,430
Amortisation of premium	1,094	-	2,790
Interest income	(117,807)	(108,393)	(147,653)
Dividend income	(8,771)	(3,987)	(7,789)
Deferred taxation	-	-	(113,)
Foreign exchange gains	(25,783)	(63,902)	(79,354)
Increase in deferred policy acquisition cost	(60,272)	(61,036)	(39,273)
Increase in insurance reserves	370,041	(274,767)	(376,085)
	<b>296,810</b>	<b>(250,756)</b>	<b>(296,903)</b>
<b>Changes in operating assets and liabilities:</b>			
Due from policyholders, brokers and agents	(35,243)	47,212	128,790
Other receivables	(26,178)	(13,478)	1,577
Loans receivable	3,969	3,335	(2,076)
Other liabilities	(6,092)	29,871	(3,294)
Due from related parties	1,482	(100,112)	(2,153)
Due from reinsurers and coinsurers, net	(108,966)	326,305	383,714
	<b>125,782</b>	<b>42,377</b>	<b>209,655</b>
Taxation paid	(17,120)	(18,706)	(26,162)
<b>Net cash provided by operating activities</b>	<b>108,662</b>	<b>23,671</b>	<b>183,493</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investments	(450,426)	(298,131)	486,646
Lease receivables, net	26,514	36,277	51,514
Acquisition of property, plant and equipment	(53,832)	(42,446)	(52,584)
Acquisition pooled real estate fund	-	(143,549)	(143,549)
Acquisition of intangible asset	(147)	(730)	(730)
Proceeds from disposal and maturity of investments	192,318	444,700	-
Dividend received	8,771	3,987	6,972
Interest received	104,050	101,244	148,579
<b>Net cash (used in)/ provided by investing activities</b>	<b>(172,752)</b>	<b>101,352</b>	<b>66,933</b>
<b>Cash Flows from Financing Activities</b>			
Dividends paid	(100,031)	(78,788)	(203,878)
Net cash used in financing activities	(100,031)	(78,788)	(203,878)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(164,121)</b>	<b>46,235</b>	<b>46,548</b>
Effect of exchange rate changes on cash and cash equivalents	13,325	49,158	56,449
<b>Cash and cash equivalents at beginning of period/year</b>	<b>1,272,527</b>	<b>1,169,530</b>	<b>1,169,530</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR</b>	<b>1,121,731</b>	<b>1,264,924</b>	<b>1,272,527</b>





**General Accident Insurance Company Jamaica Limited**  
**Notes to the Financial Statements**  
**Quarter ended 30 September 2015**

### **Identification and Activities**

General Accident Insurance Company (Jamaica) Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10.

The company is licensed to operate as a general insurance company under the insurance Act, 2001. Its principal activity is the underwriting of commercial and personal property and casualty insurance.

The company is a public company listed on the Jamaica Stock Exchange at September 30, 2011.

### **Statement of Compliance and Basis of Preparation**

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2014. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.