

# Life of Jamaica Ltd 1999.

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Commentary on Unaudited Second Quarter Results

## **Life of Jamaica reports Third Quarter profits of \$19.6 million**

The Directors of Life of Jamaica present the unaudited Financial Statements for the nine months ended September 30, 1999.

The Financial Statements reflect a profit of \$19.6 million compared with a profit of \$53.9 million for the same period last year. The reduction in profitability continues to reflect the present difficult economic climate in which we operate which has had a significant impact on the Individual line of business.

### Local Operations

In the Jamaican operation, we continue to achieve favourable volumes of new sales in the individual life business with this quarter being our best sales performance in the last five years. We now control close to 60% of the new sales in the industry. The economic environment continues however to have a negative impact on the conservation of our existing business and therefore this remains an area of major focus for the company going forward.

The Employee Benefits line continues to perform well, exceeding its new business and profitability targets. We expect that this favourable performance will continue for the remainder of the year.

The review of our actuarial reserves mentioned in the half yearly results is well advanced. We believe that in the interest of our policyholders and shareholders we will need to take a more conservative approach to these valuations and that this will also need to take account of international standards for solvency. We therefore anticipate the need for a significant strengthening of our actuarial reserves. As mentioned in our half-yearly statements, these are likely to have a negative impact on our LOJ's 1999 earnings but will put the company in a considerably stronger position to withstand the fluctuations in the economic environment going forward. The exercise will not have a negative impact on our cash flows.

Overseas Operations

Global Life Assurance Company, reported profits of US\$890,000 for the period. The strong profits of the Bahamian operations show further improvement over the previous year and we expect that this will continue for the remainder of the year.

On behalf of the Board

M. M. REYNOLDS            President  
D. H. LALOR                Chairman

**UNAUDITED CONSOLIDATED RESULTS**  
**9 Months ended September 30, 1999**

	1999	1998
	\$'000	\$'000
GROSS INCOME	3,994,082	3,934,779
PROFITS/(LOSSES) FOR THE PERIOD	196,071	53,863
PROFITS/(LOSSES) BEFORE EXTRAORDINARY ITEMS	196,071	53,863
EXTRAORDINARY ITEM	0	0
PREFERENCE DIVIDEND	0	0
PROFITS/(LOSSES) ATTRIBUTABLE TO SHAREHOLDERS	19,607	53,863
EARNINGS PER SHARE	0.036	0.100
SHAREHOLDERS' FUNDS	896,635	914,095
POLICYHOLDERS' FUNDS	8,288,837	7,861,269
TOTAL GROUP ASSETS	115,391,851	11,301,366
MANAGED PENSION FUNDS NOT INCLUDED ABOVE	<u>10,641,134</u>	<u>11,914,808</u>

On behalf of the Board

M.M. REYNOLDS

D.H. LALOR

**LIFE OF JAMAICA LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30,1999**  
**(UNAUDITED)**

THOUSANDS OF DOLLARS

	UNAUDITED SEPT. 1999	UNAUDITED SEPT. 1998	AUDITED DECEMBER 1998
SHAREHOLDERS' FUNDS			
Share Capital	1,110,766	1,110,993	1,110,765
Share Premium	128,985	128,985	128,985
Capital Redemption Reserve Fund	2,675	2,675	2,675
Profit & Loss Account	(345,790)	(328,558)	(365,397)
	<u>896,636</u>	<u>914,095</u>	<u>877,028</u>
POLICYHOLDERS' FUNDS			
Life Assurance Fund	7,207,975	6,910,684	6,595,409
Policy Dividends On Deposit	776,071	749,808	700,208
Superannuation Funds	304,792	200,777	211,787
	<u>8,288,837</u>	<u>7,861,269</u>	<u>7,507,404</u>
BANK LOANS	0	0	0
INVESTMENT RESERVES	40,955	32,695	47,550
MINORITY INTEREST	340,603	260,276	300,345
OTHER LIABILITIES	1,972,154	2,233,031	2,273,412
	<u>11,539,185</u>	<u>11,301,366</u>	<u>11,005,739</u>

Represented By:

INVESTMENTS			
Leased Assets	2,420	9,856	27
Real Estate	862,915	1,545,891	1,318,258
Hotel Investment	372,042	406,927	366,154
Quoted Securities	750,309	700,795	710,552
Govt. of Jamaica & other Fixed Interest Securities	3,303,560	2,500,508	2,345,611
Unit Trust	91,315	103,295	97,978
Term Loans & Deposits	1,047,764	919,151	1,073,442
Bank Loans	0	0	0
Mortgage Loans	1,468,956	1,453,044	1,502,720

Policy Loans	<u>1,488,523</u>	<u>1,357,445</u>	<u>1,422,279</u>
	<u>9,387,804</u>	<u>8,996,912</u>	<u>8,837,021</u>

ASSOCIATED COMPANIES	0	0	0
FIXED ASSETS	173,574	190,882	426,083
OTHER ASSETS	1,977,807	2,113,572	1,742,635
	<u>11,539,851</u>	<u>11,301,366</u>	<u>11,005,739</u>

On behalf of the Board

M.M. REYNOLDS          President

D. H. LALOR             Chairman

LIFE OF JAMAICA LIMITED AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF OPERATIONS  
9 Months ended September 30, 1999  
(UNAUDITED)

	Alico	LOJ	GLOBAL	THOUSANDS OF DOLLARS	
	1999	1999	1999	1999	1998
INCOME			1		
Net Premiums	0	2,063,506	1,028,847	3,092,353	2,975,569
Investment & Other Income	0	499,613	402,116	901,729	959,210
Share of Earnings of Assoc. Co., (net)		0	0	0	0
Losses of non-life Subsidiaries		0	0	0	0
	0	<u>2,563,119</u>	<u>1,430,963</u>	<u>3,994,082</u>	<u>3,934,779</u>
		2,639,068			
BENEFITS & EXPENSES					
Policy Benefits	0	1,200,287	793,193	1,993,480	1,920,253
Interest		151,383	10,279	161,662	236,856
Increase/(Decrease) In Provision for Future Policy Benefits		307,545	(14,878)	292,667	21,619
Administrative Expenses	0	658,548	356,361	1,014,909	959,281
Commission & Sales Expenses	0	268,897	213,816	482,713	405,782
Stamp Duty on Policy contracts	0	20,647	0	20,647	31,489
		<u>2,607,307</u>	<u>1,358,771</u>	<u>3,966,078</u>	<u>3,575,279</u>

	0	(44,188)	72,192	28,004	359,500
Investment Reserve Transfers		36,515	480	36,995	19,987
Taxation	0	(27,464)	(27,717)	(55,181)	(48,973)
(Depreciation)/Appreciation on Unit Linked Policy Funds		<u>19,148</u>	<u>25,997</u>	<u>45,145</u>	<u>(260,561)</u>
	0	(15,989)	70,952	54,963	69,953
Minority Interest	0	<u>0</u>	<u>(35,356)</u>	<u>(35,356)</u>	<u>(16,090)</u>
Profit/(Loss) Attributable to Group	0	(15,989)	35,596	19,607	53,863
Extraordinary Income		0	0	0	0
Profit/(Loss) for the period		(15,989)	<u>35,596</u>	<u>19,607</u>	<u>53,863</u>
Preference Dividends		0	0	0	0
Transfer to Capital Redemption Reserve			0	0	0
Transfer to Statutory Banking Reserve			0	0	0
Net Profit/(Loss) for the period		<u>(15,989)</u>	<u>35,596</u>	<u>19,607</u>	<u>53,863</u>
Earnings per Share			35,596	0.036	0.100

LIFE OF JAMAICA LIMITED  
PROFIT & LOSS ACCOUNT  
9 Months ended September 30, 1999  
(UNAUDITED)

THOUSANDS OF DOLLARS  
1999                      1998

Balance at Beginning of Year	(365,397)	382,420
Not Profit/(Loss) for the period	<u>19,607</u>	<u>53,863</u>
Balance at September 30	<u>(345,790)</u>	<u>(328,557)</u>

LIFE OF JAMAICA LIMITED  
CONSOLIDATED LIFE ASSURANCE FUND  
9 Months ended September 30, 1999  
(UNAUDITED)

NOTE 1

	THOUSANDS	OF DOLLARS
	1999	1998
Balance at Beginning of Year	<u>6,595,409</u>	<u>6,883,640</u>
Foreign Exchange Adjustment	319,900	5,425
Decrease in Provision	<u>292,667</u>	<u>21,619</u>
Net Adjustment	<u>612,566</u>	<u>27,044</u>
Balance at September	<u>7,207,975</u>	<u>6,910,684</u>

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