

Life of Jamaica Limited 2001

Life of Jamaica Ltd. - Commentary on First Quarter March 2001

OVERVIEW

The Directors of Life of Jamaica are pleased to present the un-audited consolidated results for the first quarter of the year which reflects a profit of \$92.7 million compared with a loss for the same period last year of \$93.4 million. The consolidated profit from operations for the first quarter, amounts to \$126.5 million, compared with an operating loss of \$59.7 million for the same period last year. The improvement in operating performance largely reflects significant improvement in the level of investment income as a result of the recapitalization exercise.

LOCAL OPERATIONS

The first quarter of the year saw positive sales performance in our major lines of business as we managed to remain competitive in a newly capitalized/regulated industry aimed at promoting growth, innovation and efficiencies. Operationally, for our major products we focused on strong underwriting techniques and prudent risk management to keep claims experiences within target. Administratively, expenses continued to be managed within planned levels as we continue to try and maximize efficiency gains.

INDIVIDUAL LINE INSURANCE DIVISION

The Individual Line also reflected positive performance during the first quarter with improved profits over 150% higher than the losses experienced in the same period last year. This was due for the most part to higher levels of investment income, administrative expenses levels lower, and claims gains arising on favourable claims experiences.

New Business sales for the first quarter ran below expectations, but we expect that the combination of the completion of the recapitalization exercise and the impact of the increase in recruiting during the quarter will begin to show results in the second half of the year.

EMPLOYEES BENEFIT DIVISION

The Employee Benefits Division reported strong performance in the first quarter, with new sales almost 50% higher than new sales for the same period last year. Retention for existing business has also been maintained. For the quarter, the line reported profits some 39% higher than the level of profits for the same period last year.

Fee based activity in our pensions business was strong as we continue to see the benefit of improved administration service and as such fee income for the quarter was significantly higher than the levels in the previous year. Pension Funds under management of approximately \$11.7 billion improved marginally over the levels of the previous year.

OVERSEAS OPERATIONS

Our overseas subsidiary Global Life, continues to post strong results with profits attributable to LOJ for the first quarter of US\$384,606 which is marginally lower than the profits for the same period last year.

UNAUDITED CONSOLIDATED RESULTS

3 Months ended March 31, 2001

	2001 \$'000	2000 \$'000
GROSS INCOME	1,664,942	1,430,187
PROFITS/(LOSSES) FOR THE PERIOD	92,738	(93,388)
PROFITS/(LOSSES) ATTRIBUTABLE TO SHAREHOLDERS	92,738	(93,388)
EARNINGS PER SHARE	0.056	(0.173)
SHAREHOLDERS' FUNDS	388,767	(2,051,359)
POLICYHOLDERS' FUNDS	12,076,543	11,096,730
TOTAL GROUP ASSETS	14,956,929	11,500,559
MANAGED PENSION FUNDS NOT INCLUDED ABOVE	11,700,833	10,830,553

LIFE OF JAMAICA LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

3 Months ended March 31, 2001

(UNAUDITED)

	THOUSANDS OF DOLLARS	
	2001	2000
Net Premiums	1,213,773	1,105,806
Investment & Other Income	451,169	324,381
Share of Earnings of Assoc. Co., (net)	0	0
Losses of non-life Subsidiaries	0	0
	1,664,942	1,430,187
BENEFITS & EXPENSES		
Policy Benefits	743,275	907,336
Interest	52,076	56,175
Increase/(Decrease) in Provision for Future Policy Benefits	194,185	110,793
Administrative Expenses	349,442	328,494
Commission & Sales Expenses	167,584	147,320
Stamp Duty on Policy contracts	519	525
	1,507,081	1,550,643

	157,860	(120,456)
Investment Reserve Transfers	6,488	(276)
Taxation	(26,238)	(24,714)
(Depreciation)/Appreciation on Unit Linked Policy Funds	(32,031)	60,738
	106,079	(84,708)
Minority Interest	(13,341)	(8,680)
Profit/(Loss) Attributable to Group	92,738	(93,388)
Extraordinary Item	0	
Profit /(Loss) for the period	92,738	(93,388)
Preference Dividends	0	0
Transfer to Capital Redemption Reserve	0	0
Transfer to Statutory Banking Reserve	0	0
Net Profit/(Loss) for the period	92,738	(93,388)
Earnings per share	0.056	(0.173)

LIFE OF JAMAICA LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

MARCH 31, 2001

(UNAUDITED)

SHAREHOLDERS' FUNDS	THOUSANDS OF DOLLARS		
	UNAUDITED	UNAUDITED	AUDITED
	MAR. 2001	MAR. 2000	DECEMBER 2000
Share Capital			
Share Premium	1,222,309	1,110,766	1,110,765
Capital Redemption Reserve Fund	128,985	128,985	128,985
Profit & Loss Account	2,675	2,675	2,675
	(965,202)	(3,293,785)	(1,057,655)
	388,767	(2,051,359)	184,770
POLICYHOLDERS' FUNDS			
Life Assurance Fund	10,844,206	9,962,720	10,631,416
Policy Dividends On Deposit	874,793	817,549	860,121
Superannuation Funds	357,544	316,461	360,294
	12,076,543	11,096,730	11,851,822
INVESTMENT RESERVES	82,475	61,322	85,022
MINORITY INTEREST	419,708	378,941	405,041
OTHER LIABILITIES	1,989,436	2,014,925	2,766,045
	14,956,929	11,500,559	15,292,700

Represented By:

INVESTMENTS

Leased Assets	506	1,542	
Real Estate	724,281	762,959	734,042
Hotel Investment	296,694	300,354	285,461
Quoted Securities	1,043,288	1,204,090	1,025,255
Govt.of Jamaica & other Fixed Interest Securities	5,927,675	3,702,672	6,803,830
Unit Trust	127,059	121,171	129,400
Term Loans & Deposits	1,954,513	896,813	1,470,364
Mortgage Loans	1,411,457	1,448,965	1,491,698
Policy Loans	1,594,289	1,512,053	1,613,592
	13,079,761	9,950,619	13,553,642

ASSOCIATED COMPANIES

ASSOCIATED COMPANIES	3,347	0	2,156
FIXED ASSETS	175,639	161,679	257,734
OTHER ASSETS	1,698,181	1,388,261	1,479,168
	14,956,929	11,500,559	15,292,700

LIFE OF JAMAICA LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

	Global 2001	Global 2000	Change	LOJ 2001	LOJ 2000	Change	2001	GROUP 2000	Change
INCOME									
Net Premiums	424,689	356,355	19%	789,084	749,451	5%	1,213,773	1,105,806	10%
Investment & Other Income	149,589	137,157	9%	301,580	187,224	61%	451,169	324,381	39%
Share of Earnings of Assoc. Co., (net)									
Losses of non-lifo Subsidiaries									
TOTAL REVENUE	574,278	493,512	6%	1,090,664	936,675	16%	1,664,942	1,430,187	16%
BENEFITS & EXPENSES									
Policy Benefits	261,941	364,151	8%	481,334	543,185	11%	743,275	907,336	18%
Interest	2,010	5,056	60%	50,066	51,119	2%	52,076	56,175	7%
Increase/(Decrease) In Provision for Future Policy Benefits	18,642	(66,619)	128%	175,543	177,412	1%	194,185	110,793	-75%
Depreciation (Appreciation) on Unit Linked Policy Funds	19,921	(28,401)	170%	12,110	(32,337)	137%	32,031	(60,738)	153%
Administrative Expenses	153,701	113,170	-36%	195,741	215,324	9%	349,442	328,494	-6%
Commission & Sales Expenses	81,739	70,833	-15%	85,845	76,487	-12%	167,584	147,320	-14%
Stamp Duty on Policy contracts	0			519	525	1%	519	525	1%
TOTAL BENEFITS & EXPENSES	537,954	458,190	17%	1,001,158	1,031,715	3%	1,539,112	1,489,905	-3%
Operating Profit	36,324	35,322	3%	89,506	(95,040)	-194%	125,830	(59,718)	-311%
Investment Reserve Transfers	6,488	0		0	(276)	-100%	6,488	(276)	2451%
Taxation	(11,925)	(9,060)	32%	(14,313)	(15,654)	-9%	(26,238)	(24,714)	6%
	30,886	26,262	18%	75,193	(110,970)	-168%	106,079	(84,708)	-225%

Minority Interest	(13,341)	(8,680)	54%	0	0		(13,341)	(8,680)	54%
Profit/(Loss) Attributable to Grp.	17,645	17,582	0%	75,193	(110,970)	-168%	92,738	(93,388)	-199%
Extraordinary Item							0		
Profit/(Loss) for the period	17,545	17,582	0%	75,193	(110,970)	-168%	92,738	(93,388)	-199%
Preference Dividends									
Transfer to Capital Redemption Reserve									
Transfer to Statutory Banking Reserve									
	17,545	17,582	0%	75,193	(110,970)	-168%	92,738	(93,388)	-199%
