General Accident Insurance Company Jamaica Limited

Annual Report 2011

Actions Speak Louder Than Words

Celebrating 30 Years of Growth

1981 - 2011

General Accident
INSURANCE COMPANY JAMAICA LTD.

Simply Superior

General Accident
INSURANCE COMPANY JAMAICA LTD.

Contents

THE YEAR AT A GLANCE

13

Consecutive years of premium growth

$3.6

Billion in gross written premiums

$221

Million in adjusted net profit

18%

Return on average equity

General Accident
ACCICARE
Plus

Our First 30 Years

Founded as joint venture between Musson Jamaica Limited and global insurer, General Accident Fire and Life Assurance Corporation

Successfully arranges reinsurance in the international market for the first time

1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995

Head office moved to current 58 Halfway Tree Road location

Begins offering premium financing through subsidiary Orrett and Musson Investments Limited

1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011

Becomes wholly-owned subsidiary of Musson Jamaica Limited

Sharon Donaldson appointed Managing Director

Writes over $500 million of premiums for first time

Writes over $1b in premiums for the first time

P.B. Scott appointed Chairman

Writes over $2b in premiums for the first time

Writes over $3b in premiums for the first time

Becomes only public general insurer in Jamaica by successfully listing on the Jamaica Stock Exchange

Celebrating our First 30 Years

Desmond Blades

"When companies much larger than his own could not survive the onslaught of forces of one kind or of another, he was able not only to survive, but was able to grow and expand"

The Honourable Bruce Golding, former Prime Minister of Jamaica

General Accident Insurance Company Jamaica Limited was founded by Desmond Blades in 1981. This was not his first foray into the general insurance business, but was built upon his experience as an agent for Phoenix Insurance company, and then General Accident Fire and Life Assurance Company (now Aviva).

Mr. Blades, a conservative investor, with a conservative attitude to risk, ran an insurance company similiarly to the way he ran his other businesses. It had to make money and it had to grow year on year. He believed it was critical to put last year's results against this year's results and see a decent period of growth, no matter the circumstance.

When Mr. Blades passed on in 2009, the management team remembered him as follows:

"Mr. Blades was a meticulous and dedicated manager, but he was never a micro manager. He believed in hiring the best people to do the job and then letting them get on with it. He was exceptionally shrewd with figures and once the company was doing well, he was the most affable and easy going of leaders. If, however, the bottom line was not so positive, he asked very searching questions and the answers had better be good ones.

We all learned about the importance of results from Mr. Blades. He was not at all interested in promises or good intentions – he would ask, but what have you actually done? Not what you are going to do, or what you think you can do, but what, in fact, he would ask, have you achieved? We also learned that the definition of a problem was important and was always a step on the way, but it was solutions that were most important."

P.B. Scott and Mr. Blades

Where reinsurance was concerned, Mr. Blades always made sure that General Accident was covered (and covered again). His conservative attitude is at the heart of the risk management and underwriting policies that exist at General Accident today.

For the last ten years, P.B. Scott has been guiding the ship at General Accident, together with Sharon Donaldson and her team. This was something that Mr. Blades was very proud of, especially the results gained. Similarly he would be immensely proud of the Company's position having listed on the Jamaica Stock Exchange.

General Accident will always remember Mr. Blades's contribution and still works by the values and work ethic that he set.

"We all learned about the importance of results from Mr. Blades. He was not at all interested in promises or good intentions – he would ask, but what have you actually done?"

Statement of the Chairman

This year marks General Accident's 30th anniversary. During the last three decades, the Jamaican economy and the insurance industry have experienced sweeping changes. At General Accident, we have remained steadfast to the commitments embodied by our founder, Desmond Blades. We have maintained a strict adherence to disciplined underwriting principles, a conservative approach to risk management and a focus on serving the needs of our customers. These common sense principles have served us well.

As the title of this inaugural annual report states: "actions speak louder than words." The actions of our directors, executives and team members at all levels has created a culture of excellence in the workplace, delivered service to our policyholders and ultimately created returns for our shareholders over the long-term.

This year also marks our first year as a public company having successfully listed on the Jamaica Stock Exchange. I am pleased to welcome the over 1,000 new shareholders to the General Accident family. The Board of Directors is committed to maintaining our track record of wealth creation and we look forward to your continued support.

General Accident's price, service and coverage make us the insurer of choice for all policy holders. This is even more true for our shareholders. As fellow owners of our business, I encourage you to contact your broker or General Accident directly to take advantage of our products and services.

Operating Performance

Our team of 74 professionals delivered strong operating results in 2011. In fact, this year's gross written premiums, underwriting profit and net profit were the highest achieved in our history.

General Accident recorded net profit for the year of $1.28 billion. If exceptional and non recurring gains are deducted, the Company delivered an adjusted net profit of $220.9 million in 2011 or a 78% increase over comparable results in 2010.

Importantly, our strong operating results in in 2011 were driven by solid performances in both of the ways make a profit: writing insurance and investing our resources wisely. In 2011, we made an underwriting profit for the fourth time in the last five years and produced investment returns above both inflation and short-term interest rates.

Capital Management

General Accident's capitalization was further enhanced by our initial public offering.

During 2011, General Accident also continued to deepen its relationships with our international reinsurance partners. Since we first obtained reinsurance support in 1990, these reinsurers have consistently demonstrated confidence in General Accident. In turn, they have allowed us to provide coverage to our customers with the peace of mind that we are supported by some of the largest and best capitalized reinsurers globally.

We continue to believe that our superior balance sheet and reinsurance arrangements will allow us to take advantages of opportunities in the market place, particularly in the commercial and homeowners lines of business.

Governance

This year saw changes in the composition of our Board of Directors. After many years of service, Leonard Greene retired in August. I would like to sincerely thank Mr. Greene for his contribution to General Accident's development. Shortly before our IPO, Nigel Clarke, Nicholas Scott and Duncan Stewart joined the Board. Dr. Clarke and Mr. Scott are both senior executives within the Musson Group. Mr. Stewart is the General Manager of Stewart's Motors Limited and along with Christopher Nakash serves as an independent director. I welcome all three new Directors to the Board and look forward to their contributions.

Improving Customer Service

Customer service, both to direct customers and brokers, is critical to the continued success of General Accident. Our team of managers is working hard to diligently improve our service delivery but we recognize that there is more to be done. We encourage you, our customers and shareholders, to send your concerns to info@genac.com. We will ensure that the issues you raise are given the attention they deserve.

Corporate Social Responsibility

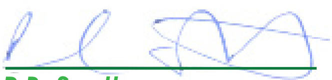
General Accident has a long history of supporting sports and the environment. In 2010, we continued to contribute to these key areas of national development. We provided significant financial assistance to the Jamaica Netball

Association and continue to be one of the largest financial contributors to the Jamaica Environment Trust. In addition to our financial contributions, our executives and team members provide valuable man hours in leading and participating at levels in the development of sports and the environment.

Outlook

The trajectory of the Jamaican economy remains uncertain. Nevertheless, I believe that General Accident has a strong team, a culture of excellence, a solid balance sheet and positive momentum. While our results will vary in the short term according to market conditions and risk events, I continue to expect that we will generate superior returns to shareholders over the long-term. I look forward to working with our Board, executives and team members to deliver on this commitment to you.

Sincerely,



P.B. Scott
Chairman

"This year's gross written premiums, underwriting profit and net profit were the highest achieved in our history."

Notice Of Annual General Meeting

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED

NOTICE IS HEREBY GIVEN THAT the annual general meeting of General Accident Insurance Company (Jamaica) Limited (the "Company") will be held at 10am on June 21st, 2012 at 58 Halfway Tree Road for shareholders to consider and, if thought fit, to pass the following resolutions:

Ordinary Resolutions

1. To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended December 31, 2011.

2. To authorise the Board of Directors to re-appoint PWC as the auditors of the Company, and to fix their remuneration.

3. To re-appoint the following Directors of the Board, who have resigned by rotation in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment:

(a) To re-appoint Dr. Ralph Thompson as a Director of the Board of the Company.

(b) To re-appoint P.B. Scott as a Director of the Board of the Company.

(c) To re-appoint Geoffrey Messado as a Director of the Board of the Company.

4. To re-appoint the following Directors of the Board who, each having been appointed fill to fill a casual vacancy and having resigned prior to the start of the Annual General Meeting in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment:

(a) To re-appoint Nicholas Scott as a Director of the Board of the Company.

(b)To re-appoint Dr. Nigel Clarke as a Director of the Board of the Company.

(c) To re-appoint Duncan Stewart as a Director of the Board of the Company.

5. To designate all paid up issued shares in the Company as stock units in accordance with the Articles of Incorporation of the Company.

6. To authorise the Board of Directors to fix the renumeration of the Directors.

Special Resolution

1. To amend Article 138 of the Articles of Incorporation of the Company in order to facilitate the future sending of the report of the Board and the audited accounts of the Company in electronic form, by the insertion of the following text at the end: "For the purposes of this Article, a "copy" shall be a copy in any readable form including but not limited to print, CD-Rom or otherwise, provided always that the Company shall furnish a printed copy of the report of the Board and the annual accounts to any shareholder requesting such a copy, free of charge. The following documents accompany this Notice of Annual General Meeting:

2. A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited together with the power of attorney or other document appointing the proxy, at the registered office of the Company at least 48 hours before the Annual General Meeting.

3. A form of consent to receive copies of our audited accounts for the financial years ended December 31, 2012 onwards by e-mail, in electronic form.

Dated this 31st day of March 2012 By order of the Board,

P.B. Scott
Chairman

Directors Report

The Directors are pleased to present their report for General Accident Insurance Company Jamaica Limited for the financial year ended December 31, 2011.

Financial Results

The Statement of Comprehensive Income for the Company shows pre-tax profits for the year of $1.34 billion, taxation of $56.7 million and a net profit after-tax of $1.28 billion. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company are set out in the Management Discussion and Analysis and the Financial Statements which are included as part of this Annual Report.

Directors

The Directors of the Company as at December 31, 2011 are: P.B. Scott, Melanie Subratie, Sharon Donaldson, Ralph Thompson, Geoffrey Messado, Christopher Nakash, Jennifer Scott, Nicholas Scott, Nigel Clarke and Duncan Stewart.

The Directors to retire by rotation in accordance with the Articles of Incorporation are: Ralph Thompson, P.B. Scott and Geoffrey Messado but being eligible, will offer themselves for reelection.

Auditors

The auditors of the Company, PricewaterhouseCoopers of Scotiabank Centre, Duke Street, Kingston, Jamaica have expressed their willingness to continue in office. The Directors recommend their reappointment.

Dividend

A dividend of $0.03 per share paid on December 15, 2011 is proposed to be the final dividend in respect of the financial year ended December 31, 2011.

On behalf of the Board of Directors,

P.B. Scott
Chairman

Our Performance

General Accident Today

Policies in force	15,274
Employees	74
Gross written premiums	$3.6b
Investment portfolio	$1.6b
Net worth	$1.2b

5-Year Financial Statistics

	2011	2010	2009	2008	2007
Employees	74	69	66	64	61
Policies in force	15,247	13,466	11,727	11,187	12,787
Gross written premiums	3,626,395	2,203,074	1,683,911	1,504,687	1,101,424
Net written premiums	866,513	784,562	592,741	434,117	502,721
Net earned premiums	819,490	693,085	599,663	356,433	477,774
Claims	420,142	426,624	391,416	360,568	273,074
Management expenses	300,592	241,641	204,357	169,613	150,519
Underwriting profit	161,589	68,862	33,818	(124,899)	31,997
Investment and other income	1,015,010	204,565	134,106	288,007	89,834
Profit before tax	1,341,478	244,775	141,300	142,810	94,685
Profit after tax	1,284,816	213,944	105,299	149,018	86,221
Cash Dividends	90,925	95,000	270,000	-	40,000
Investment assets (1)	1,602,732	1,727,588	1,357,765	1,265,838	1,177,126
Insurance reserves	2,042,511	1,511,904	1,163,257	1,100,096	854,434
Shareholders equity	1,140,743	1,270,502	1,034,229	1,157,244	1,028,409

	2011	2010	2009	2008	2007
Market Share (2)	13%	10%	7%	7%	5%
Growth in gross written premiums	65%	31%	12%	37%	40%
Loss ratio	51%	62%	65%	101%	57%
Expense ratio (3)	8%	11%	12%	11%	14%
Underwriting margin	4%	3%	2%	-8%	3%
Investment return (4)	9%	2%	12%	26%	8%
Return on average equity (5)	8%	11%	10%	14%	8%
Dividend yield on average equity	88%	8%	25%	0%	4%
Increase in net worth	(-11%)	23%	(-11%)	13%	(-7%)
Total return to shareholders (6)	77%	31%	14%	(13%)	(-3%)

Notes:
1. Cash, cash equivalents, fixed income securities, equities and other investment assets
2. Based on gross written premium data from the Insurance Association of Jamaica
3. Management expenses divided by gross written premiums
4. Excludes gains from the sale of available for sale securites and subsidiary in 2011 and dividend from former subsidiary in 2010
5. Excludes gains from the sale of available for sale securites, subsidiary and property in 2011 and dividend from former subsidiary in 2010
6. Includes dividends and capital distributions paid to shareholders and increases in shareholders equity

Management Discussion and Analysis

Overview

General Accident Insurance Company Jamaica Limited's financial year was marked by improved financial results and landmark transactions. Gross written premiums increased for the 13th year in a row. Gross written premiums, underwriting profit and net profit were all the highest achieved in the Company's 30 year history.

General Accident recorded net profit for the year of $1.28 billion. If $1.06 billion of exceptional and non-recurring gains are deducted, the Company delivered an adjusted net profit of $220.9 million in 2011. This represents an increase of 78% over the $123.9 million of adjusted net profit the company produced in 2010.

Financial Performance Highlights

- Gross written premiums of $3.6 billion, an increase of 65% over 2010
- Net earned premiums of $819.5 million, an increase of 18% over 2010
- Underwriting profit of $161.4 million, an increase of 134% over 2010
- Extraordinary and non-recurring gains of $1.06 billion in investment and other income
- Net profit of $1.28 billion
  - $220.9 million after non-recurring and exceptional gains
- Earnings per share of $1.45 per share using the weighted average shares outstanding for the year
  - $0.25 per share using the weighted average shares outstanding for the year, after the deduction of non-recurring and exceptional gains
- Average return on equity of 18% compared to 11% in 2010.
  - Based on net profit of $220.9 million after the deduction of non-recurring and exceptional gains
- Dividends of $1.06 billion of which cash dividends comprised $90.9 million, compared to $95.0 million in 2010

Macroeconomic Environment

Jamaica's macroeconomic environment showed some modest improvement in 2011. The economy grew in each quarter of the year registering a calendar year growth of 1.7%, the first year of positive growth since the global recession began in 2007. Inflation declined significantly to 6.0% in 2011 as compared to 11.7% in 2010. The Jamaican dollar continued to appreciate versus the US dollar with the exchange rate ending 2011 at 86.14 compared to 86.49 at the end of 2010.

Nevertheless, structural weaknesses remained. The balance of payments deficit as of October 2011, was US$1.5 billion or over 10% of GDP and almost US$770 million more than the deficit for the corresponding period in 2010. The NIR at the end of 2011 was US$1.96 billion or equivalent to 19 weeks of imports of goods and service a decline of 23% since its high water mark in the first quarter of 2011.

The fiscal deficit as at the end of August was $51 billion. The Government of Jamaica intends to enter into a new agreement with the International Monetary Fund and preliminary negotiations are on-going. Until a new agreement is put in place, the trajectory of the Jamaican economy remains uncertain.

Underwriting performance

General Accident continued its strong underwriting performance in 2011. The Company grew gross written premiums by 65% to $3.6 billion. Increases were due to the growth its three largest lines of business: comercial property, motor and liability. Gross written premiums in the commercial property, motor and liability lines grew by 151%, 15% and 8%, respectively. Gross written premium growth was driven by the Company's continued marketing efforts both through its broker and direct distribution channels. Growth in the commercial property line of business was also attributable to an increase in specialized risk transactions. In these transactions, the Company underwrites commercial policies for clients in Jamaica, reinsurers 100% of its exposure in international markets and earns fees and commissions. As the Company expands in size, it anticipates that the growth of its gross written premiums will slow, but expects that growth will continue to exceed that of the general insurance industry as a whole.

Net earned premiums grew by 18% to $819.5 million. The Company's reinsurance costs increased as a percentage of gross written premiums from 64% in 2010 to 76% in 2011, due to the growth of facultative reinsurance transactions.

Despite the growth in premiums, claims declined by 2% to $420.1 million. The Company's loss

Sharon E. Donaldson
Managing Director

ratio was 51% of net earned premiums compared to 62% in 2010. The loss ratio was the lowest experienced by General Accident last five years. The decline in the Company's loss ratio is attributable to more favourable loss ratios experienced by the general insurance industry as a whole in 2011 and our continued adherence to disciplined underwriting practices.

Management expenses increased by 24% to $300.6 million. Increases in management expenses reflect increases in headcount designed to improve underwriting performance, claims management and investment performance. Despite these increases, the Company's expense ratio declined from 11% of gross written premiums in 2010 to 8% of gross written premiums in 2011, significantly below the average for the general insurance industry in 2010 of 20%.

The Company recorded an underwriting profit of $161.6 million, an increase of 135% over 2010. The largest underwriting profits were experienced in the commercial property and motor lines of business. The Company has produced an underwriting profit in 4 of the last 5 years.

Investment Performance

General Accident's investment income in 2011 was $1.02 billion on $1.60 billion of investment assets. During the year, the Company sold the vast majority of its holdings of Seprod Limited. The transaction resulted in a gain of $847.2 million. In addition, the Company divested its former specialty finance subsidiary Orrett and Musson Investment Limited which resulted in a gain of J$61.9 million. When both of these non-recurring and exceptional transactions are excluded, the Company's adjusted investment income in 2011 was $105.9 million. In 2010 the Company produced investment income of $204.6 million. However, this included a dividend from Orrett and Musson Investment Limited, which the Company no longer owns. When this dividend is eliminated, the adjusted investment income in 2010 for the purpose of comparison was $114.5 million.

As a result, adjusted investment income declined 8% in 2011. The decrease is primarily attributable to decreases in the interest rates of Government of Jamaica securities, which comprise a substantial portion of the Company's invesment portfolio. For example, the interest rates on the 30 day Bank of Jamaica Certificate of Deposits declined from 7.50% at the end of 2010 to 6.25% at the end of 2011 or a decline of 17%.

Nevertheless, the Company's average investment return as measured by its investment income divided by its average investment assets decreased only marginally from 7.4% in 2010 to 6.4% in 2011. In addition to its investment income, General Accident also recorded gains in the fair value of its available-for-sale portfolio of $94.1 million in 2011. Together with its investment income, this produced a total adjusted return of $200.0 million or 12% of its average investment assets during the period.

Profitability

General Accident recorded net profits of $1.28 billion in 2011. The Company recorded a $154.7 million gain associated with the sale of its 58 Halfway Tree Road property. Like the gains recorded on the sale of shares of Seprod Limited and the divestment of Orrett and Musson Investment Limited, this gain was exceptional and non-recurring. When these gains are excluded, General Accident's adjusted net profit was $220.9 million. In 2010, the Company recorded a net profit of $123.9 million, after excluding a dividend from its former subsidiary Orrett and Musson Investment Limited. As a result, comparable net profits grew by 75% in 2010. Core profitability was driven largely by a continued growth in premiums, a favourable loss ratio and the adherence to a lean operating cost structure.

As a result, the Company recorded earnings per share of $1.45 per share using the weighted average shares outstanding for the year. Excluding extraordinary and non-recurring gains, General Accident recorded earnings per share of $0.25 per share using the weighted average shares outstanding for the year.

The company's corporate tax of $56.7 million in 2011 reflects taxes applied to its taxable income earned before its IPO. Excluding corporate tax, the company reported earnings of $0.31 per share.

The average return on equity was 18% for 2011, compared 11% in 2010.

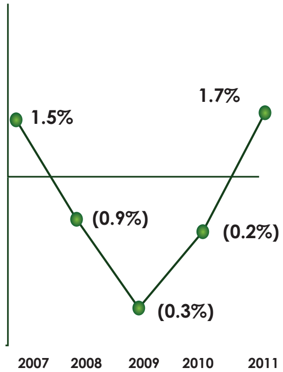
Capital Position

General Accident improved its regulatory position in 2011 as a result of continued profitability and its listing on the Jamaica Stock Exchange. Shareholder equity was $1.1 billion at the end of 2011. Capital adequacy measured by the MCT ratio was $227%, in excess of the minimum regulatory requirement of 200%.

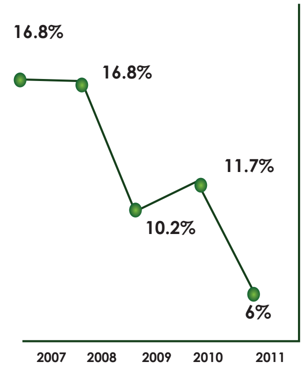
I look forward to working with our team to continue to build our business.

Sincerely,

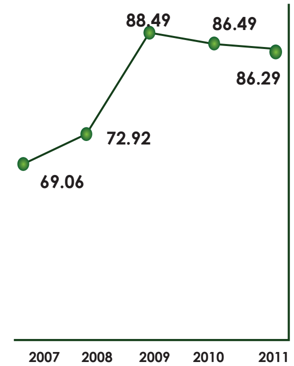
Sharon E. Donaldson
Managing Director



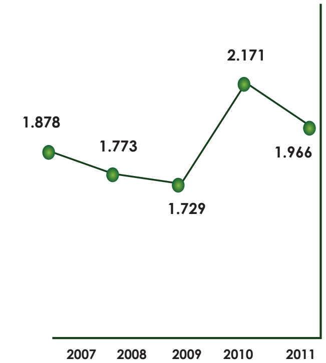
Real GDP growth
%



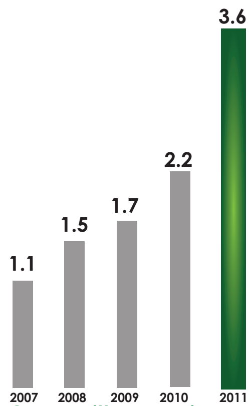
Inflation
%



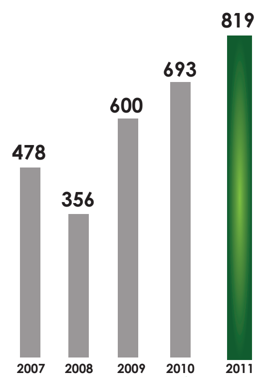
Exchange rate
USD: JAD, eop



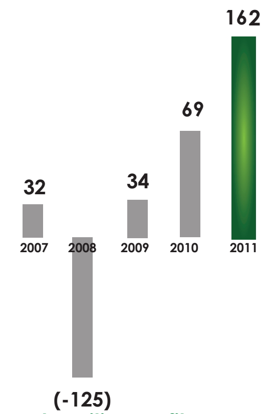
NIR
US$billions



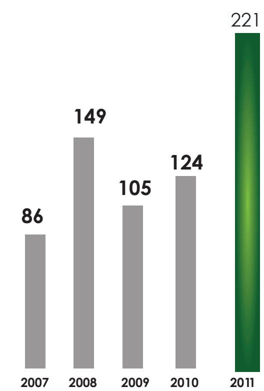
Gross Written Premiums
$billions



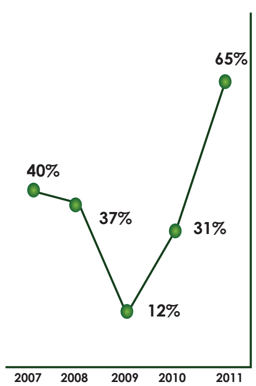
Net earned premiums
$millions



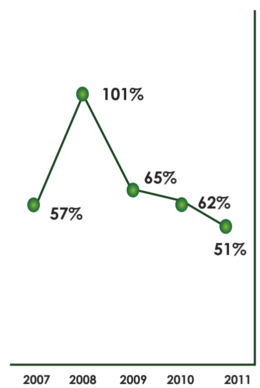
Underwriting profit
$millions



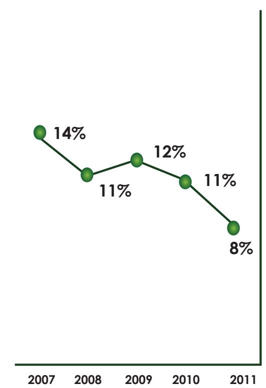
Adjusted net profit
$millions



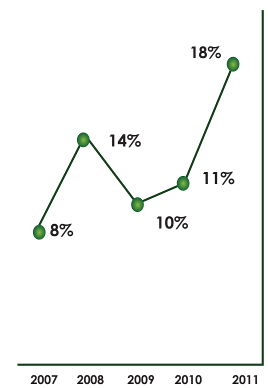
Growth in gross written premiums
%



Loss ratio
Claims/net earned premiums %



Expense ratio
Management expenses/gross written premiums %



Return on average equity
%


REGULATORY & MARKET
JAMAICA STOCK EXCHANGE
JUNIOR MARKET
ORDINARY SHARES/STOCKS
CLOSE
ACCESS FINANCIAL SERVICES LTD.
AMG PACKAGING & PAPER COMPANY LTD.
BLUE POWER GROUP LTD.
CARGO HANDLERS LIMITED
CARIBBEAN PRODUCERS JAMAICA LTD.
DOLPHIN COVE LIMITED
HONEY BUN LIMITED
JAMAICAN TEAS LIMITED
LASCO DISTRIBUTORS LTD.
LASCO FINANCIAL SERVICES LTD.
LASCO MANUFACTURING LTD.

Our Team

Board Of Directors

Christopher Nakash | Jennifer Scott | Duncan Stewart | Dr. Nigel L. Clarke | Melanie Subratie

P B. Scott | Sharon Donaldson | Dr. Ralph Thompson | Geoffrey Messado | Nicholas A. Scott

Board Of Directors

P.B. Scott
(appointed November 1998)
Chairman

P.B. Scott is the Chairman of the Company. In addition to his role with the Company, Mr. Scott is the Chairman, Chief Executive Officer and principal shareholder of the Musson Group, one of the largest privately held groups in the region with business units in some 30 Caribbean and Central American countries including Facey Group Limited, T. Geddes Grant Limited, and others.

Mr. Scott serves as a Director of several local companies and organisations including, Seprod and its subsidiaries (Chairman), Scotia Life Insurance Company Limited, the Jamaica Chamber of Commerce and the American International School in Kingston. He currently serves as Honorary Consul General in Jamaica for the Republic of Guatemala.

Melanie Subratie
(appointed March 2002)
Deputy Chairman

Melanie Subratie is the Deputy Chairman of the Company and Chairman of the Investment and Loan Committee of the Board. Mrs. Subratie is also Deputy Chairman of the Musson Group and a director of all of its principal subsidiaries and its affiliates.

Mrs. Subratie holds a B.Sc. (Hons) from the London School of Economics. She began her career in the United Kingdom in the Financial Services Division of Deloitte & Touche and also worked for startup political newswire service DeHavilland prior to returning to Jamaica in 2002 and joining the Musson Board.

Sharon Donaldson
(appointed March 2008)
Managing Director

Sharon Donaldson is the Managing Director of the Company. She has been responsible for driving its recent growth in and for overseeing its prudent underwriting and risk management strategy. Ms. Donaldson has been with the Company for over 20 years, first joining as the Financial Controller in 1989 before becoming Managing Director in 2001. In addition to her responsibilities at the Company, Ms. Donaldson is a Director of Musson (Jamaica) Limited.

Ms. Donaldson holds an LLB from the University of London, England, an M.B.A from University of Wales. She is a Chartered Accountant, a fellow member of the Institute of Chartered Accounts of Jamaica and an attorney at law.

Dr. Ralph Thompson, C.D.
(appointed January 1993)
Non Executive Director

Dr. Ralph Thompson is a non – executive director of the Company. He is also the Chairman of the Conduct Review Committee of the Board.

Dr. Thompson is currently the Managing Director of C.D. Alexander Realty Company Limited and was formerly the Chief Executive Officer of Seprod Limited.He serves as a director of several entities within the Musson Group including Musson (Jamaica) Limited and T. Geddes Grant Limited. Dr. Thompson also serves as a Trustee of the Seprod Pension Fund. Dr. Thompson is also a former member of the New York Bar.

Geoffrey Messado
(appointed May 2001)
Non Executive Director

Geoffrey Messado is a non executive director of the Company and is Chairman of the Audit Committee of the Board.

Mr. Messado is also the Financial Controller of the Musson Group, and he serves as a director of certain subsidiaries and affiliated companies. He also serves as Chairman of Mapco Printers Limited and as a director of Edgechem(Jamaica) Limited, the Coffee Industry Board, Clarendon DistillersLimited, Spirits Pool Association and Caribbean Molasses Company (Jamaica) Limited.

Mr. Messado is a Chartered Accountant, FCA, FCAA, ATII. He is also the Past President of the Jamaica Exporters Association.

Christopher Nakash
(appointed December 2006)
Independent Non Executive Director

Christopher Nakash is an independent non executive Director of the Board of the Company. Mr. Nakash brings to the Board his management experience, gained as Chief Executive Officer of Nakash Construction & Equipment Limited. In the past, Mr. Nakash also served as General Manager of Netstream Global (2003 to 2008), and he was also a founding member and Director of the Riverton Improvement Association and Intelligent Multimedia Limited. Mr. Nakash holds a BBA from University of New Brunswick, Canada.

Jennifer Scott
(appointed December 2009)
Non Executive Director

Jennifer Scott is a non executive director of the Board of the Company. Mrs. Scott holds a B.Sc.(Hons) in Psychology from Newcastle University, United Kingdom. She later gained a Graduate Diploma in Legal Studies from Keele University, UK, the Certificate of Legal Practice from the College of Law, London and was admitted as a Solicitor of Supreme Court of England and Wales. She attended Norman Manley Law School, and was admitted as an Attorney-at-Law of the Supreme Court of Jamaica. She is a member of the legal practice of Clinton Hart & Co., Attorneys-at-Law.

Dr. Nigel L. Clarke
(appointed August 2011)
Non Executive Director

Dr. Nigel Clarke is a Non Executive Director of the Company. Dr. Clarke is also the Chief Operating Officer of the Musson Group and the Chief Executive Officer of one of its principal subsidiaries, Facey Group Limited. He also serves as a director of many of the Musson Group's subsidiaries and affiliated companies.

Prior to his return to Jamaica, Dr. Clarke worked as an Equity Derivatives Trader at Goldman Sachs in London, England. Dr. Clarke is the Chairman of the National Youth Orchestra of Jamaica. Dr. Clarke holds a B.Sc. in Mathematics from the University of the West Indies, as well as a M.Sc. from Oxford University and a D.Phil. from Oxford University of the United Kingdom, in Numerical Analysis.

Nicholas A. Scott
(appointed July 2011)
Non Executive Director

Nicholas Scott is a non executive director of the Company. Mr. Scott is the Chief Investment Officer of the Investment and Financial Services businesses of the Musson Group. Prior to that, he was the Managing Director of Corporate Finance at Stocks and Securities Limited. He returned to Jamaica in 2009 after working as a private equity investor and investment banker at the Blackstone Group and Morgan Stanley in New York and Brazil.

Mr. Scott holds a B.Sc. in Economics (Magna Cum Laude) from the Wharton School at the University of Pennsylvania, an M.B.A (Beta Gamma Sigma) from Columbia Business School and a M.P.A. from the Harvard Kennedy School of Government.

Duncan Stewart
(appointed August 2011)
Independent Non Executive Director

Duncan Stewart is an independent non executive director of the Company. Mr. Stewart is the General Manager of Stewart Motors Limited and is also involved in related family businesses Stewart's Auto Sales Limited and its affiliated companies, Stewart's Auto Paints Limited, Tropic Island Traing Company Limited and Silver Star Motors Limited. Mr. Stewart joined as a third generation member after graduating from McGill University with a B.Eng. (Mech).

Mr. Stewart is also a director of the Automobile Dealers Association and the Richard and Diana Stewart Foundation. He is also a sponsor of the family charity, Kind Hearts, which is run by his children and their cousins. Mr. Stewart is a past National Rally Champion.

"The Board of Directors is committed to maintaning our track record of wealth creation and we look farword to your continued support"

Leadership Team

Cheryll Henry   Lochinvar Lungren   Sharon Donaldson   Maureen Hall   Angella Reynolds

Sharon Donaldson
Managing Director
See Board of Directors.

Maureen Hall
General Manager

Ms. Maureen Hall is the General Manager of the Company with direct responsibility for the Claims and Underwriting Departments. Ms. Hall has been with the Company for over 20 years. She joined the Company in 1989 as Credit Controller, was appointed Marketing and Customer Service Manager in January 1991 and later Claims Manager in June 1994. She was promoted to General Manager in 2006.

Ms. Hall has also held executive posts at Kingston Terminal Operators Limited and Allied Insurance Brokers Limited. She also served as Coach of Jamaica's National Netball Team for many years and remains a member of the sport's international coaching committee. Ms. Hall holds a B. Ed (Hons) degree from the University of Sussex, England, as well as a Diploma in Mass Communication from the University of the West Indies, and a M.B.A from Manchester, University England. Ms. Hall is also an associate member of the Chartered Insurance Institute (UK).

Angella Reynolds
Deputy General Manager

Ms. Angella Reynolds joined the Company in 2010. She is the Deputy General Manager of the Company in charge of Underwriting and Marketing.

Ms. Reynolds has over 20 years of experience in the insurance industry, having previously held executive posts with the Grace Kennedy Group, Allied Insurance Brokers and Jamaica International Insurance Company.

Ms. Reynolds is the holder of the Jamaican Insurance Diploma from the College of Insurance & Professional Studies. She is an associate member of the Chartered Insurance Institute (UK) and also holds a Diploma in Commercial Insurance Contract Wording from that organisation.

Lochinvar Lungren
Financial Controller

Mr. Lochinvar Lungren is the Financial Controller of the Company with responsibility for leading the finance, accounting and treasury functions. Mr. Lungren has been with the Company for over 20 years, joining in 1988 as an Accounting Clerk.

He advanced to the position of Credit Officer in 1996 and he was then seconded to the Company's founding joint venture partner, together with Musson (Jamaica) Limited, General Accident Fire and Life Assurance Company in Scotland. Mr. Lungren rejoined the Company in 1998. He left briefly to work as General Manager of JN's finance arm before rejoining General Accident in 2005 as Financial Controller.

Cheryll Henry
Human Resources & Facilities Manager

Ms. Cheryll Henry is the Human Resources and Facilities Manager of the Company. Ms. Henry has been with the Company for over 15 years. She joined the Company in 1996 as an Administrative Supervisor and, notably, within a 10 year period she rotated through every division, and was also appointed Operations Manager of Orrett& Musson Investment Company Limited, a former subsidiary of the Company.

Ms. Henry holds a Bachelors degree in Management Studies from the University ofthe West Indies and a Diploma in Human Resource Management from the Institute ofManagement & Production.

"Most of our executives have been with General Accident for over a decade"

General Accident

INSURANCE COMPANY JAMAICA LTD.

Our Community

Giving back

General Accident is committed to playing its part in Jamaica's national development. We seek to conduct our business in a manner consistent with excellent corporate citizenship and to ensure that our business creates value for all stakeholders, including the communities in which we operate and the Jamaican environment in which we live. In 2011, we continued to play a significant role, particularly through our commitments to sports, the environment and education.

Sports

For more than 20 years, General Accident has provided sponsorship of international sporting tours and the funding of travel costs for many athletes.

The Company is a particularly strong supporter of the Jamaica Netball Association (JNA). In 2011, General Accident provided over $1.5 billion in financialsupport to the JNA. Apart from direct sponsorship, we promote the development of life skills for members of the national team. In fact, several current and former coaches and players are members of the General Accident family.

We also support the Jamaica Athletic Association by providing sponsorship for Gibson Relays in February of each year and for individual events such as the Phil Palmer Summer Tennis Camp.

This year we also supported the Chess Foundation of Jamaica through our sponsorship of a chess competition for high schools with a sponsorship of $300,000.

Environment

A healthy natural environment is of vital importance to the insurance industry. Since 1995, General Accident has been a major donor to the Jamaica Environment Trust (JET), one of Jamaica's leading environmental non-profit groups. The Company has worked in partnership with JET to educate young Jamaicans about environmental issues through the Schools' Environment Programme and to clean our country's beaches. In recognition of General Accident's long standing support, JET named General Accident a "Champion for the Environment" in 2011.

Donation to the Jamaica Environment Trust

Beach Clean up , Jamaica Environment trust

General Accident Netball Team

Giving back

Education

General Accident recognizes the pivotal role that education plays in national development. Partnering with Next Move Jamaica, this year General Accident provided two scholarships to the University of Technology valued at over $70,000 in memory and honour of our founder and former chairman, Desmond Blades. The Company also provided funding of over $1 million to facilitate the publication of Jamaica's first annual scholarship digest.

Donaton to the Jamaica Fire Brigade

"Sophie's Place", Mustard seed Community

" Relay for life" - Jamaica Cancer Society

Other Worthy Causes

General Accident has supported the Jamaica Cultural Development Commission (JCDC) since 2008 and in 2011 was a sponsor of the Miss Festival Queen Competition.

The Company provided much needed support in cash and kind to Sophie's Place, a home for 27 children with disabilities. Each year, General Accident team members organize a Christmas treat at the home and both staff and children are provided with gifts and day of fun and care.

"General Accident is committed to playing its part in Jamaica's national development"

Accountability

Corporate Data

Directors:

P.B. Scott	*Chairman*
Melanie Subratie	*Deputy Charman*
Sharon Donaldson	*Managing Director*
Dr. Ralph Thompson	
Geoffery Messado	
Jennifer Scott	
Christopher Nakash	
Nicholas Scott	
Dr. Nigel Clarke	
Duncan Strewart	

Leadership Team:

Sharon Donaldson	*Managing Director*
Maureen Hall	*General Manager*
Angella Reynolds	*Deputy General Manager*
Lochinvar Lungren	*Financial Controller*
Cheryll Henry	*Human Resources & Facilities Manager*

Corporate Secretary:
Geoffery Messado

Appointed Actuary:
Josh Worshaw, FCAS, MAAA

Auditors:
PricewaterhouseCoopers

Bankers:
First Caribbean International Bank

Attorneys:
DunnCox

Patterson Mair Hamilton

Registered Office:
58 Halfway Tree Road
Kingston, Jamaica W.I.
Telephone: (876) 929-2451
Fax: (876) 929-1074
Email: info@genac.com
website: www.genac.com

Registrar:
Jamaica Central Securities Depository

Disclosure Of Shareholdings

Shareholdings of Top 10 Shareholders

SHAREHOLDERS	SHARES	% OWNED
1. Musson Jamaica Limited	824, 999,989	80.00
2. Mayberry West Indes Limited	29,322,050	2.84
3. Apex Pharmacy	11,588,279	1.12
4. Mayberry Managed Client Account	3,642,906	0.35
5. Colin Steele	3,287,774	0.32
6. Sharon Donaldson	3,127,758	0.31
(Self	3,000,000	0.29)
(Junior Levine	127,758	0.02)
7. Maureen A. Hall	3,000,000	0.29
(and Anthony Dunbar	2,363,000	0.23)
(and Errol Kellyman	638,000	0.06)
8. Konrad Limited	2,688,854	0.24
9. Dr. Nigel Clarke	2,475,248	0.24
10. Duncan Stewart	2,475,190	0.24
(and Deborah Stewart)		
(and Diana Stewart)		

Shareholdings of Directors

DIRECTOR/ CONNECTED PERSONS	SHARES
1. P.B. Scott	NIL
(Musson Jamaica Limited	824,999,989)
2. Melanie Subratie	NIL
(Musson Jamaica Limited	824,999,989)
3. Sharon Donaldson	
(Self	3,000,000)
(Junior Levine	127,758)
4. Dr Ralph Thompson	NIL
5. Geoffery Messado	1,000,000
6. Jennifer Scott	NIL
7. Christopher Nakash	1,698,020
8. Nicholas Scott	1,980,198
9. Duncan Stewart	2,475,190
(and Deborah Strewart)	
(and Diana Strewart)	
10. Dr. Nigel Clarke	2,975,248

Shareholdings of The Management Team

MANAGER/ CONNECTED PERSONS	SHARES
1. Sharon Donaldson	
(Self	3,000,000)
(Junior Levine	127,758)
2. Maureen Hall	
(and Anthony Dunbar	2,362,000)
(and Errol Kellyman	638,000)
3. Angella Reynolds	750,000
4. Lochinvar Lungren	645,482
5. Cheryll Henry	1,980,198

Appendices

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General Accident Insurance Company Jamaica Limited

Financial Statements
31 December 2011

General Accident Insurance Company Jamaica Limited

Index

31 December 2011

3. EXPRESSION OF OPINION

I have examined the financial condition and valued the policy and claims liabilities of GAICJL for its balance sheet as at December 31, 2011 and the corresponding change in the policy and claims liabilities in the statement of operations for the year then ended. I meet the appropriate qualification standards and am familiar with the valuation and solvency requirements applicable to general insurance companies in Jamaica. I have relied upon PriceWaterhouseCoopers for the substantial accuracy of the records and information concerning other liabilities, as certified in the attached statement.

The results of my valuation together with amounts carried in the Annual Return are the following:

Claims Liabilities (J$000)	Carried in Annual Return	Actuary's Estimate
Direct unpaid claims and adjustment expenses:	688,107	688,107
Assumed unpaid claims and adjustment expenses:	0	0
Gross unpaid claims and adjustment expenses:	688,107	688,107
Ceded unpaid claims and adjustment expenses:	126,485	126,485
Other amounts to recover:	0	0
Other net liabilities:	0	0
Net unpaid claims and adjustment expenses:	561,622	561,622

Policy Liabilities (J$000)	Carried in Annual Return	Actuary's Estimate
Gross policy liabilities in connection with unearned premiums:		408,325
Net policy liabilities in connection with unearned premiums:		353,090
Gross unearned premiums:	1,259,115	
Net unearned premiums:	414,975	
Premium deficiency:	0	
Other net liabilities:	0	

In my opinion:

(i) The methods and procedures used in the verification of the data are sufficient and reliable and fulfill acceptable standards of care;

(ii) The valuation of policy and claims liabilities has been made in accordance with generally accepted actuarial practice with such changes as determined and directions made by the Commission;

(iii) The methods and assumptions used to calculate the policy and claims liabilities are appropriate to the circumstances of the company and of the said policies and claims;

(iv) The amount of policy and claims liabilities represented in the balance sheet of General Accident Insurance Company Jamaica Limited makes proper provision for the future payments under the company's policies and meet the requirements of the Insurance Act and other appropriate regulations of Jamaica;

(v) A proper charge on account of these liabilities has been made in the statement of comprehensive income;

(vi) There is sufficient capital available to meet the solvency standards as established by the Commission

Josh Worsham, FCAS, MAAA	Josh Worsham	March 26, 2012
Name of Appointed Actuary	Signature of Appointed Actuary	Date

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Independent Auditor's Report

To the Members of
General Accident Insurance Company Jamaica Limited

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of General Accident Insurance Company Jamaica Limited and its subsidiary (the Group), and the accompanying financial statements of General Accident Insurance Company Jamaica Limited standing alone (the Company), set out on pages 1 to 84, which comprise the consolidated and company statements of financial position as of 31 December 2011 and the consolidated and company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

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Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2011, and of financial performance and cash flows of the Group and the Company for the year then ended, so far as concerns the members of the Company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
29 March 2012
Kingston, Jamaica

General Accident Insurance Company Jamaica Limited

Group Statement of Comprehensive Income

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Gross Premiums Written		3,626,395	2,203,074
Reinsurance ceded		(2,632,089)	(1,316,892)
Excess of loss reinsurance cost		(127,793)	(101,620)
Net premiums written		866,513	784,562
Changes in unearned premiums, net		(47,023)	(91,477)
Net Premiums Earned		819,490	693,085
Commission income		294,522	206,211
Commission expense		(231,689)	(162,168)
Claims expense	10	(420,142)	(426,624)
Management expenses		(300,592)	(241,641)
Underwriting Profit		161,589	68,863
Investment income	11	947,972	113,267
Other income	12	193,669	1,186
Other operating expenses		(28,642)	(30,430)
Profit before Taxation		1,274,588	152,886
Taxation	16	(56,662)	(30,831)
Profit for the Year from Continuing Operations		1,217,926	122,055
Discontinued Operations			
Profit for the year from discontinued operations	17	12,979	31,193
Profit for the Year	18	1,230,905	153,248
Other Comprehensive Income:			
Unrealised gains on available-for-sale investments, net of tax		98,193	138,136
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments		(847,201)	(20,807)
Total Other Comprehensive Income	16	(749,008)	117,329
TOTAL COMPREHENSIVE INCOME		481,897	270,577
Total comprehensive income attributable to equity shareholders arises from:			
Continuing operations		468,918	239,384
Discontinued operations		12,979	31,193
		481,897	270,577
EARNINGS PER SHARE	19	$1.38	$0.15

General Accident Insurance Company Jamaica Limited

Group Statement of Financial Position

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
ASSETS			
Cash and short term investments	21	1,134,278	591,115
Taxation recoverable		13,028	14,984
Due from policyholders, brokers and agents		394,303	440,959
Due from reinsurers and coinsurers	22	1,022,870	627,038
Insurance premium financing receivables	23	-	66,994
Deferred policy acquisition cost		149,587	141,000
Other receivables	24	10,304	13,486
Due from related parties	9	1,156	-
Loans receivable	25	236,896	345,514
Leases receivable	26	41,962	-
Investment securities	27	468,454	1,156,624
Property, plant and equipment	28	41,709	95,084
Intangible assets	29	26,624	29,914
Total assets		3,541,171	3,522,712
LIABILITIES			
Due to reinsurers and coinsurers		253,009	312,388
Other liabilities	30	81,596	67,441
Due to related parties	9	-	12,836
Taxation payable		10,599	29,874
Deferred tax liabilities	31	12,713	5,521
Insurance reserves	32	2,042,511	1,511,904
Borrowings	33	-	258,335
Total liabilities		2,400,428	2,198,299
SHAREHOLDER'S EQUITY			
Share capital	34	470,358	75,000
Capital reserves	35	152,030	129,456
Fair value reserve	36	110,517	859,525
Retained earnings	18	407,838	260,432
Total shareholders' equity		1,140,743	1,324,413
Total liabilities and shareholders' equity		3,541,171	3,522,712

Approved by the Board of Directors on 29 March 2012 and signed on its behalf by:

Paul Scott — Chairman

Sharon Donaldson — Director

General Accident Insurance Company Jamaica Limited

Group Statement of Changes in Equity

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Capital Reserves $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 December 2009		75,000	96,390	742,196	235,250	1,148,836
Comprehensive income :						
Net profit for the year		-	-	-	153,248	153,248
Other comprehensive income	16	-	-	117,329	-	117,329
Total comprehensive income		-	-	117,329	153,248	270,577
Transactions with owners						
Dividends	20				(95,000)	(95,000)
Profits capitalised – Capital distribution received	35	-	33,066		(33,066)	-
Total transactions with owners		-	33,066	-	(128,066)	(95,000)
Balance at 31 December 2010		75,000	129,456	859,525	260,432	1,324,413
Comprehensive income :						
Net profit for the year		-	-	-	1,230,905	1,230,905
Other comprehensive income	16	-	-	(749,008)	-	(749,008)
Total comprehensive income		-	-	(749,008)	1,230,905	481,897
Transactions with owners						
Issue of shares	34	395,358	-	-	-	395,358
Dividends	20	-	-	-	(1,060,925)	(1,060,925)
Profits capitalised – Capital distribution received	35	-	22,574	-	(22,574)	-
Total transactions with owners		395,358	22,574	-	(1,083,499)	(665,567)
Balance at 31 December 2011		470,358	152,030	110,517	407,838	1,140,743

General Accident Insurance Company Jamaica Limited

Group Statement of Cash Flows

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Net profit		1,230,905	153,248
Adjustments for items not affecting cash:			
Depreciation	28	15,894	19,991
Amortisation of intangible asset	29	13,236	11,169
Gain on sale of investment	11	(848,471)	(24,980)
Unrealised gain on units in unit trust fund	11	(7,598)	(4,356)
Gain on disposal of property, plant and equipment	12	(157,554)	(158)
Loss on disposal of subsidiary	11	3,704	-
Interest income	11	(111,126)	(181,664)
Interest expense	13	14,089	43,836
Dividend income		-	(46)
Capital distribution	11	(22,574)	(33,066)
Current taxation	16	53,541	66,460
Deferred taxation	16	6,637	(19,184)
Foreign exchange (gains)/losses		(4,813)	17,965
Increase in deferred policy acquisition cost		(8,587)	(45,433)
Increase in insurance reserves		530,607	348,647
		707,890	352,429
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		46,656	(205,437)
Insurance premium financing receivables		26,593	(5,576)
Loans receivable		(258,778)	49,153
Interest received		44,956	199,902
Other receivables		3,182	3,505
Other liabilities		73,480	(5,107)
Due to related parties		(11,578)	11,019
Due from reinsurers and coinsurers, net		(455,211)	(26,009)
		(530,700)	21,450
Taxation paid		(70,504)	(13,038)
Net cash provided by operating activities carried forward		106,686	360,841

General Accident Insurance Company Jamaica Limited

Group Statement of Cash Flows (Continued)

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Net cash provided by operating activities brought forward		106,686	360,841
Cash Flows from Investing Activities			
Acquisition of investments		(125,519)	(13,630)
Leases receivable, net		(41,962)	-
Acquisition of property, plant and equipment	28	(9,097)	(14,178)
Acquisition of intangible asset	29	(10,732)	(10,575)
Proceeds from disposal of property, plant and equipment		12,315	158
Proceeds from disposal and maturity of investments		31,271	65,997
Disposal of subsidiary	39	(55,053)	-
Capital distribution received	35	22,574	33,066
Dividend received		-	46
Interest received		70,281	54,427
Net cash (used in)/provided by investing activities		(105,922)	115,311
Cash Flows from Financing Activities			
Proceeds from issue of shares		395,358	-
Borrowings, net		249,336	(21,028)
Dividends paid		(90,925)	(95,000)
Interest paid		(14,341)	(80,461)
Net cash provided by/(used in) financing activities		503,428	(196,489)
Increase in cash and cash equivalents		540,192	279,663
Effect of exchange rate changes on cash and cash equivalents		2,971	(10,428)
Cash and cash equivalents at beginning of year		591,115	321,880
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 21)		1,134,278	591,115

The principal non-cash transactions during the year were as follows:

	2011 $'000	2010 $'000
Dividends declared and paid	970,000	-
Proceeds from sale of available-for-sale equity investments	887,287	-
Procceds from sale of subsidiary	66,288	-
Proceeds from disposal of property, plant and equipment	189,000	-
	2,112,575	-

General Accident Insurance Company Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Gross Premiums Written		3,626,395	2,203,074
Reinsurance ceded		(2,632,089)	(1,316,892)
Excess of loss reinsurance cost		(127,793)	(101,620)
Net premiums written		866,513	784,562
Changes in unearned premiums, net		(47,023)	(91,477)
Net Premiums Earned		819,490	693,085
Commission income		294,374	206,210
Commission expense		(231,689)	(162,168)
Claims expense	10	(420,142)	(426,624)
Management expenses		(300,592)	(241,641)
Underwriting Profit		161,441	68,862
Investment income	11	1,015,010	204,565
Other income	12	193,669	1,778
Other operating expenses		(28,642)	(30,430)
Profit before Taxation		1,341,478	244,775
Taxation	16	(56,662)	(30,831)
Net Profit for the Year	18	1,284,816	213,944
Other Comprehensive Income:			
Unrealised gains on available-for-sale investments, net of tax		98,193	138,136
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments		(847,201)	(20,807)
Total Other Comprehensive Income	16	(749,008)	117,329
TOTAL COMPREHENSIVE INCOME		535,808	331,273

General Accident Insurance Company Jamaica Limited

Company Statement of Financial Position

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
ASSETS			
Cash and short term investments	21	1,134,278	575,494
Taxation recoverable		13,028	14,984
Due from policyholders, brokers and agents		394,303	440,959
Due from reinsurers and coinsurers	22	1,022,870	627,038
Deferred policy acquisition cost		149,587	141,000
Other receivables	24	10,304	13,486
Due from related parties	9	1,156	33,849
Loans receivable	25	236,896	36,683
Leases receivable	26	41,962	-
Investment securities	27	468,454	1,152,094
Investment in subsidiary		-	1,046
Property, plant and equipment	28	41,709	91,952
Intangible assets	29	26,624	28,971
Total assets		3,541,171	3,157,556
LIABILITIES			
Due to reinsurers and coinsurers		253,009	312,388
Other liabilities	30	81,596	57,614
Taxation payable		10,599	-
Deferred tax liabilities	31	12,713	5,148
Insurance reserves	32	2,042,511	1,511,904
Total liabilities		2,400,428	1,887,054
SHAREHOLDER'S EQUITY			
Share capital	34	470,358	75,000
Capital reserves	35	152,030	129,456
Fair value reserve	36	110,517	859,525
Retained earnings	18	407,838	206,521
Total shareholder's equity		1,140,743	1,270,502
Total liabilities and shareholder's equity		3,541,171	3,157,556

Approved by the Board of Directors on 29 March 2012 and signed on its behalf by:

Paul Scott — Chairman

Sharon Donaldson — Director

General Accident Insurance Company Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise stated)

	Note	Share Capital $'000	Capital Reserves $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 December 2009		75,000	96,390	742,196	120,643	1,034,229
Comprehensive income :						
Net profit for the year		-	-		213,944	213,944
Other comprehensive income	16	-	-	117,329	-	117,329
Total comprehensive income		-	-	117,329	213,944	331,273
Transactions with owners						
Dividends	20	-	-	-	(95,000)	(95,000)
Profits capitalised – Capital distribution received	35	-	33,066	-	(33,066)	-
Total transactions with owners		-	33,066	-	(128,066)	(95,000)
Balance at 31 December 2010		75,000	129,456	859,525	206,521	1,270,502
Comprehensive income :						
Net profit for the year		-	-	-	1,284,816	1,284,816
Other comprehensive income	16	-	-	(749,008)	-	(749,008)
Total comprehensive income		-		(749,008)	1,284,816	535,808
Transactions with owners		-				
Issue of shares	34	395,358	-	-	-	395,358
Dividends	20	-	-	-	(1,060,925)	(1,060,925)
Profits capitalised – Capital distribution received	35	-	22,574	-	(22,574)	-
Total transactions with owners		395,358	22,574	-	(1,083,499)	(665,567)
Balance at 31 December 2011		470,358	152,030	110,517	407,838	1,140,743

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Net profit		1,284,816	213,944
Adjustments for items not affecting cash:			
Depreciation	28	15,563	19,497
Amortisation of intangible assets	29	13,079	10,933
Gain on sale of investments	11	(848,471)	(24,980)
Gain on disposal of subsidiary	11	(61,928)	-
Unrealised gain on Unit Trust Fund	11	(7,103)	(3,971)
Gain on disposal of property, plant and equipment	12	(157,554)	(158)
Interest income	11	(74,934)	(52,502)
Dividend income	11	-	(90,046)
Capital distribution received	11	(22,574)	(33,066)
Current taxation	16	49,993	37,019
Deferred taxation	16	6,669	(6,188)
Foreign exchange (gains)/losses		(6,506)	15,267
Increase in deferred policy acquisition cost		(8,587)	(45,433)
Increase in insurance reserves		530,607	348,647
		713,070	388,963
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		46,656	(205,437)
Other receivables		3,182	1,474
Loans receivable		(25,669)	44,918
Other liabilities		23,982	(3,767)
Due from related parties		12,693	(1,422)
Due from reinsurers and coinsurers, net		(455,211)	(26,009)
		(394,367)	(190,243)
Taxation (paid)/recovered		(37,439)	1,716
Net cash provided by operating activities		281,264	200,436
Cash Flows from Investing Activities			
Acquisition of investments		(125,519)	(14,015)
Leases receivable, net		(41,962)	-
Acquisition of property, plant and equipment	28	(9,081)	(13,064)
Acquisition of intangible asset	29	(10,732)	(9,396)
Disposal of subsidiary	39	(3,314)	-
Proceeds from disposal of property, plant and equipment		12,315	158
Proceeds from disposal and maturity of investments		31,271	66,368
Capital distribution received	35	22,574	33,066
Dividend received		20,000	70,046
Interest received		72,868	53,350
Net cash (used in)/provided by investing activities		(31,580)	186,513

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows (Continued)

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 $'000	2010 $'000
Net cash (used in)/provided by investing activities brought forward	(31,580)	186,513
Cash Flows from Financing Activities		
Proceeds from issue of shares	395,358	-
Dividends paid	(90,925)	(95,000)
Net cash provided by/(used in) financing activities	304,433	(95,000)
Increase in cash and cash equivalents	554,117	291,949
Effect of exchange rate changes on cash and cash equivalents	4,667	(10,300)
Cash and cash equivalents at beginning of year	575,494	293,845
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 21)	1,134,278	575,494

Non- cash transactions

The principal non-cash transactions during the year were as follows:

	2011 $'000	2010 $'000
Dividends declared and paid	970,000	-
Proceeds from sale of available-for-sale equity investments	887,287	-
Procceds from sale of subsidiary	66,288	-
Proceeds from disposal of property, plant and equipment	189,000	-
	2,112,575	-

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1. Identification and Activities

General Accident Insurance Company Jamaica Limited (the company) is incorporated and domiciled in Jamaica. On 21 September 2011, the company issued ordinary shares to the public, and became listed on the Jamaica Junior Stock Exchange. Consequent on the listing of its shares, the company became an 80% subsidiary of Musson (Jamaica) Limited (Musson), having previously been a wholly owned subsidiary of Musson. The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10. The Company's ultimate parent company, Musson, is incorporated and domiciled in Jamaica.

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.

Up to 31 August 2011, the company owned and controlled a wholly owned subsidiary, Orrett and Musson Investment Company Limited (Orrett and Musson), the principal activity of which is the provision of loans and insurance premium financing. Orrett and Musson was sold to Musson during the financial year. Orrett and Musson is also incorporated and domiciled in Jamaica. The company and its former subsidiary together are referred to as 'the Group'.

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

Accounting pronouncements effective in 2011 which are relevant to the Group's operations

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year and are relevant to the Group's operations. The adoption of these new pronouncements has impacted the Group as discussed below.

- **IAS 1 (Amendment), 'Presentation of financial statements'** (effective from 1 January 2011) This amendment requires retrospective application. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The company has elected to continue analysis of other comprehensive income in the statement of changes in equity.

- **IAS 24 (revised), 'Related party disclosures'** (effective from 1 January 2011). The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group has adopted the revised standard effective 1 January 2011, however there has been no significant impact on its related party disclosures.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
Accounting pronouncements effective in 2011 which are relevant to the Group's operations (continued)

- **IFRS 7, 'Financial Instruments Disclosures'** (effective from 1 January 2011) This amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Quantitative and qualitative financial risk management policies and exposures are disclosed in Note 4.

Certain other pronouncements are mandatory for the current and future accounting periods but are not immediately relevant to the Group's operations. Their adoption has had no significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

Accounting pronouncements that are not yet effective, and have not been early adopted
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods, but were not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

- **IAS 1 (Amendment), 'Presentation of financial statements' (effective 1 July 2012).** This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The Group will adopt the amendments from 1 January 2013.

- **IFRS 7, (Amendment) 'Financial Instruments: Disclosures' (effective 1 July 2011).** This amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The Group will adopt the amendments from 1 January 2012.

- **IFRS 9, 'Financial instruments' (effective 1 January 2015)**. The standard introduces new requirements for the classification and measurement of financial assets and liabilities and is effective from 1 January 2015 with early adoption permitted. The standard divides all financial assets and liabilities that are currently in the scope of IAS 39 into two classifications – those measured at amortised cost and those measured at fair value. This standard is a work in progress and will eventually replace IAS 39 in its entirety. Management is currently assessing the impact this may have on the Group.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- **IFRS 11, 'Joint arrangements,' (effective 1 January 2013).** is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013.

- **IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013).** This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Management is currently assessing the impact this may have on the Group

- **IFRS 13, 'Fair Value Measurement', (effective 1 July 2013).** This standard, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group will adopt the standard from 1 January 2014.

(b) Consolidation

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The consolidated financial statements present the results of operations and financial position of the company and its former wholly owned subsidiary, Orrett and Musson, up to the date of its disposal.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issues by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measures initially at their fair values at the acquisition date.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The subsidiary's accounting policies have been changed where necessary to ensure consistency with policies adopted by the Group.

2. Summary of Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax and is recognised as follows:

Insurance services

Gross premiums written are recognised on a pro-rated basis over the life of the policies written. The portion of premiums written in the current year which relates to coverage in subsequent years is deferred as unearned premiums (Note 2(r)(i)).

Commissions payable on premium income and commissions receivable on reinsurance of risks are charged and credited to profit or loss, respectively, over the life of the policies.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend

Dividend income for equities is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on an accrual basis.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences resulting from changes in the amortised cost of foreign currency monetary assets classified as available-for-sale are recognised in profit or loss. Other changes in the fair value of these assets are recognised in other comprehensive income. Translation differences on non-monetary financial assets classified as available-for-sale are reported as a component of the fair value gain or loss in other comprehensive income.

(e) Financial instruments

Financial instruments carried on the statement of financial position include investments, due to and from related parties, due to and from reinsurers and coinsurers, due from policyholders, brokers and agents, insurance premium financing, loans and other receivables, cash and short term investments, other liabilities and claims liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Group's and the company's financial instruments are discussed in Note 6.

2. Summary of Significant Accounting Policies (Continued)

(f) Cash and cash equivalents

Cash and cash equivalents are stated at cost. For purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks.

(g) Investments

Investments are classified as held-to-maturity, available-for-sale and fair value through profit or loss. Management determines the appropriate classification of investments at the time of purchase. Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

(i) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale. Held-to-maturity investments are initially recorded at fair value and subsequently measured at amortised cost.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading or designated at fair value through profit or loss at inception. The Group has designated certain of its equity securities as fair value through profit or loss as they are managed and their performance evaluated on a fair value basis. Investments classified as fair value through profit or loss, are initially recognised at fair value and transaction costs are expensed through profit or loss. Investments at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value of investments at fair value through profit or loss are presented in investment income in arriving at profit or loss.

(iii) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are initially recognised at fair value, which includes transaction costs, and subsequently carried at fair value based on quoted bid prices or amounts derived from cash flow models. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in other comprehensive income.

Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity at the date of disposal or impairment are reclassified to profit or loss.

(iv) Reclassification of financial assets

Financial assets are reclassified if; as a result of a change in intention or ability, management has determined that it is no longer appropriate to classify an investment as held-to-maturity.

2. Summary of Significant Accounting Policies (Continued)

(g) Investments (continued)

(v) Impairment of financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The Group assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. In the case of equity securities classified as available-for- sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income – is recycled through other comprehensive income and recognised in profit or loss for the current year. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(h) Loans and receivables

The Group classifies its financial assets other than investments in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets classified as loans and receivables either meet the definition of loans and receivables at the date of acquisition, or at the date of reclassification from another category (fair value through profit or loss or available-for-sale). Insurance premium financing receivable and loans receivable have been classified as loans and receivables.

(i) Insurance premium financing receivable

Insurance premium financing (IPF) receivables are non-derivative financial assets with fixed or determinable payments. They are initially recorded at fair value, which is the cash given to originate the receivable including transaction costs, and subsequently measured at amortised cost less provision for impairment of these receivables.

Interest income on IPF is recognised in profit or loss using the effective yield method.

(j) Loans receivable

Loans are recognised when the cash is advanced to borrowers. They are initially recorded at fair value, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

A provision for bad debts is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due will not be collected according to the original contractual terms. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for bad debt to its estimated recoverable amount, which is the present value of the expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

2. Summary of Significant Accounting Policies (Continued)

(k) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in profit or loss in the period in which termination takes place

(l) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. The Group's insurance contracts are classified as short-term insurance contracts which include casualty and property insurance contracts.

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employer's liability) and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the date of the statement of financial position is reported as unearned premium in Insurance Reserves. Premiums are shown before deductible commission.

Claims and loss adjustments expenses are charged to profit or loss as incurred based on estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group. Statistical analysis is used to estimate claims incurred but not reported, as well as the expected ultimate cost of more complex claims that may be affected by external factors.

2. Summary of Significant Accounting Policies (Continued)

(m) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises the impairment loss in profit or loss.

(n) Reinsurance ceded

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short–term balances due from reinsurers as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Estimated amounts of reinsurance recoverable, which represent the portion of unearned premiums ceded to the reinsurers, are included in recoverable from reinsurers on the statement of financial position.

The Group relies upon reinsurance agreements to limit the potential for losses and to increase its capacity to write insurance. Reinsurance arrangements are effected under reinsurance treaties and by negotiation on individual risks. Reinsurance does not relieve the Group from liability to its policyholders. To the extent that a reinsurer may be unable to pay losses for which it is liable under the terms of the reinsurance agreement, the Group is exposed to the risk of continued liability for such losses. However, in an effort to reduce the risk of non-payment, the Group requires all of its reinsurers to have a Standard & Poor or equivalent rating of A- or better.

The Group assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

(o) Deferred policy acquisition costs

The cost of acquiring and renewing insurance contracts, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the contracts, are deferred over the unexpired period of risk carried. Deferred policy acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period.

(p) Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is computed on the straight line method at rates estimated to write off the assets over their expected useful lives as follows:

Buildings	5% and 2.5%
Furniture, fixtures and equipment	10%
Motor vehicles	25%

2. Summary of Significant Accounting Policies (Continued)

(p) Property, plant and equipment (continued)

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(q) Intangible assets

Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life, which is between three to five years.

(r) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(s) Insurance reserves

Under the Insurance Regulations, 2001, the Group is required to actuarially value its insurance reserves annually. Consequently, provision for claims incurred but not reported (IBNR) has been independently actuarially determined. The remaining components of the reserves are also reviewed by the actuary in determining the overall adequacy of the provision for the Group's insurance liabilities.

(i) Provision for unearned premium

The provision for unearned premium represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the date of the statement of financial position and is computed by applying the "365th" method to gross written premiums for the period, except for marine where the unearned premium reserve is calculated as 20% of the year's gross written premiums.

(ii) Unearned commission

The unearned commission represents the actual commission income on premium ceded on proportional reinsurance contracts relating to the unexpired period of risk carried. The income is deferred as unearned commission reserves, and amortised over the period in which the commissions are expected to be earned. These reserves are calculated on the 365th method.

2. Summary of Significant Accounting Policies (Continued)

(s) Insurance reserves (continued)

(iii) Claims outstanding

A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end, including claims incurred but not reported (IBNR), less amounts already paid in respect of those claims. This provision is estimated by management (insurance case reserves) and the appointed actuary (IBNR) on the basis of claims admitted and intimated.

(iv) Claims incurred but not reported

The reserve for IBNR claims has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method, the Expected Loss Ratio method and the Frequency-Severity method (Note 31). This calculation is done in accordance with the Insurance Act 2001.

(t) Accounts payable

Payables are recognised at fair value and subsequently measured at amortised cost.

(u) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in net profit or loss in the statement of comprehensive income except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at date of the statement of financial position, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(v) Employee benefits

(i) Pension obligations

The Group participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the Group are recorded as an expense in profit or loss.

2. Summary of Significant Accounting Policies (Continued)

(v) Employee benefits (continued)

(ii) Accrued vacation
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

(iii) Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Profit-sharing and bonus plan
The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(w) Borrowings
Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

(x) Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

(y) 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, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(z) Discontinued operations
The Group presents discontinued operations in a separate line in the Group statement of comprehensive income if an entity has been disposed of or is classified as held for sale and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Group statement of comprehensive income.

2. Summary of Significant Accounting Policies (Continued)

(z) Discontinued operations (continued)

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

3. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary. His responsibility is to carry out an annual valuation of the Group's claims liabilities and insurance reserves in accordance with accepted actuarial practice and regulatory requirements and report thereon to the shareholders. In performing the valuation, the Actuary analyses past experience with respect to number of claims, claims payment and changes in estimates of outstanding liabilities.

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and his report on claims liabilities and insurance reserves.

4. Insurance and Financial Risk Management

(a) Insurance risk

The Group's activities expose it to a variety of insurance and financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment and Loan Committee
The Investment and Loan Committee is responsible for monitoring and approving investment strategies for the Group.

(ii) Finance Department
The Finance Department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iii) Conduct Review Committee
The Conduct Review Committee is responsible for monitoring the Group's adherence to regulatory and statutory requirements.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

(iv) Audit Committee
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(v) Remuneration Committee
The remuneration committee is responsible for reviewing and recommending for approval, the remuneration arrangements of the directors and senior officers.

In February 2010, the Group participated in the Jamaica Debt Exchange (JDX) transaction under which the Group exchanged its holdings of domestic debt instruments issued by the Government of Jamaica for new, longer-dated debt instruments available to the Group under the election options contained in the agreement. The JDX transaction resulted in a reduction in yields and an increase in the tenor of locally issued Government of Jamaica securities and, therefore, had a significant impact on financial risks.

The most important types of risk are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group issues contracts that transfer insurance risk. This section summarises these risks and the way the Group manages them.

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. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the types of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts is, however, concentrated within Jamaica.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. This is however subject to the policy limit. Liability claims are settled over a long period of time and a portion of the claims provision relates to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

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 the claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the date of financial position. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the date of the statement of financial position.

In calculating the estimated cost of unpaid claims (both reported and not), the Group uses estimation techniques that are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) is analysed by type of risk for current and prior year premiums earned.

The estimation of IBNR 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 proportion of the total liability is high and 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 or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Management sets policy and retention limits based on guidelines set by the Board of Directors. The policy limit and maximum net retention of any one risk for each class of insurance for the year are as follows:

	The Group and The Company			
	2011		2010	
	Policy Limit '000	Maximum Net Retention '000	Policy Limit '000	Maximum Net Retention '000
Commercial property –				
Fire and consequential loss	U$5, 000	US$1,000	U$5, 000	US$1,000
Personal property	US$5,000	US$1,000	US$5,000	US$1,000
Engineering	US$2,000	US$62.50	US$2,000	US$50
Liability	J$40,000	J$20,000	J$40,000	J$20,000
Marine, aviation and transport	US$500	US$100	US$500	US$100
Motor	J$10,000	J$5,000	J$10,000	J$5,000
Miscellaneous Accident –				
All Risk	J$10,000	J$1,000	J$10,000	J$1,000
Burglary	J$5,000	J$1,000	J$5,000	J$1,000
Cash/Money	J$5,000	J$1,000	J$5,000	J$1,000
Fidelity	J$5,000	J$1,000	J$5,000	J$1,000
Bonds	J$20,000	J$4,000	J$5,000	J$1,000
Goods in Transit	J$5,000	J$1,000	J$5,000	J$1,000
Personal Accident	J$7,500	J$1,500	J$4,000	J$1,000

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results.

In applying the noted methodologies, the following assumptions were made:

(i) Claims inflation has remained relatively constant and there have been no material legislative changes in the Jamaican civil justice system that would cause claim inflation to increase dramatically.

(ii) There is no latent environmental or asbestos exposure embedded in the Group's loss history.

(iii) The Group's case reserving and claim payments rates have remained, and will remain, relatively constant.

(iv) The overall development of claims costs gross of reinsurance is not materially different from the development of claims costs net of reinsurance. This assumption is supported by the following:

- The majority of the Group's reinsurance program consists of proportional reinsurance agreements; and
- The Group's non-proportional reinsurance agreements consist primarily of high attachment points.

(v) Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001.

Provision for adverse deviation assumptions

The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate claims liability for accident years 2007 - 2011 has changed at successive year-ends, up to 2011. Updated unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

		2007	2007 and prior	2008	2008 and prior	2009	2009 and prior	2010	2010 and prior	2011	2011 and prior
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2007	Paid during year	118,030	200,131								
	UCAE, end of year	114,103	224,592								
	IBNR, end of year	22,163	44,261								
	Ratio: excess (deficiency)										
2008	Paid during year	56,592	78,432	180,368	258,800						
	UCAE, end of year	47,763	155,452	150,154	305,606						
	IBNR, end of year	9,553	28,703	30,030	58,733						
	Ratio: excess (deficiency)	16.41%	2.33%								
2009	Paid during year	22,207	63,299	92,444	155,743	175,935	331,678				
	UCAE, end of year	21,638	61,844	85,910	147,754	200,976	348,730				
	IBNR, end of year	2,709	4,393	10,644	15,037	58,042	73,079				
	Ratio: excess (deficiency)	24.31%	22.65%	(4.89%)	12.57%						
2010	Paid during year	12,873	22,463	54,841	77,304	98,674	175,978	171,620	347,598		
	UCAE, end of year	13,222	42,492	50,182	92,674	96,738	189,412	235,477	424,889		
	IBNR, end of year	673	1,111	3,698	4,809	9,744	14,553	68,193	82,746		
	Ratio: excess (deficiency)	22.53%	22.71%	(11.64%)	9.28%	20.79%	9.93%				
2011	Paid during year	6,608	22,928	18,688	41,616	38,747	80,363	100,861	181,224	183,148	364,372
	UCAE, end of year	8,729	21,345	36,714	58,059	61,664	119,722	120,936	240,659	232,245	472,903
	IBNR, end of year	379	379	626	1,005	6,200	7,205	15,834	23,039	65,680	88,719
	Ratio: excess (deficiency)	21.19%	22.32%	(12.84%)	8.40%	20.75%	9.14%	21.75%	12.35%		

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Retention limits represent the level of risk retained by the cedant insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit or as agreed. The retention programs used by the Group are summarised below:

(a) Facultative reinsurance treaties are accepted on a per risk basis.

(b) The Group has treaty arrangements as follows:

(i) Property and allied perils 80%:20% Quota Share of premiums i.e. 80% ceded premiums and 20% retention.
(ii) Excess of loss treaty for motor and third party liability, which covers losses in excess of J$3,500,000 for any one loss or event.
(iii) First surplus and a quota share treaty for engineering business with retention of US$50,000.
(iv) First surplus treaty for miscellaneous accident, losses covered in excess of J$1,000,000.
(v) Catastrophe excess of loss treaty which covers losses in excess of J$40,000,000 for any one catastrophic event as defined.

(c) The Group reinsures with several reinsurers. Of significance are Munich Reinsurance Company, Munich, Federal Republic of Germany and Swiss Reinsurance Company, Ontario, Canada. All other reinsurers carry lines under 10%. The Group's business model supports the placement of specialty risk directly in the overseas market on a per risk basis. In keeping with the Group's risk policy, placement of these risks are with several reinsures. Of significance are Munich Reinsurance Company, Swiss Reinsurance Company and Lloyds of London. At 31 December, the A. M. Best ratings for the major reinsurers are as follows:

	2011	2010
Munich Reinsurance Company	A^{+}	A^{+}
Swiss Reinsurance Company	A	A
Lloyds of London	A	A

4. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk (continued)

(d) The amount of reinsurance recoveries recognised during the period is as follows:

	The Group and The Company	
	2011	2010
	$'000	$'000
Property	31,632	25,197
Motor	2,138	7,987
Marine	800	1,307
Liability	1,918	271
Burglary	235	3,027
Miscellaneous Accidents	32,983	12,119
	69,706	49,908

(c) Financial risk

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, market risk, cash flow risk, currency risk, price risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are credit risk, interest rate risk and market risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that its reinsurers, brokers, customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is an important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers and investment contracts and loans receivable.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Credit review process

The Group's senior management meets on a monthly basis to discuss the ability of customers and other counterparties to meet repayment obligations.

(i) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group's senior management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(ii) Premium receivables

The Group's senior management examines the payment history for significant contract holders with whom they conduct regular business. Management information reported to the Group includes details of provisions for impairment on premium receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where significant exposure to individual policyholders or homogenous groups of policyholders exists, a financial analysis is carried out by senior management and where necessary cancellation of policies is effected for amounts deemed uncollectible.

(iii) Insurance premium financing, and other loans receivable

The Group's management of exposure to IPF and loans receivable is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering credit facilities. Customers are required to provide a letter of guarantee and proof of collateral to be held as security.

(iv) Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Maximum exposure to credit risk

The maximum exposure to credit risk, of the group and the company, equal the respective carrying amounts on the balance sheets, for all financial assets which are subject to credit risk.

Ageing analysis of premium receivables past due but not impaired:
Premium receivables that are less than forty-five (45) days old are not considered impaired. At year end, premium receivables of $136,841,000 (2010 - $123,167,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
46 to 60 days	32,550	63,178
61 to 90 days	86,009	55,601
More than 90 days	18,282	4,388
	136,841	123,167

There are no premium receivables balances that are considered impaired.

Premium receivables
The following table summarises the Group's credit exposure for premium receivables at their carrying amounts, as categorised by brokers and direct business:

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
Brokers	261,794	308,438
Direct	132,509	132,521
	394,303	440,959

All premium receivables are receivable from policyholders, brokers and agents in Jamaica.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Insurance premium financing receivables

IPF receivables that are less than 90 days past due and for which the related insurance policies are still in force, are not considered impaired. The ageing analysis of IPF receivables that are past due but not considered impaired is as follows:

	The Group	
	2011	**2010**
	$'000	**$'000**
Over 90 days	-	5,563

In the prior year, IPF receivables of $8,090,000 were impaired and were fully provided for. These receivables were in arrears for over 90 days and the related insurance policies had expired.

The movement on the provision for impairment of IPF Receivables was as follows:

	The Group	
	2011	**2010**
	$'000	**$'000**
At 1 January	8,090	4,722
Provision for doubtful debts	-	7,361
Bad debts written off	-	(3,993)
Disposal of subsidiary	(8,090)	-
At 31 December	-	8,090

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Loans receivable

Loans receivables that are less than 90 days past due and those for which adequate collateral is in place, are not considered impaired. The ageing analysis of loans receivable that is past due but not considered impaired is as follows:

	The Group	
	2011	**2010**
	$'000	**$'000**
Over 90 days	-	5,768

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans receivable (continued)
As of 31 December 2011, loans receivable of Nil (2010 - $13,288,000) were considered to be impaired and are fully provided for. These receivables were all aged over 90 days.

Debt securities
The following table summarises the Group's and the company's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group and The Company	
	2011 $'000	**2010 $'000**
Government of Jamaica	312,499	199,943

(ii) Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil claims and other liabilities incurred.

Liquidity risk management process
The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

(ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;

(iii) Optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and

(v) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

Financial assets and financial liabilities cash flows
The tables below present the undiscounted cash flows of the Group's and company's financial assets and liabilities based on contractual repayment obligations:

	The Group and The Company						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
At 31 December 2011:							
Cash and short term investments	638,964	499,230	-	-	-	-	1,138,194
Due from policyholders, brokers and agents	139,213	255,090	-	-	-	-	394,303
Due from reinsurers and coinsurers	-	178,730	-	-	-	-	178,730
Loans receivable	1,922	66,043	17,297	92,250	340,172	-	517,684
Leases receivable	1,882	3,764	16,940	28,310	-	-	50,896
Other receivables	563	-	-	-	-	6,746	7,309
Investment securities	1,844	18,529	10,611	221,665	105,543	155,955	514,147
Total financial assets	784,388	1,021,386	44,848	342,225	445,715	162,701	2,801,263
Due to reinsurers and coinsurers	-	253,009	-	-	-	-	253,009
Other liabilities	32,252	9,268	37,000	-	-	-	78,520
Claims liabilities	41,009	117,028	371,737	158,333	-	-	688,107
Total financial liabilities	73,261	379,305	408,737	158,333	-	-	1,017,208
Net Liquidity Gap	711,127	642,081	(363,889)	183,892	445,715	162,701	1,781,627
Cumulative gap	711,127	1,353,208	989,319	1,173,211	1,618,926	1,781,627	-

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial assets and financial liabilities cash flows (continued)

	The Group						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
At 31 December 2010:							
Cash and short term investments	200,673	392,721	-	-	-	-	593,394
Due from policyholders, brokers and agents	117,875	323,084	-	-	-	-	440,959
Due from reinsurers and coinsurers	-	153,687	-	-	-	-	153,687
Insurance premium financing receivables	22,129	35,215	20,607	-	-	-	77,951
Loans receivable	20,187	15,873	52,561	340,953		-	429,574
Other receivables	8,868	-	-	-	-	1,550	10,418
Investment securities	893	18,098	8,259	184,431	60,030	956,681	1,228,392
Total financial assets	370,625	938,678	81,427	525,384	60,030	958,231	2,934,375
Due to reinsurers and coinsurers	-	312,388	-	-	-	-	312,388
Other liabilities	19,000	6,562	39,418	-	-	-	64,980
Due to related parties	12,836	-	-	-	-	-	12,836
Claims liabilities	35,625	100,938	320,625	136,469	-	-	593,657
Borrowings	1,932	3,864	17,387	271,758	-	500	295,441
Total financial liabilities	69,393	423,752	377,430	408,227	-	500	1,279,302
Net Liquidity Gap	301,232	514,926	(296,003)	117,157	60,030	957,731	1,655,073
Cumulative gap	301,232	816,158	520,155	637,312	697,342	1,655,073	-

General Accident Insurance Company Jamaica Limited

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial asset and financial liabilities cash flows (continued)

	The Company						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010:							
Cash and short term investments	195,052	382,593	-	-	-	-	577,645
Due from policyholders, brokers and agents	117,875	323,084	-	-	-	-	440,959
Due from reinsurers and coinsurers	-	153,687	-	-	-	-	153,687
Due from related parties	33,849	-	-	-	-	-	33,849
Loans receivable	36,683	-	-	-	-	-	36,683
Other receivables	8,868	-	-	-	-	1,550	10,418
Investment securities	893	18,098	8,259	184,431	60,030	952,151	1,223,862
Total financial assets	393,220	877,462	8,259	184,431	60,030	953,701	2,477,103
Due to reinsurers and coinsurers	-	312,388	-	-	-	-	312,388
Other liabilities	13,747	5,001	36,405	-	-	-	55,153
Claims liabilities	35,625	100,938	320,625	136,469	-	-	593,657
Total financial liabilities	49,372	418,327	357,030	136,469	-	-	961,198
Net Liquidity Gap	343,848	459,135	(348,771)	47,962	60,030	953,701	1,515,905
Cumulative gap	343,848	802,983	454,212	502,174	562,204	1,515,905	-

Assets available to meet all of the liabilities and to cover financial liabilities include cash and bank balances and investment securities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from its parent company and other financial institutions.

(iii) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and prices of quoted equities. Market risk is monitored by the finance department which carries out research and monitors the price movement of financial assets on the local and international markets.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

Concentrations of currency risk

The tables below summarise the Group's and company's exposure to foreign currency exchange rate risk at 31 December.

	The Group and The Company			
	Jamaican$ J$'000	US$ J$'000	GBP J$'000	Total J$'000
At 31 December 2011:				
Financial Assets				
Cash and short term investments	468,035	666,137	106	1,134,278
Due from policyholders, brokers and agents	237,709	150,225	6,369	394,303
Due from reinsurers and coinsurers	163,331	15,399	-	178,730
Due from related parties	1,156	-	-	1,156
Leases receivable	41,962	-	-	41,962
Loans receivable	236,896	-	-	236,896
Other receivables	7,309	-	-	7,309
Investment securities	420,576	47,878	-	468,454
Total financial assets	1,576,974	879,639	6,475	2,463,088
Financial Liabilities				
Due to reinsurers and coinsurers	126,564	126,445	-	253,009
Other liabilities	78,520	-	-	78,520
Claims liabilities	641,431	46,676	-	688,107
Total financial liabilities	846,515	173,121	-	1,019,636
Net financial position	730,459	706,518	6,475	1,443,452

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk (continued)

	The Group			
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2010:				
Financial Assets				
Cash and short term investments	231,611	357,672	1,832	591,115
Due from policyholders, brokers and agents	231,828	209,131	-	440,959
Due from reinsurers and coinsurers	136,623	17,064	-	153,687
Insurance premium financing receivables	53,042	13,952		66,994
Loans receivable	170,453	175,061		345,514
Other receivables	10,418	-	-	10,418
Investment securities	1,135,080	21,544	-	1,156,624
Total financial assets	1,969,055	794,424	1,832	2,765,311
Financial Liabilities				
Due to reinsurers and coinsurers	144,539	167,849	-	312,388
Other liabilities	64,980	-	-	64,980
Due to related parties	12,836	-	-	12,836
Claims liabilities	556,233	37,424	-	593,657
Borrowings	-	258,335	-	258,335
Total financial liabilities	778,588	463,608	-	1,242,196
Net financial position	1,190,467	330,816	1,832	1,523,115

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk (continued)

	The Company			
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2010:				
Financial Assets				
Cash and short term investments	217,560	356,102	1,832	575,494
Due from policyholders, brokers and agents	231,828	209,131	-	440,959
Due from reinsurers and coinsurers	136,623	17,064	-	153,687
Due from related parties	33,849	-	-	33,849
Loans receivable	36,683	-	-	36,683
Other receivables	10,418		-	10,418
Investment securities	1,130,550	21,544	-	1,152,094
Total financial assets	1,797,511	603,841	1,832	2,403,184
Financial Liabilities				
Due to reinsurers and coinsurers	144,539	167,849	-	312,388
Other liabilities	55,153	-	-	55,153
Claims liabilities	556,233	37,424	-	593,657
Total financial liabilities	755,925	205,273	-	961,198
Net financial position	1,041,586	398,568	1,832	1,441,986

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity analysis includes cash and short term deposits, investment securities, premium and other receivables, claims liabilities and US-dollar denominated borrowings. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on pre-tax profit below is the total of the individual sensitivities done for each of the assets/liabilities. There was no impact on the other components of equity.

	The Group			
	% Change in Currency Rate	Effect on Pre-tax Profit	% Change in Currency Rate	Effect on Pre-tax Profit
	2011	2011 $'000	2010	2010 $'000
USD – J$Revaluation	0.5%	(35,326)	5%	(16,540)
USD – J$Devaluation	0.5%	35,326	5%	16,540

	The Company			
	% Change in Currency Rate	Effect on Pre-tax Profit	% Change in Currency Rate	Effect on Pre-tax Profit
	2011	2011 $'000	2010	2010 $'000
USD – J$Revaluation	0.5%	(35,326)	5%	(19,928)
USD – J$Devaluation	0.5%	35,326	5%	19,928

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the Group's and the company's exposure to interest rate risk. It includes the Group's and company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group and The Company						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2011:							
Cash and short term investments	547,882	586,396	-	-	-	-	1,134,278
Due from policyholders, brokers and agents	-	-	-	-	-	394,303	394,303
Due from reinsurers and coinsurers	-	-	-	-	-	178,730	178,730
Due from related parties						1,156	1,156
Leases receivable	1,041	2,152	10,954	27,815	-		41,962
Loans receivable	182	62,568	1,755	12,541	159,850	-	236,896
Other receivables	-	-	-	-	-	7,309	7,309
Investment securities	39	102,445		134,763	75,252	155,955	468,454
Total financial assets	547,921	751,317	-	176,725	249,672	737,453	2,463,088
Due to reinsurers and coinsurers	-	-	-	-	-	253,009	253,009
Other liabilities	-	-	-	-	-	81,596	81,596
Claims liabilities	-	-	-	-	-	688,107	688,107
Total financial liabilities	-	-	-	-	-	1,022,712	1,022,712
Total interest repricing gap	547,921	751,317	-	176,725	249,672	(285,259)	1,440,376
Cumulative gap	547,921	1,299,238	1,299,238	1,475,963	1,725,635	1,440,376	-

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	The Group						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010:							
Cash and short term investments	199,074	392,041	-	-	-	-	591,115
Due from policyholders, brokers and agents	-	-	-	-	-	440,959	440,959
Due from reinsurers and coinsurers	-	-	-	-	-	153,687	153,687
Insurance premium financing receivables	18,606	30,525	17,863	-	-	-	66,994
Loans receivable	15,597	9,843	26,359	293,715	-	-	345,514
Other receivables	-	-	-	-	-	10,418	10,418
Investment securities	-	-	10,500	136,070	53,373	956,681	1,156,624
Total financial assets	233,277	432,409	54,722	429,785	53,373	1,561,745	2,765,311
Due to reinsurers and coinsurers	-	-	-	-	-	312,388	312,388
Other liabilities	-	-	-	-	-	67,441	67,441
Due to related parties	-	-	-	-	-	12,836	12,836
Claims liabilities	-	-	-	-	-	593,657	593,657
Borrowings	-	-	-	258,335	-	-	258,335
Total financial liabilities	-	-	-	258,335	-	986,322	1,244,657
Total interest repricing gap	233,277	432,409	54,722	171,450	53,373	575,423	1,520,654
Cumulative gap	233,277	665,686	720,408	891,858	945,231	1,520,654	-

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	The Company						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2010:							
Cash and short term investments	193,453	382,041	-	-	-	-	575,494
Due from policyholders, brokers and agents	-	-	-	-	-	440,959	440,959
Due from reinsurers and coinsurers	-	-	-	-	-	153,687	153,687
Due from related parties	-	-	-	-	-	33,849	33,849
Loans receivable						36,683	36,683
Other receivables	-	-	-	-	-	10,418	10,418
Investment securities	-	10,500	-	136,070	53,373	952,151	1,152,094
Total financial assets	193,453	392,541	-	136,070	53,373	1,627,747	2,403,184
Due to reinsurers and coinsurers	-	-	-	-	-	312,388	312,388
Other liabilities	-	-	-	-	-	57,614	57,614
Claims liabilities	-	-	-	-	-	593,657	593,657
Total financial liabilities	-	-	-	-	-	963,659	963,659
Total interest repricing gap	193,453	392,541	-	136,070	53,373	664,088	1,439,525
Cumulative gap	193,453	585,994	585,994	722,064	775,437	1,439,525	-

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's and company's profit or loss and shareholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on income based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate financial assets and liabilities for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on pre-tax profit and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities. It should be noted that the changes in the pre-tax profit and other components of equity as shown in the analysis are non-linear.

The Group and the Company

Change in Basis points: 2011 JMD/USD	Effect on Profit before Taxation 2011 $'000	Effect on Other Components of Equity 2011 $'000	Change in Basis points: 2010 JMD/USD	Effect on Profit before Taxation 2010 $'000	Effect on Other Components of Equity 2010 $'000
-50/-50	-	(413)	-100/-50	-	772
+50/+50	-	387	+200/+50	-	(737)

General Accident Insurance Company Jamaica Limited

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Price risk

The Group and the company are exposed to equity securities price risk because of investments held by the Group and the company. These investments are classified on the statement of financial position as available-for-sale and fair value through profit or loss.

The table below summarises the impact of increases/decreases on the Group's and the company's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity prices had increased/decreased by 10% (2010 - 20%) with all other variables held constant.

	The Group			
	Effect on Profit before Taxation	Effect on Other Components of Equity	Effect on Profit before Taxation	Effect on Other Components of Equity
	2011 $'000	2011 $'000	2010 $'000	2010 $'000
Change in index:				
- 10% (2010 -20%)	(5,817)	(9,782)	(11,120)	(180,216)
+ 10% (2010 + 20%)	5,817	9,782	11,120	180,216

	The Company			
	Effect on Profit before Taxation	Effect on Other Components of Equity	Effect on Profit before Taxation	Effect on Other Components of Equity
	2011 $'000	2011 $'000	2010 $'000	2010 $'000
Change in index:				
-10% (2010 -20%)	(5,817)	(9,782)	(10,214)	(180,216)
+10% (2010 + 20%)	5,817	9,782	10,214	180,216

(expressed in Jamaican dollars unless otherwise indicated)

5. Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

(a) To comply with the capital requirements set by the regulators of the insurance markets where the Group operates;

(b) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(c) To maintain a strong capital base to support the development of its business.

During the year, the Minimum Adequacy Test (MAT) was replaced by a Minimum Capital Test (MCT) as a measure of capital. The required MCT ratio was initially set at 200% and will be gradually increased to 250%. The MCT for the company for the year ended 31 December 2011 is as follows:

	Actual	Required	Actual
	2011	2011	2010
MCT	226%	200%	260%

6. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In accordance with IFRS 7, the Group and company disclose fair value measurements for items carried on the statement of financial position at fair value, by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities are disclosed as Level 1.
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are disclosed as Level 2.
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) are disclosed as Level 3.

6. Fair Value Estimation (Continued)

The following table presents the Group's and the company's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Group had no instruments classified in Level 3 during the year.

	The Group		
	Level 1	Level 2	Total balance
At 31 December 2011	$'000	$'000	$'000
Assets			
Financial assets at fair value through profit or loss –			
Equity securities	-	58,174	58,174
Available-for-sale financial assets –			
Equity securities	97,781	-	97,781
Debt securities	-	292,445	292,445
Total assets measured at fair value	97,781	350,619	448,400

	The Group		
	Level 1	Level 2	Total balance
At 31 December 2010	$'000	$'000	$'000
Assets			
Financial assets at fair value through profit or loss –			
Equity securities	-	55,601	55,601
Available-for-sale financial assets –			
Equity securities	901,080	-	901,080
Debt securities	-	21,544	21,544
Total assets measured at fair value	901,080	77,145	978,225

6. Fair Value Estimation (Continued)

	The Company		
	Level 1	Level 2	Total balance
At 31 December 2011	$'000	$'000	$'000
Assets			
Financial assets at fair value through profit or loss –			
Equity securities	-	58,174	58,174
Available-for-sale financial assets –			
Equity securities	97,781	-	97,781
Debt securities	-	292,445	292,445
Total assets measured at fair value	97,781	350,619	448,400

	The Company		
	Level 1	Level 2	Total balance
At 31 December 2010	$'000	$'000	$'000
Assets			
Financial assets at fair value through profit or loss –			
Equity securities	-	51,071	51,071
Available-for-sale financial assets –			
Equity securities	901,080	-	901,080
Debt securities	-	21,544	21,544
Total assets measured at fair value	901,080	72,615	973,695

Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

However, market prices are not available for all financial assets held by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following methods have been used to value financial instruments:

(a) Investment securities classified as available-for-sale and fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

6. Fair Value Estimation (Continued)

(b) Investment securities classified as held-to-maturity are carried at amortised cost. No investment securities were classified as held-to-maturity at year end. The fair value of these securities at 31 December 2010 was $183,046,000. The fair value is determined by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(c) The fair value of short-term assets and liabilities maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(d) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts, as these instruments are expected to reprice at the prevailing market rates;

(e) Insurance premium financing and other loans are carried at amortised cost which is assumed to approximate fair value as loans are issued at terms and conditions available in the market for similar transactions; and

(f) The carrying value of the borrowings from affiliated company, Seprod Limited (Note 32) is assumed to approximate fair value as these borrowings were acquired at terms and conditions available in the market for similar transactions. The fair value of other borrowings could not be reliably measured as there are no fixed repayment terms.

7. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Liabilities arising from claims made under insurance contracts

The determination of the liabilities under insurance contracts represents the liability for future claims payable by the Group based on contracts for the insurance business in force at the date of the statement of financial position using several methods, including the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. These liabilities represent the amounts that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims, allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

7. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value of financial assets determines using valuation techniques

As described in Note 6, where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

8. Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The Company is organised into seven operating segments. These segments represent the different types of risks that are written by the entity through various forms of brokers, agents and direct marketing programmes, which are all loated in Jamaica. Management identifies its reportable operating segments by product line consistent with the reports used by the board of directors. These segments and their respective operations are as follows:

(a) Fire and allied perils - Loss, damage or destruction to insured property as specified on the policy schedule.

(b) Homeowners - Loss, damage or destruction to insured property used for residential purposes as specified on the policy schedule, resulting from fire and allied perils, burglary, theft, or accidental damage. Includes liability to third parties and domestic employees

(c) Marine - Loss or damage to goods from the perils of the seas and other perils whilst in transit from destination to destination by sea, air or by land and from warehouse to warehouse.

(d) Liability - Legal liability of the insured to third parties for accidental bodily injury, death and/or loss of or damage to property occurring in connection with the insured's business, subject to a limit of indemnity. In the case of an employee liability this is legal liability of the insured to pay compensation to its employees in respect of death, injury or disease sustained during and in the course of their employment, subject to a limit of indemnity

8. Segment Information (Continued)

(e) Burglary - Loss of or damage to the insured's property involving forcible and/or violent entry into or exit from the building including damage to the premises.

(f) Miscellanous Accidents - This operating segment covers the following policies:

- Fidelity Guarantee - Loss of money or goods owned by the insured (or for which the insured is responsible) as a result of fraud or dishonesty by an employee.

- Goods in Transit - Loss, destruction or damage to insured goods by fire and allied perils, including loss or damage from accidental collision or overturning and whilst in, on or being loaded or unloaded from any road vehicle or whilst temporarily housed overnight during the ordinary course of transit.

- Engineering and machinery breakdown - Loss or damage by fire and allied perils including burglary, theft and accidental damage to specified equipment, including loss or damage resulting from electrical and mechanical breakdown subject to maintenance.

- Loss of money - Loss, damage or destruction of money including hold-up on premises during and out of business hours and in transit.

- Plate glass - Accident breakage to plate glass windows and doors of buildings.

- Personal accident - Compensation for bodily injury caused by violent, visible, external and accidental means, which injury shall solely and independently of any other cause result in death or dismemberment within 12 months of such injury. Subject to the limits specified on the policy schedule.

8. Segment Information (Continued)

The segment information provided to the board of directors for the reportable segments for the year ended 31 December 2011 is as follows:

2011	Fire $'000	Homeowners $'000	Motor $'000	Marine $'000	Liability $'000	Burglary $'000	Misellaneous Accident $'000	Total $'000
Gross Premiums Written	2,147,158	102,972	715,659	141,396	279,758	9,286	230,166	3,626,395
Reinsurance ceded	(2,058,611)	(82,509)	(25,786)	(118,113)	(159,060)	(5,593)	(182,417)	(2,632,089)
Excess of loss reinsurance cost	(76,868)	(21,248)	(21,930)	-	(7,747)	-	-	(127,793)
Net premiums written	11,679	(785)	667,943	23,283	112,951	3,693	47,749	866,513
Changes in unearned premiums, net	(4,689)	88	(45,058)	(114)	(1,891)	(133)	4,774	(47,023)
Net Premiums Earned	6,990	(697)	622,885	23,169	111,060	3,560	52,523	819,490
Commission income	198,314	19,709	2,737	27,904	12,726	1,354	31,778	294,522
Commission expense	(113,093)	(11,948)	(63,298)	(2,595)	(14,111)	(536)	(26,108)	(231,689)
Claims expense	(1,947)	(4,300)	(313,549)	(210)	(83,744)	(2,176)	(14,216)	(420,142)
Management expenses	(26,768)	(6,186)	(208,558)	(7,038)	(36,488)	(1,118)	(14,436)	(300,592)
Segment results	63,496	(3,422)	40,217	41,230	(10,557)	1,084	29,541	161,589
Unallocated income								1,137,937
Unallocated expenses								(28,642)
Profit before tax								1,270,884
Taxation								(56,662)
Net profit								1,214,222

General Accident Insurance Company Jamaica Limited

8. Segment Information (Continued)

2010	Fire $'000	Homeowners $'000	Motor $'000	Marine $'000	Liability $'000	Burglary $'000	Misellaneous Accident $'000	Total $'000
Gross Premiums Written	854,277	112,179	620,207	117,967	258,462	8,703	231,279	2,203,074
Reinsurance ceded	(776,856)	(89,879)	(19,425)	(94,169)	(152,970)	(5,705)	(177,888)	(1,316,892)
Excess of loss reinsurance cost	(66,763)	(19,817)	(12,504)	-	(2,536)	-	-	(101,620)
Net premiums written	10,658	2,483	588,278	23,798	102,956	2,998	53,391	784,562
Changes in unearned premiums, net	(3,407)	(211)	(75,563)	(409)	(3,524)	23	(8,386)	(91,477)
Net Premiums Earned	7,251	2,272	512,715	23,389	99,432	3,021	45,005	693,085
Commission income	123,242	19,953	1,583	22,249	11,089	1,421	26,674	206,211
Commission expense	(69,209)	(13,994)	(31,422)	(1,382)	(20,419)	(239)	(25,503)	(162,168)
Claims expense	(6,053)	(1,370)	(352,810)	319	(60,247)	(2,511)	(3,952)	(426,624)
Management expenses	(21,759)	(6,228)	(162,751)	(6,698)	(28,630)	(830)	(14,745)	(241,641)
Segment results	33,472	633	(32,685)	37,877	1,225	862	27,479	68,863
Unallocated income								114,453
Unallocated expenses								(30,430)
Profit before tax								152,886
Taxation								(30,831)
Net profit								122,055

Profit from the reportable segments is reconciled to the Group's profit before taxation as follows:

	2011 $'000	2010 $'000
Profit from reportable segments	161,589	68,863
Unallocated income		
Investment income	944,268	113,268
Other income	193,669	1,186
	1,137,937	114,453
Unallocated expenses		
Depreciation and amortisation	(28,642)	(30,430)
	1,270,884	152,886

8. Segment Information (Continued)

Total capital expenditure was as follows:

	2011	2010
	$'000	$'000
Property, plant and equipment	9,081	13,064
Intangible assets	10,372	9,396
	19,453	22,460

Assets, liabilities and capital expenditure are not reported by segment to the board of directors.

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

9. Related Party Transactions and Balances

(a) Related party transactions are as follows:

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Dividend income -				
Subsidiary (Note 11)	-	46	-	90,046
Interest income -				
Key management	576	674	-	-
Parent company	-	3,852	-	-
Fellow subsidiary (Note 11)	6,907	4,967	6,907	-
Subsidiary (Note 11)	-	-	5,110	1,298
	7,483	9,493	12,017	1,298
Rental and maintenance income -				
Fellow subsidiary	429	816	429	816
Subsidiary	-	-	455	1,007
	429	816	884	1,823
Rental expense				
Fellow subsidiary	3,056	-	3,056	-
Capital distribution received -				
Other related parties (Note 11)	22,574	33,066	22,574	33,066
Premium income -				
Key management	2,506	2,753	2,506	2,753
Parent company	17,562	37,032	17,562	37,032
Fellow subsidiaries	226,554	197,949	226,554	197,949
Affiliates	65	530	65	530
	246,687	238,264	246,687	238,264
Claims expense -				
Key management	41	111	41	111
Parent company	3,910	2,061	3,910	2,061
Fellow subsidiaries	7,456	5,113	7,456	5,113
Affiliates	-	5,673	-	5,673
	11,407	12,958	11,407	12,958

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

9. Related Party Transactions and Balances (Continued)

(a) Related party transactions (continued)

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Gain on sale of investment -				
Parent company (Note 11)	847,200	23,952	847,200	23,952
(Loss)/gain on disposal of subsidiary -				
Parent company (Note 39)	(3,704)	-	61,928	-
Gain on disposal of property, plant and equipment				
Fellow subsidiary	157,554	-	157,554	-
Dividends declared -				
Parent company	1,054,750	95,000	1,054,750	95,000
Interest expense (Note 13) -				
Other related parties	14,089	255	-	-
Parent company	-	43,581	-	-
	14,089	43,836	-	-
Key management compensation -				
Salaries and other short term benefits	37,371	37,368	37,371	37,368
Directors emoluments				
Directors' fees (included above)	1,840	1,560	1,840	1,510

(b) The statement of financial position includes the following balances with group companies:

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Due from related parties -				
Receivables -				
Subsidiary	-	-	-	13,849
Fellow subsidiary	1,156	-	1,156	-
Dividend receivable -				
Subsidiary	-	-	-	20,000
	1,156	-	1,156	33,849

9. Related Party Transactions and Balances (Continued)

(b) Balances with group companies (continued)

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Due to related parties -				
Payable -				
Parent company	-	1,816	-	-
Fellow subsidiary	-	11,020	-	-
	-	12,836	-	-
		-		
Loans due to parent company (Note 33) -				
Balance at the beginning of year	-	312,904	-	-
Loans received	-	-	-	-
Interest charged	-	42,947	-	-
Repayments	-	(355,851)	-	-
Balance at end of year	-	-	-	-
		-		
Loan due to fellow subsidiary (Note 33) -				
Balance at beginning of year	500	500	-	-
Repayments	-	-	-	-
Sale of subsidiary	(500)	-	-	-
Balance at end of year	-	500	-	-
Loans due to affiliated company (Note 33) -				
Balance at the beginning of year	257,835	-	-	-
Loans received	-	257,583	-	-
Interest charged	15,148	889	-	-
Repayments	(15,148)	(637)	-	-
Sale of subsidiary	(257,835)	-	-	-
	-	257,835	-	-

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
31 December 2011
(expressed in Jamaican dollars unless otherwise indicated)

9. Related Party Transactions and Balances (Continued)

(b) Balances with group companies (continued)

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Due from policyholders, brokers and agents -				
Fellow subsidiary	43,034	34,873	43,034	34,873
Parent company	1,796	4,085	1,796	4,085
Key management	1,638	-	1,638	-
	46,468	38,958	46,468	38,958
Insurance premium financing receivables -				
Fellow subsidiary (Note 23)	-	15,763	-	-
Loans receivable -				
Subsidiary (Note 25)	-	-	-	36,683
Fellow subsidiary (Note 25)	236,896	262,884	236,896	-
Key management	-	10,939	-	-
	236,896	273,823	236,896	36,683
Investment securities -				
Shares in affiliated entity (Note 27)	97,781	901,080	97,781	901,080
Claims liabilities				
Affiliated company	-	-	6,422	6,422
Fellow subsidiary	2,421	2,421	4,538	4,538

The subsidiary loans were due and receivable from a former wholly owned subsidiary. The loans included an amount denominated in United States dollars (US$ 221,000) with a tenure of 8 months and were interest free.This loan was repaid in February 2011.

Loans receivable from key management attracted interest at an average rate of 11.67% and had varying repayment terms.

Included in the investments of the company are shares in a related party. At 31 December 2011, these shares represented 2.76% of the total assets (2010 - 28.54 %). In the prior year, this was above the maximum allowable investment limits stipulated by the Insurance Regulations, 2001. This issue was remediated during the year by disposal of the shares to the parent company.

10. Claims Expense

	The Group and The Company	
	2011	**2010**
	$'000	**$'000**
Gross claims expense	489,848	476,532
Reinsurers share of claims expense	(69,706)	(49,908)
Net claims expense	420,142	426,624

11. Investment Income

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Interest income -				
Insurance premium financing	13,840	23,692	-	-
Leases receivable	2,226	-	2,226	-
Loans receivable	26,908	99,426	-	-
Loan due from fellow subsidiary (Note 9(a))	6,907	4,967	6,907	-
Loan due from subsidiary (Note 9(a))	-	-	5,110	1,298
Cash and deposits and investment securities	61,245	53,579	60,691	51,204
	111,126	181,664	74,934	52,502
Capital distribution	22,574	33,066	22,574	33,066
(Loss)/gain on disposal of subsidiary (Note 39)	-	-	61,928	-
Gain on sale of investments	848,471	24,980	848,471	24,980
Dividend income (Note 9 (a))	-	46	-	90,046
Unrealised gain on Unit Trust Fund	7,598	4,356	7,103	3,971
	989,769	244,112	1,015,010	204,565

Included in gain on sale of investments is the gain on sale of shares to the the parent company totalling $847,200 (2010 - $23,952).

Investment income is attributable to:

	The Group	
	2011	**2010**
	$'000	**$'000**
Continuing operations	947,972	113,267
Discontinued operations (Note 17)	41,797	130,845
	989,769	244,112

12. Other Income

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Foreign exchange (losses)/gains	28,020	(11,955)	28,020	(7,715)
Rental income	6,133	7,842	6,715	8,435
Gain on disposal of property, plant and equipment	157,554	158	157,554	158
Miscellaneous income	4,014	4,201	1,380	900
	195,721	246	193,669	1,778

Other income is attributable to:

	The Group	
	2011 $'000	2010 $'000
Continuing operations	193,669	1,186
Discontinued operations (Note 17)	2,052	(940)
	195,721	246

13. Finance Costs

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest expense (Note 9(a))	14,089	43,836	-	-

Finance costs are attributable to:

	The Group	
	2011 $'000	2010 $'000
Continuing operations	-	-
Discontinued operations (Note 17)	14,089	43,836
	14,089	43,836

14. Expenses by Nature

Management and other expenses by nature are as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Advertising costs	16,551	15,074	16,093	14,133
Audit fees	4,298	4,000	3,920	3,500
Bad debt expense	4,741	20,649	4,741	-
Computer expenses	6,694	5,612	6,619	5,612
Directors fees	1,880	1,560	1,840	1,510
Depreciation and amortisation	29,130	31,160	28,642	30,430
Insurance	6,139	4,146	6,118	4,146
Professional fees	8,430	9,924	8,207	9,691
Printing and stationery	5,111	4,202	4,757	3,349
Registration fees	11,015	9,614	11,015	9,614
Rent	3,056	-	3,056	-
Repairs and maintenance	14,973	16,705	14,677	16,129
Staff costs (Note 15)	188,951	152,979	182,518	140,337
Transportation expenses	5,692	4,906	5,637	4,840
Utilities	13,498	11,768	13,149	11,216
Other operating expenses	18,636	18,202	18,245	17,564
	338,795	310,501	329,234	272,071

Expenses by nature are attributable to:

	The Group	
	2011 $'000	2010 $'000
Continuing operations	329,234	272,071
Discontinued operations (Note 17)	9,561	38,430
	338,795	310,501

15. Staff Costs

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
		$'000	**$'000**	**$'000**
Wages and salaries	143,757	116,291	138,488	104,807
Statutory contributions	9,833	8,545	9,461	7,934
Pension costs	3,101	3,047	3,002	2,919
Other	32,260	25,096	31,567	24,677
	188,951	152,979	182,518	140,337

Staff costs are attributable to:

	The Group	
	2011	**2010**
	$'000	**$'000**
Continuing operations	182,518	140,337
Discontinued operations	6,433	12,642
	188,951	152,979

16. Taxation

(a) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective 21 September 2010. Consequently, the company is entitled to a remission of tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. Subject to agreement with the Minister of Finance and Planning, the income tax payable for which remission has been granted is $33,112,000.

(b) Taxation is based on the profit for the year adjusted for taxation purposes and represents income tax at 33 1/3%:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current income taxes:				
Income tax charge	50,146	65,227	46,598	37,019
Prior year income tax adjustment	3,395	1,233	3,395	-
	53,541	66,460	49,993	37,019
Deferred income taxes (Note 31)	6,637	(19,184)	6,669	(6,188)
	60,178	47,276	56,662	30,831

(c) The tax charge on the Group's and the company's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit before tax	1,291,083	200,524	1,341,478	244,775
Tax calculated at a rate of 33 1/3%	430,361	66,841	447,160	81,592
Adjusted for the effects of:				
Income not subject to tax	(385,231)	(21,450)	(406,701)	(51,322)
Expenses not deductible for tax	12,608	283	12,608	200
Prior year income tax adjustment	3,395	1,233	3,395	-
Net effect of other charges and allowances	(955)	369	200	361
	60,178	42,276	56,662	30,831

16. Taxation (Continued)

(d) Profit before taxes are attributable to:

	2011 $'000	2010 $'000
Parent company	1,341,478	244,775
Less dividends received from former subsidiary	-	(90,000)
Eliminations on consolidation	(70,594)	(1,889)
	1,270,884	152,886
Discontinued operations -		
Subsidiary	20,199	47,638
	1,291,083	200,524

(e) Taxation expenses are attributable to:

	The Group	
	2011 $'000	2010 $'000
Continuing operations	56,662	30,831
Discontinued operations (Note 17)	3,516	16,445
	60,178	42,276

(f) The tax charge/credit relating to components of other comprehensive income is as follows:

	The Group and The Company	
	2011 $'000	2010 $'000
Fair value reserve -		
Available-for-sale investments -		
Unrealised gains on available-for-sale investments, before tax	99,089	140,561
Unrealised gains on available-for-sale investments, tax charge (Note 31)	(896)	(2,425)
Unrealised gains on available-for-sale investments, after tax	98,193	138,136
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(847,201)	(20,807)
	(749,008)	117,329

17. Discontinued Operations

In August 2011, the Group disposed of Orrett and Musson Investment Company Limited (Note 39). The amounts recognised as discontinued operations were as follows:

	The Group	
	2011 **$'000**	**2010** **$'000**
Net Investment Income		
Interest income	41,302	130,459
Interest expense	(14,089)	(43,836)
Net interest income	27,213	86,623
Unrealised gain on revaluation of Unit Trust Fund	495	385
Net investment income	27,708	87,008
Other operating income/(expense)	2,052	(940)
Administrative expenses	(9,561)	(38,430)
Profit before Taxation	20,199	47,638
Taxation	(3,516)	(16,445)
Net Profit, being Total Comprehensive Income for the Year	16,683	31,193
Loss on disposal of subsidiary (Note 39)	(3,704)	-
Profit for the Year from Discontinued Operations	12,979	31,193

	2011 **$'000**	**2010** **$'000**
Cash flows from discontinued operations:		
Cash flows flows from operating activities	(176,389)	101,965
Cash flows from financing activities	212,652	(111,957)
Cash flows from investing activities	16	(2,293)

18. Net Profit and Retained Earnings

(a) The net profit is dealt with in the financial statements as follows:

	2011 $'000	2010 $'000
Parent company	1,284,816	213,944
Less dividends received from former subsidiary	-	(90,000)
Loss on disposal of subsidiary	3,704	-
Eliminations on consolidation	(70,594)	(1,889)
	1,217,926	122,055
Discontinued operations -		
Subsidiary	12,979	31,193
	1,230,905	153,248

(b) The retained earnings are dealt with in the financial statements as follows:

	2011 $'000	2010 $'000
Parent company	404,134	206,521
Subsidiary	-	53,911
	404,134	260,432

19. Earnings Per Share

The calculation of earnings per share is based on the net profit for the year from continuing operations and 882,071,000 (2010 - 825,000,000) ordinary shares in issue.

	The Group	
	2011	2010
Net profit from continuing operations ($'000)	1,217,926	122,055
Weighted average number of ordinary shares in issue ('000)	882,071	825,000
Earnings per share ($)	1.38	0.15

20. Dividends per Share

The dividends paid in 2011 and 2010 were as follows:

	The Company and The Group	
	2011	2010
Interim dividends:-		
27 cent per stock unit – February 2010	-	20,000
33 cent per stock unit – April 2010	-	25,000
33 cent per stock unit – July 2010	-	25,000
33 cent per stock unit – November 2010	-	25,000
27 cent per stock unit – April 2011	20,000	-
53 cents per stock unit – July 2011	40,000	-
1,293 cent per stock unit – August 2011	970,000	-
2.8 cents per stock unit – December 2011	30,925	-
	1,060,925	95,000

21. Cash and Cash Equivalents

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and bank balances	90,776	37,528	90,776	31,907
Short term deposits	1,043,502	548,554	1,043,502	538,554
Short term investments	-	5,033	-	5,033
	1,134,278	591,115	1,134,278	575,494

Short term deposits comprise term deposits and repurchase agreements with an average maturity of 67 days (2010 – 77 days), and include interest receivable of $3,308,000 (2010 – $1,546,000) for the Group and the company.

In the prior year, short term investments comprised Treasury Bills with an original maturity of 28 days, and included interest receivable of $14,000.

21. Cash and Cash Equivaluents (Continued)

The weighted average effective interest rate on short term investments and deposits were as follows:

	2011 %	2010 %
J$	6.7%	7.1%
US$	3.9%	3.9%

The weighted average effective interest rates on cash balances for the year were as follows:

	2011 %	2010 %
J$	1.5%	2.5%
US$	0,8%	0.9%
GBP	0.1%	0.1%

22. Due from Reinsurers and Coinsurers

	The Group and The Company	
	2011 $'000	2010 $'000
Reinsurers' portion of unearned premium (Note 32)	844,140	473,351
Reinsurers' portion of claims liabilities (Note 32)	126,485	86,022
Other amounts recoverable from reinsurers and coinsurers	52,245	67,665
	1,022,870	627,038

23. Insurance Premium Financing

	The Group	
	2011 $'000	2010 $'000
IPF loans receivable from fellow subsidiary (Note 9)	-	15,763
IPF loans receivable from external customers	-	70,278
Unearned interest	-	(10,957)
	-	75,084
Less: Provision for doubtful debts	-	(8,090)
	-	66,994

24. Other Receivables

	The Group and The Company	
	2011 $'000	2010 $'000
Prepayments	2,995	3,068
Other receivables	7,309	10,418
	10,304	13,486

25. Loans Receivable

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Mortgage receivable from fellow subsidiary (Note 9)	174,420	-	174,420	-
Loans receivable from fellow subsidiary (Note 9)	62,476	262,884	62,476	-
Loans receivable from subsidiary (Note 9)	-	-	-	36,683
Loans receivable from external customers	-	95,918	-	-
	236,896	358,802	236,896	36,683
Less: Provision for doubtful debts	-	(13,288)		-
	236,896	345,514	236,896	36,683

Mortgage receivable represents a loan extended by the company to a fellow subsidiary for land and building sold to that fellow subsidiary during the year. The loan attracts an interest of 12% per annum and has tenure of 30 years.

Loans receivable represents loan financing extended by the Group and included interest receivable of $4,657,000 in the prior year. These loans attract interest an average rate of 18% and have average tenures of 2 years.

Loans receivable from external customers for the Group included an amount of $8,391,000 factored by the company to the subsidiary. The loan has been fully provided for by the subsidiary.

26. Lease Receivables

	The Group and The Company	
	2011 $'000	**2010 $'000**
Gross investment in finance leases –		
Not later than one year	22,586	-
Later than one year and not later than five years	30,192	-
	52,778	
Less: Unearned income	(10,816)	-
	41,962	
Net investment in finance leases may be classified as follows:		-
Not later than one year	14,147	-
Later than one year and not later than five years	27,815	-
	41,962	

27. Investment Securities

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Debt securities -				
Available for sale – at fair value				
Government of Jamaica Securities				
Benchmark Investment Notes	221,552	-	221,552	-
United States Dollar Benchmark Notes	5,871	-	5,871	-
United States Dollar Bonds (2011 – 2022)	57,105	21,544	57,105	21,544
Treasury Bills (180 days)	20,054	-	20,054	-
	304,582	21,544	304,582	21,544
Interest receivable	7,917	-	7,917	-
	312,499	21,544	312,499	21,544
Held to maturity – at amortised cost				
Government of Jamaica Securities -				
Benchmark Investment Notes	-	165,586	-	165,586
United States Dollar Benchmark Notes	-	4,993	-	4,993
	-	170,579	-	170,579
Interest receivable	-	7,820	-	7,820
	-	199,943	-	199,943
Equity securities -				
Fair value through profit or loss				
Units in Unit Trust Funds	58,174	55,601	58,174	51,071
Available for sale, at fair value –				
Quoted shares	97,781	901,080	97,781	901,080
Available for sale, at cost –				
Unquoted shares	16,990	16,990	16,990	16,990
Less: Provision for diminution in value	(16,990)	(16,990)	(16,990)	(16,990)
	-	-	-	-
	155,955	956,681	155,955	952,151
	468,454	1,156,624	468,454	1,152,094

27. Investment Securities (Continued)

Weighted average effective interest rate:

	2011 %	2010 %
Government of Jamaica Securities –		
Benchmark Investment Notes	10.81	12.42
United States Dollars Benchmark Notes	6.88	6.9
United States Dollar Bonds	10.21	11.63

	The Company			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$'000	$'000	$'000	$'000
Investment securities -				
Available-for-sale -				
Debt securities	304,582	304,582	21,544	21,544
Equity securities	97,781	97,781	901,080	901,080
	402,363	402,363	922,624	922,624
Held to maturity	-	-	170,579	183,046
Fair value through profit or loss	58,174	58,174	51,071	51,071
	460,537	460,537	1,144,274	1,156,741

27. Investment Securities (Continued)

Included in investments, are Units Trust Funds valued at $50,000,000 (2010 – 45,000,000) which have been pledged with the FSC, pursuant to Section 8(1)(b) of the Insurance Regulations, 2001.

Included in investments are shares in Seprod Limited, a related party, with a fair value of approximately $97,781,000 (2010 - $901,080,000). The company is the beneficial owner of these shares, which are held in trust by the company's parent, Musson Jamaica Limited, which is the registered owner.

On 3 November 2011, the Group disposed of certain investment securities, previously classified as held-to-maturity. Consistent with the requirements of IAS 39, the remaining securities, previously classified as held-to-maturity were reclassified to available-for- sale, with the fair value gains/(losses) recognized on reclassification being recorded in other comprehensive income. The financial assets reclassified primarily consist of Government of Jamaica debt instruments.

At the time of reclassification, the average effective rate of interest on US dollar denominated instruments within the portfolio was 6.9%, and 12.5% on Jamaican dollar denominated instruments. During the year, there was no fair value adjustment to reclassified instruments which were recognised in the income statement. Since 3 November 2011, the Group recognised pre tax fair value adjustments of $15,556,000 directly in other comprehensive income. Had the reclassification not taken place, fair value adjustments would have been recognised neither in the income statement, nor in other comprehensive income. The income statement includes interest income of $19,647,000 for the year. No realised capital gains were recognised after 3 November 2011.

The following table shows details about the financial assets reclassified:

	3 November 2011	31 December 2011	
	Amortised cost $'000	Amortised cost $'000	Carrying value $'000
Financial assets held-to-maturity reclassified to available-for-sale	140,650	140,650	156,681

28. Property, Plant and Equipment

	The Group				
	Land $'000	Buildings $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Total $'000
At Cost -					
At 1 January 2010	4,569	76,159	48,163	43,245	172,136
Additions	-	4,101	6,730	3,347	14,178
Disposals	-	-	(914)	-	(914)
At 31 December 2010	4,569	80,260	53,979	46,592	185,400
Additions	-	1,392	7,288	417	9,097
Disposals	(4,569)	(65,222)	(1,124)	(6,805)	(77,720)
Disposal of subsidiary	-	-	(3,055)	(950)	(4,005)
At 31 December 2011	-	16,430	57,088	39,254	112,772
Depreciation -					
At 1 January 2010	-	27,982	19,927	23,330	71,239
Charge for the year	-	3,978	6,663	9,350	19,991
On disposals	-	-	(914)	-	(914)
At 31 December 2010	-	31,960	25,676	32,680	90,316
Charge for the year	-	890	6,238	8,766	15,894
On disposals	-	(26,785)	(728)	(6,447)	(33,960)
Disposal of subsidiary	-	-	(680)	(507)	(1,187)
At 31 December 2011	-	6,065	30,506	34,492	71,063
Net Book Value -					
31 December 2011	-	10,365	26,582	4,762	41,709
31 December 2010	4,569	48,300	28,303	13,912	95,084

28. Property, Plant and Equipment (Continued)

	The Company				
	Land $'000	Buildings $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Total $'000
At Cost -					
At 1 January 2010	4,569	76,159	46,239	42,295	169,262
Additions	-	4,101	5,616	3,347	13,064
Disposals	-	-	(914)	-	(914)
At 31 December 2010	4,569	80,260	50,941	45,642	181,412
Additions	-	1,392	7,272	417	9,081
Disposals	(4,569)	(65,222)	(1,124)	(6,805)	(77,720)
At 31 December 2011	-	16,430	57,088	39,254	112,772
Depreciation -					
At 1 January 2010	-	27,982	19,755	23,140	70,877
Charge for the year	-	3,978	6,359	9,160	19,497
On disposals	-	-	(914)	-	(914)
At 31 December 2010	-	31,960	25,200	32,300	89,460
Charge for the year	-	890	6,034	8,639	15,563
On disposals		(26,785)	(728)	(6,447)	(33,960)
At 31 December 2011	-	6,065	30,506	34,492	71,063
Net Book Value -					
31 December 2011	-	10,365	26,582	4,762	41,709
31 December 2010	4,569	48,300	25,741	13,342	91,952

31. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33⅓%.

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred income tax assets	-	3,571	-	1,989
Deferred income tax liabilities	(12,713)	(9,092)	(12,713)	(7,137)
Net liabilities	(12,713)	(5,521)	(12,713)	(5,148)

The net movement on the deferred income tax account is as follows:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance as at 1 January	(5,521)	(22,280)	(5,148)	(8,911)
(Charged)/credited to profit or loss (Note 16)	(6,637)	19,184	(6,669)	6,188
(Charged)/credited to other comprehensive income (Note 16)	(896)	(2,425)	(896)	(2,425)
Disposal of subsidiary	341	-	-	-
Balance as at 31 December	(12,713)	(5,521)	(12,713)	(5,148)

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred income tax assets				
Accrued vacation	-	1,171	-	1,087
Interest payable	-	84	-	-
Unrealised foreign exchange losses	-	2,316	-	902
	-	3,571	-	1,989
Deferred income tax liabilities				
Accelerated tax depreciation	(10,295)	(3,163)	(10,295)	(2,761)
Interest receivable	-	(4,407)	-	(2,854)
Unrealised foreign exchange gains	-	-	-	-
Unrealised fair value gains	(2,418)	(1,522)	(2,418)	(1,522)
	(12,713)	(9,092)	(12,713)	(7,137)

General Accident Insurance Company Jamaica Limited

29. Intangible Assets

	The Group	The Company
	Computer Software	Computer Software
	$'000	$'000
At Cost -		
At 1 January 2010	45,269	45,269
Additions	10,575	9,396
At 31 December 2010	55,844	54,665
Additions	10,732	10,732
Disposal of subsidiary	(1,179)	-
At 31 December 2011	65,397	65,397
Amortisation -		
At 1 January 2010	14,761	14,761
Charge for the year	11,169	10,933
At 31 December 2010	25,930	25,694
Charge for the year	13,236	13,079
Disposal of subsidiary	(393)	-
At 31 December 2011	38,773	38,773
Net Book Value -		
31 December 2011	26,624	26,624
31 December 2010	29,914	28,971

30. Other Liabilities

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Statutory contributions payable	3,076	2,461	3,076	2,461
Accrued expenses	52,811	34,143	52,811	29,842
Other payables	25,709	30,837	25,709	25,311
	81,596	67,441	81,596	57,614

32. Insurance Reserves

(a) These reserves are as follows:

	The Group and The Company	
	2011 **$'000**	**2010** **$'000**
Gross -		
Unearned premiums	1,259,115	841,105
Claims liabilities	688,107	593,657
Unearned commission	95,289	77,142
	2,042,511	1,511,904
Recoverable from reinsurers -		
Reinsurers' portion of unearned premiums (Note 22)	(844,140)	(473,351)
Reinsurers' portion of claims liabilities (Note 22)	(126,485)	(86,022)
	(970,625)	(559,373)
Net -		
Unearned premiums	414,975	367,754
Claims liabilities	561,622	507,635
Unearned commission	95,289	77,142
	1,071,886	952,531

(b) Claims liabilities comprise:

	The Group and The Company	
	2011 **$'000**	**2010** **$'000**
Gross -		
Outstanding claims	532,840	485,632
IBNR	147,719	101,644
Unallocated loss adjustment expense	7,548	6,381
	688,107	593,657
Recoverable from reinsurers -		
Outstanding claims	67,485	67,124
IBNR	59,000	18,898
	126,485	86,022
Net -		
Outstanding claims	465,355	418,508
IBNR	88,719	82,746
Unallocated loss adjustment expense	7,548	6,381
	561,622	507,635

32. Insurance Reserves (Continued)

(c) The gross unearned premium reserve by class of business is as follows:

	The Group and The Company	
	2011	**2010**
	$'000	**$'000**
Fire, consequential loss and liability	817,776	435,224
Motor	325,400	277,060
Marine	10,798	6,386
Accident	105,141	122,435
	1,259,115	841,105

33. Borrowings

	The Group	
	2011	**2010**
	$'000	**$'000**
Current		
(a) Short term loans	-	500
(b) Current portion of long term loan	-	252
		752
Non - Current		
(b) Long term loan	-	257,835
	-	258,587

(a) Short term loans (Note 9(b))

	The Group	
	2011	**2010**
	$'000	**$'000**
(i) Fellow subsidiary	-	500
	-	500

(i) The loan granted by fellow subsidiary, Facey Commodity Limited, to the subsidiary, Orrett and Musson Investment Company Limited, did not attract interest, was unsecured and has no set repayment date.

33. Borrowings (Continued)

(b) Long term loan (Note 9(b))

	The Group	
	2011	2010
	$'000	$'000
Affiliated company	-	257,583
Interest payable	-	252
	-	257,835
Less: current portion	-	(252)
	-	257,583

This represented a US$3million loan from an affiliated company, to the former subsidiary, Orrett and Musson. The proceeds of this loan were used to issue loans to the subsidiary's customers in the normal course of business. The loan was received in December 2010, is unsecured and attracts interest at a rate of 9% per annum, payable monthly. The principal loan amount is due for payment in June 2012.

34. Share Capital

	2011 $'000	2010 $'000
Authorised -		
1,100,000,000 (2010 – 75,000,000) Ordinary shares of no par		
Issued and fully paid -		
1,031,250,000 (2010 – 75,000,000) Ordinary shares of no par	470,358	75,000

During the year, the company issued 750,000,000 ordinary shares to its existing shareholders by way of an 11:1 stock split. The Company issued 206,250,000 shares on 21 September 2011 (20% of the total ordinary share capital issued) to the public.The shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to $416,625,000 ($2.02 per share). The related transaction costs amounting to $21,267,000 have been deducted from the proceeds of the share issue.

35. Capital Reserves

	The Group and The Company	
	2011	**2010**
	$'000	**$'000**
At beginning of year	129,456	96,390
Movement during the year -		
Capital distribution income transferred from retained earnings	22,574	33,066
At end of year	152,030	129,456

The capital reserves at year end represent realised surpluses.

36. Fair Value Reserve

This represents the unrealised surplus, net of tax, on the revaluation of available-for-sale investments at the year end.

37. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2008, indicated that the scheme was adequately funded at that date.

Pension contributions for the period totalled $3,101,000 (2010 – $3,047,000) and $3,002,000 (2010 – $2,919,000) for the Group and the company, respectively, and are included in staff costs (Note 15).

38. Contingency

The Group is involved in certain legal proceedings incidental to the normal conduct of business. Management believes that none of these legal proceedings, individually or in the aggregate, will have a material effect on the Group

39. Disposal of Subsidiary

In August 2011, the company sold its 100% interest in Orrett and Musson for $66,288,000 to its parent company. The net assets disposed of and the loss on disposal for the Group was as follows:

	Carrying Value $'000
Cash and short term investments	51,739
IPF receivables	40,401
Loans receivable	532,902
Interest receivabble	449
Investment securities	5,025
Property, plant and equipment	2,818
Intangible assets	786
Taxation payable	(357)
Long term loans	(507,419)
Payables	(59,325)
Deferred tax liabilities	(341)
Net assets disposed	66,678
Purchase consideration:	
Promissory note	66,288
Disposal costs	(3,314)
	62,974
Net assets disposed	(66,678)
Loss on disposal (Note 11)	(3,704)
Net cash outlay on disposal	
Cash and short term investments	51,739
Disposal costs	3,314
	55,053

The gain on disposal for the company was as follows:

	$'000
Purchase consideration:	
Promissory note	66,288
Disposal costs	(3,314)
	62,974
Investment in subsidiary	(1,046)
Gain on disposal (Note 11)	61,928

40. Commitments

Operating lease commitments

The company leases its office situated at 58 Half Way Tree Road from fellow subsidiary Unity Capital Incorporated under non-cancellable operating lease agreement.

The lease is for a term of five (5) years, and is renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	The Company	
	2011 US$'000	**2010 US$'000**
No later than 1 year	142	-
Later than 1 year and no later than	530	-
Later than 5 years	-	-
	672	-

Notes

Notes

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED

Dear Shareholders:

In order to help us to maximise your shareholder value, please provide us with your consent to receive electronic copies of our documents, including but not limited to our audited annual accounts for the financial year ended December 31, 2012 and any circulars, but excluding notices of general meeting, until such time as you advise us to the contrary.

You may evidence your consent by countersigning this letter where indicated, below, and setting out your e-mail address.

On behalf of the Board of the Company,

Paul B. Scott
Chairman

Yes, I consent to receive electronic copies of documents from General Accident Insurance Company (Jamaica) Limited including but not limited to the audited annual accounts for the financial year ended 2011 and any circulars, but excluding notices of general meeting, until such time as I advise the company to the contrary.

My e-mail address is as follows:

____

The e-mail address of my joint shareholder is as follows (insert only if applicable):

____

Signed: ____________________ (signature of primary shareholder) Name: ____________________ (print name of primary shareholder)

Signed: ____________________ (signature of joint shareholder, if any) Name: ____________________ (print name of joint shareholder, if any)

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED

" I/We ______________________________
____________________*(insert name)*

of ______________________________
______________________ ***(address)***

being a shareholder(s) of the above-named Company, hereby appoint:

____
__________________ ***(proxy name)***

of ______________________________
______________________***(address)***

or failing him, ______________________________
________________***(alternate proxy)***

of ______________________________
______________________***(address)***

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10am on the 21 day of June 2012 at 58 Halfway Tree Road and at any adjournment thereof .

I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

No.	***Resolution details*** (tick as appropriate)	***Vote for or against***
	ORDINARY RESOLUTIONS	
1.	To receive the report of the Board of Directors and the audited accounts of the Company for the financial year ended December 31, 2011.	**For** ◯ **Against** ◯
2.	To authorise the Board of Directors to re-appoint PWC as the Auditors of the Company and to fix their remuneration.	**For** ◯ **Against** ◯
	To re-appoint the following Directors of the Board, who have resigned by rotation in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment	
3(a)	To re-appoint Dr. Ralph Thompson as a Director of the Board of the Company.	**For** ◯ **Against** ◯
3(b)	To re-appoint P B. Scott as a Director of the Board of the Company.	**For** ◯ **Against** ◯
3(c)	To re-appoint Geoffrey Messado as a Director of the Board of the Company.	**For** ◯ **Against** ◯
	To re-appoint the following Directors of the Board who, each having been appointed fill to fill a casual vacancy and having resigned prior to the start of the Annual General Meeting in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment:	
4(a)	To re-appoint Nicholas Scott as a Director of the Board of the Company.	**For** ◯ **Against** ◯
4(b)	To re-appoint Dr. Nigel Clarke as a Director of the Board of the Company.	**For** ◯ **Against** ◯
4(c)	To re-appoint Duncan Stewart as a Director of the Board of the Company.	**For** ◯ **Against** ◯
5.	To designate all paid up issued shares in the Company as stock units in accordance with the Articles of Incorporation of the Company.	**For** ◯ **Against** ◯
6.	To authorize the Board of directors to fix the renumeration of directors.	**For** ◯ **Against** ◯
	SPECIAL RESOLUTION	
7.	To amend Article 138 of the Articles of Incorporation of the Company in order to facilitate the future sending of the report of the Board and the audited accounts of the Company in electronic form, by the insertion of the following text at the end of the existing Article: "For the purposes of this Article, a "copy" shall be a copy in anyreadable form including but not limited to print, CD-Rom or otherwise, provided always that the Company shall furnish a printed copy of the report of the Board and the annual accounts to any shareholder requesting such a copy, free of charge."	**For** ◯ **Against** ◯

Signed this day of 2012:

Signed: ______________________ **(signature of primary shareholder)** **Name:** ______________________ **(print name of primary shareholder)**

Signed: ______________________ **(signature of joint shareholder, if any)** **Name:** ______________________ **(print name of joint shareholder, if any)**

General Accident Insurance
Company Jamaica Limited
58 Halfway Tree Road
Kingston , Jamaica
www.genac.com