

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



Report to Stockholders

For the quarter ended March 31, 2013

We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited ("General Accident") for the quarter ended March 31, 2013.

The highlights are as follows:

- ◆ **Net profit of \$97.6 million, an increase of 65% (1Q12: \$59.3 million);**
- ◆ **Earnings per share of \$0.09 (1Q12: \$0.06)**
- ◆ **Book value of \$1.31 billion (1Q12: \$1.17 billion)**
- ◆ **Annualized return on average equity of 31%**

General Accident had a strong first quarter. In short, higher investment income more than compensated for a decline in underwriting profit. As a result, General Accident improved both its profitability and capital efficiency.

Underwriting Performance

For the quarter, gross written premiums grew to \$1.15 billion, an increase of 19% over the first quarter last year. Net earned premiums grew by 5% to \$257 million. Premium growth was driven both by the organic growth of our core commercial property and motor businesses as well as a rise in large facultative transactions.

Despite increasing our net earned premiums, our combined ratio worsened from 93% in the first quarter of last year to 96% in the first quarter of 2013. This was driven mainly by an increase in our loss ratio which deteriorated from 53% in the first quarter last year to 60% this year. As a result, our underwriting profit declined from \$17.6 million in the first quarter last year to \$10.1 million this quarter.

Investment Performance

Last year, we made \$47.0 million of investment income for the first quarter. This year we reported investment income for the same period of \$92.4 million or an increase of 96%. This represents an annualized return on our average investment portfolio of 18%. When unrealized losses on our available for sale investments are included, our total annualized return was 14%. Increases in our investment income are the result of efforts to diversify our holdings. This decision also limited our losses in the National Debt Exchange to less than \$2 million.

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



Report to Stockholders

For the quarter ended March 31, 2013

Summary

General Accident's profitability increased significantly in the first quarter as greater investment income more than compensated for decreases in underwriting profits. Net profit for the quarter was \$97.6 million or \$0.09 per share. Last year, we reported a net profit of \$59.3 million or \$0.06 per share for the same period. As a result, our profitability increased by 65% this quarter.

This quarter we paid just over \$50 million in cash to our shareholders or \$0.0485 per share. We intend to maintain our dividend policy for the remainder of the year.

General Accident ended the quarter with a book value of \$1.31 billion and generated a return on average equity for shareholders of 31%.

We remain in compliance with the main capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

We wish to thank all our policyholders, brokers, reinsurers, and employees for their loyal support. With their help, we are confident that we can maintain our trajectory of profitable growth for the remainder of 2013.

On behalf of the Board of Directors,

P.B. Scott
Chairman

Sharon Donaldson
Managing Director



**UNAUDITED FINANCIAL STATEMENTS
FOR QUARTER ENDED 31 MARCH 2013**



General Accident Insurance Company Jamaica Limited
Table of Contents
Quarter ended 31 March 2013

Contents	Page
Financial Statements	
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4 – 5
Notes to the Financial Statements	6



General Accident Insurance Company Jamaica Limited

Statement of Comprehensive Income

Quarter ended 31 March 2013

	Unaudited March 31, 2013	Unaudited March 31, 2012	Audited December 31, 2012
	\$'000	\$'000	\$'000
Gross Premiums Written	1,154,612	968,576	3,788,969
Reinsurance ceded	(850,849)	(673,157)	(2,665,753)
Excess of Loss Reinsurance Cost	(38,341)	(42,137)	(132,041)
Net Premiums Written	265,423	253,282	991,175
Changes in unearned premiums, net	(8,868)	(8,393)	(58,357)
Net Premiums Earned	256,554	244,889	932,818
Commission Income	32,775	33,507	295,485
Commission Expense	(50,017)	(62,373)	(237,263)
Claims Expense	(152,661)	(129,086)	(540,775)
Management Expenses	(76,551)	(69,318)	(332,903)
Underwriting Profit/(Loss)	10,099	17,618	117,362
Investment Income	92,374	47,035	136,062
Other Income	688	1,078	61,711
Other Operating Expenses	(5,518)	(6,446)	(29,866)
(Loss)/Profit before Taxation	97,644	59,286	285,269
Taxation	-	-	5,268
(NET LOSS)/PRO FIT FOR THE YEAR	97,644	59,286	290,537
Unrealised gains/(losses) on available-for-sale investments, net of tax	(13,032)	(19,250)	(30,959)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(4,498)	(10,362)	(11,440)
	(17,530)	(29,612)	(42,399)
TOTAL COMPREHENSIVE INCOME	80,114	29,674	248,138
EARNINGS PER SHARE	0.09	0.06	0.28



General Accident Insurance Company Jamaica Limited

Statement of Financial Position

Quarter ended 31 March 2013

	Unaudited March 31, 2013	Unaudited March 31, 2012	Audited December 31, 2012
	\$'000	\$'000	\$'000
ASSETS			
Cash and Short Term Investments	1,259,830	631,498	1,317,203
Taxation Recoverable	48,149	41,738	67,111
Due from policyholders, brokers and agents	1,017,759	764,657	469,196
Due from reinsurers and co-insurers	1,036,827	1,142,171	1,033,433
Deferred policy acquisition cost	209,114	216,577	155,903
Other Receivables	23,742	20,298	13,506
Due from related parties	915	127,193	750
Loans receivable	243,928	173,580	237,933
Leases receivable	140,471	38,804	64,565
Investment Securities	477,535	912,128	463,439
Property, Plant & Equipment	61,221	39,541	57,086
Intangible assets	20,086	33,679	22,573
Total Assets	4,539,577	4,141,864	3,902,698
LIABILITIES			
Due to reinsurers and coinsurers	789,586	701,605	343,361
Other liabilities	36,497	53,913	66,328
Taxation payable	-	-	-
Deferred tax liabilities	12,713	12,713	5,027
Insurance Reserves	2,390,393	2,202,359	2,199,132
Total Liabilities	3,229,190	2,970,590	2,613,848
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	46,885	81,763	68,118
Retained earnings	641,115	467,123	598,344
Total shareholders' equity	1,310,387	1,171,274	1,288,850
Total liabilities and shareholder's equity	4,539,577	4,141,864	3,902,698

Approved by the Board of Directors on May 14, 2013, and signed on its behalf by:

Director

Director



General Accident Insurance Company Jamaica Limited

Statement of Changes in Equity

Quarter ended 31 March 2013

	Share Capital	Capital Reserves	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 31 March 2012	470,358	152,030	81,763	467,124	1,171,275
Net profit for the year				324,037	324,037
Other Comprehensive Income					
Unrealised gains/(losses) on available-for-sale investment, net of tax			(18,940)		(18,940)
Gains recycled to profit or loss on disposal and maturity of available- for-sale investments			(15,938)		(15,938)
Total other comprehensive income	470,358	152,030	46,885	791,161	1,460,434
Transactions with owners					
Dividends				(150,047)	(150,047)
Issue of shares	-				-
Profits capitalised - Capital distribution received	-	-	-	-	-
Total transactions with owners	-	-	-	(150,047)	(150,047)
Balance as at 31 March 2013	470,358	152,030	46,885	641,114	1,310,387



General Accident Insurance Company Jamaica Limited

Statement of Cash Flows

Quarter ended 31 March 2013

	Mar-13 \$'000	Mar-12 \$'000	Dec-12 \$'000
Cash Flows from Operating Activities			
Net profit	97,644	59,286	290,537
Adjustments for items not affecting cash:			
Depreciation	3,031	2,742	15,057
Amortisation of intangible assets	2,487	3,701	14,808
Gain on sale of investments	(4,498)	-	(10,361)
Gain on sale of leases	-	-	(999)
Realised gain on Unit Trust Fund	-	(1,579)	(4,510)
Gain on disposal of property, plant and equipment	-	-	(6,337)
Interest income	(30,443)	(39,550)	(110,708)
Dividend income	(1,859)	-	(8,007)
Capital distribution received	-	(22,574)	-
Current taxation	-	-	-
Deferred taxation	12,713	-	(5,268)
Foreign exchange (gains)/ losses	(55,574)	(5,906)	(58,583)
Increase in deferred policy acquisition cost	(53,211)	-	(6,316)
Increase in insurance reserves	191,261	159,848	156,621
	161,550	155,967	265,934
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(548,563)	(370,354)	(74,893)
Other receivables	(10,236)	(6,836)	(3,202)
Loans receivable	(5,995)	63,316	(1,037)
Other liabilities	(29,831)	(27,683)	(15,268)
Due from related parties	(165)	(126,037)	406
Due from reinsurers and coinsurers, net	442,831	262,305	79,789
	9,591	(49,322)	251,729
Taxation (paid)	-	-	(64,682)
Net cash provided by operating activities	9,591	(49,323)	187,047



General Accident Insurance Company Jamaica Limited

Statement of Cash Flows

Quarter ended 31 March 2013

	Mar-13 \$'000	Mar-12 \$'000	Dec-12 \$'000
Cash Flows from Investing Activities			
Acquisition of investments	(58,893)	(507,228)	(232,277)
Lease receivables, net	(75,906)	-	(21,040)
Acquisition of property, plant and equipment	(7,166)	(574)	(33,303)
Acquisition of intangible asset	-	(10,756)	(10,757)
Proceeds from disposal of property, plant and equipment	-	-	9,207
Proceeds from disposal and maturity of investments	96,776	33,460	210,025
Dividend received	1,859	-	8,007
Interest received	26,381	31,640	112,376
Net cash provided (used in) by investing activities	(16,949)	(453,458)	42,238
Cash Flows from Financing Activities			
Dividends paid	(50,016)	-	(100,031)
Net cash used in financing activities	(50,016)	-	(100,031)
Increase in cash and cash equivalents	(57,373)	(502,781)	129,254
Effect of exchange rate changes on cash and cash equivalents			53,671
Cash and cash equivalents at beginning of year	1,317,203	1,134,278	1,134,278
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,259,830	631,497	1,317,203



General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
Quarter ended 31 March 2013

Identification and Activities

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

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

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

Statement of Compliance and Basis of Preparation

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

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

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2012. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.