

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited (“General Accident”) for the six months ended June, 2013.

The highlights are as follows:

- ◆ Net profit of \$178million, an increase of 57% (6M12: \$113 million)
- ◆ Earnings per share of \$0.17 (6M12: \$0.11)
- ◆ Book value of \$1.41 billion (6M12: \$1.17 billion)
- ◆ Annualized return on average equity of 26%

General Accident performed well in the first six months of 2013. We made more money in both our underwriting and investment operations and as a result were able to improve our overall profitability and capital efficiency.

Underwriting Performance

For the quarter, gross written premiums grew to \$3.2 billion, an increase of 21% over the first six months last year. Net earned premiums grew by 8% to \$443 million. Premium growth was driven by the healthy organic growth of our core commercial property and motor businesses as well as the execution of facultative transactions on behalf of large domestic and multinational clients.

Our combined ratio improved from 92% in the first six months of last year to 90% in the first six months of 2013. The improvement in our combined ratio, the insurance industry benchmark for underwriting profitability, occurred despite continued softness in insurance rates and a deteriorating loss ratio. As a result, our underwriting profit in the first half of 2013 stood at \$42 million compared to \$34 million during the same period last year.

Investment Performance

Last year, we made \$86 million of investment income for the first half of 2013. This year, we reported investment income for the same period of \$145 million or an increase of 68%. This represents an annualized return on our average investment portfolio of 12%, well in excess of inflation and the returns on benchmark Government of Jamaica fixed-income securities.

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



Report to Stockholders For the period ending June 30, 2013

Summary

General Accident's profitability increased significantly so far this year as we were able to continue to underwrite policies profitably and invest our float prudently. Net profit for first six months was \$178 million or \$0.17 per share. Last year, we reported a net profit of \$113 million or \$0.11 per share for the same period. As a result, our profitability increased by 57%.

We returned \$50 million in cash to our shareholders or \$0.0485 per share in the first quarter. We intend to maintain our dividend policy for the remainder of 2013.

General Accident ended the quarter with a book value of \$1.41 billion and generated a return on average equity for shareholders of 26%.

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

We wish to thank all of 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,

Melanie Scott-Subratie
Deputy Chairman

Sharon Donaldson
Managing Director



**UNAUDITED FINANCIAL STATEMENTS
FOR PERIOD ENDED 30 JUNE 2013**



General Accident Insurance Company Jamaica Limited

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Period ended June 30, 2013

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General Accident Insurance Company Jamaica Limited
Statement of Comprehensive Income
Period ended June 30, 2013

Income	Unaudited 6 months ended June 30, 2013	Unaudited 6 months ended June 30, 2012	Unaudited 3 months ended June 30, 2013	Unaudited 3 months ended June 30, 2012	Audited December 31, 2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	3,242,599	2,672,580	2,087,986	1,704,004	3,788,969
Reinsurance ceded	(2,636,968)	(2,093,742)	(1,786,119)	(1,420,585)	(2,665,753)
Excess of Loss Reinsurance Cost	(75,062)	(71,241)	(36,721)	(29,104)	(132,041)
Net Premiums Written	530,569	507,597	265,146	254,315	991,175
Changes in unearned premiums, net	(87,094)	(96,551)	(78,225)	(49,157)	(58,357)
Net Premiums Earned	443,475	411,046	186,921	205,158	932,818
Commission Income	117,010	154,802	84,235	82,295	295,485
Commission Expense	(43,506)	(140,590)	6,512	(78,218)	(237,263)
Claims Expense	(309,757)	(246,790)	(157,095)	(117,704)	(540,775)
Management Expenses	(165,030)	(144,609)	(88,479)	(75,291)	(332,903)
Underwriting Profit/(Loss)	42,193	33,857	32,093	16,239	117,362
Investment Income	144,665	86,077	52,290	39,041	136,062
Other Income	2,849	6,584	2,161	5,506	61,711
Other Operating Expenses	(11,980)	(13,274)	(6,463)	(6,828)	(29,866)
(Loss)/Profit before Taxation	177,726	113,245	80,082	53,959	285,269
Taxation	-	-	-	-	5,268
(NET LOSS)/PROFIT FOR THE YEAR	177,726	113,245	80,082	53,959	290,537
Unrealised gains/(losses) on available-for-sale investments, net of tax	2,304	(20,992)	(12,336)	(3,679)	(30,959)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(4,322)	(11,440)	-	-	(11,440)
	(2,017)	(32,432)	(12,336)	(3,679)	(42,399)
TOTAL COMPREHENSIVE INCOME	175,709	80,813	67,746	50,280	248,138
EARNINGS PER SHARE	0.17	0.11	0.08	0.05	0.28



General Accident Insurance Company Jamaica Limited
Statement of Financial Position
Period ended June 30, 2013

Financial Position	Unaudited June 30, 2013	Unaudited June 30, 2012	Audited Dec. 31, 2012
	\$'000	\$'000	\$'000
ASSETS			
Cash and Short Term Investments	1,802,336	1,174,097	1,317,203
Taxation Recoverable	75,915	23,085	67,111
Due from policyholders, brokers and agents	1,774,417	1,620,795	469,196
Due from reinsurers and co-insurers	2,067,011	1,781,411	1,033,433
Deferred policy acquisition cost	210,393	173,087	155,903
Other Receivables	47,678	19,097	13,506
Due from related parties	2,796	102,147	750
Loans receivable	170,042	203,544	237,933
Leases receivable	124,979	33,290	64,565
Investment Securities	710,161	445,549	463,439
Property, Plant & Equipment	70,332	52,572	57,086
Intangible assets	17,599	29,977	22,573
Total Assets	7,073,660	5,658,649	3,902,698
LIABILITIES			
Due to reinsurers and co-insurers	2,095,722	1,421,474	343,361
Other liabilities	84,381	63,217	66,328
Taxation payable	-	-	-
Deferred tax liabilities	5,027	12,713	5,027
Insurance Reserves	3,478,038	2,989,706	2,199,132
Total Liabilities	5,663,168	4,487,111	2,613,848
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	61,639	78,084	68,118
Retained earnings	726,465	471,067	598,344
Total shareholders' equity	1,410,492	1,171,539	1,288,850
Total liabilities and shareholder's equity	7,073,660	5,658,649	3,902,698

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

Melanie Sibante

Ronald



General Accident Insurance Company Jamaica Limited

Statement of Changes in Equity

Period ended June 30, 2013

Changes in Equity	Share Capital	Capital Reserves	Fair Value Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at December 31, 2011	470,358	152,030	110,517	407,838	1,140,743
Net profit for the year				113,245	113,245
Other Comprehensive Income					
Unrealised gains/(losses) on available-for-sale investment, net of tax			(20,993)		(20,993)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			(11,440)		(11,440)
Total other comprehensive income	470,358	152,030	78,084	521,083	1,221,555
Transactions with owners					
Dividends				(50,016)	(50,016)
Total transactions with owners	-	-	-	(50,016)	(50,016)
Balance as at 30 June 2012	470,358	152,030	78,084	471,067	1,171,538
Balance as at December 31, 2012	470,358	152,030	68,118	598,344	1,288,850
Net profit for the year				177,726	177,726
Other Comprehensive Income					
Unrealised gains/(losses) on available-for-sale investment, net of tax			(2,157)		(2,157)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			(4,322)		(4,322)
Total other comprehensive income	470,358	152,030	61,639	776,481	1,460,509
Transactions with owners					
Dividends				(50,016)	(50,016)
Total transactions with owners	-	-	-	(50,016)	(50,016)
Balance as at 30 June 2013	470,358	152,030	61,639	726,466	1,410,492



General Accident Insurance Company Jamaica Limited
Statement of Cash Flows
Period ended June 30, 2013

Cash Flow	2013 June	2012 June	2012 December
	\$'000	\$'000	\$'000
Cash Flows from Operating Activities			
Net profit	177,726	113,245	290,537
Adjustments for items not affecting cash:			
Depreciation	7,007	5,869	15,057
Amortisation of intangible assets	4,973	7,404	14,808
Gain on sale of investments	(4,498)	(11,798)	(10,361)
Gain on sale of leases	-	-	(999)
Realised gain on Unit Trust Fund	-	(2,593)	(4,510)
Gain on disposal of property, plant and equipment	(1,415)	(4,903)	(6,337)
Interest income	(61,101)	(55,197)	(110,708)
Dividend income	(4,322)	(604)	(8,007)
Deferred taxation	-	-	(5,268)
Foreign exchange (gains)/ losses	(74,744)	(15,884)	(58,583)
Increase in deferred policy acquisition cost	(54,490)	(23,500)	(6,316)
Increase in insurance reserves	1,278,906	947,195	156,621
	1,268,043	959,234	265,934
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(1,305,221)	(1,226,492)	(74,893)
Other receivables	(34,172)	(8,793)	(3,202)
Loans receivable	67,891	33,352	(1,037)
Other liabilities	18,053	(18,379)	(15,268)
Due from related parties	(165)	(100,991)	406
Due from reinsurers and co-insurers, net	718,783	409,924	79,789
	733,212	47,855	251,729
Taxation (paid)	-	(33,570)	(64,682)
Net cash provided by operating activities	733,212	14,285	187,047
Cash Flows from Investing Activities			
Acquisition of investments	(263,398)	(145,864)	(232,277)
Lease receivables, net	(60,434)	8,672	(21,040)
Acquisition of property, plant and equipment	(20,253)	(16,765)	(33,303)
Acquisition of intangible asset	-	(10,757)	(10,757)
Proceeds from disposal of property, plant and equipment	1,415	4,935	9,207
Proceeds from disposal and maturity of investments	96,776	178,368	210,025
Dividend received	4,322	604	8,007
Interest received	43,509	56,355	112,376
Net cash provided (used in) by investing activities	(198,064)	75,549	42,238
Cash Flows from Financing Activities			
Dividends paid	(50,016)	(50,016)	(100,031)
Net cash used in financing activities	(50,016)	(50,016)	(100,031)
Increase in cash and cash equivalents	485,133	39,819	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	1,802,336	1,174,097	1,317,203



General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
Period ended June 30, 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, 2011. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.