

GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



Interim Report to Stockholders

For the 9 months ended September 30, 2013

On behalf of the Board of Directors, we are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited ("General Accident") for the period ended September 30, 2013.

The highlights are as follows:

- Net profit for the first nine months of \$222.9 million (2012: \$187.2 million)
- Book value of \$1.4 billion (2012: \$1.2 billion)
- Annualized return on average equity of 22%

General Accident's gross written premiums for the first nine months of 2013 increased by 19% to \$3.8 billion from \$3.2 billion in the same period last year. For the quarter, gross written premiums also increased to \$562.7 million compared to \$520.9 million last year.

Net earned premiums also increased for both the quarter and the nine month period. Net earned premiums year-to-date improved to \$710.1 million from \$655.6 million in same period last year, an increase of 8%. Net earned premiums for the quarter improved to \$266.6 million from \$244.5 million in the third quarter last year, an increase of 9%. These increases are mainly due to the growth of gross written premiums.

Underwriting profits for the quarter and year to date declined. Year-to-date underwriting profit was \$18.6 million. For the quarter, our underwriting loss was \$23.6 million. The deterioration in our underwriting profitability is mostly due to increased claims. For example, our loss ratio for the first nine months of this year, a measure of claims to net earned premiums, was 70% as opposed to 57% last year. While disappointed with this development we note that underwriting performance is best assessed over longer periods of time and that despite this recent decline in underwriting profit, we continue to significantly outperform the market.

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Interim Report to Stockholders

For the 9 months ended September 30, 2013

Our investment performance continues to be strong. For the quarter and the first nine months of the year, investment income was \$73.1 million and \$217.7 million, respectively. Last year we reported investment income of \$45.6 million for the quarter and \$131.7 million for the nine months. These improvements in our investment returns are as a result of increases in our investment float and the more active and efficient management of our capital.

General Accident's profit after tax for the quarter was \$45.2 million and \$222.9 million year -to-date. So far this year, General Accident's profitability has increased significantly as better investment performance more than compensated for decreases in underwriting profits. For the quarter, our net profit declined as a result of our underwriting loss. Despite this our average annualized return on equity year-to-date was 22%.

In the third quarter, General Accident declared dividends of \$0.08728 per share.

General Accident remains in compliance with the main capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

The Jamaican economy remains weak. This weakness is likely to continue to suppress the demand for insurance services in the near-term. In the face of this challenge, General Accident will continue to serve our policyholders and manage our risks prudently.

Sincerely,

P. B. Scott
Chairman

Sharon Donaldson
Managing Director



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



General Accident Insurance Company Jamaica Limited

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Period ended September 30, 2013

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

	Unaudited 9 months ended September 30, 2013	Unaudited 9 months ended September 30, 2012	Unaudited 3 months ended September 30, 2013	Unaudited 3 months ended September 30, 2012	Audited December 31, 2012
Income	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	3,805,256	3,193,512	562,657	520,932	3,788,969
Reinsurance ceded	(2,946,523)	(2,365,091)	(309,555)	(271,349)	(2,665,753)
Excess of Loss Reinsurance Cost	(103,091)	(106,049)	(28,030)	(34,808)	(132,041)
Net Premiums Written	755,641	722,372	225,072	214,775	991,175
Changes in unearned premiums, net	(45,545)	(66,820)	41,548	29,730	(58,357)
Net Premiums Earned	710,096	655,551	266,621	244,505	932,818
Commission Income	174,167	201,295	57,157	46,493	295,485
Commission Expense	(107,328)	(195,909)	(63,823)	(55,318)	(237,263)
Claims Expense	(496,537)	(374,767)	(186,780)	(127,976)	(540,775)
Management Expenses	(261,785)	(221,363)	(96,755)	(76,753)	(332,903)
Underwriting Profit/(Loss)	18,613	64,808	(23,579)	30,951	117,362
Investment Income	217,726	131,700	73,061	45,623	136,062
Other Income	5,638	10,854	2,789	4,269	61,711
Other Operating Expenses	(19,090)	(20,147)	(7,109)	(6,874)	(29,866)
Profit before Taxation	222,887	187,214	45,161	73,969	285,269
Taxation	-	-	-	-	5,268
NET PROFIT FOR THE YEAR	222,887	187,214	45,161	73,969	290,537
Unrealised gains/(losses) on available-for-sale investments, net of tax	(14,228)	(31,737)	(12,336)	(10,844)	(30,959)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(4,421)	(11,441)	-	-	(11,440)
	(18,649)	(43,179)	(12,336)	(10,844)	(42,399)
TOTAL COMPREHENSIVE INCOME	204,239	144,035	32,825	63,125	248,138
EARNINGS PER SHARE	0.22	0.18	0.04	0.07	0.28



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

Financial Position	Unaudited	Unaudited	Audited
	September 30, 2013	September 30, 2012	December 31, 2012
	\$'000	\$'000	\$'000
ASSETS			
Cash and Short Term Investments	1,329,374	1,205,770	1,317,203
Taxation Recoverable	77,859	27,603	67,111
Due from policyholders, brokers and agents	438,838	490,491	469,196
Due from reinsurers and co-insurers	1,596,321	1,404,879	1,033,433
Deferred policy acquisition cost	189,839	149,735	155,903
Other Receivables	311	31,422	13,506
Due from related parties	5,023	96,101	750
Loans receivable	169,089	190,473	237,933
Leases receivable	109,548	81,610	64,565
Investment Securities	835,063	460,285	463,439
Property, Plant & Equipment	69,661	57,370	57,086
Intangible assets	15,113	26,275	22,573
Total Assets	4,836,040	4,222,014	3,902,698
LIABILITIES			
Due to reinsurers and coinsurers	332,586	350,834	343,361
Other liabilities	137,258	78,209	66,328
Taxation payable	-	-	-
Deferred tax liabilities	5,027	12,713	5,027
Insurance Reserves	3,008,104	2,595,609	2,199,132
Total Liabilities	3,482,975	3,037,365	2,613,848
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	49,469	67,241	68,118
Retained earnings	681,208	495,020	598,344
Total shareholders' equity	1,353,065	1,184,649	1,288,850
Total liabilities and shareholder's equity	4,836,040	4,222,014	3,902,698

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

 Director

 Director



General Accident Insurance Company Jamaica Limited

Statement of Changes in Equity

Period ended September 30, 2013

Changes in Equity	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance as at December 31, 2011	470,358	152,030	110,517	407,838	1,140,743
Net profit for the year				187,214	187,214
Other Comprehensive Income					
Unrealised gains/(losses) on available-for-sale investment, net of tax			(31,836)		(31,836)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			(11,441)		(11,441)
Total other comprehensive income	470,358	152,030	67,240	595,052	1,284,680
Transactions with owners					
Dividends				(100,031)	(100,031)
Issue of shares	-				-
Total transactions with owners	-	-	-	(100,031)	(100,031)
Balance as at 30 September 2012	470,358	152,030	67,240	495,021	1,184,649
Balance as at December 31, 2012	470,358	152,030	68,118	598,344	1,288,850
Net profit for the year				222,887	222,887
Other Comprehensive Income					
Unrealised gains/(losses) on available-for-sale investment, net of tax			(14,228)		(14,228)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			(4,421)		(4,421)
Total other comprehensive income	470,358	152,030	49,469	821,231	1,493,089
Transactions with owners					
Dividends				(140,023)	(140,023)
Issue of shares	-				-
Total transactions with owners	-	-	-	(140,023)	(140,023)
Balance as at 30 September 2013	470,358	152,030	49,469	681,208	1,353,065



General Accident Insurance Company Jamaica Limited

Statement of Cash Flows

Period ended September 30, 2013

Cash Flow	2013 September \$'000	2012 September \$'000	2012 December \$'000
Cash Flows from Operating Activities			
Net profit	222,887	187,214	290,537
Adjustments for items not affecting cash:			
Depreciation	11,630	9,041	15,057
Amortisation of intangible assets	7,460	11,106	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	-	(3,326)	(4,510)
Gain on disposal of property, plant and equipment	(1,415)	(6,480)	(6,337)
Interest income	(95,431)	(83,284)	(110,708)
Dividend income	(4,421)	(3,678)	(8,007)
Deferred taxation	-	-	(5,268)
Foreign exchange (gains)/ losses	(113,375)	(29,614)	(58,583)
Increase in deferred policy acquisition cost	(33,936)	(148)	(6,316)
Increase in insurance reserves	808,972	553,086	156,621
	797,873	622,120	265,934
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	30,358	(96,188)	(74,893)
Other receivables	13,195	(21,118)	(3,202)
Loans receivable	68,844	46,423	(1,037)
Other liabilities	70,930	(3,387)	(15,268)
Due from related parties	(4,273)	(94,945)	406
Due from reinsurers and coinsurers, net	(573,663)	(284,184)	79,789
	403,264	168,721	251,729
Taxation (paid)	-	(33,570)	(64,682)
Net cash provided by operating activities	403,264	135,151	187,047
Cash Flows from Investing Activities			
Acquisition of investments	(384,027)	(166,467)	(232,277)
Lease receivables, net	(44,983)	39,648	(21,040)
Acquisition of property, plant and equipment	(24,204)	(27,274)	(33,303)
Acquisition of intangible asset	-	(10,757)	(10,757)
Proceeds from disposal of property, plant and equipment	1,415	8,705	9,207
Proceeds from disposal and maturity of investments	106,776	128,368	210,025
Dividend received	4,421	3,678	8,007
Interest received	89,533	60,471	112,376
Net cash provided (used in)/by investing activities	(251,070)	36,372	42,238
Cash Flows from Financing Activities			
Dividends paid	(140,023)	(100,031)	(100,031)
Net cash used in financing activities	(140,023)	(100,031)	(100,031)
Increase in cash and cash equivalents	12,171	71,492	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	1,329,374	1,205,770	1,317,203



General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
Period ended September 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, 2012. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.