

# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Report to Stockholders

### For the year ended December 31, 2013

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

The highlights are as follows:

- 15<sup>th</sup> consecutive year of premium growth
- Net profit of \$323.7 million, an increase of 11% (2012: \$290.5 million)
- Earnings per share of \$0.31 (2012: \$0.28)
- Book value of \$1.47 billion (2012: \$1.29billion)
- Annualized return on average equity of 23%

General Accident had another strong year in 2013. In short, growth in premiums and increases in our investment returns more than offset higher claims expenses. As a result, General Accident improved both its profitability and capital efficiency this year.

Gross written premiums grew to \$4.48 billion in 2013. This marks the 15<sup>th</sup> year in a row that General Accident has grown its gross written premiums. We are now firmly among the largest property underwriters in Jamaica.

Net premiums grew by 7% to \$1.00 billion. Despite this improvement, our underwriting profit fell to \$57.26 million. This is well below our underwriting performance of \$117.36 million last year. In fact, our combined ratio worsened from 87% in 2012 to 94% in 2013. The combined ratio, a widely used measure of insurance underwriting performance, is the sum of claims and management expenses divided by net premiums earned. The increase in our combined ratio was caused mainly by an uptick in claims. Our loss ratio worsened from 58% last year to 65% in 2013. This increase was as a result of an increase in the frequency and severity of our motor claims, particularly liability claims.

# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Interim Report to Stockholders

For the 12 months ended December 31, 2013

Despite these challenges, we are proud of our underwriting performance. In the face of difficult market conditions, we have made an underwriting profit in 6 of the last 7 years and continue to outperform our peers.

Our investment portfolio performed well in 2013. We generated investment income of \$286.0 million. We also recorded a small unrealized gain in the fair value of our holdings. We made a 12.9% return on our investment portfolio this year, far exceeding both inflation and the returns on our investment benchmarks. Once again, this improved investment performance was the result of increases in our float and the more active and efficient management of our capital in the face of low interest rates.

Net profit for the year was \$323.71 million or \$0.31 per share. This is an increase of 11 % over our profits in 2012.

We continued our dividend policy in 2013, paying just over \$140 million in cash to our shareholders or \$0.14 per share, a meaningful increase over 2012. General Accident ended 2013 with a book value of \$1.47 billion and generated a return on average equity for shareholders of 23%.

General Accident remains in compliance with the main capital adequacy and liquidity metrics prescribed by the Financial Services Commission. We have also successfully renewed our reinsurance treaties with our international reinsurance partners for 2014.

We wish to thank all of our policyholders, brokers, reinsurers, and employees for their loyal support.

On behalf of the Board of Directors,

A handwritten signature in blue ink, appearing to be 'P. B. Scott'.

**P. B. Scott**  
Chairman

A handwritten signature in black ink, appearing to be 'Sharon Donaldson'.

**Sharon Donaldson**  
Managing Director



**UNAUDITED FINANCIAL STATEMENTS  
FOR PERIOD ENDED 31 DECEMBER 2013**



# General Accident Insurance Company Jamaica Limited

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**General Accident Insurance Company Jamaica Limited**  
**Statement of Comprehensive Income**  
**Period ended December 31, 2013**

<b>Comprehensive Income</b>	<b>Unaudited December 31, 2013</b>	<b>Audited December 31, 2012</b>	<b>Unaudited 3 months ended December 31, 2013</b>	<b>Unaudited 3 months December 31, 2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Gross Premiums Written</b>	4,479,756	3,788,969	674,500	547,857
Reinsurance ceded	(3,314,356)	(2,665,753)	(367,833)	(262,453)
Excess of Loss Reinsurance Cost	(147,001)	(132,041)	(43,910)	(25,992)
<b>Net Premiums Written</b>	<b>1,018,399</b>	<b>991,175</b>	<b>262,758</b>	<b>259,412</b>
Changes in unearned premiums, net	(16,481)	(58,357)	29,064	16,936
<b>Net Premiums Earned</b>	<b>1,001,918</b>	<b>932,818</b>	<b>291,822</b>	<b>276,349</b>
Commission Income	269,094	295,485	94,926	93,687
Commission Expense	(184,644)	(237,263)	(77,316)	(39,523)
Claims Expense	(646,782)	(540,775)	(150,245)	(166,008)
Management Expenses	(382,323)	(332,903)	(120,539)	(111,540)
<b>Underwriting Profit/(Loss)</b>	<b>57,262</b>	<b>117,362</b>	<b>38,649</b>	<b>52,965</b>
Investment Income	286,001	136,062	68,276	4,362
Other Income	7,747	61,711	2,109	50,857
Other Operating Expenses	(27,299)	(29,866)	(8,209)	(9,719)
<b>(Loss)/Profit before Taxation</b>	<b>323,711</b>	<b>285,269</b>	<b>100,824</b>	<b>98,466</b>
Taxation	-	5,268	-	-
<b>(NET LOSS)/PROFIT FOR THE YEAR</b>	<b>323,711</b>	<b>290,537</b>	<b>100,824</b>	<b>98,466</b>
Unrealised gains/(losses) on available-for-sale investments, net of tax	1,520	(30,959)	15,748	(1,640)
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	(4,498)	(11,440)	(77)	-
	(2,978)	(42,399)	15,671	(1,640)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>320,733</b>	<b>248,138</b>	<b>116,495</b>	<b>96,826</b>
<b>EARNINGS PER SHARE</b>	<b>0.31</b>	<b>0.28</b>	<b>0.08</b>	<b>0.10</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Financial Position**  
**Period ended December 31, 2013**

<b>Financial Position</b>	<b>Unaudited December 31, 2013</b>	<b>Audited December 31, 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>		
Cash and Short Term Investments	1,283,744	1,317,203
Taxation Recoverable	101,283	67,111
Due from policyholders, brokers and agents	464,421	469,196
Due from reinsurers and co-insurers	985,718	1,033,433
Deferred policy acquisition cost	163,627	155,903
Other Receivables	16,488	13,506
Due from related parties	122	750
Loans receivable	167,515	237,933
Leases receivable	100,902	64,565
Investment Securities	838,429	463,439
Property, Plant & Equipment	66,620	57,086
Intangible assets	13,163	22,573
<b>Total Assets</b>	<b>4,202,033</b>	<b>3,902,698</b>
<b>LIABILITIES</b>		
Due to reinsurers and coinsurers	291,571	343,361
Other liabilities	71,219	66,238
Taxation payable	-	-
Deferred tax liabilities	5,027	5,027
Insurance Reserves	2,364,657	2,199,132
<b>Total Liabilities</b>	<b>2,732,474</b>	<b>2,613,758</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	470,358	470,358
Capital reserves	152,030	152,030
Fair value reserve	65,140	68,118
Retained earnings	782,031	598,344
<b>Total shareholders' equity</b>	<b>1,469,559</b>	<b>1,288,850</b>
<b>Total liabilities and shareholder's equity</b>	<b>4,202,033</b>	<b>3,902,608</b>

Approved by the Board of Directors on February 14, 2014, and signed on its behalf by:

Director

Director



## General Accident Insurance Company Jamaica Limited

### Statement of Changes in Equity

Period ended December 31, 2013

Changes in Equity	Share Capital	Capital Reserves	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 December 2011</b>	470,358	152,030	110,517	407,838	1,140,743
					-
<b>Comprehensive income:</b>					
Net profit for the year	-	-	-	290,537	290,537
Other Comprehensive Income	-	-	(42,399)	-	(42,399)
<b>Total comprehensive income</b>	470,358	152,030	68,118	698,375	1,388,881
<b>Transactions with owners</b>					
Dividends	-	-	-	(100,031)	(100,031)
Profits capitalized -					
Capital distribution received	-	-	-	-	-
<b>Balance at 31 December 2012</b>	470,358	152,030	68,118	598,344	1,288,850
<b>Comprehensive income:</b>					
Net profit for the year	-	-	-	323,711	323,711
Other Comprehensive Income	-	-	(2,978)	-	(2,978)
<b>Total comprehensive income</b>	-	-	(2,978)	323,711	320,733
<b>Transactions with owners</b>					
Dividends	-	-	-	(140,023)	(140,023)
<b>Balance as at 31 December 2013</b>	470,358	152,030	65,140	782,032	1,469,560



# General Accident Insurance Company Jamaica Limited

## Statement of Cash Flows

Period ended December 31, 2013

Cash Flow	Unaudited December 31, 2013	Audited December 31, 2012
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	323,711	290,537
Adjustments for items not affecting cash:		
Depreciation	17,352	15,057
Amortisation of intangible assets	9,947	14,808
Gain on sale of investments	(4,498)	(10,361)
Gain on sale of leases	-	(999)
Realised gain on Unit Trust Fund		(4,510)
Gain on disposal of property, plant and equipment	(1,415)	(6,337)
Interest income	(130,852)	(110,708)
Dividend income	(7,271)	(8,007)
Capital distribution received	-	-
Current taxation	-	-
Deferred taxation	-	(5,268)
Foreign exchange (gains)/ losses	(143,380)	(58,583)
Increase in deferred policy acquisition cost	(7,724)	(6,316)
Increase in insurance reserves	165,525	156,621
	<b>221,395</b>	<b>265,934</b>
<b>Changes in operating assets and liabilities:</b>		
Due from policyholders, brokers and agents	4,775	(74,893)
Other receivables	(2,982)	(3,202)
Loans receivable	70,418	(1,037)
Other liabilities	4,981	(15,268)
Due from related parties	628	406
Due from reinsurers and coinsurers, net	(4,075)	79,789
	<b>295,140</b>	<b>251,729</b>
Taxation (paid)	-	(64,682)
<b>Net cash provided by operating activities</b>	<b>295,140</b>	<b>187,047</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of investments	(451,594)	(232,277)
Lease receivables, net	(36,337)	(21,040)
Acquisition of property, plant and equipment	(26,924)	(33,303)
Acquisition of intangible asset	(537)	(10,757)
Proceeds from disposal of property, plant and equipment	1,415	9,207
Proceeds from disposal and maturity of investments	195,776	210,025
Dividend received	7,271	8,007
Interest received	122,354	112,376
<b>Net cash provided (used in) by investing activities</b>	<b>(188,576)</b>	<b>42,238</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	-
Dividends paid	(140,023)	(100,031)
Net cash used in financing activities	(140,023)	(100,031)
<b>Increase in cash and cash equivalents</b>	<b>(33,459)</b>	<b>129,254</b>
Effect of exchange rate changes on cash and cash equivalents	-	53,671
<b>Cash and cash equivalents at beginning of year</b>	<b>1,317,203</b>	<b>1,134,278</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,283,744</b>	<b>1,317,203</b>





**General Accident Insurance Company Jamaica Limited**  
**Notes to the Financial Statements**  
**Period ended December 31, 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.