This document is a prospectus ("**Prospectus**") for the purposes of the Companies Act, 2004 (the "**Act**"). This Prospectus is dated Tuesday 22 March 2016 and issued by Key Insurance Company Limited (the "**Company**"). A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on Tuesday 22 March 2016. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("**FSC**") for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on Tuesday 22 March 2016. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

Invitation for subscription and/or sale 92,115,215 Shares at $2.27 each subject to Overallotment Option*

The Company invites Applications on behalf of itself, and certain persons who are shareholders (the "**Selling Shareholders"**) for up to 92,115,215* ordinary shares (the "**Shares**") in the invitation, of which 52,689,903 Shares are new Shares for subscription and 39,425,312 Shares are existing shares to be sold by the Selling Shareholders. Up to 18,423,043* Shares in the Invitation are initially reserved for application by the general public, and up to 73,692,172 Shares in the Invitation (the "**Reserved Shares**") are initially reserved for priority application from, and subscription by, the Lead Broker, JMMB Securities Limited ("**JMMB Securities**") and/or its clients. All shares are priced at the Invitation Price of $2.27 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them, they will be made available for subscription by the general public. In the event of excess demand the Company reserves the right to make up to exercise a discretion (the "**Overallotment Option**") to make up to 18,423,042 further Shares available for subscription and/or sale by Applicants.

An Application Form for use by all Applicants is provided at the end of this Prospectus together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the "**Opening Date**", Tuesday 29 March 2016. Application Forms submitted prior to 9:00 a.m. on the Opening Date will be received, but not processed until 9:00 a.m. on the Opening Date. Provided that the Company raises at least $119 million the Invitation will close early, at 3:00 p.m. on the "**Closing Date**" being, Wednesday 30 March 2016, in order to make expedited application to the JSE to list the Shares in time to take advantage of the concessionary tax regime for companies listed on the Junior Market by Thursday, 31 March 2016, subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received; and (b) extend the Closing Date for any reason in its sole discretion, provided that the Closing Date is not later than 40 days after the date of issue of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange ("**JSE**") at (www.jamstockex.com). Please note that this statement of intention is not a guarantee that the Shares will be admitted to listing on the Junior Market by the cut - off date for the concessionary tax regime, or at all. The making of the expedited application for listing and its success, is dependent on the ability of the Company to raise at least $119.0 million in the Invitation from (i) the subscription of Shares by Applicants; and (ii) other criteria for admission set out in the JSE Rules. If the Shares in the Invitation are not subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

See Section 6 for full details of the terms and conditions in the Invitation and Section 11 for the Risk Factors associated with an investment in the Company and/or the Shares.

SHARE CAPITAL	
Authorised	496,000,000 Shares
Issued prior to the Invitation	315,770,960 Shares
SHARES IN THE INVITATION	
Maximum to be issued in the Invitation, fully paid	52,689,903 Shares*
Maximum to be sold by the Selling Shareholders in the Invitation, fully paid	39,425,312 Shares*
TOTAL SHARES IN THE INVITATION	92,115,215 Shares*
TOTAL CONSIDERATION ASSUMING SUCCESSFUL INVITATION	$ 209,101,538.05*
Due to the Company in respect of the 52,689,903 Shares for subscription	$ 119,606,079.81*
Due to the Selling Shareholders in respect of the 39,425,312 Shares for sale	$ 89,495,458.24*

*If the Overallotment Option is exercised an additional 18,423,042 Shares will be made available for subscription and/or sale in the Invitation. In that event the total consideration in the Invitation will not exceed $250,921,843.39. See paragraph 12 of section 6.4 and also section 7.7 for more details.

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SECTION 1: IMPORTANT INFORMATION

RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus has been reviewed and approved by the Board of Directors of the Company, and the Selling Shareholders. The Directors of the Company whose names appear in Section 8 of this Prospectus, along with the Selling Shareholders (who are certain of the Directors acting in their personal capacity) are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors and the Selling Shareholders, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein. Each of the Directors and Selling Shareholders of the Company have signed this Prospectus for the purposes of their responsibilities as described herein. Such responsibilities are joint and several as contemplated by the Companies Act. See the signatures in Section 15 of this Prospectus.

CONTENTS OF THIS PROSPECTUS

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application. This Prospectus also contains summaries of certain documents, which the Board of Directors and Selling Shareholders believe to be accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 14. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document. The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

UNAUTHORISED REPRESENTATIONS

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus which is not contained in this Prospectus. Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

INVITATION MADE IN JAMAICA ONLY

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

SEEKING PROFESSIONAL ADVICE BEFORE MAKING AN APPLICATION

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for or purchase any Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks for subscribing for or purchasing Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for or purchasing Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that: (1) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6), and to gather and review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus; (2) no person connected with the Company has made any representation concerning the Company not contained in this Prospectus, on which the Applicant has relied in submitting their Application; and (3) the Applicant is aware of the merits and risks of subscribing for or purchasing Shares in the Company notwithstanding the Risk Factors set out in Section 11.

SECTION 2: SUMMARY OF THE INVITATION

ISSUER:	Key Insurance Company Limited
SELLING SHAREHOLDERS:	S. Masterton, N. Gobin-Gunter K. Abrahams
TOTAL SECURITIES*:	Up to 92,115,215 Shares for sale and/or subscription, subject to Overallotment Option.
RESERVED SHARES**:	Up to 73,692,172 Shares are Reserved Shares for JMMB Securities and/or its clients.
OVERALLOTMENT OPTION:	Up to 18,423,042 Shares for sale and/or subscription.
PRICE:	$2.27 per Share + $134 JCSD processing fee.
APPLICATION:	See Appendix 1 of this Prospectus.
TERMS AND CONDITIONS:	See Section 6.4 of this Prospectus.
PAYMENTS:	Payment for the number of Shares specified on the Application + JCSD processing fee must be included and delivered with the Application to the Lead Broker, JMMB Securities.
TIMETABLE:	Registration and Publication of Prospectus: 22 March 2016 Opening Date: 29 March 2016 Closing Date***: 30 March 2016 APPLICATION FORMS MAY BE SUBMITTED IN ADVANCE OF THE OPENING DATE. Early Applications will be received, but not processed. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date and processed at that time. All other Applications will be received and processed on a first come, first served basis. CONFIRMATION OF BASIS OF SHARE ALLOTMENTS: All Applicants may refer to the notice on the JSE website of (www.jamstockex.com) within 3 days of the Closing Date. REFUND CHEQUES: Available for collection from the Lead Broker, within 10 working days of the Closing Date. FINAL ALLOTMENT OF SHARES AND ADMISSION TO JUNIOR MARKET OF JSE**:** Provided that the Company raises at least $119.0 million by the Closing Date the Company will make expedited application to list the Shares on the Junior Market by 31 March 2016, the date after which the Junior Market tax concession is expected to end. This is not a guarantee of listing by that time, or at all.

Notes:

*The Company invites Applications on behalf of itself and the Selling Shareholders for 92,115,215 Shares in the Invitation of which 52,689,903 Shares are newly issued Shares for subscription, and 39,425,312 Shares are existing Shares for sale. This excludes the Overalloment Option Shares.

**If any of the Reserved Shares in any category are not subscribed by the persons entitled to them, they will be made available for subscription by the general public.

***The Invitation will close early in the event that the Company raises at least at 3:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens on 9:00 a.m. on the Opening Date once Applications for all Shares in the Invitation are received; and (b) extend the Closing Date for any reason, in its sole discretion, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE (www.jamstockex.com). If the Invitation does not raise at least $119.0 million by the Closing Date (or any extension thereof as contemplated by this prospectus), or if the Shares are not listed on the Junior Market for any reason whatsoever, the Company will refund all payments it has received from Applicants.

SECTION 3: CHAIRMAN'S LETTER

KEY INSURANCE COMPANY LIMITED
6c Half Way Tree Road, Kingston 5, Jamaica W.I.
Tel: (876) 926-6278/ 926-1720/ 929-7940-3/ 929-1218-9. Fax: 960-4063/ 929-7944
Web: www.keyinsurancejamaica.com. E-mail: keyins@cwjamaica.com
Toll Free: 1-888-CALL KEY (225-5539)

22 March 2016

DEAR PROSPECTIVE INVESTORS

The Board of Directors of the Company is pleased to invite you to apply for up to 92,115,312 Shares in the Invitation subject to the terms set out in this Prospectus. Of those Shares up to 52,689,903 Shares are newly issued Shares for subscription, the proceeds of which will accrue to the Company, and 39,425,312 Shares are existing Shares of the Selling Shareholders for sale the proceeds of which will accrue to those Shareholders. All Shares are priced at $2.27 each. In the event of excess demand the Company may exercise the Overallotment Option to make up to 18,423,042 further Shares available for sale and/or subcription.

ABOUT THE COMPANY

The Company is a registered general insurance company that commenced operations in February 1983. The Company is licensed to offer most classes of general insurance, and it has been serving the public in Jamaica for over 30 years. It was founded by Sonny Gobin and is now managed by his family members Sandra Masterton, Natalia Gobin-Gunter, and Kala Abrahams with the support of a professional team and the non – executive members of the Board.

The Directors believe that the strengths of the Company include the following:

- its dedicated management team
- prudent and conservative underwriting practices
- flexible policy arrangements to suit most budgets
- prioritizing customer service via convenient locations and easy to access services

USE OF PROCEEDS

The Board of Directors is now seeking to capitalize on the Company's strengths and to grow its business. The Company is seeking to raise approximately $119.0 million from the subscription of up to 52,689,903 Ordinary Shares in the Invitation (excluding the possibility of raising further proceeds as a result of the Overallotment Option).

The Board intends to use the proceeds for the following general corporate purposes:

- Increasing the Company's capital in order to grow its core business;
- Taking advantage of opportunities for improvement and expansion of business, through strategic alliances as well as through organic growth;
- Payment of the expenses of the Invitation, which the Directors believe will not exceed $20 million (inclusive of legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses.

The proceeds of the sale of the 39,425,312 shares by the Selling Shareholders in the Invitation will accrue to the benefit of the Selling Shareholders (excluding the proceeds of any further sales as a result of the Overallotment Option).

HOW TO MAKE AN APPLICATION FOR SHARES

Those investors who are interested in subscribing for Shares or purchasing Shares should read this Prospectus in its entirety inclusive of the full terms and conditions of the Invitation set out in section 6.4 and the Risk Factors in section 11 and then complete the Application set out in Appendix 1.

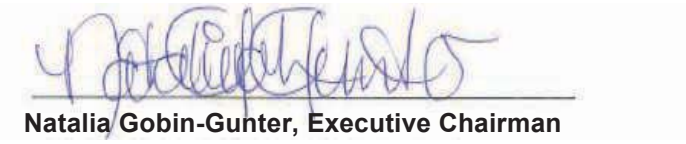
DIVIDEND POLICY

If the invitation is successful and the shares are admitted to listing on the Junior Market of the JSE, the Board expects to pay dividends of not less than 25% of net profits available for distribution, subject to the need to maintain funds to re-invest earnings for growth, and for regulatory purposes.

LISTING ON THE JUNIOR MARKET

The Directors are making an application to the JSE to list the Ordinary Shares of the Company on the Junior Market. The application is conditional on the success of the Invitation in raising at least $119.0 million by the Closing Date, and on other criteria set out in the Junior Market Rules made by the JSE.

ON BEHALF OF THE COMPANY



Natalia Gobin-Gunter, Executive Chairman

SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

TERM	MEANING
Allotment	means the allotment of the Shares in the Invitation for subscription to successful Applicants by the Company
Applicant(s)	means a person (being an individual or a body corporate resident in Jamaica, whether a Reserved Share Applicant or a member of the general public) who submits an Application
Application	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the shareholders of the Company on 29 February 2016, in a form suitable for a public company under the Companies Act, together with any amendments thereto
Audited Financial Information	means the financial information of the Company for the 5 financial years ended 31 December 2015
Auditor	means PricewaterhouseCoopers, the independent external auditor of the Company
Auditor's Report	means the independent report of the Auditors set out in Section 10, in relation to the Audited Financial Information
Board	means the Board of Directors of the Company
Companies Act	means the Companies Act, 2004, as it may be amended from time to time
Company	means Key Insurance Company Limited, a company incorporated in Jamaica (number 21,807) with its registered and principal office at 6C Half Way Tree Road, Kingston 5, Saint Andrew
Closing Date	means 30 March 2016 subject to the right of the Company to shorten or extend the Closing Date in its sole discretion in accordance with the Terms and Conditions
Directors	means the directors of the Board of the Company whose name and details are set out in Section 8 of this Prospectus
Forward Looking Statements	means the forward looking statements referred to in Section 5 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein
FSC	means the Financial Services Commission of Jamaica of 39-43 Barbados Avenue, Kingston 5, Saint Andrew
Financial Information	means the Audited Financial Information and the Projected Financial Information

GCT	means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica
Invitation	means the invitation for subscription and/or sale of up to 92,115,215 Ordinary Shares (inclusive of the Reserved Shares but exclusive of the Overallotment Option Shares) that is made by the Company on behalf of itself and the Selling Shareholders subject to the Terms and Conditions
Invitation Price	means $2.27 per Share
Insurance Act	means the Insurance Act of Jamaica, 2001 as it may be amended from time to time
JCSD	means Jamaica Central Securities Depository Limited, a company incorporated in Jamaica (number 58,658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
JMMB Securities	Means JMMB Securities Limited, the lead broker to the Company in the Invitation
JSE	means The Jamaica Stock Exchange Limited, a company incorporated in Jamaica (number 6,351) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
Junior Market	means the Junior Market trading platform of the JSE established April 2009
Lead Broker	means JMMB Securities Limited
Mentor	means Michael Fraser, the Mentor of the Company required to be appointed under the rules of the Junior Market
Opening Date	means the date on which the Invitation opens, being 9:00 a.m. on 29 March 2016
Overallotment Option	means the discretion of the Company to make up to 18,423,042 further Shares available for sale and/or subscription in the Invitation, subject to the Terms and Conditions
PWC	means PricewaterhouseCoopers, Chartered Accountants, of Scotia Centre, Corner of Duke and Port Royal Streets, Kingston
Prospectus	means this document dated 22 March 2016 which constitutes a prospectus for the purposes of the Companies Act and the Securities Act
Registrar	means JCSD
Reserved Shares	means 73,692,172 Shares in the Invitation that are initially reserved for priority application from the JMMB Securities and/or its clients, subject to the Terms and Conditions
Sale Shares	means the 39,425,312 Ordinary Shares in the Invitation belonging to the Selling Shareholders, on whose behalf the Company invites Applications in the Invitation

Selling Shareholders	means S. Masterton, N. Gobin-Gunter, and K. Abrahams
Share(s)	means the ordinary shares in the capital of the Company inclusive of the ordinary shares for sale and/or subscription in the Invitation where the context so requires
Shareholders	means holders of the Ordinary Shares
Terms and Conditions	means the terms and conditions of the Invitation set out in Section 6 of this Prospectus
$	means the Jamaican dollar unless otherwise indicated

In addition to the foregoing, all references in this Prospectus to the singular shall include the plural and all references to the plural shall include the singular; and the masculine gender shall include the feminine gender, and vice – versa, in each case, as the context shall require, and clause headings shall be for the sake of convenience only.

SECTION 5: DISCLAIMER – FORWARD LOOKING STATEMENTS

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus inclusive of the Projected Financial Information, contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and pro forma financial information and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in the Projected Financial Information and elsewhere in this Prospectus for that purpose. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends", “considers”, “pro forma”, “forecast”, “projection” and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Shares to listing on the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made).

There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing in Jamaica and the CARICOM region, including actual rates of economic growth, instability and volatility in domestic interest rates and regional and international exchange rates that impact on the strategic business plan of the Company and/or on the Projected Financial Information
- adverse climatic events and natural disasters
- actual or perceived deficiencies in the Company’s products or services, unfavourable market receptiveness to the Company’s strategic business plan or its particular line of products and services, or the availability or relative attractiveness of competitors’ alternative products and services
- changes in any legislation or policy adversely affecting the strategic business plan, or the Projected Financial Information
- any other factor negatively impacting on the realisation of the assumptions on which the Company's Financial Information is based
- other factors identified in this Prospectus
- factors as yet unknown to the Company or any of the Directors

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

SECTION 6: TERMS AND CONDITIONS OF THE INVITATION

6.1 GENERAL INFORMATION

Prospective investors should read this entire Prospectus carefully.

The Company, on behalf of itself and the Selling Shareholders, invites Applications for up to 92,115,215 Shares in the Invitation initially, subject to the Overallotment Option discussed below.

Up to 73,692,172 Shares are also initially reserved for priority application from, and subscription by, JMMB Securities and/or its clients. If any of the Reserved Shares are not subscribed they will be offered to the general public.

The Company may in its sole discretion exercise the Overallotment Option to make up to 18,423,042 further Shares available for sale and/or subscription in the event of excess demand.

The Invitation will open at 9:00 a.m. on the Opening Date, Tuesday 29 March 2016 and, provided that the Company raises at least the minimum amount of $119.0 million from Applicants, the Invitation will close on an expedited basis, at 3:00 p.m. on the Closing Date, Wednesday 30 March 2016 in order to make expedited application to list the Shares on the Junior Market of the JSE by Thursday 31 March 2016, following which the Directors anticipate there will no longer be 5 year full income tax concession available to Junior Market companies as currently set out in the Seventh Schedule to the Income Tax Act.

The Company may also, in its sole discretion: (a) close the subscription list at any time after 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received, and (b) extend the Closing Date for any reason in its sole discretion, provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Companies Act. In either case an informational notice will be posted on the website of the JSE - www.jamstockex.com and in the latter case any extension past 31 March 2016 means that the Company will not eligible for any tax benefits as aforesaid, unless the new Government extends the Junior Market concessionary regime.

6.2 MINIMUM FUNDRAISING CONDITION

Of the 92,115,215 Shares that are initially in the Invitation, 52,689,903 Shares are newly issued Shares available for initial subscription by the general public and 39,425,312 Shares are existing Shares of the Selling Shareholders for sale. The proceeds of the Shares for subscription will accrue to the Company, and the proceeds of the sale Shares will accrue to the Selling Shareholders.

For the purposes of the requirement for disclosure set out in section 48 of the Companies Act, the minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Companies Act is $119.0 million, representing the proceeds of the subscription of the aforesaid Shares.

In the event of the exercise of the Overallotment Option the total consideration received by the Company for the subscription of Shares will be greater.

6.3 USE OF PROCEEDS OF THE INVITATION

The Company seeks to raise approximately $119.0 million by inviting Applications for subscription for up to 52,689,903 Shares initially, from prospective investors in the Invitation.

The Board intends to use the proceeds for the following general corporate purposes:

- Increasing the Company's capital in order to grow its core business
- Taking advantage of opportunities for improvement and expansion of business, through strategic alliances as well as through organic growth
- Payment of the expenses of the Invitation, which the Directors believe will not exceed $20 million (inclusive of legal fees, accountant's fees, Registrar's fees, filing fees, stamp duty fees, initial listing fees, marketing expenses, and exclusive of GCT) after payment of related expenses

6.4 TERMS AND CONDITIONS OF THE INVITATION

Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in this section before completing the Application set out in Appendix 1.

1. Status and Minimum Age of Applicants

   The primary Applicant (being the first named joint or several holder specified on the Application) must be at least 18 years old .

2. Application Form

   All Applicants must submit the Application provided at Appendix 1 to this Prospectus to JMMB Securities at any of the locations specified in paragraph 8, below (How to Make Payments).

3. Acceptance of Terms and Conditions by Applicants

   All Applicants will be deemed to have accepted the terms and conditions of the Invitation set out in this section 6 and the Prospectus generally.

5. Further Acknowledgments by Applicants

   Each Applicant further acknowledges and agrees that:

(a) they have been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(b) he/she has not relied on any person other than the Company and the Directors and the Selling Shareholders, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with their investigation of the accuracy of such information or his/her investment decision;

(c) no person connected with the Company or the Selling Shareholders has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application;

(d) he/she has made their own assessment of the Company, and the merits and risks of subscribing for Shares, inclusive of taking advice (or waiving the need for such advice) in relation to: the financial and legal implications of subscribing for Shares in the Company, and the tax implications thereof, and the Risk Factors set out in section 11; and

(e) he/she is subscribing for Shares that are subject to the provisions of the Articles of Incorporation of the Company, which currently contain provisions to prevent any person from either (i) becoming a Director, or (ii) becoming a Shareholder holding 10% or more of the Shares, unless (in each case) they are assessed by the FSC as 'fit and proper' for the purposes of the Insurance Act and Insurance Regulations. Accordingly, prospective investors who make Applications to subscribe for or purchase more than 10% of the Shares in the Company will not have their Applications accepted or filled unless they demonstrate to the satisfaction of the Company and/or the Registrar that the Applicant is 'fit and proper'.

6. Minimum Application

   Applications from the general public must request a minimum of 5000 Shares and be made in multiples of 1000. Applications in other denominations will not be processed or accepted.

7. Share Price Information

   All Ordinary Shares available for subscription, including the Reserved Shares are priced at the **Invitation Price of $2.27 per Share.**

   JCSD Processing Fee Applies

A JCSD processing fee of $134 (inclusive of GCT) per Application is payable to the Registrar of the Company. All Applicants should remember to include the processing fee in their calculations of amounts payable.

8. How to Make Payments

All Applications must be accompanied by the appropriate payment in the form of either:

(a) a manager's cheque made payable to "**Key Insurance IPO 2016**", or cleared funds held in the account in the Applicant's name at JMMB (supported by written authorisation from the Applicant instructing JMMB to make payment from that account to the account held at JMMB in the name of "**Key Insurance IPO 2016**");, or

(a) transfer in the Real Time Gross Settlement ("**RTGS**") system to the account held at JMMB in the name of "**Key Insurance IPO 2016**", in the case of payments of $2 million or more.

(c) transfer via the Automated Clearing House (ACH) to the account held at JMMB in the name of "**Key Insurance IPO 2016**"; or

(d) transfer via NCB E-Link to the specified account held at JMMB in the name of "Key Insurance IPO 2016

All completed Applications (inclusive of Applications where payment is made by RTGS, ACH or E-Link) must be delivered to the Lead Broker on or before 3:00 p.m. (Jamaica Time) on the Closing Date (as the case may be), at any of the locations set out below:

KINGSTON	
Knutsford Boulevard Branch 11 Knutsford Boulevard, Kingston 5, Saint Andrew. Telephone (876) 998-5662	
Haughton Avenue Branch 5 Haughton Avenue, Kingston 10, Saint Andrew. Telephone (876) 998-5662	**Personal Portfolio Management Centre** 23 Phoenix Avenue, Kingston 10, Saint Andrew.
SAINT CATHERINE	
Portmore Branch 47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine. Telephone (876) 998-5662	
SAINT ANN	
Ocho Rios Branch Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann. Telephone (876) 998-5662	
CLARENDON	
May Pen Branch, Shop 28B, Bargain Village Plaza**,** 35 Main Street**,** May Pen, Clarendon. Telephone (876) 998-5662	
MANCHESTER	
Mandeville Branch, 23 Ward Avenue**,** Mandeville, Manchester**.** Telephone (876) 998-5662	
SAINT ELIZABETH	
Santa Cruz Branch Shop # 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth. Telephone (876) 998-5662	**Junction Agency** Shop 2, Roye's Plaza, Main Street, Junction, St. Elizabeth. Telephone (876) 965-8005
SAINT JAMES	

Montego Bay Branch Suite 1, Shop 28B, Fairview Office Park, Alice Eldemire Drive Montego Bay, St. James. Telephone (876) 998-5662	**JMMB Merchant Bank,** **Montego Bay Branch** 25 Church Street, Montego Bay, St. James. Telephone (876) 979 -1707

9. Early Applications and Order of Processing of Applications

Applications submitted in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

10. Company's Discretions as to Acceptance of Applications and Allotment of Shares

The Company will not accept or fill Applications for more than 10% of the Shares in the Company save in the circumstances specified in paragraph 5(e) of this section, above. In addition, the Company, on behalf of itself and the Selling Shareholders, may:

(a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;

(b) allot Shares to Applicants on a basis to be determined by it in its sole discretion, including on a *pro rata* basis in the event the Invitation is oversubscribed; and

(c) treat multiple Applications by any person (whether in individual or joint names) as a single Application.

11. When Binding Contract is Formed

Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Company to an Applicant, or the transfer of Shares by the Selling Shareholders to an Applicant, for credit in their account in the JCSD as described below, on the morning of listing of the Shares (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company, and the terms and conditions set out in this Section 6.4 and the Prospectus generally.

12. Overallotment Option

In the event of excess demand for Shares the Company may elect at any time prior the closing of the Invitation on the Closing Date, to make up to 18,423,042 further Shares available for sale and/or subscription by Applicants. In the event that the Company exercises its discretion under this paragraph 12, it shall:

(a) make reference thereto in any announcement it issues for the purposes of the closing of the Invitation and the publication of the basis of allotment within 3 days of the closing date (or earlier) in accordance with JSE Rules;
(b) apply to the JSE to list such additional Shares on the Junior Market of the Jamaica Stock Exchange.

This is not a guarantee that any further Shares will be made available in the Invitation or that any Shares will be listed. See further paragraph 15 below.

13. When Invitation is Successful

If the Invitation is successful in raising $119.0 million or more by the Closing Date and the Shares are admitted to trade on the Junior Market, Applicants will be allotted Shares for credit to their account in the JCSD that is specified in their Applications. New shareholders will have a JCSD account opened in their name. Applicants may refer to the notice that will be posted on the website

of the JSE (**www.jamstockex.com**) after the Closing Date. Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that Company does not raise at least $119.0 million by the Closing Date and/or the Shares are not admitted to trading on the on the Junior Market, all payments for Shares received from Applicants will be returned or refunded to the persons making them.

14. Closing Date

The Invitation will open at 9:00 a.m. on the Opening Date, Tuesday 29 March 2016 and, provided that the Company raises at least the minimum amount of $119.0 million from Applicants, the Invitation will close on an expedited basis, at 3:00 p.m. on the Closing Date, Wednesday 30 March 2016 in order to make expedited application to list the Shares on the Junior Market of the JSE by Thursday 31 March 2016, following which the Directors anticipate there will no longer be 5 year full income tax concession available to Junior Market companies as currently set out in the Seventh Schedule to the Income Tax Act.

The Company may also, in its sole discretion:

(a) close the Invitation earlier than the Closing Date, if Applications for all of the Shares in the Invitation are received, and

(b) extend the Closing Date for any reason in its sole discretion, provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Companies Act.

In either case an informational notice will be posted on the website of the JSE - www.jamstockex.com. In the case of any extension of the Closing Date past 31 March 2016 the Company will not be eligible for any tax benefits as set out in the Seventh Schedule to the Income Tax Act at the time of publication of this prospectus (being a 100% remission of corporate taxes for 5 years from the date of listing, subject to terms and conditions) unless such benefits are extended or renewed by the Government.

15. No guarantee of listing

Neither the Company nor the Directors make any representation, warranty or guarantee that the Shares will be listed on the Junior Market of the JSE by 31 March 2016 or at all, or in the event that the Shares are so listed, that any particular return or other benefit will accrue to the Company.

16. Refunds

The Company and the Selling Shareholders will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, within 10 working days after the Closing Date or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to the Lead Broker where the Application was first received, for collection by the Applicant (or in the case of multiple Applicants by the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that the JCSD processing fee of $134 will not be refunded.

SECTION 7: INFORMATION ABOUT THE COMPANY

7.1 The Company

The Company was registered as a general insurer in November 1982 and commenced trading in February 1983 with a head office in the New Kingston area and a single branch in the Cross Roads area. The Company has now grown to include 6 locations across the island as follows:

KINGSTON	PORTMORE	MONTEGO BAY
6C Half Way Tree Road, Kingston 5, Cross Roads	Shop 35B Portmore Mall Portmore, Saint Catherine	Shop 15B Fairview Office Park Alice Eldermire Drive
OCHO RIOS	**MAY PEN**	**MANDEVILLE**
73 Main Street Ocho Rios, Saint Ann	Suite 1, 2 Bryants Crescent May Pen, Clarendon	Shop 6, Central Plaza 8 Villa Road Mandeville, Manchester

7.2 Products

The Company offers a variety of products, as described in the table below:

MOTOR VEHICLE INSURANCE

The Company insures motor vehicles and provides the following types of cover:

- **COMPREHENSIVE INSURANCE**
  Covers loss or damage arising from the use of the motor vehicle and includes injury death or property damage to third parties.
- **THIRD PARTY INSURANCE**
  Covers property or injury or death to others caused by the policyholder's vehicle to third parties.
- **ACT INSURANCE**
  Covers the basic limits of liability to third parties resulting in bodily injury or death and damage to property that is required by law in order to drive a vehicle on the Jamaican roads.

The majority of the motor portfolio consists of third party insurance, however the Company also underwrites comprehensive insurance, typically for higher value vehicles. In 2013, the Company introduced its novel Drive 'n' Fly Policy whereby travel insurance is automatically added to new or renewed motor policies.

PROPERTY INSURANCE

The Company provides protection against most risks to property for individuals as well as commercial establishments and issues the following products:

- **HOMEOWNERS POLICY**
  Covers homeowners against damage to home and personal property from hurricane, earthquake, flood, fire, lightening, strike, riot, civil commotion, theft, and accidents, amongst other things.
- **FIRE POLICY**
  The Company offers 2 types of stand alone fire policies:
  - a Fire and Minor Perils Policy, which covers damage resulting from fire and domestic explosion only; and
  - a Fire and Allied Perils Policy which covers damage from catastrophes such as hurricanes and earthquakes.

INSURANCE POLICIES FOR COMMERCIAL ENTITIES

The Company issues the following policies:

- **FIRE AND ALLIED PERILS –** a policy that offers relatively more coverage than the Fire and Minor Perils policy and includes cover for Acts of God, Fire (and smoke from fire), Lightning, Explosion, Impact Damage, Riot, Strike, Civil Commotion, Locked Out Workers, Malicious Damage, Earthquake and Volcanic Eruption, Storm, Tempest, Hurricane, Windstorm, Flood, Escape of water from any tank, amongst other things.
- **FIRE AND MINOR PERILS -** a policy which does not include coverage for 'Acts of God' such as Earthquake / Volcanic Eruption, Storm, Tempest, Hurricane, Flood, amongst other things.
- **COMMERCIAL ALL RISK -** an extended Fire and Allied Perils policy, which also covers Burglary and Accidental Physical Damage to buildings, stocks, plant machinery and contents.
- **CONSEQUENTIAL LOSS/ BUSINESS INTERRUPTION -** covers loss of profits or revenue or Increased cost of working resulting from the operation of an insured peril following the Fire and Allied Perils or Commercial All Risk Policy.
- **STRATA PACKAGE -** covers loss or damage to property used for residential premises in a numbered strata (specific perils are listed in the policy). Cover includes losses resulting from burglary, accidental damage, and Consequential Loss, Public, Employee and Directors and Officers Liability, Loss of Maintenance and Loss of Accommodation amongst other things.
- **RETAILERS PACKAGE -** covers loss or damage to property used for retail or small business per specific perils listed in the policy including losses resulting from burglary, accidental damage, and Public, Employee and Directors and Officers Liability, Loss of Money, and Fidelity Guarantee, amongst other things.
- **BED AND BREAKFAST PACKAGE -** covers loss or damage to insured property as per specific perils listed in the policy. Includes losses resulting from Burglary, Accidental Damage, Public, Employee Liability, others.
- **BURGLARY -** covers loss of or damage to the insured's property involving forced entry and or exit from the property.
- **PLATE GLASS –** covers accidental breakage to plate glass windows and doors of buildings.
- **FIDELITY GUARANTEE -** protects employers from direct financial loss caused by fraudulent or dishonest activities of one of more employees. Losses can consist of theft of monies, securities or property owned by an employer.
- **LOSS OF MONEY -** covers loss of, damage to or destruction of money including during transit and hold-up on premises during and out of business hours.
- **GOODS IN TRANSIT -** covers property against loss of or damage to insured goods while in transit from one place to another during its journey anywhere in Jamaica.
- **COMPUTER/ELECTRONIC EQUIPMENT -** covers loss of or damage to Computers and Electronic Equipment caused by accidental, electrical and mechanical breakdown, which may require repairs and/or replacement.
- **MACHINERY BREAKDOWN -** covers loss or damage resulting from electrical and mechanical breakdown while at work or rest requiring repairs and/or replacement. Machinery includes Turbines, Compressions, Generators, Transformers, Rectifiers, Electronic Motors, Diesel Engine and Pumps, and similar things.

INSURANCE POLICIES FOR CONTRACTORS

- **Contractor & Erection All Risk Insurance -** protects against loss, damage and destruction on the building and equipment on the site. It also covers third party bodily injury and property damage.
- **Solar Insurance -** protects against loss, damage, destruction on the solar equipment and installation

on site, includes losses resulting from Public Liability.

- **Contractor Plant and Machinery Insurance -** covers sudden physical loss or damage to the contractor's equipment or machinery used at a contractor site.
- **Machinery Breakdown Loss of Profit -** covers unforeseen damage to machinery as an inevitable result of break down of machinery due to accident, resulting from and insured peril from the machinery breakdown policy.

LIABILITY INSURANCE

The Company provides a variety of liable insurance products designed to protect both the private homeowner and the astute business owner. Liability insurance protects the policyholder from being held legally liable for others being injured on their property or because of their negligence, and includes the following policies:

- **Public Liability -** covers the insured for legal liability to pay compensation to third party claimants who have sustained injury or death due to the negligence of the insured. Compensation includes the claimant's legal costs and fees.
- **Product Liability -** covers the insured (the seller of a product) against legal liability to third parties in consequence of death/ bodily injury arising from the use of a product sold to a buyer.
- **Employers' Liability -** covers employers against liability to pay compensation to any employee who sustains bodily injury or death while in the course of their employment due to negligence.
- **Professional Indemnity -** provides professional indemnity insurance for insurance brokers and agents, real estate brokers and agents, lawyers, accountants, engineers, architects and stock brokers, and is suitable for individuals or firms providing a service by selling knowledge or skills.
- **Other -** The Company also underwrites policies on a case -by -case (facultative) basis including Directors' & Officers, Bankers' Blanket Bond, and others.

TRAVEL INSURANCE

The Company offers travel insurance for single travellers, or family or other groups. This type of insurance covers trip delay, emergency family travel, tickets, return of a minor child in case of emergency, lost luggage, baggage delay, medical expenses for accident and sickness including medical evacuation, emergency dental expenses, accidental death and death repatriation, Bail Bond, Legal Fees, Public Liability, and some prescription medications.

PERSONAL ACCIDENT INSURANCE

This type of insurance provides personal financial protection/compensation in certain specified situations, including injury while in a rail, road or air accident (as drivers are not typically covered under motor vehicle policies), from collision of fall, from accidental poisoning, from burning in fire caused by accidental means and/or accidental drowning.

Please note that the policy summaries set out above are for illustrative purposes only, and that coverage offered by any particular policies issued by the Company may vary.

Typically, the Company's policies are issued for a one-year period. In return for covering losses associated with certain specified risks under its various insurance products and services, the Company receives premiums paid by the customer at the inception of the policy.

Reinsurance Agents

The Company is supported by its reinsurance broker, J.B. Boda (UK) Ltd. and also by its reinsurers, whose treaties have effect from 1 January 2016 for 12 months and whose most recent security ratings available prior to publication of the prospectus are as follows:

REINSURANCE COMPANY	STANDARD AND POORS RATING*	AM BEST RATING*
QBE Insurance (Dublin)	A+	
General Insurance Corporation of India (UK & Mumbai)	-	A-
Hanover Re (Germany)	AA-	
Odyssey Re (Miami)	AA-	
Munich Re (Germany)	AA -	A+
Everest Re (Miami)	A+	-
Sirius International Insurance (UK Branch)	A-	-
Korean Re	A	-
National Insurance Company Limited (India)	-	BBB+
United India (India)	-	BBB+
New India Assurance Co. Ltd. (India)		A-
Partner Re (Zurich)	A+	A+
SCOR Re (Miami)	AA+	-

* Please note that the ratings set out above are subject to change.

People

In 2011 the Company suffered the loss of its founding shareholder and long – term Chairman, Sonny Gobin. The management of the Company transitioned to the next generation inclusive of Sandra Masterton, Managing Director, who has spearheaded the Company's recent drive to increase its market share during a difficult and turbulent economic period. She is supported by her sisters Natalia Gobin – Gunter, Executive Chairman & Deputy Managing Director and Kala Abrahams, Director, as well as by experienced non – executive directors and the Mentor.

The Company presently has a staff count of 91 of which 9 are members of the senior management team. The members of the senior management team each have 14 or more years of experience in the Jamaican insurance and financial services Industry. They are backed by a team of 82 staff members.

The Company is committed to maintaining employees' insurance qualifications and also, developing its knowledge of industry best practice. Employees are required to participate in ongoing training and/or continuing education with regard to their professional qualifications.

The Company also conducts both short term and year - long internship programs for high school and university students. These internships provide students and recent graduates with an understanding of the insurance industry and work experience.

7.3 Permits, licences, and certificates

As at the date of this Prospectus, the Company has the following certifications:

TYPE OF CERTIFICATE	BRIEF DETAILS
Financial Services Commission **Certificate of Registration for a General Insurance Company**	Issued under Regulation 7 of the Insurance Act. The certificate is issued 25 April 2008 (no. 00038(G). It permits the Company to carry on the following classes of insurance: 1. Accident Insurance Business 2. Liability Insurance Business 3. Marine Aviation & Transport Insurance Business 4. Motor Vehicle Insurance Business 5. Pecuniary Loss Insurance Business 6. Property Insurance Business
Tax Compliance Certificate	The Company has a Tax Compliance Certificate from the Ministry of Finance and Planning that is current to 16 May 2016 The certificate confirms that the Company has satisfied the statutory requirements in respect of income tax (including Pay As You Earn income tax), General Consumption Tax, Special Consumption Tax (as applicable), Education Tax, National Insurance Scheme, National Housing Trust and H.E.A.R.T. contributions for the cited period.

7.4 Applicable Regulation

The business of the Company is regulated by the FSC in accordance with the Insurance Act, 2001 and regulations made thereunder, including the Insurance Regulations 2001. The FSC is responsible for the supervision of life, general and health insurance companies and also, insurance intermediaries and has wide supervisory powers including the following:

1. The power to grant, refuse, suspend and cancel the registration of an insurance company.
2. The power to approve all insurance policies before they are offered to the public.
3. The power to conduct examinations of each insurance company's affairs or business at least once annually and to order corrective measures as may be required.
4. The power to investigate operational irregularities and take corrective action.
5. The power to review annual statements, corporate data, partnerships and business practices of insurance companies.
6. The power to verify the competence and integrity of directors, managers and other decision makers acting on behalf of insurance companies, in keeping with the fit and proper criteria.
7. The power to consent (or not consent) to the amalgamation or transfer of the business of the Company in whole or part.
8. The power to apply to the courts for the winding up of the Company (whether or not it is insolvent).

The Insurance Act requires all Shareholders with 10% or more of the Shares and also all Directors of the Company to be 'fit and proper' (as defined by the said legislation. Accordingly, the Articles of Incorporation of the Company contain provisions that restrict the holding of Shares by persons, or the appointment of persons as Directors, who do not meet that standard.

The Insurance Act and Regulations made thereunder also regulate the conduct of the proposed general insurance business of the Company inclusive of holding of sufficient capital and reserves, and the establishment of corporate governance mechanisms for the Company.

JSE Supervision

If the Invitation is successful and the Shares are listed on the Junior Market Rules the Company will be subject to the Junior Market Rules, and to issue quarterly and audited annual financial information as well as timely announcements, and to maintain certain standards of good corporate governance.

7.5 Details of the Company

(1) Incorporation

The Company was incorporated on the 11th day of October 1982 as a private company with limited liability (no. 21,807). It is currently in good standing with the Companies Office of Jamaica.

(2) Capital Structure of the Company

As at the date of this Prospectus and prior to the launch of the Invitation, the authorised and issued Share capital of the Company was as follows:

Authorised Shares	496,000,000
Issued Shares prior to Invitation	315,770,960

Assuming that the Invitation is successful the number of Shares in issue following the Invitation will be as follows:

Issued Shares prior to Invitation (including Sale Shares)	315,770,960
Add: Maximum to be issued in the Invitation*	52,689,903
Total issued Shares after successful Invitation*	368,460,863

* This does not take into account the Overallotment Option.

(3) Recent Capital Restructuring

At an extraordinary general meeting the shareholders of the Company approved the following actions in respect of the capital structure of the Company:

- The re-registration of the Company as a public company in accordance with the Companies Act, adopted new Articles of Incorporation for that purpose
- The increase of the authorized share capital
- The subdivision of each Share
- The disapplication of any pre-emption rights, howsoever arising, for the purposes of the issue of new Shares for subscription in the Invitation including under the Overallotment Option
- The conversion of all fully paid Shares to stock on issue.

7.6 Taxation

(1) Junior Market Companies Generally

If the Invitation is successful in raising at least $119.0 million, the Company will close the Invitation on the Closing Date of Wednesday, 30 March (or earlier) and make an expedited application to list the Ordinary Shares on the Junior Market by Thursday 31 March 2016. If the application is successful, the Directors anticipate that the Company will be able to take advantage of a special concessionary tax regime that is set out in the Seventh Schedule to the Income Tax Act. Assuming that conditions specified in that Schedule are met the Company will not be liable to pay any corporate income tax for 5 years after the Shares are listed on the Junior Market. If the Shares are not listed by 31 March the Company will not be eligible for any tax relief unless the Government extends or renews the Junior Market tax concession.

(2) Ordinary Shares

Section 17(1)(d) of the Transfer Tax Act provides that transfers of Ordinary Shares made in the ordinary course of business on the JSE will not attract transfer tax. The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty. On the other hand, off – market transfers of the Ordinary Shares not made on the JSE attract both transfer tax and stamp duty, the combined rate of which is currently approximately 6%.

Section 30(b)(iii) of The Income Tax Act provides that, as from 1 April 2013 the rate of income tax payable on dividend income received by holders of ordinary shares of companies listed on the Jamaica Stock Exchange is 15%. Such tax is to be withheld at source. On the other hand dividends paid by the Company to Shareholders who are not resident in Jamaica is subject to withholding tax at the rate of $33^{1}/_{3}$% if the payment is made to a person other than an individual, or 25% if the payment is made to an individual. Shareholders who are exempt from withholding tax or who reside in countries that have entered into a double taxation treaty with Jamaica may be subject to lower or higher rates of income withholding tax on any dividends they may receive than that applicable to residents of Jamaica.

Prospective investors also should seek advice on the taxation of listed companies and their prospective investment in the Shares of the Company from a professional adviser, and should not rely on the summary set out above.

7.7 Shareholdings in the Company Before and After the Invitation

As at the date of this Prospectus, the holdings of the Directors and their connected persons, and the general public, in the Ordinary Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES PRIOR TO INVITATION	% OF ISSUED SHARES PRIOR TO INVITATION
Selling Shareholders[1]	315,770,960[1]	100%
Total	**315,770,960**	**100%**

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by the Reserved Share Applicant, the percentage shareholdings in the Company will be as follows:

NAME OF SHAREHOLDER	NUMBER OF SHARES AFTER SUCCESSFUL INVITATION	% OF ISSUED SHARES AFTER SUCCESSFUL INVITATION

[1]The Selling Shareholders (S. Masterton, N. Gobin-Gunter and K. Abrahams) are each interested in 1/3 of the number of Shares specified in the table. Of those Shares 59,264 Shares representing 0.02% of the issued capital of the Company prior to the Invitation, are beneficially owned by the Selling Shareholders by way of share transfer and/or probate. The formal transfers are pending.

2 – See 1. above.

		(ROUNDED)
Selling Shareholders[2]	276,345,648[2]	75%
JMMB Securities	73,692,172	20%
General Public	18,423,043	5%
Total	**368,460,863***	**100.00%**

* In the event of excess demand the Company reserves the right to exercise the Overallotment Option to make up to 18,423,042 additional Shares available and in that event depending on the number of additional Shares offered for sale and/or subscription the percentage holdings in the Company will differ from those presented above. subscription

7.8 Intellectual and Real Property

As at the date of this Prospectus, the Company has the following interests in real and intellectual property:

TYPE OF PROPERTY	DETAILS
48 Paddington Terrace, Lot 75 Kingston 6 Volume 1269 Folio 762	Owned property. Subject to restrictive covenants regarding subdivision, building, use of land and fencing, for the benefit of the registered proprietors of land comprised in Certificate of Title registered at Volume 453 Folio 56.
9 Altamont Crescent, Kingston 6, Lot 4 Volume 1209 Folio 585	Owned property. Subject to restrictive covenants regarding use of land.
12 Liguanea Avenue, 19 Liguanea Mews, Kingston 6, Lot 4 Volume 1066 Folio 127	Owned property. Subject to restrictive covenants regarding subdivision, building, use of land, fencing, for the benefit of lands comprised in the plan of 10 and 12 Liguanea Avenue. Includes an easement for the benefit of the registered proprietor to pass and repass for any purpose over the land comprised in Certificate of Title registered at Volume 383 Folio 53.
Block 27, Riverton City, Lot 20 Trelawney Crescent Volume 997 Folio 407	Owned property. Subject to restrictive covenants regarding subdivision, fencing, sewage, land water, and a right granted to certain local road and utility providers, to enter upon the premises for specified reasons, for the benefit of the registered proprietors of land comprised in Certificate of Title registered at Volume 674 Folio 87.
6C Cross Roads, Kingston 5, Lot 9 Volume 1242 Folio 249	Owned property. Subject to restrictive covenants regarding subdivision, building, use of land, fencing, and a right granted to the Road Authority to enter upon the premises for specified reasons, for the benefit of the Palace Amusement Company (1921) Limited and the Cinema Company of Jamaica Limited.
6C Half-Way-Tree Road, Kingston 5, Lot 8 Volume 608 Folio 41	Owned property. Subject to restrictive covenants regarding subdivision, building, use of land, and fencing, and a right granted to the Road Authority to enter upon the premises for specified reasons, for the benefit of the Palace Amusement Company (1921) Limited and the Cinema Company of Jamaica Limited.

8 Half-Way-Tree, Kingston 5, Lots 3-8 & 38 Volume 1448 Folio 277	Owned property. Subject to restrictive covenants regarding subdivision, building, borders, use of land, fencing, and an easement in favour of the Road Authority, for the benefit of the registered proprietors of land comprised in Certificate of Title registered at Volume 323 Folio 17 and Volume 114 Folio 74.
19 Knutsford Boulevard, Lot 304 Volume 956 Folio 546	Owned property. Certificate of Title registered under the Registration of Titles Act, subject to restrictive covenant regarding land water.
21 Knutsford Boulevard, Lot 305 Volume 956 Folio 547	As above.
22 Knutsford Boulevard, Lot 310 Volume 954 Folio 308	As above.
20 Knutsford Boulevard, Lot 311 Volume 954 Folio 309	As above.
18 Knutsford Boulevard, Lot 312 Volume 954 Folio 310	As above.
Shop 35B, Portmore Mall Portmore, Saint Catherine	Month-to-month tenancy - annual rental of J$1,020,000 plus GCT, payable in equal monthly installments of J$85,000 alongside a maintenance payment of J$15,000 plus GCT per month (subject to increase).
2 Bryants Crescent, Suite #1 May Pen, Clarendon	Three - year lease with option to renew for a further 3 years on 3 months' written notice prior to expiry. Terminable on 3 months written notice as aforesaid. Current rental is $65,000 plus GCT. Maintenance is $65,000 plus GCT. The Company also pays an additional $10,000 for security. The lease expires July 2016 and the Company has agreed with the landlord to renew.
Shop #6 Central Plaza 8 Villa Road Mandeville, Manchester	Three - year lease ending 1 September 2016. Current rental of $90,000 plus GCT per month. Terminable by two (2) months' prior notice in writing.
73 Main Street Ocho Rios, Saint Ann	Three - year lease ending 1 January 2017. Option to renew for a further 1 - year period on not more than 6 months' and not less than 60 days' prior written notice. Terminable on twelve (12) months' written notice. Current rental of J$70,000 plus GCT and maintenance charges of J$43,000 plus GCT.
Unit 15, Fairview Office Park, Bogue Estate, Saint James (Vol. 1219 Fol. 753)	Five - year lease ending 1 April 2016. Option to renew for renewable for a further 5 year period on 2 months' written notice. Current rental is US$1,771.59 plus GCT. Current maintenance is US$417.50 plus GCT. As of 1 April 2016, the Company will be relocating to a larger leased premises with the same landlords. A part of this lease property is sublet to Marathon Insurance Brokers Limited who are on a month to month tenancy with monthly rental $69,000 in addition to 1/3 of the cost of electricity supplied to the property. Once the abovementioned move occurs, the Company will enter into a new sublease with Marathon Insurance Brokers.
Trademark	**Key Insurance Company Limited 30th Anniversary** words and logo. Application filed under the Trademarks Act on 14 May 2015 (classes 16 & 35).

Trademark	**Key Insurance Company Limited Drive n' Fly Policy** words and logo. Application filed under the Trademarks Act on 14 May 2015 in respect of classes 6, 9, 14, 16, 18, 20, 21, 25, 35 & 36.
Trademark	**Key Insurance Company Limited** words and logo. Application filed under the Trademarks Act on 14 May 2015 in respect of classes 6, 9, 14, 16, 18, 20, 21, 25, 35 & 36.
Trademark	The words and logo **Key Insurance Company Limited, the Key to Peace of Mind** registered as of 5 June 2006 and renewed 14 May 2015, in respect of classes 14, 16, 21, 25, 28, 35, 36, 37, 39 41, 42, 44, 45. Application filed under the Trademarks Act on 14 May 2015 to increase the number of classes: 6, 9, 14, 16, 18, 20, 21, 25, 35, & 36.
Trademark	**The Key to Peace of Mind**. Application filed under the Trademarks Act on 14 May 2015 in respect of classes 16, 35 & 36.
Trademark	**Travel in Confidence knowing You're Covered**. Application filed under the Trademarks Act on 5 February 2016 in respect of classes 6, 9, 14, 16, 18, 20, 21, 25, 35 and 36.
Trademark	**Medi-Shield Jamaica**. Application filed under the Trademarks Act on 14 May 2015 in respect of classes 6, 9, 16, 35 & 36.

7.9 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons ("counterparties") in the 2 years preceding the date of this Prospectus:

DATE	COUNTERPARTY	AMOUNT	BRIEF DETAILS
REINSURANCE ARRANGEMENTS			
12 Months from 1 January 2016	Direct Reinsurers: Munich Re (Germany) Various Reinsurers: Everest Re (Miami); and QBE Re (Europe)	As set out in the policy	**Fire Catastrophe Excess of Loss Treaty:** Covering all classes of industrial, commercial and residential strata business (including consequential loss covers, all risks covers and machinery breakdown) and various classes of engineering insurance, amongst other things. Exclusions and limits apply as stated in the treaty.
	Direct Reinsurers: Munich Re; Odyssey Re; and Korean Re Various Reinsurers: General Insurance Corporation of India (London); Everest Re (Miami); National Insurance Company Limited (India); United (India); New India	As set out in the policy	**Fire First Surplus Treaty:** Covering fire and catastrophe losses relating to all classes of industrial, commercial and residential including residential strata business (including consequential loss and all risks covers), amongst other things. Exclusions and limits apply as stated in the treaty.

	Assurance Company Limited (India); Partner Re (Zurich); Hanover Re (Germany); SCOR Re (Miami); QBE Re (Dublin)		
	Various Reinsurers: QBE Insurance (Europe) Limited; General Insurance Corporation Re (Mumbai); Hannover Re (Germany); Odyssey Re (Miami)	As set out in the policy	**Motor Excess of Loss Treaty:** Covering all hazards to motor vehicles. Exclusions and limits apply as stated in the treaty.
	Various Reinsurers: QBE Insurance (Europe) Limited (Dublin); General Insurance Corporation of India (Mumbai); and Hannover Re (Germany)	As set out in the policy	**Miscellaneous Accident Quota Share Treaty:** Covering all risks, burglary – business premises, money, fidelity guarantee - commercial, inland transit, all risks contractors equipment, baggage, bankers blanket bond, medical malpractice, personal accident, plate glass amongst others. Exclusions and limits apply as stated in the treaty.
	Direct Reinsurers: Munich Re (Germany), Various Reinsurers: General Insurance Corporation of India (UK branch); Everest Re (Miami); Hannover Re (Germany)	As set out in the policy	**Engineering Quota Share Treaty:** Covering all classes of insurance in engineering stated in the treaty, including contractors all risks, erection all risks/ machinery breakdown, boiler and pressure vessel explosion insurance, contractors plant all risks insurance, computer all risks insurance, solar panels, solar water heaters, windmills equipment insurance, comprehensive machinery insurance amongst others. Exclusions and limits apply as stated in the treaty.
	Everest Re (Miami)	As set out in the policy	**Liability Quota Share Treaty:** Covering employer's liability, general public and products liability, professional indemnity and directors and officer's liability. Exclusions and limits apply as stated in the treaty.
	Sirius International Insurance, (UK Branch)	As set out in the policy	**Group Personal Accident Quota Share Treaty.** This treaty covers accidental death, loss of limbs, and permanent or temporary partial/total disablement or disability, amongst other things. Exclusions and limits apply as stated in the treaty.

	Sirius International Insurance, UK Branch	As set out in the policy	**Travel Quota Share Treaty:** Covering accidental death, medical expenses for accident and sickness including medical evacuation, emergency dental, in hospital benefits, prescription, emergency family travel, lost luggage, baggage delay, death repatriation, legal fees, trip cancellation and interruption, worldwide assistance 24 hours, and public liability. Exclusions and limits apply as stated in the treaty.
AGENCY AND BROKER AGREEMENTS (BINDING AUTHORITIES)			
Various Dates	Insurance agencies: Chancellor Insurance Agency Limited Axia Jamaica Insurance Agency Limited Riviera Insurance Agency Limited Brokers: Allied Insurance Brokers Limited Assurance Brokers of Jamaica Limited Billy Craig Insurance Brokers Limited Caribbean Assurance Brokers Limited CGM Gallagher Insurance Brokers Jamaica Limited Covenant Insurance Brokers Limited Desmond Mair Insurance Brokers Limited Firm Insurance Brokers Limited Fraser Fontaine and Kong Insurance Brokers Limited Genesis Insurance Brokers Limited Jamaica Citadel Insurance Brokers Limited JMMB Insurance Brokers Limited Law Insurance Brokers Limited Marathon Insurance Brokers Limited MGI Brokers Limited National Property & General	Commission as per relevant agreement	Agreement with various insurance agencies registered under the Insurance Act, to procure and write certain types of general business for the Company in return for a commission. These arrangements are referred to as 'binding authorities' and the relevant insurance agents must follow criteria set by the Company. The Agreements are generally terminable in any of the following events: material breach; or by 90 days' prior written notice; or if the registration of the agent is suspended or cancelled by the FSC, or if the agent commits an act of gross negligence, fraud or misrepresentation.

	Insurance Brokers Limited Orion Insurance Brokers Limited Progressive Insurance Brokers Limited Solid Life and General Insurance Brokers Limited Spectrum Insurance Brokers Limited Thwaites Finson Sharp Insurance Brokers Limited		
OTHER MATERIAL AGREEMENTS			
11 December 2015	JMMB Securities Limited	3.25% of the funds raised in the Invitation, exclusive of GCT	Agreement for the provision of Financial advisory and lead brokerage services in the Invitation and Sale.

The material contracts include the real property leases described in section 7.8.

7.10 LITIGATION

As a registered general insurance company the Company acts as plaintiff and defendant as a routine part of its business from time to time.

Notwithstanding the foregoing, as at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

7.11 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

As at the date of this Prospectus, the following charges within the meaning of section 93 of the Companies Act) were registered against the public file of the Company maintained by the Companies Office of Jamaica (these related to the system of registration prior to the introduction of the Security Interests in Personal Property Act, 2013):

Debenture created on 30 September 1991 and registered on 16 October 1991 to cover banking facilities to the holder, Century National Bank with amount secured being $8,919,178. The Company considers that the loan relating to the above charge was repaid and that on that basis there is no longer any security interest, although it may be difficult to discharge the reference to the original debenture for the purposes of rectifying the public file of the Company, if there are no longer any signatories for Century National Bank.

There are no security interests filed against the name of the Company at the National Security Interest Personal Property Registry of Jamaica

7.12 DIVIDEND POLICY

The Board expects to declare and pay an annual dividend on the Ordinary Shares that amounts to not less than 25% of net profits available for distribution, subject to there being profits available for that purpose and also, to the need for the Company to retain earnings for growth and/or regulatory purposes from time to time.

SECTION 8: BOARD OF DIRECTORS AND EXECUTIVES

8.1 DETAILS OF THE DIRECTORS

Brief biographical details of the Directors and Mentor of the Company appear below. The Directors' residential addresses are set out in Section 13.1 and all of them may be contacted for business purposes at the registered office of the Company.

SANDRA MASTERTON, Managing Director

Sandra Masterton started her insurance career in 1988 with an internship at Key Insurance Company Limited. She was granted a Designation as an Associate of the Insurance Institute of Canada (AIIC) in October 1990. She was appointed as the Company's Deputy Managing Director and later promoted to the post of Managing Director in August of 2012. Mrs. Masterton is a Fellow Chartered Insurance Professional of the Insurance Institute of Canada since October 2000 having completed her studies through the University of Toronto in Canada. Mrs. Masterton also serves as the Broker Liaison for the Insurance Association of Jamaica.

NATALIA GOBIN-GUNTER, Executive Chairman & Deputy Managing Director

Natalia Gobin-Gunter has worked in the insurance industry in Jamaica for the past 23 years. She was appointed to the role of Deputy Managing Director in September 2015. Natalia for four years served as the Company's compliance officer and previous to that held the post of Director of Administration and Operations. She is currently a Trustee of the Company's Pension Plan and sits on the Company's Loans and Investment and Conduct Review Committees. Ms. Gobin-Gunter is also a member of the Fraud Sub-Committee of the Insurance Association of Jamaica on behalf of the Company and has sat on the Marketing Sub-Committee for the Insurance Association of Jamaica. She has served as an expert witness in the courts on behalf of the company. Ms. Gobin Gunter holds a B.A. from York University in Toronto, Canada.

KALA ABRAHAMS, Executive Director

Kala Abrahams is an executive Director of the Company and is also the Purchasing Manager with responsibility for all commodity items across the various locations. Ms. Abrahams joined the Company in 1997, and 'worked her way up the ranks' in various posts including Clerical Officer, Underwriting Clerk, Purchasing Officer and Management Trainee. Ms. Abrahams studied at George Brown College in Toronto, Canada before coming to Jamaica and joining the company.

CHARLTON HYLTON, Chief Financial Officer

Charlton Hylton is an executive Director of the Company. Previously, Mr. Hylton was Partner in his own accounting firm, C. R. Hylton & Co. for over 12 years, and has held various positions in the Company. He was appointed Chief Financial Officer for the Company in 2007. Mr. Hylton sits on the Company's Loans and Investment, and Conduct Review Committees. He became a Fellow of the

Association of Chartered Certified Accountants in August of 2000, and he is also a graduate of the CPA examinations with the California State Board of Accountancy in the United States of America.

KEITH COLLISTER, Independent Non Executive Director since August 2012

Keith Collister is an Independent Non-Executive Director of the Company. Mr. Collister is currently the Director for Special Projects in the Finance and Planning Division of the Sandals Group and Chairman of the Appliance Traders Limited Pension Fund. He is also a Director of the Jamaica Chamber of Commerce and a Member of the Private Sector Organization of Jamaica's Economic Policy Committee. Mr. Collister has previously acted as consultant to the Inter-American Development Bank and the Economic Commission for Latin America and the Caribbean. He is also a financial journalist who has contributed to various publications including the Jamaica Observer, the Daily Gleaner, Latintrade, Latinfinance, the Financial Times' Banker Magazine. Mr. Collister holds an M.A. in Economics from Cambridge University, a Diploma in Accounting and Finance from the London School of Economics and an M.B.A. in International Banking and Finance from Birmingham Business School.

STEPHEN ALLEN, Independent Non-Executive Director since June 2007

Stephen Allen is an Independent Non-Executive Director of the Company and serves on the Company's Audit Committee**.** He previously worked as the Financial Controller of the Company during the years 1986 to 1988 before starting his own accounting practice, James Allen and Company. He has over 35 years experience in auditing. Mr. Allen, a Wolmers High School "old boy", is registered with the Institute of Chartered Accountants of Jamaica. He earned his designation of ACCA through the Association of Certified and Corporate Accountants in England before registering with the Institute of Chartered Accountants where he earned the designation of Fellow of Chartered Accountants. He has lectured on Taxation for the Institute of Chartered Accountants of Jamaica.

MICHAEL FRASER J.P., C.L.U. (Mentor)

The role of the Mentor to the Board is to support the corporate governance and regulatory compliance efforts of the Directors and the Company. Michael Fraser is a Chartered Life Underwriter (C.L.U.) who has worked in the insurance industry in Jamaica for over 30 years. He served as President and Chief Executive Officer of Island Life Insurance Company Limited and Deputy Chief Executive Officer and Chief Marketing Officer of Sagicor Life Jamaica Limited. He is currently the President & Chief Executive Officer of Sagicor Life of the Cayman Islands Limited, and is a Director of Sagicor Insurance Brokers Limited and Sagicor X Fund. Michael is a Past President of the Life Underwriters' Association of Jamaica and, in 1999, was voted "Insurance Man of the Year" by the Association. In 2005, he was inducted into the Caribbean Insurance Hall of Fame. He is currently the Vice Chairman of the Jamaica Cancer Society, and also sits on the Board of Directors of AMG Paper & Packaging Limited where he is also the Mentor to the Board.

8.2 GENERAL LEGAL COUNSEL & COMPANY SECRETARY

TREVEEN LITTLE, General Legal Counsel and Company Secretary

Treveen Little is the General Legal Counsel and Company Secretary of the Company, with oversight of insurance claims, settlement negotiations, and overall legal affairs. Treveen graduated from the Norman Manley Law School in 2010 and joined the Company in January 2014. She is a certified Corporate Secretary and a Supreme Court Mediator. Treveen also holds an LLM in Commercial & Corporate Law from the University of the West Indies (Cave Hill).

8.3 SENIOR MANAGERS

HEATHER BOWIE, Manager of Claims Operations

Heather Bowie is the Company's Manager of Claims Operations and has been with the Company for over 28 years. She holds a Masters in Business Administration (Finance) from the Manchester Business School, University of Manchester (U.K.). She is a Fellow of the Chartered Insurance Institute (FCII) and is a Chartered Insurance Professional (CIP). Heather has over thirty-five years experience in the Jamaican general insurance industry.

CARLA ISSACS, Reinsurance Manager

Carlene Isaacs is the Company's Reinsurance Manager, She joined the Company in 2009 as a Reinsurance Technician, and was later promoted to Reinsurance Manager. Carlene holds a B.Sc., in Management and Accounting from the University of the West Indies, a Diploma in Business Administration from the University of Technology and a Diploma in Insurance from the College of Insurance and Professional Studies. She has attended reinsurance training seminars including with the Heath Fielding Reinsurance Broking, and has also completed the Mercantile and General International Reinsurance Course in England.

SOPHIA PHILLIPPS, Underwriting Manager

Sophia Philips is the Underwriting Manager of the Company. Following a period of time abroad She was invited to rejoin the Company as an Underwriting Manager in 2009. Sophia holds a Bachelor of Arts in Political Science and Philosophy from Concordia University, Canada and is a Charted Insurance Professional.

RICHARD COOK, Systems Manager (Acting)

Richard Cook is the Acting Systems Manager. He began his career with the Company in 2007 as a Systems Administrator and later, as a Junior Property Underwriter. He graduated from the Northern Caribbean University with a B.Sc. in Information Technology and a Minor in Communications. Richard also attended the College of Insurance and Professional Studies and is a certified Salesman for motor, property, liability and accident insurance, having been certified by the Financial Services Commission. He is further certified in web design and maintenance, desktop publishing, and webmaster site development and networking.

8.4 DIRECTORS' INTERESTS IN ORDINARY SHARES

The Directors' interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus are set out below:

DIRECTOR	% OF SHARES BEFORE INVITATION	% OF ISSUED SHARES AFTER SUCCESSFUL INVITATION
Sandra Masterton	**33.33%**	**25%**
Natalia Gobin - Gunter	**33.33%**	**25%**
Kala Abrahams	**33.33%**	**25%**

If the Overallotment Option is exercised the Company may make more Shares available for sale by the Selling Shareholders and purchase by Applicants. In that event the results in the right hand column would decrease correspondingly with the number of additional Shares for sale.

Save as set out above, no Director (or senior Manager) receives Shares, or options in respect of Shares, in consideration of the services rendered by him or her to the Company.

8.5 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has established the following committees in accordance with the Insurance Act and regulations made thereunder, and Junior Market Rules of the JSE. The members of each committee of the Board and a summary of its terms of reference are as follows:

AUDIT AND COMPLIANCE COMMITTEE	TERMS OF REFERENCE
Stephen Allen (Independent Chairman)	Oversight of good fiscal discipline, financial reporting, timely disclosure, and compliance.
Keith Collister (Independent Member)	
Sandra Masterton (Member)	
Nicola Cooper (Independent co-opted member)	
Alistair Mcbeath (Independent co-opted member)	

REMUNERATION COMMITTEE	TERMS OF REFERENCE
Keith Collister (Independent Chairman)	Oversight of the Company's remuneration arrangements of the Directors and senior officers.
Stephen Allen (Independent Member)	
Natalia Gobin-Gunter (Member)	

CONDUCT REVIEW	TERMS OF REFERENCE
Keith Collister (Independent Chairman)	Oversight of written procedures with a view to identifying situations of potential conflicts of interests and related party agreements, and to and preventing self-dealing.
Stephen Allen (Independent Member)	
Natalia Gobin-Gunter (Member)	

LOANS AND INVESTMENTS COMMITTEE	TERMS OF REFERENCE
Keith Collister (Independent Chairman)	Oversight of written procedures governing investment and lending decisions and in managing investments and loans with a view to identifying situations of potential conflicts of interests and preventing self-dealing.
Natalia Gobin-Gunter (Member)	
Blossom Hanchard (Independent co-opted member)	
Peter Thompson (Independent co-opted member)	

The Board of Directors is acutely aware that insurance companies are subject to regulatory oversight by the FSC under the Insurance Act and regulations made thereunder and in addition must comply with other legal regimes for the purposes of anti-money laundering, FATCA compliance, and employee and other procedures. Given that significant reputational risk and financial penalties for non - compliance of such legislation and regimes the Board considers that it is critical to establish a robust compliance function for the Company.

8.6 DIRECTORS' FEES

Each non - executive Director and also, the Mentor receives a stipend of $30,000 per annum and reimbursement of reasonable fees and expenses, for attendance at each meeting of the Board of the Company, or any Committee thereof.

The salaries of the Executive Directors are being reviewed and adjusted upwards to better reflect current market levels and customary executive emoluments.

SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Overview

The Company commenced underwriting in 1993, and to date has remained a stand alone entity. During 2011, there was a successful transition from full ownership and control by the founder, Sonny Gobin (deceased), to the next generation of his family members, Sandra Masterton (Managing Director), Natalia Gobin – Gunter (Executive Chairman & Deputy Managing Director), and Kala Abrahams, who are also the Selling Shareholders.

In 2013 the Company underwent a significant restructuring exercise to facilitate growth through efficiency. This exercise resulted in the consolidation of the New Kingston branch with the Cross Roads branch as well as the relocation of the head office to the Cross Roads branch. In addition, the Company acquired the properties previously rented from related parties that housed its Cross Roads operations. These initiatives, along with others, resulted in a reduction in the operating expenses and a growth in premium income.

The Company strives to consistently apply prudent underwriting practices, including careful risk selection and technical pricing. It also aims to manage its exposure to capital - intensive long-tail liability insurance lines. The Directors consider that the Company's accident - year loss ratios, as adjusted, will continue to improve due to these actions, which are continuing. The Company also sets and publishes rate guides in order to provide its clients with insurance solutions that are affordable which also serve to limit the Company's exposure in the event of a claim.

If the Company successfully raises at least $119.0 million from subscriptions of the Shares in a successful Invitation (excluding the proceeds of any exercise of the Overallotment Option), the Directors will apply to list the Shares on the Junior Market on an expedited basis. If the application is successful the Company would deploy a large part of the proceeds of the Invitation to the following:

- Making technological improvements for business origination, renewals and claims reporting, in order to assist the Company to compete effectively with other local insurance providers
- Improving the customer experience at certain branches where walk – in customers are prevalent
- Making investments

9.2 Local competition and the Company

The Directors consider that the local market for general insurance features a high degree of competition for business in both motor and non – motor lines. They also recognise that competition typically leads to substantial rate decreases, as insurers fight to either retain or win new business. In response, the Directors have focussed on strengthening the Company's existing alliances and forging new ones with business introducers, inclusive of brokers and agents, in order to gain a competitive advantage. Certain strategic alliances with key broker partners accounted for the growth in the Company's premium income of 32% in financial year 2015, when compared with financial year 2014. This also assisted the Company to reposition itself in the motor market and also to increase its market share in motor premiums in financial year 2015 to 4%, up from 2% market share during financial year 2014. The Company also aims to compete through visibility inclusive of the provision of an island-wide branch network to service customers and has succeeded in attracting business in this manner.

9.3 Other factors affecting the Company's business

The Company's business is affected by industry and economic factors such as interest rates, currency exchange rates, credit and equity market conditions, catastrophic claims events, regulation, tax policy, competition, and general economic, market and political conditions. The Directors consider that the Company faced challenging market conditions during financial year 2015, characterised by factors such as historically low interest rates, falling premium rates, increase litigation on claims and instability in the global markets. The Directors also consider that interest rates remain low relative to historic levels (particularly with respect to Government securities since the Jamaica Debt Exchange (JDX) in 2010 and the National Debt Exchange (NDX) in 2013), and that this has affected the Jamaican

insurance industry (and others) by reducing investment returns in recent years. In addition, the Directors note that current market conditions resulted in insurance companies inclusive of the Company decreasing rates in order to compete for business, and that this created a challenge for all players in the local sector, particularly as international reinsurers demanded stable or improved rates.

The Directors further believe that, despite the fact that the Company is the smallest player in the local industry, the Company has continued to promote prudent underwriting practices and risk management strategies and this, combined with the growth in premium income and increased capital base assuming all shares in the Invitation are subscribed will provide the Company with a platform fo a greater rate of growth.

9.4 Operating Results

The 2015 financial year was a relatively good one for the Company, as it reported significant improvement in its gross premium written and total net earnings compared to the prior year. Gross premium written was $961M, a growth of 32% when compared with the $729M reported for 2014. Total comprehensive income was $52M in 2015 compared with the 15M reported for 2014. The Directors consider that this improvement resulted from the following factors:

(a) improved strategic relationships with certain brokers and agents who moved substantial portions of their business to the Company;
(b) one – off revaluation gains on properties owned by the Company and
(c) capital gains on the Company's portfolio of equities.

The Company's expense ratio also declined to 33.14% in financial year 2015 from the 40.84% reported for the prior year, as a marginal growth in administration expenses was offset by the 32% growth in gross premium income.

Minimum Capital Test Ratio

The Company's insurance ratios over the past 5 years demonstrate its improved performance year over year when compared with the regulatory standards as demonstrated by the table below.

Regulatory Standard	Key Insurance Company Limited					FSC Standard	
	2015	**2014**	**2013**	**2012**	**2011**	**Min**	**Max**
Reinsurance Test	49%	47%	44%	41%	44%	**30%**	**70%**
Amounts Due from Agents & Brokers to Capital & Surplus	3%	5%	2%	1%	-2%		**15%**
Liquid Assets to Total Liabilities	134%	103%	59%	64%	100%	**95%**	
Loss Reserves to Capital & Surplus	78%	85%	98%	98%	100%		**250%**
Solvency Ratio	93%	81%	65%	64%	66%	**25%**	
Insurance Risk Ratio	49%	41%	39%	38%	40%	**0%**	**300%**
Underwriting Ratio	110%	123%	158%	145%	150%		**100%**
Change in NPW	39%	15%	1%	-1%	2%	**-33%**	**33%**
Claims Ratio	24%	18%	25%	18%	22%		
Minimum Capital Test	347.44%	340.14%	246.62%	268.33%	238.81%	**250%**	

The Company reported improved Minimum Capital Test (MCT) of 347.44% as at the end of the 2015 financial year. The MCT is a measure of the adequacy of the company's capital base to withstand losses that may be caused by the risks underwritten at any given point in and demonstrates the Company's solvency for regulatory purposes. The Directors consider that the MCT result was partly driven by the increase in Shareholders' Equity to $881M as at 31 December 2015 up from the $829M

on the same date in 2014. The Company's claims ratio for 2015 was 24% which, according to the 2015 general statistics from the Insurance Association of Jamaica, is among the best in the industry for the same period.

Claims

The Directors consider that in the general insurance industry, a significant growth in premium income typically has an associated risk of an increase in claims incurred. The Company manages this risk by implementing underwriting best practices and prudent risk management.

The Company's claims ratios have experienced marginal fluctuations over the last 5 years and are considered favourable when compared to the the industry. This results from the Company's prudent underwriting practices

The actuarial reserves for claims Incurred But Not yet Reported (IBNR) increased significantly during 2015 as a result of the 32% increase in gross written premium during the same period. IBNR represents management's best estimate of unreported claims as well as the amounts by which existing reserves will increase by the time those claims are settled and discharged.

The 2015 claims ratio rate of 24% was driven primarily by actuarial reserves of over $60M for the estimate of IBNR. The annual review of the IBNR reserve may result in either a positive or negative adjustment to our profits in the following financial year.

Change in Net Premium Written

The sharp increase in net premium written during 2015 was driven by a 35% increase in the motor portfolio business of the Company. With the exception of excess of loss reinsurance coverage, the Company does not cede its motor premiums to reinsurers and therefore the increase was largely retained.

Underwriting Ratio

The Company's underwriting ratio is a measure of its ability to cover its insurance and operating expenses from premiums and commissions earned during the period: a ratio of less than 100% signifies an underwriting profit, while a ratio above 100% signifies an underwriting loss. The Company's underwriting ratio has been improving steadily for the last 5 years, reaching 110% in 2015.

The Company has implemented significant cost cutting measures and strategies to increase premium income since June 2014. This has resulted in an increase in topline growth and significant slowdown in the rate of growth of expenses.

The Directors anticipate that the Company's earned premium will continue to grow at a faster pace than related expenses (inclusive of operational expenses) and that the underwriting ratio will be less than 100% in the short to medium term, driven by anticipated boosts to premium income and efficiency gains. The Company continues to strive to improve underwriting practices by:

- assessing risks before acceptance
- aiming to improve efficiency levels in servicing customer claims
- introducing improved claims analytics and services as management tools
- investigating claims at an early stage to garner information that will assist in settlement rather than litigation
- improving customer information gathering methods for management analysis, and technical pricing

Other Insurance Ratios Reported On

All other ratios reported on are a measure of the effectiveness of the company's liquidity and risk management policies. These are well within the regulatory bench mark and compare favourably with the best performers in the industry.

Gross Written Premium

Gross written premium increased by 32% during financial year 2015 compared to 2014. This growth was achieved through strategic alliances formed with insurance agents and intermediaries, some of whom moved substantial portions of business to the Company. Accordingly, growth was recorded in the Company's motor and non-motor insurance portfolios and the Directors consider that such growth will continue to occur in the short to medium term, as a result of the same strategic alliances and also, new ones.

Net Written Premium

Net premium written is the result of the Company's gross premium written, net of amounts ceded to reinsurers over a given period. Net written premium increased by 39% to $473M during 2015 compared with $341M in the 2014 financial year. This was due to an increase in premium written on the motor portfolio which is not ceded to reinsurers to any large degree. The Directors anticipate that net written premium will continue to grow in the short to medium term consistent with Gross Written Premium, as explained above.

Claims Expense

Net claims incurred grew by 80% over the previous year to $233M on the net basis at the end of the 2015 financial year. The Directors consider that this growth was driven by the increased IBNR claims reserve recommended by the Company's actuary at 31 December 2015, to $60M . The IBNR reserve may be reversed (or further increased) at the end of the current financial year. The Company's actual claims ratio continues to be relatively low due to its prudent underwriting practices.

Administrative Expenses

As at the end of the 2015 financial year, administrative expenses grew by 7% over the previous year to $318M. This increase was driven primarily by inflation.

Revaluation Gain

Revaluation gain arises from the annual re-valuation of the company's investment properties and owned properties used in its operation of the general insurance business. The properties were revalued by valuators NAI Jamaica Langford and Brown, Valerie Levy and Associates Limited and E Maitland Realty.

Investment Portfolio

The Company's investment portfolio had a fair value of $1.16B as at 31 December 2015. This represents an increase of $82M over the previous year. The composition of the investment portfolio as at 31 December 2015 was as follows:

Real estate	17.25%
Repurchase agreements and fixed deposits	12.60%
Local Quoted equities	3.40%
GOJ Bonds	66.75%

57% of the GOJ bonds matured during February 2016 and the Company has used the amounts received on maturity to further diversify its investment portfolio with a view to continuing to improve rates of return.

Investment Income

Investment income during the year represented a 6% yield on the investment portfolio for the 2015 financial year end. Local equities listed on the JSE now present the Company with profitable new earnings opportunities which the Directors are pursuing, and they anticipate that the Company will be able to improve the rate of return during the current financial year.

Taxation Recoverable

This represents income tax withheld from interest earned from investments in excess of the company's income tax liabilities over the last six years. Management is actively pursuing the recovery of these monies and expects that this will become a reality by the fourth quarter of 2016. If recovered and

invested, this is expected to positively impact the Company's profits. A listing of the Shares on the Junior Market by 31 March 2016 is also expected to bring with it a beneficial income tax regime involving the remission of corporate income taxes for 5 years from the date of listing, subject to conditions set out in the Seventh Schedule to the Income Tax Act, including listing for a period of 10 years and maintaining compliance with applicable JSE Rules.

SECTION 10:

PART 1 - AUDITORS' REPORT & HISTORICAL AUDITED FINANCIAL INFORMATION

PART 2 – AUDITORS' REPORT ON FINANCIALS FOR THE YEAR 2015

pwc

Report of the Independent Auditor on the Summary Financial Statements

To The Board of Directors
Key Insurance Company Limited

The accompanying summary financial statements, on pages 43 to 46 of the prospectus, which comprise the balance sheets as at 31 December 2011, 2012, 2013, 2014 and 2015 and the statements of comprehensive income, changes in equity and cash flow for the years then ended, were derived from the audited financial statements of Key Insurance Company Limited for the years ended 31 December 2012, 2013, 2014 and 2015. The amounts for 2011 were derived from comparative information contained in the 31 December 2012 financial statements. The amounts for the statement of cash flow for 2012 were derived from the comparative information contained in the 31 December 2013 financial statements. We expressed unmodified audit opinions on the financial statements in our reports dated as below:

- Year ended 31 December 2012 – 9 April 2013
- Year ended 31 December 2013 – 22 May 2014
- Year ended 31 December 2014 – 8 May 2015
- Year ended 31 December 2015 – 21 March 2016

Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the primary statements and disclosures required by International Financial Reporting Standards applied in the preparation of the full set of financial statements. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Key Insurance Company Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the requirements of Section 42 of the Jamaican Companies Act, as modified by the inclusion of the statement of changes in equity and the statement of cash flow, as described in the notes to the summary financial statements.

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

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan
C.I. Bell-Wisdom D.D. Dodd G.K. Moore

To The Board of Directors
Key Insurance Company Limited
Report of the Independent Auditor on the Summary Financial Statements
Page 2

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, 'Engagements to Report on Summary Financial Statements'.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Key Insurance Company Limited for the years ended 31 December 2012 2013, 2014 and 2015 are consistent, in all material respects, with those financial statements, in accordance with the requirements of Section 42 of the Jamaican Companies Act, as modified by the inclusion of the statement of changes in equity and statement of cash flow, as described in the notes to the summary financial statements.

PricewaterhouseCoopers,

22 March 2016
Kingston, Jamaica

AUDITED FINANCIAL INFORMATION

Key Insurance Company Limited

Statement of Comprehensive Income

Five Years Ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Gross Premium Written	960,973	728,230	677,889	710,839	673,166
Reinsurance ceded	(487,959)	(386,769)	(382,126)	(416,872)	(375,206)
Net premium written	473,014	341,461	295,763	293,967	297,960
Change in unearned premium reserve, net	13,023	(3,617)	(9,700)	(6,878)	(4,004)
Net Premiums Earned	486,037	337,844	286,063	287,089	293,956
Change in insurance reserves	(18,737)	8,321	(8,006)	(21,316)	(1,828)
Commission income	85,579	65,191	58,786	67,731	58,549
Commission expense	(90,113)	(62,862)	(55,827)	(67,266)	(52,853)
Claims expense	(287,473)	(177,955)	(292,237)	(179,881)	(209,527)
Reinsurance recoveries	54,262	48,688	122,609	57,855	64,099
Change in unexpired risk reserves	21,262	7,044	14,609	11,491	(3,584)
Administration and other expenses	(318,400)	(297,428)	(297,080)	(283,830)	(295,935)
Underwriting Loss	(67,583)	(71,157)	(171,083)	(128,127)	(147,123)
Investment income	58,457	55,007	72,061	111,704	115,377
Gains on revaluation of investment properties	21,080	14,000	9,005	7,015	8,000
Other income	14,917	30,019	57,735	33,455	10,667
Profit/(Loss) Before Taxation	26,871	27,869	(32,282)	24,047	(13,079)
Taxation	(3,787)	(2,783)	16,714	(9,448)	4,520
Profit/(Loss)	23,084	25,086	(15,568)	14,599	(8,559)
Other Comprehensive Income:					
Items that may be subsequently reclassified to profit or loss:					
Net gain/(loss) on the revaluation of available for sale investment securities	16,326	(8,946)	(4,396)	(984)	6,588
Items that will not be subsequently reclassified to profit or loss:					
Revaluation (losses)/gains on property , plant and equipment	13,030	(2,960)	11,708	11,639	83,332
Deferred tax credit/(charge) on revaluation (losses)/gains on property , plant and equipment	(807)	2,154	(3,008)	(2,214)	(15,734)
Other Comprehensive Income	28,549	(9,752)	4,304	8,441	74,186
Total Comprehensive Income for the year	51,633	15,334	(11,264)	23,040	65,627

AUDITED FINANCIAL INFORMATION

Key Insurance Compaby Limited
Balance Sheets
As at 31 December

(expressed in Jamaican Dollars unless otherwise indicated)

	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
ASSETS					
Cash and deposits	185,923	191,073	23,167	24,391	135,594
Investment securities	773,382	734,380	1,006,269	1,015,900	1,005,893
Due from policyholders, brokers and agents	76,870	68,076	67,801	52,237	36,771
Due from reinsurers	211,371	165,885	244,113	337,964	221,827
Deferred policy acquisition costs	70,778	84,621	74,530	81,912	86,728
Taxation recoverable	171,599	161,273	152,088	129,011	101,211
Other receivables	3,701	3,127	61,185	44,770	25,442
Investment properties	173,100	152,020	138,020	129,015	122,000
Intangible assets	1,098	1	1	1	3
Property, plant and equipment	281,089	287,228	161,788	153,427	142,696
Total Assets	**1,948,911**	**1,847,684**	**1,928,962**	**1,968,628**	**1,878,165**
LIABILITIES AND EQUITY					
Liabilities					
Other payables	26,419	19,167	28,759	24,445	21,751
Bank overdraft	150	27,433	32,790	6,050	23,805
Short-term loan	-	-	33,562	-	-
Due to reinsurers	96,936	90,463	67,832	46,612	93,229
Deferred taxation	14,076	13,071	21,002	34,708	23,046
Insurance reserves	930,707	868,560	987,732	1,088,264	970,825
Total Liabilities	1,068,288	1,018,694	1,171,677	1,200,079	1,132,656
Equity					
Share capital	127,327	127,327	127,327	127,327	127,327
Capital reserve	57,371	57,371	1,000	1,000	1,000
Fair value reserve	243,950	194,321	190,073	176,764	161,308
Retained earnings	451,975	449,971	438,885	463,458	455,874
Total Equity	880,623	828,990	757,285	768,549	745,509
Total Liabilities and Equity	**1,948,911**	**1,847,684**	**1,928,962**	**1,968,628**	**1,878,165**

AUDITED FINANCIAL INFORMATION

Key Insurance Company Limited
Statement of Changes in Equity
Five Years ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000	Capital Reserves $'000	Fair Value Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2011	127,327	1,000	79,122	549,283	756,732
Total Comprehensive income for the year	-	-	74,186	(8,559)	65,627
Transaction with owners:					
Dividends	-	-	-	(76,850)	(76,850)
Transfer between reserves:					
Gains on revaluation of investment properties, tranferred from retained earnings	-	-	8,000	(8,000)	-
Balance at 31 December 31, 2011	127,327	1,000	161,308	455,874	745,509
Total Comprehensive income for the year	-	-	8,441	14,599	23,040
Transfer between reserves:					
Gains on revaluation of investment properties, tranferred from retained earnings	-	-	7,015	(7,015)	-
Balance at December 31, 2012	**127,327**	**1,000**	**176,764**	**463,458**	**768,549**
Total Comprehensive income for the year	-	-	4,304	(15,568)	(11,264)
Transfer between reserves:					
Gains on revaluation of investment properties, tranferred from retained earnings	-	-	9,005	(9,005)	-
Balance at December 31, 2013	**127,327**	**1,000**	**190,073**	**438,885**	**757,285**
Total Comprehensive income for the year	-	-	(9,752)	25,086	15,334
Reserves arising on transfer of land and building to company	-	56,371	-	-	56,371
Gains on revaluation of investment properties, tranferred from retained earnings	-	-	14,000	(14,000)	-
Balance at December 31, 2014	**127,327**	**57,371**	**194,321**	**449,971**	**828,990**
Total Comprehensive income for the year	-	-	28,549	23,084	51,633
Transfer between reserves:					
Gains on revaluation of investment properties, tranferred from retained earnings	-	-	21,080	(21,080)	-
Balance at December 31, 2015	**127,327**	**57,371**	**243,950**	**451,975**	**880,623**

AUDITED FINANCIAL INFORMATION

Key Insurance Company Limited
Statement of Cash Flows
Five Years ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Cash Flows from Operating Activities					
Net Profit/(loss)	23,084	25,086	(15,568)	14,599	(8,559)
Adjustments for:					
Amortisation and depreciation	10,092	8,712	8,393	8,318	8,826
Loss/(gain) on sale of property, plant and equipment	6,130	(170)	(53)	(100)	-
Gain on revaluation of investment properties	(21,080)	(14,000)	(9,005)	(7,015)	(8,000)
Gainon National Debt Exchange	-	-	(14,930)	-	-
Gain on foreign exchange	(4,806)	(15,688)	(33,902)	(17,100)	-
Dividend income	(1,053)	(365)	(520)	(488)	(990)
Interest expense	-	4,156	614	-	
Interest income	(57,404)	(54,642)	(71,541)	(111,216)	(114,387)
Taxation	3,787	2,783	(16,714)	9,448	(4,520)
	(41,250)	(44,128)	(153,226)	(103,554)	(127,630)
Changes in operating assets and liabilities					
Due from Policyholders, brokers and agents	(7,050)	3,074	(13,205)	(14,958)	36,661
Change in deferred policy acquisition costs	13,843	(10,091)	7,382	4,816	(2,964)
Changes in insurance reserves	62,147	(119,508)	(110,879)	113,607	1,734
Due (to)/from reinsurers	(43,224)	99,037	128,308	(157,241)	14,830
Other assets	(574)	4,429	(16,415)	(19,328)	43,175
Other Liabilities	7,252	(9,592)	2,602	6,932	556
	(8,856)	(76,779)	(155,433)	(169,726)	(33,638)
Taxation paid	(13,916)	(17,745)	(23,077)	(27,800)	13,410
Net cash used in operating activities	(22,772)	(94,524)	(178,510)	(197,526)	(20,228)
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment	(12,425)	(27,112)	(5,046)	(7,408)	(11,253)
Acquisition of intangible assets	(1,197)	-	-	-	-
Proceeds on disposal of property, plant and equipment	15,472	170	53	100	-
Net (purchase)/disposal and maturity of investments	(15,504)	271,855	31,929	-	(1,919)
Interest and dividend received	58,457	59,903	90,228	111,059	115,969
Net cash provided by investing activities	44,803	304,816	117,164	103,751	102,797
Cash Flows from Financing Activities					
Dividends paid	-	-	-	-	(76,850)
Short term loan repaid	-	(33,562)	33,562	-	-
Interest paid	-	(4,156)	(614)	-	-
Net cash (used in)/provided by financing activities	-	(37,718)	32,948	-	(76,850)
Net increase/(decrease) in cash and cash equivalents	22,031	172,574	(28,398)	(93,775)	5,719
Effect of changes in exchange rate on cash and cash equivalents	203	497	400	665	-
Cash and cash equivalents at beginning of year	160,346	(12,725)	15,273	108,383	102,664
Cash and Cash Equivalents at the End of the Year	182,580	160,346	(12,725)	15,273	108,383

NOTE TO SUMMARISED FINANCIAL STATEMENTS: Basis of Preparation: The summarized financial information has been prepared to provide the following information required in accordance with section 42 of the Companies Act, as amended by the inclusion of the Statement of Cash Flows and the Statement of Changes in Equity.

Key Insurance Company Limited

Financial Statements
31 December 2015

Key Insurance Company Limited

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31 December 2015

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SECTION 3 EXPRESSION OF OPINION

The author's opinion relates to the values of the premium and claim liabilities as summarized in Sections 3.2 and 3.3 of this report. The financial condition of the Company referenced in Section 3.1 below refers to the financial state reflected by the amount, nature and composition of its assets, liabilities and equity, all at a particular point in time.

3.1 Report of the Appointed Actuary

I have examined the financial condition and valued the premium and claim liabilities of Key Insurance Company Limited for its balance sheet as at 31 December 2015 and the corresponding change in the premium and claim 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.

In my opinion:

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

ii) the valuation of premium and claim liabilities has been made in accordance with generally accepted actuarial practice with such changes as determined and directions made by the Financial Services Commission;

iii) the methods and assumptions used to calculate the premium and claim liabilities are appropriate to the circumstances of the Company and of the said policies and claims;

iv) the amount of the premium and claim liabilities represented in the balance sheet of Key Insurance Company Limited makes proper provision for the future payments under the Company's policies and meets the requirements of *The Insurance Act, 2001* and other appropriate regulations of Jamaica;

v) a proper charge on account of these liabilities has been made in the statement of operations;

vi) there is sufficient capital available to meet the solvency standards as established by the Financial Services Commission.

Xavier Bénarosch
Fellow, Canadian Institute of Actuaries

Kingston, Jamaica
15 March 2016

Independent Auditor's Report

To the Members of
Key Insurance Company Limited

Report on the Financial Statements
We have audited the accompanying financial statements of Key Insurance Company Limited, set out on pages 52 to 105, which comprise the balance sheet as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. 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

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan
C.I. Bell-Wisdom D.D. Dodd G.K. Moore

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Key Insurance Company Limited as at 31 December 2015, and of its financial performance and cash flows for the year then ended 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 Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
21 March 2016
Kingston, Jamaica

Key Insurance Company Limited

Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015	2014
		$'000	$'000
Gross Premiums Written		960,973	728,230
Reinsurance ceded		(487,959)	(386,769)
Net premiums written		473,014	341,461
Change in unearned premium reserve, net		13,023	(3,617)
Net Premiums Earned		486,037	337,844
Change in insurance reserves		(18,737)	8,321
Commission on reinsurance ceded		85,579	65,191
Commission on premium written		(90,113)	(62,862)
Claims expense		(287,473)	(177,955)
Reinsurance recoveries	4(b)	54,262	48,688
Change in unexpired risk reserves		21,262	7,044
Administration and other expenses		(318,400)	(297,428)
Underwriting Loss		(67,583)	(71,157)
Investment income	10	58,457	55,007
Gains on revaluation of investment properties	19	21,080	14,000
Other income	11	14,917	30,019
Profit Before Taxation		26,871	27,869
Taxation	12	(3,787)	(2,783)
Net Profit		23,084	25,086
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss:			
Net gain/(loss) on the revaluation of available-for sale investment securities		16,326	(8,946)
Items that will not be subsequently reclassified to profit or loss:			
Revaluation gains/(losses) on property, plant and equipment		13,030	(2,960)
Deferred tax (charge)/credit on revaluation of property, plant and equipment		(807)	2,154
Other Comprehensive Income		28,549	(9,752)
Total Comprehensive Income for the year		51,633	15,334

Key Insurance Company Limited

Balance Sheet
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Cash and deposits	13	185,923	191,073
Investment securities	14	773,382	734,380
Due from policyholders, brokers and agents	15	76,870	68,076
Due from reinsurers	16	211,371	165,885
Deferred policy acquisition costs		70,778	84,621
Taxation recoverable		171,599	161,273
Other receivables	17	3,701	3,127
Investment properties	19	173,100	152,020
Intangible assets	20	1,098	1
Property, plant and equipment	21	281,089	287,228
		1,948,911	1,847,684
LIABILITIES AND EQUITY			
Liabilities			
Bank overdraft	13	150	27,433
Other payables	22	26,419	19,167
Due to reinsurers		96,936	90,463
Deferred taxation	23	14,076	13,071
Insurance reserves	24	930,707	868,560
		1,068,288	1,018,694
Equity			
Share capital	25	127,327	127,327
Capital reserve	26	57,371	57,371
Fair value reserve	27	243,950	194,321
Retained earnings		451,975	449,971
		880,623	828,990
		1,948,911	1,847,684

Approved for issue on behalf of the Board of Directors on 21 March 2016 signed on its behalf by:

Sandra Masterton — Chairman

Charlton Hylton — Director

Key Insurance Company Limited

Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000	Capital Reserves $'000	Fair Value Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2014	127,327	1,000	190,073	438,885	757,285
Total comprehensive income for the year	-	-	(9,752)	25,086	15,334
Reserves arising on transfer of land and building to company	-	56,371	-	-	56371
Transfer between reserves:					
Gains on revaluation of investment properties, transferred from retained earnings	-	-	14,000	(14,000)	-
Balance at 31 December 2014	127,327	57,371	194,321	449,971	828,990
Total comprehensive income for the year	-	-	28,549	23,084	51,633
Transfer between reserves:					
Gains on revaluation of investment properties, transferred from retained earnings	-	-	21,080	(21,080)	-
Balance at 31 December 2015	127,327	57,371	243,950	451,975	880,623

Key Insurance Company Limited

Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities			
Net profit		23,084	25,086
Adjustments for:			
Amortisation and depreciation	21	10,092	8,712
Loss/(gain) on sale of property, plant and equipment		6,130	(170)
Gain on revaluation of investment properties	19	(21,080)	(14,000)
Gain on foreign exchange	11	(4,806)	(15,688)
Dividend income	10	(1,053)	(365)
Interest expense		-	4,156
Interest income	10	(57,404)	(54,642)
Taxation	12	3,787	2,783
		(41,250)	(44,128)
Changes in operating assets and liabilities			
Due from Policyholders, brokers and agents		(7,050)	3,074
Change in deferred policy acquisition costs		13,843	(10,091)
Change in insurance reserves		62,147	(119,508)
Due to/from reinsurers		(43,224)	99,037
Other assets		(574)	4,429
Other liabilities		7,252	(9,592)
		(8,856)	(76,779)
Taxation paid		(13,916)	(17,745)
Net cash used in operating activities		(22,772)	(94,524)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	21	(12,425)	(27,112)
Acquisition of Intangible Asset	20	(1,197)	-
Proceeds on disposal of property, plant and equipment		15,472	170
Net (purchase)/disposal and maturity of investments		(15,504)	271,855
Interest and dividend received		58,457	59,903
Net cash provided by investing activities		44,803	304,816
Cash Flows from Financing Activities			
Short term loan repaid		-	(33,562)
Interest paid		-	(4,156)
Net cash used in financing activities		-	(37,718)
Net increase in cash and cash equivalents		22,031	172,574
Effect of changes in exchange rate on cash and cash equivalents		203	497
Cash and cash equivalents at beginning of year		160,346	(12,725)
Cash and Cash Equivalents at the End of the Year	13	182,580	160,346

During 2014, land and buildings valued at $110,000,000 were transferred to the company to settle related party receivables of $53,629,000. The balance of $56,371,000 is reflected in capital reserve.

1. Identification and Activities

(a) Key Insurance Company Limited (the company) is registered and domiciled in Jamaica. Its registered office is located at 6c Half Way Tree Road, Kingston 5, Jamaica.

(b) The company is licensed to operate as a general insurer in Jamaica, under the Insurance Act, 2001. Its principal activity is the underwriting of motor, commercial and personal property and casualty insurance.

2. Significant Accounting Policies

The principal accounting policies applied 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 accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment properties and certain property, plant and equipment.

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 company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, 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 3.

Accounting pronouncements effective in 2015 which are relevant to the company's operations

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. Management has reviewed these new standards, amendments and interpretations to existing standards and has determined that none is relevant to its operations.

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the balance sheet date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations and has concluded as follows:

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace IAS 39 'Financial Instruments: Recognition and Measurement', and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective
IFRS 9, 'Financial Instruments', (continued)

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in the company's own credit risk of financial liabilities designated at fair value through profit or loss, in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The company is still assessing the potential impact of adoption and whether it should consider early adoption but it is not possible at this stage to quantify the potential effect.

The company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS project.

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

Functional and presentation currency

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

Translations and balances

Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies during the year are converted at the rates of exchange ruling on the dates of those transactions. Gains and losses arising 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 in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value gain or loss recognised in other comprehensive income.

(c) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

The company's financial assets comprise investment securities, insurance receivables and cash and short term investments.

Investment securities

The company classifies its investment securities as available-for-sale. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Purchases and sales of investments are recognised on the trade date - the date that the company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Available-for-sale investments are initially recognised at fair value plus transaction costs and are subsequently carried at fair value.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Investment securities (continued)
Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss in the statement of comprehensive income, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of both monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in income as 'gains and losses on investment securities'. Interest on available-for-sale securities, calculated using the effective interest method, is recognised in profit or loss in the statement of comprehensive income.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset may be considered to be impaired if its carrying amount exceeds its estimated recoverable amount. 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 rate for a similar financial asset. The recoverable amount of a financial asset carried at amortised cost is the present value of expected future cash flows discounted at the original rate of interest of the financial asset.

Premiums receivable
Premiums receivable are carried at the original negotiated invoice amount less provision made for impairment of these receivables. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. Debts that are known to be uncollectible are written off during the year in which they are identified.

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and at bank, short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

Financial liabilities
The company's financial liabilities are initially measured at fair value, net of transactions costs and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date the following items were classified as financial liabilities: payables, bank overdraft, short term loans and amounts due to reinsurers, and claims outstanding.

The fair value of the company's financial instruments is discussed in Note 6.

(d) Securities purchased under agreements to resell
Securities purchased under agreement to resell (reverse repurchase agreements) are treated as loan assets and they mature within twelve months. The difference between the purchase and resale price is treated as interest and accrued over the life of the arrangements using the effective yield method.

2. Significant Accounting Policies (Continued)

(e) Reinsurance ceded

The company cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from longer exposures. Reinsurance does not relieve the originating insurer of its liability. Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses, loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross in the balance sheet unless the right of offset exists.

(f) 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.

(g) Investment property

Investment property comprises land owned by the company, which is held for long-term capital appreciation and is not used in the provision of services. Investment property is treated as a long-term investment and is carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss.

(h) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on annual valuations by external independent valuers, less subsequent depreciation of buildings. All other property, plant and equipment are carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial period in which they are incurred.

Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in fair value reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against fair value reserves directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on the straight-line basis by reference to costs, at rates estimated to write off the relevant assets, net of estimated salvage value, over their estimated useful lives.

Annual depreciation rates are as follows:

Buildings	2½%
Computer equipment	20%
Motor vehicles	20%
Furniture and fixtures	10%

Land is not depreciated.

2. Significant Accounting Policies (Continued)

(h) Property, plant and equipment (continued)

Leasehold improvements are amortised over the period of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

(i) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(j) Impairment of long-lived assets

Property, plant and equipment and other 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.

(k) Leases

Leases of property, plant and equipment where the lessor retains a significant portion of the risks and rewards are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor are charged to income on a straight-line basis over the period of the lease.

(l) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain.

(m) Payables

These amounts are recognised at cost.

(n) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any differences between proceeds, net of transaction costs, and the redemption value is recognised in income over the period of the borrowings using the effective yield method.

(o) Insurance reserves

Under the Insurance Regulations, 2001, the company is required to actuarially value its insurance reserves annually. Consequently the unexpired risk provision, claims incurred but not reported and the provision for adverse deviation have all been independently actuarially determined. The actuary also reviews management's estimate of the claims outstanding and the unearned premium reserve.

2. Significant Accounting Policies (Continued)

(o) Insurance reserves (continued)

Unearned premium reserve
This reserve 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 balance sheet date, and is amortised to income on a straight line basis over the life of the insurance contract. The reserve aims to match the expiry of exposure with the earning of premium. The earned portion of premiums received and receivable is recognised as revenue.

Unearned commission
The commission income relating to premium ceded on reinsurance contracts is deferred over the unexpired period of risk carried.

Unexpired risk reserve
A provision is made to cover the estimated value of claims, whether reported or unreported, attributable to the unexpired periods of policies in force at the balance sheet date, in excess of the related unearned premium reserve.

Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events, which occurred by the year end less amounts already paid in respect of those claims. The provision is estimated by management on the basis of claims admitted and intimated.

Claims incurred but not reported (IBNR)
The reserve for IBNR claims has been calculated by an independent actuary using the Loss Development Method and Bornhuetter-Ferguson Projection Method.

The Loss Development Method is where the current reported incurred and paid claims are projected to their ultimate values by accident year based on historical incurred and paid development patterns.

The Bornhuetter-Ferguson Projection Method gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios.

Liability adequacy test
At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the policy liabilities, net of related deferred policy acquisition costs. In performing these tests, current best esimates of future contractual cash flows are compared to the carrying amount of policy liabilities and any deficiency is immediately charged to the profit or loss account.

(p) Income taxes
Taxation for the period comprises current and deferred tax. Tax is recognised in profit or loss in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In those cases the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax charges are based on the taxable profits for the year, which differs from the profit before tax reported because it excludes items that are deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at rates that have been enacted at the balance sheet date.

2. Significant Accounting Policies (Continued)

(p) Income taxes (continued)

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(q) Employee benefits

Pension obligations

The company participates in a defined contribution plan which is funded by payments from employees and the company to a trustee-administered fund.

The defined contribution plan is a pension plan under which the company pays fixed contributions into a separate fund. The company has no legal or constructive obligation 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 or prior periods. The contributions paid by the company are charged to profit or loss in the period to which they relate.

Vacation

Employee entitlement to annual leave is recognised when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company 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. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

(r) Revenue recognition

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

Sale of insurance services

Gross premiums written represents amounts invoiced for insurance contracts that have been accepted by the company during the year. They are recognised on a pro-rata basis over the life of the policies written. The company uses reinsurance contracts to manage the risk associated with these insurance policies. Reinsurance ceded represent amounts contracted to reinsurers during the year with respect to reinsurance contracts entered into by the company. Reinsurance premiums ceded are deducted from gross premiums written and are recognized on the same basis as gross written premium.

Commissions receivable on reinsurance of risks is credited to revenue when premiums are earned.

2. Significant Accounting Policies (Continued)

(s) *Interest income*

Interest income is recognised in income in the statement of comprehensive income for all interest bearing instruments, using the effective yield method.

(t) Taxation recoverable

Taxation recoverable represents tax withheld from interest earned on investments net of income tax liability.

(u) 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates 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.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has made no judgements which it believes present a significant risk of material misstatement to the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates of claims liabilities

The determination of the liabilities under insurance contracts represents the liability for future claims payable by the company based on contracts for the insurance business in force at the balance sheet date using several methods, including the Loss Development method and the Bornhuetter-Ferguson Projection method. These liabilities represent the amount of future payments 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 company'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 company'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 company 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.

4. Insurance and Financial Risk Management

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

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

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

(i) Finance Department

This department is responsible for managing the company's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the company.

(ii) Audit Committee

The Audit Committee oversees how the company's management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures at the company, the result of which are reported to the Audit Committee.

4. Insurance and Financial Risk Management (Continued)

The most significant types of risk faced by the company are insurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

There has been no significant change to the company's exposure to insurance and financial risks, or the manner in which it manages and measures these risks.

The company issues contracts that transfer insurance risk. This section summarises the risk and the way the company manages the risk.

(a) Insurance risk

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.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of the 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 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 company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories 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 issuance of insurance contracts by the company is, however, concentrated within Jamaica.

The company 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. 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 company 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. As a result, liability claims are settled over a long period of time and a portion of the claims provision relates to 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 company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing 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 balance sheet date.

In calculating the estimated cost of unpaid claims (both reported and not), the company 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 company, 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 company 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.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Management sets policy and retention limits. The policy limit and maximum net retention of any one risk for each class of insurance for the year are as follows:

	2015		2014	
	Policy Limit '000	Maximum Net Retention '000	Policy Limit '000	Maximum Net Retention '000
Commercial property –				
Fire and consequential loss	US$ 6,000	US$ 200	US$ 6,000	US$ 190
Boiler and machinery	US$ 1,125	US$ 281	US$ 1,125	US$ 281
Miscellaneous accident	US$ 160	US$ 64	US$ 160	US$ 64
Bankers blanket	US$ 480	US$ 192	US$ 300	US$ 120
Liability	US$ 2,500	US$ 750	US$ 2,500	US$ 750
Travel	US$ 150	US$ 15	US$ 150	US$ 15
Other	US$ 50	US$ 20	US$ 50	US$ 20
Motor	J$ 10,000	J$ 3,250	J$ 10,000	J$ 3,250
Pecuniary loss -				
Fidelity	US$ 480	US$ 192	US$ 480	US$ 192
Personal accident	US$ 10,000	US$ 500	US$ 10,000	US$ 500

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. A summary of the actuarial assumptions is disclosed in Note 24.

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims. The table below illustrates how the company's estimate of total claims outstanding for each year has changed at successive year-ends. 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. These amounts are shown net of reinsurance recovery.

Amounts shown in the table as excess or deficiency represent the percentage difference between the estimate of the claims liability (amounts paid to date plus amounts currently in reserve) at the end of each accident year, when compared to amounts initially reserved at the end of the accident year when the claim first arose. For each accident year, ratios are calculated on losses occurring during the year, and in all years prior to that accident year.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development Claim Liabilities (continued)

		2011	2011 And Prior	2012	2012 And Prior	2013	2013 and prior	2014	2014 And prior	2015	2015 And prior
2011	Paid during year	49,771	175,443								
	UCAE, end of year	97,514	390,514								
	IBNR, end of year	65,272	105,029								
	Ratio: excess (deficiency)										
2012	Paid during year	45,815	92,462	39,992	132,454						
	UCAE, end of year	74,818	303,111	76,779	379,890						
	IBNR, end of year	65,272	105,029	7,864	112,893						
	Ratio: excess (deficiency)		(1.02%)								
2013	Paid during year	21,263	66,937	67,941	134,878	37,146	172,024				
	UCAE, end of year	52,624	210,434	68,650	279.084	95,875	374,959				
	IBNR, end of year	5,745	18,240	17,862	36,103	79,325	115,428				
	Ratio: excess (deficiency)		21.69%		8.67%						
2014	Paid during year	13,888	52,114	29,198	81,312	63,771	145,083	22,236	167,319		
	UCAE, end of year	48,297	136,282	49,728	186,010	67,466	253,476	82,417	335,893		
	IBNR, end of year	1,292	12,110	9,538	21,648	19,280	40.928	75,818	116,678		
	Ratio: excess (deficiency)		27.37%		13.99%		18.72%				
2015	Paid during year	16,931	50,265	8,540	58,805	9,743	68,548	56,089	124,637	63,102	187,739
	UCAE, end of year	26,332	74,411	35,373	109,784	57,657	167,441	54,862	222,303	115,220	337,523
	IBNR, end of year	3,143	10,881	(395)	10,486	9,125	19,611	19,518	39,129	121,071	160,200
	Ratio: excess (deficiency)	21.75%	29.96%	(66.18%)	19.79%	19.92%	18.29%	(17.55%)	14.69%		

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Risk exposure and concentrations of risk:

The following table shows the company's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business. The company has its largest risk concentration in the motor line.

	2015				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross Claims liability (not including IBNR)	58,856	10,758	315,732	9,615	394,961
Net Claims liability (not including IBNR)	17,653	614	315,732	3,524	337,523
Gross IBNR, PFAD & ULAE	5,560	853	135,662	1,073	143,148
Net IBNR, PFAD & ULAE	19,229	1,518	135,662	3,792	160,201
Net Unexpired Risk Reserve	783	1,762	22,859	190	25,594

	2014				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross Claims liability (not including IBNR)	37,863	5,050	321,711	5,760	370,384
Net of reinsurance	11,359	590	321,711	2,233	335,893
Gross IBNR, PFAD & ULAE	(2,774)	(370)	103,634	(421)	100,069
Net IBNR, PFAD & ULAE	10,379	876	103,634	1,857	116,746
Net Unexpired Risk Reserve	1,146	4,390	41,139	181	46,856

4. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the company may cede certain levels of risk to a reinsurer. The company 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 company. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the company are summarised below:

(i) The maximum exposure on insurance policies for all facultative reinsurance arrangements for the company is $29 million (2014 - $29 million) per any one loss.

(ii) The company insures with several reinsurers. Of significance are Munich Re, Odyssey Re, Korean Re, GIC Re, China Re, Sirius International (UK) Scor Re and QBE Re who take up 5% to 100% of their treaty arrangements. All other reinsurers carry lines under 5%. These include National Assurance, New Indian Assurance and United India Assurance. The financial analysis of reinsurers, which is conducted at the board level, produces an assessment categorised by a Standard & Poors (S&P) rating (or equivalent when not available from S&P). They are as follows -

	Ratings
Munich Re	A +
Hanover Re	A+
Everest Re	A+
Odyssey Re	A-
Korean Re	A
GIC Re	A -
China Re	A
Sirius International (UK)	A -
Scor Re	A+
QBE Re	A+

The amount of reinsurance recoveries recognised during the period are as follows:

	2015	2014
	$'000	$'000
Property	12,688	15,524
Motor	14,329	13,058
Engineering	762	6,948
Accident	3,221	366
Liability	23,262	12,792
	54,262	48,688

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk

The company is exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets may not be 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 and credit risk.

(i) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is one of the most important risks for the company'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 activities.

The company 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.

Credit review process

Management of the company regularly assesses the ability of customers, brokers and other counterparties to meet repayment obligations.

(i) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company 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.

Management assesses the creditworthiness of the approved reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(ii) Premium and other receivables

Management utilises periodic reports to assist in monitoring any premiums that are overdue. Where necessary, cancellation of policies is effected for amounts deemed uncollectible. Internal audit makes regular reviews to assess the degree of compliance with company procedures on credit.

(iii) Investments, bank and deposit balances

The company 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)

Aged analysis of premium receivables past due but not impaired

Premium receivables that are less than two months past due are not considered impaired. The following premium receivables were past due but not impaired and relate to a number of customers for whom there is no recent history of default. The aged analysis of these receivables is as follows:

	2015 $'000	2014 $'000
1 to 60 days	18,558	17,747
61 to 90 days	10,090	18,000
More than 90 days	30,624	28,985
	59,272	64,732

Premium receivables
The credit exposure for premium receivables is $76,871,000 (2014 - $68,076,000).

Provision for impairment is $21,821,000 (2014 - $21,821,000).

Debt securities

The following table summarises the credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	2015 $'000	2014 $'000
Government of Jamaica	732,555	726,342

The maximum credit exposure arising from the company's other financial assets equals their carrying amounts on the balance sheet.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the company may be 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 fulfill claims and other liabilities incurred.

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on an on-going basis;

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

(iii) Optimising cash returns on investment;

(iv) Monitoring balance sheet 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 monthly. 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 company. 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 company 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)

Financial assets and liabilities cash flows

The table below presents the undiscounted cash flows of the company's financial assets and liabilities at the balance sheet date, based on contractual repayment obligations.

	2015				
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
Financial Assets					
Cash and deposits	74,389	111,984	-	-	186,373
Investment securities	-	459,946	-	324,295	784,241
Due from policyholders, brokers and agents	76,870	-	-	-	76,870
Due from reinsurers	58,009	-	-	-	58,009
Due from reinsurer (IBNR, PFAD & ULAE	(17,052)	-	-	-	(17,052)
Other receivables	-	-	1,702	1,999	3,701
	192,216	571,930	1,702	326,294	1,092,142
Financial Liabilities					
Due to reinsurers	31,318	65,618	-	-	96,936
Other payables	16,894	5,444	4,081	-	26,419
Bank overdraft	150	-	-	-	150
Claims outstanding	394,961	-	-	-	394,961
IBNR, PFAD & UCAE	143,148	-	-	-	143,148
Unexpired risk reserve	25,594	-	-	-	25,594
	612,065	71,062	4,081	-	687,208
Liquidity gap	(419,849)	500,868	(2,379)	326,294	404,934

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial assets and liabilities cash flows (continued)

	2014				
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
Financial Assets					
Cash and deposits	84,922	104,368	1,847	-	191,137
Investment securities	-	15,986	36,236	757,361	809,583
Due from policyholders, brokers and agents	68,076	-	-	-	68,076
Due from reinsurers	30,605	4,206	1,151	-	35,962
Due from reinsurer (IBNR, PFAD & ULAE	(16,677)	-	-	-	(16,677)
Other receivables	127	1,244	1,756	-	3,127
	167,053	125,804	40,990	757,361	1,091,208
Financial Liabilities					
Due to reinsurers	40,300	50,163	-	-	90,463
Other payables	1,286	9,866	8,015	-	19,167
Bank overdraft	27,433	-	-	-	27,433
Claims outstanding	370,384	-	-	-	370,384
IBNR, PFAD & ULAE	100,069	-	-	-	100,069
Unexpired risk reserve	42,562	-	-	-	42,562
	582,034	60,029	8,015	-	650,078
Liquidity gap	(414,981)	65,775	32,975	757,361	441,130

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term deposits, and investment securities. The company is also able to meet unexpected net cash outflows by accessing additional funding sources from other financial institutions.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk

The company 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 and interest rates. Market risk is monitored by the Finance Department which monitors the price movement of financial assets on the local market.

Currency risk

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

The company 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 company further manages this risk by maximizing foreign currency earnings from its investments and holding foreign currency balances.

The company 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 company ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Concentrations of currency risk
The table below summarises the exposure to foreign currency exchange rate risk at 31 December.

	2015		
	Jamaican $	US$	Total
	J$'000	J$'000	J$'000
Financial Assets			
Cash and deposits	38,481	147,442	185,923
Investment securities	773,382	-	773,382
Due from policyholders, brokers and agents	55,703	21,167	76,870
Due from reinsurers	46,470	11,539	58,009
Due from reinsurer - IBNR PFAD & ULAE	(17,052)	-	(17,052)
Other receivables	3,701	-	3,701
Total financial assets	900,685	180,148	1,080,833
Financial Liabilities			
Other payables	26,419	-	26,419
Bank overdraft	150	-	150
Due to reinsurers	69,816	27,120	96,936
Claims outstanding	382,286	12,675	394,961
IBNR, PFAD & ULAE	143,148	-	143,148
Unexpired risk reserve	25,594	-	25,594
Total financial liabilities	647,413	39,795	687,208
Net financial position	253,272	140,353	393,625

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

	2014		
	Jamaican $	US$	Total
	J$'000	J$'000	J$'000
Financial Assets			
Cash and deposits	11,619	179,454	191,073
Investment securities	734,380	-	734,380
Due from policyholders, brokers and agents	26,616	41,460	68,076
Due from reinsurers	32,811	3,151	35,962
Other receivables	3,127	-	3,127
Due from reinsurer - IBNR PFAD & ULAE	(16,677)	-	(16,677
Total financial assets	791,876	224,065	1,015,941
Financial Liabilities			
Other payables	19,167	-	19,167
Bank overdraft	27,433	-	27,433
Due to reinsurers	15,504	74,959	90,463
Claims outstanding	366,227	4,157	370,384
IBNR, PFAD & ULAE	100,069	-	100,069
Unexpired risk reserve	42,562	-	42,562
Total financial liabilities	570,962	79,116	650,078
Net financial position	220,914	144,949	365,863

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Foreign currency sensitivity

The following table indicates the currency to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a revaluation of 1% and devaluation of 10% (2014 – revaluation of 1% and a devaluation of 15%) in foreign currency rates. The sensitivity analysis includes cash and short term investments, investment securities and amounts due from policyholders, brokers and agents, and US-dollar denominated liabilities.

	Change in Currency Rate %	Effect on Profit before Taxation $'000	Change in Currency Rate %	Effect on Profit before Taxation $'000
	2015		2014	
United States Dollar				
Revaluation of JMD	(1%)	(1,403)	(1%)	(1,449)
Devaluation of JMD	8%	11,228	10%	14,495

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk. The company'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. Management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the Finance Department.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)
Interest rate risk (continued)

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

	2015					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 $'000	1 to 5 years $'000	Non-Interest Bearing $'000	Total $'000
Cash and deposit	74,173	111,557	-	-	193	185,923
Investment securities	-	456,355	-	260,688	56,339	773,382
Due from policyholders, brokers and agents	-	-	-	-	76,870	76,870
Due from reinsurers	-	-	-	-	58,009	58,009
Due from reinsurers – IBNR PFAD & ULAE	-	-	-	-	(17,052)	(17,052)
Other receivables	-	-	-	-	3,701	3,701
	74,173	567,912	-	260,688	178,060	1,080,833
Financial Liabilities						
Other payables	-	-	-	-	26,419	26,419
Bank overdraft	-	-	-	-	150	150
Due to reinsurers	-	-	-	-	96,936	96,936
Claims outstanding	-	-	-	-	394,961	394,961
IBNR, PFAD & ULAE	-	-	-	-	143,148	143,148
Unexpired risk reserve	-	-	-	-	25,594	25,594
Total financial liabilities	-	-	-	-	687,208	687,208
Total interest repricing gap	74,173	567,912	-	260,688	(509,148)	393,625

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate sensitivity

Interest rate sensitivity measures the sensitivity of the financial assets and liabilities of the company to a reasonable possible change in interest rates, with all other variables held constant, on the income in statement of comprehensive income and in other comprehensive income.

	2014					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 $'000	1 to 5 years $'000	Non-Interest Bearing $'000	Total $'000
Cash and deposit	84,724	104,113	1,844	-	392	191,073
Investment securities	-	-	-	710,931	23,449	734,380
Due from policyholders, brokers and agents	-	-	-	-	68,076	68,076
Due from reinsurers	-	-	-		35,962	35,962
Due from reinsurers – IBNR PFAD & ULAE	-	-	-	-	(16,677)	(16,677)
Other receivables	-	-	-	-	3,127	3,127
	84,724	104,113	1,844	710,931	114,329	1,015,941
Financial Liabilities						
Other payables	-	-	-	-	19,167	19,167
Bank overdraft	27,433	-	-	-	-	27,433
Short term loan	-	-	-	-	-	-
Due to reinsurers	-	-	-	-	90,463	90,463
Claims outstanding	-	-	-	-	370,384	370,384
IBNR, PFAD & ULAE	-	-	-	-	100,069	100,069
Unexpired risk reserve	-	-	-	-	42,562	42,562
Total financial liabilities	27,433	-	-	-	622,645	650,078
Total interest repricing gap	57,291	104,113	1,844	710,931	(508,316)	365,863

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate sensitivity continued

The Company is exposed to equity and bond fair value price risk because of investments held by the Company classified as available-for-sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in quoted equity securities are publicly traded on the Jamaica Stock Exchange.

The following table indicates the sensitivity to a reasonable possible change in prices of equity and bond securities, with all other variables held constant on other comprehensive income.

There is no impact on the profit or loss for investment securities as none are classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as available-for-sale.

	Effect on Other Comprehensive Income 2015 $'000	Effect on Other Comprehensive Income 2014 $'000
Percentage change equity values:		
20% (2014 - 10%) increase	8,165	804
20% (2014 - 10%) decrease	(8,165)	(804)
Change in basis points - bond:		
100 (2014 – 250) Increase	(40,472)	(99,045)
150 (2014 – 100) decrease	58,786	86,052

5. Capital Management

The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

(a) To comply with the capital requirements set by the regulators, the Financial Services Commission (FSC);

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

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

Capital adequacy is managed and monitored by the company's management. It is calculated by the Financial Controller, certified by the Appointed Actuary and reviewed by Executive Management, the Audit Committee and the Board of Directors. The company seeks to maintain internal capital adequacy at levels higher than the regulatory requirements.

Available capital includes issued capital, retained earnings, fair value reserves and capital reserves amounting to $880,623,000 (2014 - $828,990,000) at the end of the year.

The primary measure used to assess capital adequacy is the Minimum Capital Test (MCT) which is used by the FSC to determine the solvency of the company. The minimum standard stipulated by the section 17(4) of the Insurance (Actuaries) (General Insurance Companies) (Amendment) regulations, 2011 is that a general insurance company shall have a minimum MCT percentage of 250% (2014 – 250%). This information is required to be filed with the FSC on an annual basis. Under Section 15(1) of the Insurance Act, 2001, the FSC may cancel the registration of a general insurance company if it is considered to be insolvent.

As at 31 December 2015, the company achieved the minimum required level of capital based on the MCT.

	2015	2014
Actual MCT ratio	347%	340%
Minimum required MCT ratio	250%	250%

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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Where no market price is available, the fair values presented have been estimated using present values or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available.

(ii) The fair value of liquid assets and other assets maturing within three months 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.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(iv) Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

The following table presents the company's financial instruments that are measured at fair value at 31 December grouped into Levels 1 to 3 dependent on the degree to which fair values are observable.

	Level 1 $'000	Level 2 $'000	Total $'000
As at 31 December 2015			
Available-for-sale investments –			
Quoted equities	40,827	-	40,827
GOJ securities	-	732,555	732,555
	40,827	732,555	773,382
As at 31 December 2014			
Available-for-sale investments –			
Quoted equities	8,038	-	8,038
GOJ Securities	-	726,342	726,342
	8,038	726,342	734,380

6. Fair Value Estimation (Continued)

- Level 1 includes those instruments which are measured based on quoted priced in active markets for identical assets and liabilities. These mainly comprise of equity shares traded on the Jamaica Stock Exchange and are classified as available-for-sale and financial assets at fair value through profit or loss.
- Level 2 includes those instruments which are measured using inputs other than quoted prices that are observable for the instrument, directly or indirectly. The fair value for these instruments is determined by using valuation techniques and 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.

There were no transfers between the levels during the year.

Financial Instruments by Category

	2015		
	Loans and receivables $'000	**Available for sale $'000**	**Total $'000**
Cash and deposits	185,923	-	185,923
Investment securities	-	773,382	773,382
Due from policyholders, brokers and agents	76,870	-	76,870
Due from reinsurers	58,009	-	58,009
Other receivables	3,701	-	3,701
Total financial assets	324,503	773,382	1,097,885

	2014		
	Loans and receivables $'000	**Available for sale $'000**	**Total $'000**
Cash and deposits	191,073	-	191,073
Investment securities	-	734,380	734,380
Due from policyholders, brokers and agents	68,076	-	68,076
Due from reinsurers	35,962	-	35,962
Other receivables	3,127	-	3,127
Total financial assets	298,238	734,380	1,032,618

6. Fair Value Estimation (Continued)

	Other financial liabilities at amortised cost	
	2015	**2014**
	$'000	**$'000**
Bank overdraft	150	27,433
Other payables	26,419	19,167
Due to reinsurers	96,936	90,463
Claims outstanding	394,961	370,384
Total financial liabilities	518,466	507,447

Fair value sensitivity analysis

Non-financial assets carried at fair value include property, plant and equipment and investment property, which fall within level 3 of the fair value hierarchy. The valuations have been performed using the sales comparison approach. There have been a limited number of similar sales in the local market, and consequently the sales comparison approach incorporates unobservable inputs, which in the valuator's judgement reflects suitable adjustments regarding size, age, condition, time of sale and quality of land, buildings and improvements. The most significant input into this valuation is the price per square foot. The higher the price per square foot the higher the fair value.

7. Responsibilities of the Appointed Actuary and Independent Auditors

The Board of Directors, pursuant to the Insurance Act appoints the Actuary, whose responsibility is to carry out an annual valuation of the company's outstanding claims 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 Independent Auditors. The auditor's 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 the Actuary's report on outstanding claims.

8. Expenses by Nature

	2015 $'000	2014 $'000
Advertising	7,154	5,136
Amortisation and depreciation	10,090	8,712
Asset tax	1,365	712
Auditors' remuneration	7,500	4,583
Bank charges and interest	1,974	4,773
Donations and subscriptions	5,274	4,520
Claims expense, net of reinsurance recoveries	233,112	129,267
Commission expense	90,113	62,862
Computer and data processing expenses	18,840	14,292
Insurance and registration fees	8,395	8,558
Travelling	11,095	6,701
Miscellaneous	14,485	13,337
Motor vehicle expenses	8,710	7,555
Postage, telephone, fax and utilities	15,582	16,914
Printing and stationery	3,620	3,003
Professional fees	27,209	22,318
Legal fees	528	3,888
Rental expenses	6,496	14,062
Loss on disposal of property, plant and equipment	6,130	-
Repairs and maintenance	8,060	6,644
Security	8,187	9,218
Staff costs (Note 9)	147,805	142,502
Total expenses	641,724	489,557

9. Staff Costs

	2015 $'000	2014 $'000
Wages and salaries	112,917	105,318
Termination benefit	-	5,883
Payroll taxes – employer's portion	12,069	10,830
Pension costs – defined contribution	4,049	4,131
Other staff costs	18,770	16,340
	147,805	142,502

10. Investment Income

	2015 $'000	2014 $'000
Interest income	57,404	54,642
Dividend income	1,053	365
	58,457	55,007

11. Other Income

	2015 $'000	2014 $'000
Rental income	8,061	7,584
Net foreign exchange gains	4,806	15,688
Miscellaneous income	2,050	6,747
	14,917	30,019

12. Taxation

Taxation is based on the result for the year adjusted for taxation purposes and represents income tax at 33⅓%:

	2015 $'000	2014 $'000
Current year taxation charge	3,589	8,560
Deferred taxation (Note 23)	198	(5,777)
	3,787	2,783

Subject to agreement with Tax Administration Jamaica, the company has losses available for offset against future taxable profits of approximately $15,887,731 (2014 - $27,140,000) which may be carried forward indefinitely.

12. Taxation (Continued)

The tax on the company's profit differs from the threshold amount that would arise using the tax rate of 33⅓% as follows:

	2015 $'000	2014 $'000
Profit before taxation	26,871	27,869
Tax calculated at a rate of 33⅓%	8,956	9,290
Adjusted for the effects of:		
Income not subject to tax	(10,422)	(4,667)
Expenses not deductible for tax purposes	4,811	628
Other	442	(2,468)
Tax charge	3,787	2,783

13. Cash and Deposits

	2015 $'000	2014 $'000
Cash at bank and in hand	14,677	8,051
Short-term deposits (Including repurchase agreements)	171,053	182,728
Interest receivable	193	294
Cash and deposits	185,923	191,073
Bank overdraft	(150)	(27,433)
	185,773	163,640
Hypothecated funds	(3,000)	(3,000)
Interest receivable	(193)	(294)
Cash and cash equivalents	182,580	160,346

Short term deposits include a balance of $3,000,000 (2014 - $3,000,000) which has been hypothecated to the Bank of Nova Scotia Limited as security for a credit card facility.

The effective weighted average interest rates on deposits and overdraft are as follows:

	2015 %	2014 %
Jamaican dollar deposits	2.52	7.28
United States dollar deposits	1.65	2.53

14. Investment Securities

Investments comprise the following:

	2015 $'000	2014 $'000
Available for sale		
Government of Jamaica –		
J$ Bonds	717,043	710,931
Interest receivable	15,512	15,411
	732,555	726,342
Equities	40,827	8,038
	773,382	734,380

For the year ended 31 December 2015, there was a total unrealised loss of $1,524,000 (31 December 2014 a loss of $7,636,000) on securities that were transferred from held to maturity to available for sale in 2014.

Investment securities include securities with a face value of $45,000,000 (2014 - $45,000,000) which have been pledged with the Regulator, the Financial Services Commission, pursuant to Section 8(1)(b) of the Insurance Regulations, 2001.

The current portion of investment securities amounted to $456,355,000 (2014 - 27,140,000).

15. Due from Policyholders, Brokers and Agents

	2015 $'000	2014 $'000
Premiums receivable	98,691	89,897
Less: Provision for impairment	(21,821)	(21,821)
	76,870	68,076

All balances are due within 12 months of the reporting date.

16. Due from Reinsurers

Amounts recoverable from reinsurers comprise:

	2015 $'000	2014 $'000
Unearned premium	170,414	146,532
Claims outstanding	58,009	35,962
Claims IBNR	(17,052)	(16,609)
	211,371	165,885

Balances due from reinsurers in relation to claims outstanding are due within 12 months of the reporting date.

17. Other Receivables

	2015 $'000	2014 $'000
Staff loans	1,702	1,716
Other	1,999	1,411
	3,701	3,127

Balances relating to staff loans are due within 12 months of the reporting date.

18. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

(a) Transactions with related parties were as follows:

	2015 $'000	2014 $'000
Directors' emoluments-		
Fees	8,075	8,075
Management remuneration	21,493	20,888
Rent expense	-	3,333

18. Related Party Transactions and Balances (Continued)

(b) Key management compensation

	2015 $'000	2014 $'000
Wages and salaries	35,937	32,508
Payroll taxes – Employer's portion	3,372	3,078
Pension costs	1,557	1,446
	40,866	37,032

19. Investment Properties

Investment properties relate to land owned by the company. These properties were valued at current market value as at 31 December 2015 by E. Maitland Realtor, and NAI Jamaica Langford and Brown qualified property appraisers and valuators, in their reports dated 10 January 2015 and 4 December 2015 respectively. The properties include land which has been leased to third parties for use as parking facilities.

The movement on investment property balance during the year is as follows:

	2015 $'000	2014 $'000
At beginning of year	152,020	138,020
Fair value gains	21,080	14,000
At end of year	173,100	152,020

The following amounts have been recognised in income in the statement of comprehensive income:

	2015 $'000	2014 $'000
Rental income arising from investment properties	8,061	7,584
Operating expenses incurred on investment properties	422	401

20. Intangible Assets

	Computer Software
	$'000
At Cost -	
At 1 January 2014 and 1 January 2015	11,297
Additions during 2015	1,197
31 December 2015	12,494
Amortisation -	
At 1 January 2014	11,296
Amortised for the year	-
At 31 December 2014	11,296
Amortised for the year	100
At 31 December 2015	11,396
Net Book Value -	
31 December 2015	1,098
31 December 2014	1

21. Property, Plant and Equipment

	Land & Buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Motor Vehicles $'000	Furniture And Fixtures $'000	Total $'000
			2015			
At Cost/Valuation -						
At 1 January	269,700	22,122	19,996	15,242	47,373	374,433
Additions	4,284	-	5,133	-	3,008	12,425
Disposals	(25,216)	-	-	-	(7,017)	(32,233)
Revaluation	13,030	-	-	-	-	13,030
At 31 December	261,798	22,122	25,129	15,242	43,364	367,655
Depreciation -						
At 1 January	15,658	15,740	15,914	14,051	25,842	87,205
Disposal	(3,614)	-	-	-	(7,017)	(10,631)
Charge for the year	4,653	946	1,930	421	2,042	9,992
At 31 December	16,697	16,686	17,844	14,472	20,867	86,566
Net Book Value -						
31 December	245,101	5,436	7,285	770	22,497	281,089

21. Property, Plant and Equipment (Continued)

	Land & Buildings	Leasehold Improvements	Computer Equipment	Motor Vehicles	Furniture And Fixtures	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2014			
At Cost/Valuation -						
At 1 January	142,700	34,620	19,386	17,859	28,333	242,898
Transfer	-	(17,022)	-	-	17,022	-
Additions	129,960	4,524	610	-	2,018	137,112
Disposals	-	-	-	(2,617)	-	(2,617)
Revaluation	(2,960)	-	-	-	-	(2,960)
At 31 December	269,700	22,122	19,996	15,242	47,373	374,433
Depreciation -						
At 1 January	13,372	20,400	14,260	16,090	16,988	81,110
Transfer	-	(7,017)	-	-	7,017	-
Disposal	-	-	-	(2,617)	-	(2,617)
Charge for the year	2,286	2,357	1,654	578	1,837	8,712
At 31 December	15,658	15,740	15,914	14,051	25,842	87,205
Net Book Value -						
31 December	254,042	6,382	4,082	1,191	21,531	287,228

Land and buildings were valued at current market values as at 31 December 2015. If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2015 $'000	2014 $'000
Cost	167,133	173,133
Accumulated depreciation	(13,131)	(11,653)
	154,002	161,480

22. Other Payables

	2015 $'000	2014 $'000
Other payables	26,419	19,167

23. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to setoff current tax assets against current tax liabilities.

The movement in the deferred income tax account is as follows:

	2015 $'000	2014 $'000
At the beginning of the year	(13,071)	(21,002)
Deferred tax (charged)/credited to other comprehensive income (Note 27)	(807)	2,154
Deferred tax (charged)/credited to profit or loss in the statement of comprehensive income (Note 12)	(198)	5,777
At end of year	(14,076)	(13,071)

The movement in deferred tax assets and liabilities is as follows:

	Tax losses $'000	Accelerated tax depreciation $'000	Revaluation gains on buildings $'000	Interest Accrued $'000	Total $'000
At 1 January 2014	17,241		(20,956)	(16,360)	(21,002)
Deferred tax credited to other comprehensive income	-	-	2,154	-	2,154
Deferred tax (charged)/credited to profit in the statement of comprehensive income	(8,194)	1,911	-	12,060	5,777
At 31 December 2014	9,047	984	(18,802)	(4,300)	(13,071)
Deferred tax charged to other comprehensive income	-	-	(807)	-	(807)
Deferred tax (charged)/credited to profit in the statement of comprehensive income	(3,751)	4,490	-	(937)	(198)
At 31 December 2015	5,296	5,474	(19,609)	(5,237)	(14,076)

	2015 $'000	2014 $'000
Deferred tax liabilities that are expected to be settled after more than 12 months after the year end	19,609	18,802
Deferred tax assets that are expected to be recovered after more than 12 months after the year end	5,474	984

24. Insurance Reserves

	2015 $'000	2014 $'000
Provision for unexpired risks	25,594	46,856
Provision for unearned premiums	333,037	322,178
Unearned commissions	33,967	29,073
Provision for claims IBNR, PFAD & UCAE	143,148	100,069
Claims outstanding	394,961	370,384
	930,707	868,560

Included in the provision for claims IBNR and claims outstanding is a provision for adverse deviation of $55,631,000 (2014 - $48,413,000).

	Gross Liabilities 2015 $'000	Ceded 2015 $'000	Net Liabilities 2015 $'000
Provision for unexpired risks	25,594	-	25,594
Provision for unearned premiums	333,037	170,414	162,623
Unearned commissions	33,967	-	33,967
Provision for claims IBNR	50,085	(19,870)	69,955
Provision for adverse deviation	55,631	2,818	52,813
Unallocated claim adjustment expenses	37,432	-	37,432
Claims outstanding	394,961	58,009	336,952
	930,707	211,371	719,336

An actuarial valuation was performed by the company's appointed actuary, Eckler Ltd., to value the policy and claims liabilities of the company as at 31 December 2015, in accordance with the Insurance Act of Jamaica. The Insurance Act requires that the valuation be in accordance with accepted actuarial principles.

	Gross Liabilities 2014 $'000	Ceded 2014 $'000	Net Liabilities 2014 $'000
Provision for unexpired risks	46,856	-	46,856
Provision for unearned premiums	322,178	146,532	175,646
Unearned commissions	29,073	-	29,073
Provision for claims IBNR	16,006	(17,920)	33,926
Provision for adverse deviation	48,413	1,311	47,102
Unallocated claim adjustment expenses	35,650	-	35,650
Claims outstanding	370,384	35,962	334,422
	868,560	165,885	702,675

24. Insurance Reserves (Continued)

In his opinion dated 15 March 2016 the actuary found that the amount of policy and claims liabilities represented in the balance sheet at 31 December 2015 makes proper provision for the future payments under the company's policies and meets the requirements of the Insurance Act and other appropriate regulations of Jamaica; that a proper charge on account of these liabilities has been made in the statement of operations; and that there is sufficient capital available to meet the solvency standards as established by the FSC.

(a) Actuarial data

The data employed in the analysis of outstanding claims and premium liabilities was taken directly from the company's records. Individual items (on both a gross and net basis) used in estimating liabilities as at 31 December 2015 were as follows, grouped by each accident year from 2000 to 2015:

(i) Claims incurred and paid for accident years 2000 onwards.

(ii) Loss adjustment expenses paid for accident years 2000 onwards.

(iii) Paid and incurred large loss amounts in each accident year from 2000 onwards.

(iv) Earned premiums for each year from 2000 to 2015.

(b) Actuarial assumptions

In accordance with IFRS 4, the Liability Adequacy Test was taken into consideration in determining the adequacy of insurance reserves reported by the company.

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

(i) With respect to the analysis of incurred claims development history, the level of case reserve adequacy is relatively consistent, in inflation adjusted terms, over the experience period.

(ii) With respect to the analysis of the net paid claims development history, the rate of payment of the incurred losses for the recent history is indicative of future settlement patterns.

(iii) With respect to the Loss Development and Bornhuetter-Ferguson methods, the average ultimate loss ratio for recent accident years, adjusted for claims inflation and changes in average rate level, is representative of the expected loss ratio for the most recent accident year.

(iv) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of historical data.

There were no significant changes in assumptions or methods during the year.

24. Insurance Reserves (Continued)

(c) Provision for adverse deviation assumptions

Any discrepancy which may ultimately arise between the statistical estimates of outstanding claims and the actual future experience is uncertain. 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 in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business.

(d) Movement in reserves, insurance assets and deferred policy acquisition cost

	2015 $'000	2014 $'000
Unexpired risk reserve:		
At the beginning of the year	46,856	53,900
Recognised in profit or loss	(21,262)	(7,044)
At the end of the year	25,594	46,856
Provision for unearned premium:		
At the beginning of the year	322,178	323,923
Premium written during the year	960,973	728,230
Premium earned during the year	(950,114)	(729,975)
At the end of the year	333,037	322,178
Unearned commissions:		
At the beginning of the year	29,073	27,303
Commissions on reinsurance premium written during the year	85,579	65,191
Earned commission recognized in profit or loss	(80,685)	(63,421)
At the end of the year	33,967	29,073

24. Insurance Reserves (Continued)

(d) Change in insurance liabilities (continued)

	2015 $'000	2014 $'000
Provision for claims IBNR:		
At the beginning of the year	100,069	107,137
Current year recognized as part of claims expense	43,079	(7,068)
At the end of the year	143,148	100,069
Gross Claims Outstanding:		
At the beginning of the year	370,384	475,469
Recognised as part of claims expense in profit of loss	244,394	185,023
Gross amount paid during the year	(219,817)	(290,108)
At the end of the year	394,961	370,384
Deferred policy acquisition cost:		
At the beginning of the year	84,621	74,530
Commissions on premium written during the year	85,579	62,862
Direct premium expense incurred during the year	(90,113)	(59,613)
Change in deferred branch acquisition cost during year	(9,309)	6,842
At the end of the year	70,778	84,621
Unearned reinsurance premiums		
At the beginning of the year	146,532	151,894
Reinsurance premium ceded during the year	487,959	386,769
Reinsurance premium incurred during the year	(464,077)	(392,131)
At the beginning of the year	170,414	146,532

Prepare a schedule to tie up all unearned movement above to the at in the income statement

24. Insurance Reserves (Continued)

(e) Sensitivity analysis

The determination of the actuarial liabilities is heavily dependent on loss development factors, which are used to estimate the ultimate liability for each claim. In determining the loss development factors, the actuaries review patters in relation to incurred and paid claims, as well as loss ratios for various lines of business. Management considers a 10% loss development ratios as a reasonably possible change. The table below shows the amounts by which gross and net IBNR will change, resulting from a 10% change in loss development factors.

	2015	
	Gross IBNR	**Net IBNR**
	$'000	**$'000**
10% increase in loss development	9,817	10,018
10% decrease in loss development	(10,124)	(10,353)

	2014	
	Gross IBNR	**Net IBNR**
	$'000	**$'000**
10% increase in loss development	7,515	6,961
10% decrease in loss development	(7,686)	(7,137)

25. Share Capital

	2015 $'000	2014 $'000
Authorised -		
650,000 ordinary shares		
Issued and fully paid -		
636,635 ordinary shares at no par value	127,327	127,327

26. Capital Reserve

	2015 $'000	2014 $'000
At beginning of year	57,371	1,000
Value of land and building transferred to the company in excess of related party debt	-	56,371
At end of year	57,371	57,371

During the prior year, land and building with a value of $110,000,000 was transferred to the company to settle related party debt of $53,629,000. The amount recognised in capital reserve relates to the excess value over the receivables.

27. Fair Value Reserve

This represents unrealised gains and losses on the valuation of available-for-sale-investments, investment properties and property, plant and equipment, net of deferred taxes. Fair value gains on investment property have been transferred from retained earnings to the fair value reserve to prevent distribution of these gains, as they are unrealised.

	2015 $'000	2014 $'000
At beginning of year	194,321	190,073
Fair value gain/(losses) on available-for-sale securities	16,326	(8,946)
Fair value gains on investment property	21,080	14,000
Revaluation gain/(losses) on property, plant and equipment	13,030	(2,960)
Deferred tax credited to other comprehensive income (Note 23)	(807)	2,154
At end of year	243,950	194,321

28. Segment Information

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The operating segments are Motor and Non-Motor classes of insurance premium written. These two segments represent the company's strategic business units. The strategic business units offer different products, and are managed separately because they require among other things, different marketing strategies. For each of the strategic business units, the company's CEO reviews internal management reports on at least a monthly basis. These reports do not include details of segment assets. The following summary describes the operations in each of the company's reportable segments: motor and non-motor classes. The motor sells motor policies only and these range from comprehensive cover to third party act policies. The non-motor classes comprises liability, property, engineering, travel, personal accident and miscellaneous accident classes. There are no inter-divisional sales.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax, not including non-recurring gains and losses, as included in the internal management reports that are reviewed by the company's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Income and expenses that are directly related to segments are reported within those segments. Head office income and expenses are allocated to segments based on sales.

28. Segment Information (Continued)

The company's operations are located entirely in Jamaica.

	2015		
	Motor	**Non-Motor**	**Total**
	$'000	**$'000**	**$'000**
Gross Premiums written	472,948	488,025	960,973
Reinsurance ceded	24,346	463,613	487,959
Net Premiums written	448,602	24,412	473,014
Change in unearned premium reserve, net	7,055	5,968	13,023
Net premiums earned	455,657	30,380	486,037
Underwriting expenses	515,108	38,512	553,620
Underwriting loss	(59,451)	(8,132)	(67,583)

No single customer accounted for 10% or more of total revenues of the company either in 2015 or in 2014.

	2014		
	Motor	**Non-Motor**	**Total**
	$'000	**$'000**	**$'000**
Gross Premiums written	351,472	376,758	728,230
Reinsurance ceded	35,120	351,649	386,769
Net Premiums written	316,352	25,109	341,461
Change in unearned premium reserve, net	244	(3,861)	(3,617)
Net premiums earned	316,596	21,248	337,844
Underwriting expenses	374,549	34,452	409,001
Underwriting loss	(57,953)	(13,204)	(71,157)

29. Operating Lease

The company leases various branch offices under operating lease agreements. The minimum lease payment for 2015 was $6,495,693 (2014 - $9,017,000). The leases expire between 2015 and 2018 with renewal options at the end of the lease periods. Included in lease payments for 2015 are amounts totaling $2,583,643 (2014 - $2,354,000) for locations whose leases expired within the year for which the new lease agreements have not been finalised.

The future aggregate minimum lease payments under the operating leases are as follows:

	2015 $'000	2014 $'000
No later than 1 year	6,496	6,496
Later than 1 year and no later than 5 years	25,984	32,480
	32,480	38,976

SECTION 11: RISK FACTORS

Key Personnel

It is important that the Company attracts and retains appropriately skilled persons in order to operate its business, and to promote its growth. It is also important for the Company to replace personnel whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on the Group's future prospects.

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behavior of capital markets including the JSE and the market for securities the Company holds in its investment portfolio.

If such policies become onerous from the point of view of the Company or its clients this could require the Company to change the types of products it offers, or the terms on which it offers them, or the overall nature of its business operations.

New Regulatory Rules or Standards

The business may become subject to existing or new regulatory rules or standards that differ from those that are applicable. If such regulatory rules or standards become onerous from the point of view of the Company or its clients this could require the Company to recapitalize, or to change its business operations, and in any case, changes in such regulatory rules or standards may affect its long - term profitability.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

Operational Risk

The Company is also subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the volume of visitor arrivals to the island. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of

these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage maybe available or it is not economical to do so.

Risk of Catastrophic Events

Property and casualty insurers are subject to claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of the total amount of insured exposure in the area affected by the event and also, the nature and severity of the event. Most natural disasters and other catastrophes are localised; however, hurricanes, earthquakes and floods have the potential to produce significant damage in widespread areas.

Such catastrophic events may trigger the payments of significant claims by the Company. While the Directors seek to limit the Company's exposure to losses from catastrophes and natural disasters through prudent underwriting and risk management procedures, including but not limited to policy terms and conditions such as price, exclusions, deductibles and application of average clause provisions (which amount in effect to coinsurance by the insured), through the placement of reinsurance and through employment of loss prevention measures.

Reinsurance risk

Although reinsurance treaties contractually obligate the reinsurers to reimburse the Company for their proportionate share of losses, they do not discharge the Company from its primary liability to its policyholders. Therefore, the Company is contingently liable for the reinsurers' shares of unpaid losses and related expenses, as well as unearned premiums, in excess of funds or other collateral held by the Company in the event the assuming reinsurers are unable to meet their contractual obligations. The Company purchases reinsurance only from reinsurers that it considers to be reputable based on advice from industry professionals and external ratings from time to time.

Control of the Company by certain of the Directors

The Ordinary Shares in the Invitation will not confer legal or effective control of the Company on Applicants. The Company is controlled by the Selling Shareholders and/or vehicles controlled by or connected the each of them and their respective associates.

Admission of the shares to the Junior Market of the JSE

Assuming that the Company is able to raise $119 million as a result of the Invitation no later than by the Closing Date (or earlier) it will apply for admission of the Shares to the Junior Market of the JSE. The application for listing is dependent on the success of the Invitation in raising the stated funds by the stated time and other criteria set out in the Junior Market Rules. However, the Company is not able to guarantee the success of the Invitation or the admission of the Shares to the Junior Market. If the listing is not achieved by 31 March 2016, the Company will not be eligible for the remission of income tax described in the paragraph entitled, "Junior Market Taxation", below.

In the event that the Company's Shares are not listed the Directors in their sole discretion may choose to return all sums raised from Applicants or to continue as an unlisted public company. In the event that the Shares are not listed there may not be an active market for them and furthermore, trading in the Shares will attract transfer tax and stamp duty that is not otherwise payable in connection with transfers of listed Shares on the JSE.

Junior Market Taxation

If the Shares are admitted to the Junior Market of the JSE by 31 March 2016, the Company will benefit from a remission of all corporate income tax for a 5 – year period from the date of listing in accordance with the provisions of the Seventh Schedule to the Income Tax Act. The Schedule also requires the Company to meet certain conditions, including compliance with the ongoing Junior Market requirements and maintaining the listing for at least 10 years. If the Company breaches any of the conditions it may be liable to repay the tax that was remitted.

Volatility in Price of Ordinary Shares / Flat Trading

Following their proposed admission to trading on the JSE the Ordinary Shares may experience volatility in their market price, or flat trading, being very infrequent or insignificant volumes of trading, either or which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of the Shares may be negatively affected or constrained from growing.

Key partners

The Company relies on its business relationships with its customers and also, its key partners who include independent insurance intermediaries and sales agents some of whom are responsible for introducing a significant portion of the Company's business to it. The key partners of the Company also include its reinsurers. If the Company's relationship with any of those partners was disrupted or terminated for any reason the Company would have to identify new partners and its sales, profits and market share could be adversely affected in the interim. In addition, the Company also monitors the reinsurers' credit ratings on a periodic basis however the Directors note that the number of credit worthy, international reinsurers that are willing to take exposure to Jamaica is limited and may affect the Company's ability to engage new suitable reinsurers.

SECTION 12: PROFESSIONAL ADVISERS TO THE COMPANY

Lead Broker and Financial Adviser

JMMB Securities Limited

Knutsford Boulevard Branch

11 Knutsford Boulevard

New Kingston

Kingston 5

Auditors

PricewaterhouseCoopers

Chartered Accountants,

Scotia Centre,

Corner of Duke and Port Royal Streets,

Kingston

Attorneys to the Company in the Invitation

Patterson Mair Hamilton

Temple Court

85 Hope Road

Kingston 6, Saint Andrew

Registrars and Transfer Agents for the Shares

Jamaica Central Securities Depository

40 Harbour Street

Kingston, Saint Andrew

External Actuary

Eckler Ltd., Consultants and Actuaries

ICAJ Building, 8 Ruthven Road

Kingston 10, Saint Andrew

Reinsurance Brokers

J. B. Boda & Co. (UK) Ltd.

SECTION 13: STATUTORY AND GENERAL INFORMATION

13.1 Statutory information required to be set out in this Prospectus by section 42 and the Third Schedule to the Companies Act

1. The Company has no founders or management or deferred shares.

2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.

3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

(a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to the Company. (Article 82)

(b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 84)

(c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 97(5))

(d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the company. (Article 97(7))

(e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay

premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 100)

(f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine. (Article 123)

3. The names and addresses of the Directors are as follows:

Kala Abrahams	48 Paddington Terrace, Kingston 6, Saint Andrew
Natalia Gobin-Gunter	19 Liguanea Mews, Kingston 6, Saint Andrew
Sandra Masterton	43 Lady Musgrave Road, Kingston 5, Saint Andrew
Stephen Allen	6 Wickham Close, Kingston 8, Saint Andrew
Charlton Hylton	47 Hall Boulevard, Kingston 8, Saint Andrew
Keith Collister	T/H #1, 2 Rosemarie Drive, Kingston 8, Saint Andrew

4. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is $119.0 million.

5. The Invitation will open for subscription at 9:00 a.m. on 29 March 2016 and will close on an expedited basis at 9:00 a.m. on the Closing Date (or earlier), Wednesday 30 March 2016 if the Company has received applications for Shares valued at more than $119.0 million which will be allotted as a priority to the shares for sale. The Company may close the Invitation at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date in the sole discretion of the Company, for any reason whatsoever, provided that it is not later than 40 days following the issue of this Prospectus for the purposes of section 48 of the Companies Act. See the terms and conditions in 6.4 for information on the Closing Date in particular.

6. All Applicants who are members of the general public will be required to pay the Invitation Price of $2.27 per Share in full on Application. Reserved Share Applicant will be required to pay the Reserved Share Prices in full on Application. No further sum will be payable on allotment.

7. Save as set out in paragraphs 16 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

8. As at 31 December 2015, being the date to which the Opening Balance Sheet of the Company is made up to, the Company held the following investments:

Cash and equivalents	J$ 959,305[2]
Property, plant and equipment	J$ 281,092
Investment Properties	J$ 173,100
Total	**J$ 1,413,497**

[2] Please note that this figure includes: (i) cash and deposits, and (ii) investment securities. Please see page 2 of the Balance Sheet.

9. There is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company, being the Opening Balance Sheet, and there is no contract for sale and purchase, which would involve any goodwill, patent or trade marks.

10. As at 31 December 2015, being the date to which the Opening Balance Sheet of the Company is made up to, the indebtedness of the Company was as follows:

Current liabilities: Payables	J$ 518,466[3]
Non-current liabilities: Shareholders' loan	J$ Nil
Total	**J$ 518,466**

11. The Company has paid dividends of $112m since its incorporation. The dividend policy of the Company is described in Section 7.12.

12. There is no property that is currently proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

13. Save as set out in paragraph 16 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

14. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed J$20 million (inclusive of brokerage fees, legal fees, auditors' fees, the Registrar's fees, stamp duties and other document filing fees, initial listing and other JSE and JCSD fees and exclusive of GCT). Of those expenses the most material are the lead brokerage fees set out in paragraph 16, and the fees for legal advisory services of Patterson Mair Hamilton, Attorneys-at-law, which amount to $6 million, exclusive of GCT and disbursements.

15. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for the following: Broker Fees to JMMB in the amount of 3.5% of the Invitation and a mobilization payment of $500,000 (up to $8.9m in the aggregate). All fees referred to herein are payable in cash unless stated otherwise and quoted exclusive of GCT, and disbursements.

16. The material contracts of the Company are set out in Section 7.9.

17. The external auditors of the Company are PricewaterhouseCoopers.

18. PricewaterhouseCoopers have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of their name in the context in which it is included.

19. The Company was incorporated on 11 October1982 in preparation for this Invitation.

20. Taxation of Listed Shares
    - Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.

[3] Please note that this represents: (i) claims outstanding gross (per note 24 of the Company's 2015 Audited Financials); (ii) Due to reinsurers as per the Balance Sheet; (iii) other payables per the Balance Sheet; and (iv) Bank Overdraft per the Balance Sheet.

- The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.
- The Income Tax Act provides that dividends paid to residents of Jamaica are subject to withholding tax at the rate of 15%. Such tax is to be withheld at source by the Registrar on behalf of the Company and paid over to the tax authorities. Shareholders who are exempt from the payment of tax should so specify in their Application setting out evidence of the exemption.

  Prospective investors should seek advice on the taxation of listed companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

SECTION 14: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

1. The Articles of Incorporation of the Company adopted by the Company.
2. The Material Contracts described in section 7.9.
3. The Financial Information.
4. The consent of the auditors to the inclusion of each of their names and references thereto in the form and context in which they appear in this Prospectus.
5. The consent of the actuary to the inclusion of their name and reference thereto in the form and context in which they appear in this Prospectus.

SECTION 15: DIRECTORS' SIGNATURES

The Directors whose signatures appear below are individually and collectively responsible for the contents of this Prospectus:

Sandra Masterton

Natalia Gobin-Gunter

Kala Abrahams

Charlton Hylton

Keith Collister

Stephen Allen

APPENDIX 1: APPLICATION FORM

KEY INSURANCE COMPANY LIMITED

APPLICATION FORM

KEY INSURANCE COMPANY LIMITED ORDINARY SHARE OFFER

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

TO: **THE DIRECTORS OF KEY INSURANCE COMPANY LIMITED. ("KICL")**

Re: Invitation for Sale and Subscription in respect of up to 92,115,215 Ordinary Shares being offered pursuant to the Prospectus dated Tuesday 22 March 2016. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated into this Application Form by reference.

I/We hereby apply for ☐☐☐,☐☐☐,☐☐☐ Ordinary Shares in **Key Insurance IPO 2016** on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of Jamaican Two Dollars and Twenty Seven Cents (J$2.27) each.

I/We agree to make payment for the sum of **JA$**☐☐☐,☐☐☐,☐☐☐.☐☐ (Subscription amount) plus JCSD Application fee of $134.00 (inclusive of GCT) via the method(s) selected below:

PLEASE TICK THE RELEVANT PAYMENT METHOD(S):-

SUBSCRIPTION PAYMENT (JA$)	
☐ JA$ Bank Draft drawn on a Jamaican commercial bank payable to "**Key Insurance IPO 2016**"	☐ Debit my/our JMMB Account ☐☐☐☐☐☐☐☐☐
☐ Transfer via RTGS/ACH/NCB Elink as detailed below at Note 3 (c)	

I/We request KICL to allot and issue to me/us the number of Shares applied for by me/us herein, and I/we agree to accept an allotment of that number of Shares or any smaller number of Ordinary Shares in respect of which this Application may be accepted by KICL, upon and subject to the abovementioned Terms & Conditions. I/We authorize KICL's Company Secretary or Registrar and Transfer Agent to place my/our name(s) upon the Register of Members of KICL in respect of the Shares allocated to me/us. I/We also agree to be bound by KICL's Articles of Incorporation.

COMPANIES ARE TO COMPLETE LINES A, C, D, E AND F AND AFFIX COMPANY SEAL. INDIVIDUALS MUST COMPLETE LINES B TO F.

☐☐☐☐☐☐☐☐☐

JOINT HOLDER(S) DETAILS

FIRST NAMED JOINT HOLDER – FIRST NAME | LAST NAME | CITIZENSHIP

TAXPAYER REGISTRATION NUMBER | EMAIL ADDRESS | SIGNATURE

SECOND NAMED JOINT HOLDER – FIRST NAME | LAST NAME | CITIZENSHIP

TAXPAYER REGISTRATION NUMBER | EMAIL ADDRESS | SIGNATURE

THIRD NAMED JOINT HOLDER – FIRST NAME | LAST NAME | CITIZENSHIP

TAXPAYER REGISTRATION NUMBER | EMAIL ADDRESS | SIGNATURE

REFUND OPTION (PLEASE TICK PREFERRED OPTION):

☐ CREDIT MY/OUR JMMB A/C # _____ ☐ PICK-UP CHEQUE AT BROKER OFFICE WHERE APPLICATION WAS SUBMITTED

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. Application must be for a minimum of **5,000** shares with increments in multiples of **1000** shares. Applications in any other increment will not be accepted or processed.
2. All applications must be accompanied by the JCSD application fee of $134.00 (inclusive of GCT).
3. All completed applications must be delivered to any JMMB Ltd location as detailed in the Prospectus.
4. Details for wire transfer payments:

RTGS – FOR ALL JA$ TRANSACTIONS*

RTGS - Retail Clients
Beneficiary Bank: Citibank
Beneficiary Bank's BIC: CITIJMK1
Bank Routing Number: 00001026
RTGS Account Number: 1031
Account Type: Chequing
Account Name: Jamaica Money Market Brokers
Account Number: 0019363678

RTGS – Corporate Clients
Account Name: Jamaica Money Market Brokers
BIC: JMMBJMK1
RTGS Account Number: 151637

FOR JA$ ELECTRONIC TRANSFERS*:-
ACH/NCB Elink
Beneficiary Bank: National Commercial Bank, Duke Street
Account Type: Chequing
Account Name: Jamaica Money Market Brokers Limited
Account Number: 062015659

***SPECIAL INSTRUCTIONS: FOR FURTHER CREDIT TO JMMB A/C 2960778 i.n.o. Key Insurance IPO 2016.**

SEND EMAIL TO JMMB AT: CENTRALIZED_PROCESSING@JMMB.COM WITH DETAILS OF THE TRANSFER i.e. DATE OF TRANSFER, APPLICANT'S NAME, AMOUNT TRANSFERRED, JMMB ACCOUNT & TRANSACTION REFERENCE NO.

5. Primary applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus.
6. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder must sign the Application Form at the place indicated.
7. All applicants must attach copies of their Government Issued ID as well as their TRN card (if ID provided is not a Jamaican Driver's Licence displaying their TRN).
8. Successful applicants will be issued with Allotment letters confirming their allotments. This, along with dividend warrants and other communications, will be sent via email to all primary applicants or by mail where an email address is not available.
9. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to successful applicants will be credited to their accounts at the Jamaica Central Securities Depository (JCSD). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account.
10. All applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

THIS SECTION FOR BROKER USE ONLY

DATE APPLICATION RECEIVED: DD MM YYYY TIME RECEIVED _____ BRANCH_____

RECEIVED BY: _____ _____
NAME SIGNATURE

PAYMENT METHOD

PAYMENT REF. NO.1 _____ PAYMENT REF. NO. 2 _____ PAYMENT REF. NO. 3 _____

PAYMENT METHOD: ☐ CHEQUE ☐ INTERNAL TRANSFER ☐ RTGS/ACH/ELINK TRANSFER

APPENDIX 2: LOCATIONS WHERE APPLICATIONS MAY BE SUBMITTED

KINGSTON	
Knutsford Boulevard Branch 11 Knutsford Boulevard, Kingston 5, Saint Andrew. Telephone (876) 998-5662	
Haughton Avenue Branch 5 Haughton Avenue, Kingston 10, Saint Andrew. Telephone (876) 998-5662	**Personal Portfolio Management Centre** 23 Phoenix Avenue, Kingston 10, Saint Andrew.
SAINT CATHERINE	
Portmore Branch 47-48 West Trade Way, Portmore Town Centre, Portmore, St. Catherine. Telephone (876) 998-5662	
SAINT ANN	
Ocho Rios Branch Guardian Life Building, 2 Graham Street, Ocho Rios, St. Ann. Telephone (876) 998-5662	
CLARENDON	
May Pen Branch, Shop 28B, Bargain Village Plaza**,** 35 Main Street**,** May Pen, Clarendon. Telephone (876) 998-5662	
MANCHESTER	
Mandeville Branch, 23 Ward Avenue**,** Mandeville, Manchester**.** Telephone (876) 998-5662	
SAINT ELIZABETH	
Santa Cruz Branch Shop # 2 Oasis Plaza, Coke Drive, Santa Cruz, St. Elizabeth. Telephone (876) 998-5662	**Junction Agency** Shop 2, Roye's Plaza, Main Street, Junction, St. Elizabeth. Telephone (876) 965-8005
SAINT JAMES	
Montego Bay Branch Suite 1, Shop 28B, Fairview Office Park, Alice Eldemire Drive Montego Bay, St. James. Telephone (876) 998-5662	**JMMB Merchant Bank,** **Montego Bay Branch** 25 Church Street, Montego Bay, St. James. Telephone (876) 979 -1707