

# **KEY INSURANCE COMPANY LIMITED**

**Unaudited Financial Statements**  
**Three Months Ended 31 March 2016**



# **Key Insurance Company Limited**

## **Unaudited Financial Statements**

**Three Months Ended 31 March 2016**

### **Index**

	Page
Statement of comprehensive income	1
Balance sheet	2
Statement of cash flows	3
Statement of changes in shareholders' equity	4
Notes to the financial statements	5 - 6
Shareholdings and directors and connected parties	7
Top 10 shareholders	8

Statement of Comprehensive Income  
31 March 2016

Unaudited

For Three Months Ended

(\$ Thousands)	March 2016 \$	December 2015 \$	March 2015 \$
<b>Gross Premium Written</b>	198,581	194,281	181,162
Reinsurance Ceded	75,228	72,366	74,610
<b>Net Premiums Written</b>	123,353	121,915	106,552
Change in unearned premium reserve, net	(5,432)	(27,657)	74,185
<b>Net Premiums Earned</b>	117,921	94,258	180,737
Change in insurance reserves	(1,025)	(21,909)	(916)
Commission income	13,415	9,882	16,692
Commission expense	(15,940)	(15,148)	(13,850)
Claims expense	(56,569)	(83,225)	(64,478)
Reinsurance recoveries	14,738	15,296	7,413
Change in unexpired risk reserves	1,083	21,262	-
Administration and other expenses	(85,880)	(98,941)	(66,365)
Underwriting (loss)/profit	(12,257)	(78,525)	59,233
Investment income	11,511	8,706	15,342
Gains on revaluation of investment properties	-	21,080	-
Other income	3,659	7,405	1,629
<b>Profit/(loss) Before Taxation</b>	2,913	(41,334)	76,204
Taxation	(15)	(3,787)	(15)
<b>Net profit/(loss) After Taxation</b>	2,898	(45,121)	76,189
<b>Other Comprehensive Income:</b>			
Items that may be subsequently reclassified to profit or loss:			
<b>Net gain/(loss) on the revaluation of available for sale investment securities</b>	5,105	16,326	-
Items that will not be subsequently reclassified to profit or loss:			
Revaluation gains on property, plant and equipment	-	13,030	-
Deferred tax charge on revaluation gains on property, plant and equipment	-	(807)	-
<b>Other Comprehensive Income</b>	5,105	28,549	-
<b>Total Comprehensive Income for the Year</b>	<u>8,003</u>	<u>(16,572)</u>	<u>76,189</u>
<b>Earnings per share (dollar per share)</b>	<u>0.01</u>	<u>(70.87)</u>	<u>119.67</u>

Balance Sheet  
31 March 2016

Unaudited

(\$ Thousands)

**Assets**

	March 2016 \$	As at December 2015 \$	March 2015 \$
Cash and deposits	567,694	185,923	191,850
Investment securities	357,717	773,382	731,544
Due from policyholders, brokers and agents	73,303	76,870	64,829
Due from reinsurers	179,571	211,371	137,308
Deferred policy acquisition costs	66,923	70,778	79,466
Taxation recoverable	176,184	171,599	166,020
Other receivables	121,324	3,701	2,972
Investment properties	173,100	173,100	152,020
Intangible assets	1,038	1,098	1
Property, plant and equipment	282,009	281,089	286,526
	<u>1,998,863</u>	<u>1,948,911</u>	<u>1,812,536</u>

**Liabilities and Equity**

**Liabilities**

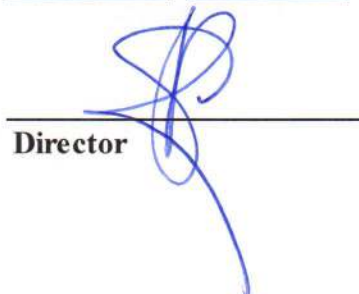
Bank overdraft	7,619	150	18,632
Other payables	28,337	26,419	15,451
Due to reinsurers	61,964	96,936	79,084
Deferred taxation	14,076	14,076	13,071
Insurance reserves	889,482	930,707	780,903
	<u>1,001,478</u>	<u>1,068,288</u>	<u>907,141</u>

**Equity**

Share capital	236,086	127,327	127,327
Capital reserve	57,371	57,371	57,371
Fair value reserve	249,055	243,950	194,321
Retained earnings	454,873	451,975	526,376
	<u>997,385</u>	<u>880,623</u>	<u>905,395</u>
	<u>1,998,863</u>	<u>1,948,911</u>	<u>1,812,536</u>



Director



Director

Statement of Cash Flows  
31 March 2016

Unaudited

(\$ Thousands)	2016 \$	2015 \$
<b>Cash flows from operating activities</b>		
Net profit	2,898	76,189
Adjustment for:		
Amortisation and depreciation	2,613	2,417
Gain on foreign exchange	(1,076)	(545)
Dividend income	(290)	(35)
Interest income	(11,511)	(7,316)
Taxation	15	15
	<u>(7,351)</u>	<u>70,725</u>
Change in operating assets and liabilities		
Due from policyholders, brokers and agents	3,918	3,388
Change in deferred policy acquisition costs	3,855	5,155
Change in insurance reserves	(41,225)	(87,657)
Due to/from reinsurers	(3,645)	17,090
Other assets	(117,623)	155
Other liabilities	<u>(3,612)</u>	<u>(3,716)</u>
	<u>(165,683)</u>	<u>5,140</u>
Taxation paid	<u>(4,615)</u>	<u>(4,747)</u>
Net cash (used in)/ provided by operating activities	<u>(170,298)</u>	<u>393</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,473)	(1,715)
Net purchase and maturity of investment	415,065	402
Interest and dividend received	<u>18,606</u>	<u>10,187</u>
Net cash provided investing activities	<u>430,198</u>	<u>8,874</u>
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of shares	<u>108,759</u>	<u>-</u>
Net cash provided by investing activities	<u>108,759</u>	<u>-</u>
Net increase in cash and cash equivalents	368,659	9,267
Effect of changes in exchange rate on cash and cash equivalents	336	311
Cash and cash equivalents at the beginning of the year	<u>182,580</u>	<u>160,640</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>551,575</u></u>	<u><u>170,218</u></u>

Statement of Changes in Shareholders' Equity  
31 March 2016

Unaudited (\$ Thousands)	Share Capital \$	Capital Reserves \$	Fair Value Reserves \$	Retained Earnings \$	Total \$
Balance as at 01 January 2015	127,327	57,371	194,321	450,187	829,206
Total comprehensive income for the period	-	-	-	76,189	76,189
Balance as at 31 March 2015	127,327	57,371	194,321	526,376	905,395
Balance as at 01 January 2016	127,327	57,371	243,950	451,975	880,623
Shares issued during the period	108,759	-	-	-	108,759
Total comprehensive income for the period	-	-	5,105	2,898	8,003
Balance as at 31 March 2016	236,086	57,371	249,055	454,873	997,385

Notes to the Financial Statements  
31 March 2016

### 1. Identification and Activities

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

The principal accounting policies applied to the preparation of these financial statements are similar to those applied to the audited financial statements for year ended 31 December 2015.

These policies have been consistently applied to all the periods presented unless otherwise stated.

#### Basis of Preparation

These financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting 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.

### 3. Share capital

	2016 \$'000	2015 \$'000
Authorised - 496,000,000 (2015 - 650,000) ordinary shares		
Issued and fully paid - 368,460,863 (2015 - 636,635) ordinary shares at no par value	<u>236,086</u>	<u>127,327</u>

A resolution was passed at a General Meeting during February 2016 that each of the authorised and issued shares of Key Insurance Company Limited be sub-divided into 496 ordinary shares (496 to 1).

On 31 March 2016, the company issued 52,689,903 ordinary shares through an initial public offering at a value of \$119,606,079. Costs associated with the share issue amounted to \$10,847,079.

### 4. Earned premium

On 01 February 2015, the company changed its method of computing earned premium from the 1/24th method to the 1/365th method. This contributed in part to the spike in earned premium during first quarter of 2015 and the large profit of \$76m. This was largely due to the fact that short rate transactions accounts for a large percentage of the total book of motor business.

Notes to the Financial Statements  
31 March 2016

## 5. Capital Management

The primary measure used to assess capital adequacy is the Minimum Capital Test (MCT) which is used by the Financial Services Commission 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% (2015 - 250%).

As at 31 March 2016, the company achieved the minimum level of capital based on MCT.

	March 2016	December 2015	March 2015
Actual MCT ratio	445%	347%	414%
Minimum required MCT Ratio	250%	250%	250%



Shareholdings and Directors and Connected Parties  
31 March 2016

Directors	Holdings as at 31 March 2016
<b>Sandra Masterton</b>	88,409,444
William Masterton	86,304
<b>Natalia Gobin-Gunter</b>	88,409,445
Andrew-David Gunter	0
<b>Kala Abrahams</b>	88,409,444
<b>Keith Collister</b>	60,970
Carol Collister	0
<b>Stephen Allen</b>	0
<b>Charlton Hylton</b>	7,947
Karla Hylton	0
<b>Senior Managers</b>	
Heather Bowie	5,590
Sophia Phillips	15,605
Treveen Little	93,374
Carlene Isaacs	5,000

Top 10 Shareholders  
31 March 2016

Shareholders	Holdings as at 31 March 2016
Natalia Gobin-Gunter	88,409,445
Sandra Masterton	88,409,444
Kala Abrahams	88,409,444
JMMB T1 Equity Fund	43,129,690
Jamaica Money Market Brokers Limited	36,846,000
World Net Investment Company Limited	11,785,254
M F & G Trust and Finance Limited	3,157,012
Rezworth Burchenson	591,216
Marathon Insurance Brokers Limited	591,216
Sameer Younis	591,216
William McConnell	443,925
Derrick Dunn	443,925
Romaine Whyte	390,900