



**UNAUDITED FINANCIAL STATEMENTS  
FOR PERIOD ENDED 30 JUNE 2016**



# General Accident Insurance Company Jamaica Limited

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Period ended 30 June 2016

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# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Report to Stockholders

For the period ended 30 June 2016

We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited (“General Accident”) for the quarter ended 30 June 2016.

The highlights are as follows:

Net profit of \$68.2 million, an increase of 157% (2015: 26.6 million)

Earnings per share of \$0.07 (2015: \$0.03)

Book value of \$1.89 billion (2015: \$1.53 billion)

Annualized return on average equity of 7.4% (2015:6.8%)

### Underwriting Performance

For the first half of the year, gross written premium grew to \$4.4 billion, an increase of 16% over the same period last year. Net earned premiums grew by 9% to \$541 million, while net claims charges saw an increase by 15% to \$475 million. Administrative expenses increased by 15% when compared to the same period prior year. This resulted in the entity suffering an underwriting loss for the first 6 months of \$43.1 million dollars. Our combined ratio deteriorated for the first six months of 2015 to 107% from 106% for the same period of 2015.

### Investment Performance

Our investment income for the first half of 2016 was \$123 million, 15% above prior year of \$107 million. This represents an annualized return 9.85% and is in excess of our benchmark inflation and the returns on Government of Jamaica securities. It should also be noted that our investment portfolio produced material gains of \$75 million on our available-for-sale investments currently recognized in other comprehensive income and not reflect in the 9.85% return. However if added to the investment income for the period, this would have produced an annualized return on the investment portfolio of 14%.

# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Interim Report to Stockholders For the quarter ended 30 June 2016

### Summary

General Accident ended the second quarter with a book value of \$1.890 billion and generated annualized return on average equity for shareholders of 7.43%.

As at 30 June 2016, we remain in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

We wish to thank our all of our policyholders, brokers, reinsurers, and employees for their loyal support. With their help, we are confident that we can steer our way to continued profitability and growth for the remainder of 2016.

On behalf of the Board of Directors

**Paul Scott**  
Chairman

**Sharon Donaldson**  
Managing Director



**General Accident Insurance Company Jamaica Limited**  
**Statement of Comprehensive Income**  
**Period ended 30 June 2016**

	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	6 Months Ended 30 June 2016 \$'000	6 Months Ended 30 June 2015 \$'000	Period ended 30 June 2016 \$'000	Period ended 30 June 2015 \$'000	Year ended 31 December 2015 \$'000
<b>Gross Premiums Written</b>	4,366,820	3,773,504	2,766,680	2,081,024	6,112,355
Reinsurance ceded	(3,730,016)	(3,100,573)	(2,452,979)	(1,752,441)	(4,832,142)
Excess of Loss Reinsurance Cost	(51,512)	(51,512)	(28,972)	(28,972)	(89,248)
<b>Net Premiums Written</b>	<b>585,292</b>	<b>621,419</b>	<b>284,738</b>	<b>299,611</b>	<b>1,190,965</b>
Changes in unearned premiums, net	(44,231)	(129,484)	3,817	(37,526)	(70,910)
<b>Net Premiums Earned</b>	<b>541,061</b>	<b>491,935</b>	<b>288,555</b>	<b>262,085</b>	<b>1,120,055</b>
Commission Income	239,371	216,118	110,407	115,162	372,867
Commission Expense	(142,574)	(138,852)	(67,712)	(68,820)	(246,405)
Changes in commission, net	9,769	6,960	1,573	(11,940)	10,981
Claims Expense	(474,490)	(413,043)	(240,352)	(227,587)	(696,480)
Management Expenses	(216,189)	(221,759)	(109,341)	(114,459)	(446,362)
<b>Underwriting (Loss)/ Profit</b>	<b>(43,052)</b>	<b>(58,641)</b>	<b>(16,870)</b>	<b>(45,559)</b>	<b>114,656</b>
Investment Income	91,031	93,777	43,659	49,896	175,653
Other Income	34,228	6,443	24,169	3,807	45,391
Other Operating Expenses	(13,988)	(14,973)	(3,853)	(7,657)	(32,252)
<b>Profit before Taxation</b>	<b>68,219</b>	<b>26,606</b>	<b>47,105</b>	<b>487</b>	<b>303,448</b>
Taxation	(30)	(30)	(30)	(30)	970
<b>NET PROFIT FOR THE PERIOD</b>	<b>68,189</b>	<b>26,576</b>	<b>47,075</b>	<b>457</b>	<b>304,418</b>
<b>Other Comprehensive Income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Unrealised (losses)/gains on available-for-sale					
investments, net of tax	51,296	19,669	75,542	13,212	61,288
Tax credit	-	-	-	-	2,428
	51,296	19,669	75,542	13,212	63,716
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>119,485</b>	<b>46,245</b>	<b>122,617</b>	<b>13,669</b>	<b>368,134</b>
<b>EARNINGS PER SHARE</b>	<b>\$0.07</b>	<b>\$0.03</b>	<b>\$0.05</b>	<b>\$0.00</b>	<b>\$0.31</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Financial Position**  
**As at 30 June 2016**

	Unaudited 30 June 2016 \$'000	Unaudited 30 June 2015 \$'000	Audited 31 December 2015 \$'000
<b>ASSETS</b>			
Cash and short term Investments	1,153,549	998,560	1,002,316
Taxation Recoverable	165,947	139,815	150,162
Due from policyholders, brokers and agents	545,358	1,535,886	570,072
Due from reinsurers and co-insurers	831,124	614,896	577,760
Deferred policy acquisition cost	294,127	247,830	225,042
Other Receivables	97,190	100,194	41,961
Due from related parties	-	832	3,871
Loans receivable	250,000	167,099	170,000
Leases receivable	2,681	27,632	8,877
Investment securities	1,421,285	1,235,300	1,396,435
Pooled real estate investment	143,549	143,549	143,549
Property, plant & equipment	115,791	125,426	126,271
Intangible assets	9,657	5,334	3,587
Deferred tax assets	3,896	499	3,897
<b>Total Assets</b>	<b>5,034,154</b>	<b>5,342,853</b>	<b>4,423,800</b>
<b>LIABILITIES</b>			
Due to reinsurers and coinsurers	302,016	1,310,115	378,768
Due to related parties	8,736	-	6,322
Other liabilities	127,906	83,909	100,048
Insurance Reserves	2,700,714	2,423,233	2,163,365
<b>Total Liabilities</b>	<b>3,139,372</b>	<b>3,817,257</b>	<b>2,648,503</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	169,573	74,230	118,277
Retained earnings	1,102,821	828,978	1,034,632
<b>Total shareholders' equity</b>	<b>1,894,782</b>	<b>1,525,596</b>	<b>1,775,297</b>
<b>Total liabilities and shareholder's equity</b>	<b>5,034,154</b>	<b>5,342,853</b>	<b>4,423,800</b>

Approved by the Board of Directors on July 19, 2016, and signed on its behalf by:

**Paul Scott**  
Director

**Sharon Uonaiason**  
Director



**General Accident Insurance Company Jamaica Limited**  
**Statement of Changes in Equity**  
**Quarter ended 30 June 2016**

	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 31 December 2014	470,358	152,030	54,561	902,433	1,579,382
<b>Comprehensive Income:</b>					
Net profit for the period				26,576	26,576
<b>Other Comprehensive Income</b>					
Unrealised gains on available-for-sale investment, net of tax	-	-	19,669	-	19,669
<b>Total comprehensive income</b>	-	-	19,669	26,576	46,245
<b>Total transactions with owners</b>					
	-	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>470,358</b>	<b>152,030</b>	<b>74,230</b>	<b>828,978</b>	<b>1,525,596</b>
<b>Balance as 31 December 2015</b>	<b>470,358</b>	<b>152,030</b>	<b>118,277</b>	<b>1,034,632</b>	<b>1,775,297</b>
<b>Comprehensive income:</b>					
Net profit for the period				68,189	68,189
Other Comprehensive Income			51,296		51,296
<b>Total comprehensive income</b>	-	-	51,296	68,189	119,485
<b>Balance as at 30 June 2016</b>	<b>470,358</b>	<b>152,030</b>	<b>169,573</b>	<b>1,102,821</b>	<b>1,894,782</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Cash Flows**  
**Quarter ended 30 June 2016**

	Unaudited	Unaudited	Audited
	30 June	30 June	31 December
	2016	2015	2015
	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>			
Net profit	68,189	26,576	304,318
Adjustments for items not affecting cash:			
Depreciation	12,685	12,590	27,665
Amortisation of intangible assets	1,303	2,276	4,587
Amortisation of premium	1,008	686	5,166
Gains on unit trust funds	-	-	(6,957)
Gain on disposal of property, plant and equipment	-	-	(1,741)
Interest income	(85,643)	(75,541)	(151,092)
Dividend income	(4,913)	(4,567)	(11,961)
Deferred taxation	-	-	(970)
Foreign exchange gains	(31,023)	(6,819)	(26,159)
Increase in deferred policy acquisition cost	(69,085)	(44,930)	(22,142)
Increase in insurance reserves	537,349	434,660	174,792
	<u>429,870</u>	<u>344,930</u>	<u>295,606</u>
<b>Changes in operating assets and liabilities:</b>			
Due from policyholders, brokers and agents	24,714	(1,155,280)	(183,458)
Other receivables	(56,046)	(74,738)	(16,505)
Loans receivable	(80,000)	2,492	(409)
Other liabilities	27,858	8,750	24,887
Due from related parties	3,871	1,443	4,726
Due from reinsurers and coinsurers, net	(330,116)	955,366	55,235
	<u>20,151</u>	<u>82,963</u>	<u>180,082</u>
Taxation suffered at source	(15,785)	(8,794)	(22,717)
<b>Net cash provided by operating activities</b>	<u><b>4,366</b></u>	<u><b>74,169</b></u>	<u><b>157,365</b></u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investments	(375,235)	(430,426)	(636,818)
Lease receivables, net	6,196	16,924	32,051
Acquisition of property, plant and equipment	(7,637)	(42,878)	(59,767)
Acquisition of intangible asset	(1,940)	-	(711)
Proceeds from disposal of property, plant and equipment	-	-	2,710
Proceeds from disposal and maturity of investments	407,134	119,715	252,345
Dividend received	5,730	5,384	12,778
Interest received	96,427	75,548	131,397
<b>Net cash provided by/(used in) investing activities</b>	<u><b>130,675</b></u>	<u><b>(255,733)</b></u>	<u><b>(266,015)</b></u>
<b>Cash Flows from Financing Activities</b>			
Dividends paid	-	(100,031)	(172,219)
Net cash used in financing activities	-	(100,031)	(172,219)
<b>Increase /(decrease) in cash and cash equivalents</b>	<u><b>135,041</b></u>	<u><b>(281,595)</b></u>	<u><b>(280,869)</b></u>
Effect of exchange rate changes on cash and cash equivalents	16,193	7,628	10,658
<b>Cash and cash equivalents at beginning of year</b>	<u><b>1,002,316</b></u>	<u><b>1,272,527</b></u>	<u><b>1,272,527</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>1,153,549</b></u>	<u><b>998,560</b></u>	<u><b>1,002,316</b></u>





**General Accident Insurance Company Jamaica Limited**  
**Notes to the Financial Statements**  
**Quarter ended 30 June 2016**

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### **Identification and Activities**

General Accident Insurance Company (Jamaica) Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10.

The company is licensed to operate as a general insurance company under the insurance Act, 2001. Its principal activity is the underwriting of commercial and personal property and casualty insurance.

The company is a public company listed on the Jamaica Stock Exchange at September 30, 2011.

### **Statement of Compliance and Basis of Preparation**

These unaudited interim financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and the relevant provisions of the Companies Act.

The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets carried at fair value.

The accounting policies and method of computation are consistent with the audited financial statements for year ended December 31, 2015. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.