



**UNAUDITED FINANCIAL STATEMENTS  
FOR PERIOD ENDED 30 SEPTEMBER 2017**



# General Accident Insurance Company Jamaica Limited

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Period ended 30 September 2017

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# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Report to Stockholders

### For the quarter ended 30 September 2017

We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited (“General Accident”) for the quarter ended 30 September 2017.

The highlights are as follows:

Net profit of \$76.8 million, a decrease of 75% (2016: 311.6 million)

Earnings per share of \$0.07 (2016: \$0.30)

Book value of \$1.9 billion (2016: \$1.9 billion)

Annualized return on average equity of 5.2% (2015:28.6%)

#### **Underwriting Performance**

For the 9 months ending 30 September 2017, gross written premium reported was \$6.2 billion, an increase of 18% over the same period last year. Our net earned premiums grew to \$965 million, an increase of 13% up from \$853 million. Net claims charges grew significantly over the prior year from \$607 million to \$788 million representing an increase of 30%. The deteriorating claim experience is due largely to an uptick in claims frequency in both motor and liability lines of business. Although administrative expenses increased by 22% over the prior period, this is in line with expectation due to the planned 2017 growth initiatives.

Given the foregoing, this resulted in the company making an underwriting loss of \$34.8 million for the 9-month period compared to \$6.8 million in the prior year.

#### **Investment Performance**

Investment income for the period under review, inclusive of foreign currency gains, was \$146.3 million (\$335.4 million for the prior year). This is due to a one-off disposal of certain equity investments in the prior year, coupled with reduced interest income due to falling interest rates and reduction foreign exchange gains. This represents an annualized return of 7.4% which is below the annualized normalized return of 10.0% for the same period prior year, adjusted for one-off gain on equity investments.

# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Interim Report to Stockholders

### Summary

General Accident's profitability of \$76.8 million for the first nine months of 2017, is well below our prior year performance. By far the largest driver of this result is the significant increase in claims. Our core underwriting business experienced losses, we however remain confident that the consistent application of General Accident's standards and practices will continue to produce underwriting profits over the long-term.

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 continue steer our way on a trajectory of profitability and growth for the remainder of 2017.

On behalf of the Board of Directors

**P. B. Scott**  
Chairman

**Sharon Donaldson**  
Managing Director



**General Accident Insurance Company Jamaica Limited**  
**Statement of Comprehensive Income**  
**Quarter ended 30 September 2017**

Column1	Unaudited 9 months Ended 30 September 2017	Unaudited 9 months Ended 30 September 2016	Unaudited 3 months Ended 30 September 2017	Unaudited 3 months Ended 30 September 2016	Audited Year ended 31 December 2016
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross Premiums Written</b>	6,179,540	5,231,432	1,627,739	864,612	5,649,097
Reinsurance ceded	(5,065,857)	(4,274,227)	(1,240,967)	(544,211)	(4,331,167)
Excess of Loss Reinsurance Cost	(70,379)	(70,944)	(16,812)	(19,432)	(96,779)
<b>Net Premiums Written</b>	<b>1,043,304</b>	<b>886,261</b>	<b>369,960</b>	<b>300,969</b>	<b>1,211,151</b>
Changes in unearned premiums, net	(78,181)	(32,282)	(22,612)	11,949	(84,889)
<b>Net Premiums Earned</b>	<b>965,123</b>	<b>853,979</b>	<b>347,348</b>	<b>312,918</b>	<b>1,136,262</b>
Commission Income	328,661	282,305	77,692	42,934	361,081
Commission Expense	(236,042)	(205,787)	(66,920)	(63,213)	(267,308)
Changes in commission, net	105,146	5,722	61,444	(4,047)	62,034
Claims Expense	(788,151)	(607,216)	(249,107)	(132,726)	(746,073)
Management Expenses	(409,564)	(335,581)	(137,306)	(119,389)	(500,388)
<b>Underwriting (Loss)/Profit</b>	<b>(34,827)</b>	<b>(6,578)</b>	<b>33,151</b>	<b>36,477</b>	<b>45,609</b>
Investment Income	146,326	335,403	55,879	212,282	326,762
Other Income	1,950	3,532	(1,462)	1,394	56,315
Other Operating Expenses	(22,410)	(20,694)	(8,083)	(6,709)	(24,443)
<b>Profit before Taxation</b>	<b>91,039</b>	<b>311,663</b>	<b>79,485</b>	<b>243,444</b>	<b>404,243</b>
Taxation	(14,260)	(60)	(11,050)	(30)	(17,364)
<b>NET PROFIT FOR THE PERIOD</b>	<b>76,779</b>	<b>311,603</b>	<b>68,435</b>	<b>243,414</b>	<b>386,879</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	53,636	54,799	(22,922)	3,503	126,605
Gains recycled to profit or loss on disposal of available-for-sale investments	-	(148,748)	-	-	(148,748)
Tax credit	-	-	-	(148,748)	(610)
	53,636	(93,949)	(22,922)	(145,245)	(22,753)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>130,415</b>	<b>217,654</b>	<b>45,513</b>	<b>98,169</b>	<b>364,126</b>
<b>EARNINGS PER SHARE</b>	<b>\$0.07</b>	<b>\$0.30</b>	<b>\$0.07</b>	<b>0.25</b>	<b>\$0.38</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Financial Position**  
**As at 30 September 2017**

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	Unaudited 30 September 2017 \$'000	Unaudited 30 September 2016 \$'000	Audited 31 December 2016 \$'000
<b>ASSETS</b>			
Cash and Short Term Investments	785,178	1,032,477	1,080,023
Taxation Recoverable	170,551	170,795	162,049
Due from policyholders, brokers and agents	634,643	506,709	466,784
Due from reinsurers and co-insurers	874,894	676,027	759,939
Deferred policy acquisition cost	384,290	255,958	297,410
Other Receivables	101,497	110,610	78,250
Due from related parties	-	-	
Loans receivable	180,401	230,363	180,385
Leases receivable	-	771	63
Investment Securities	1,927,133	1,625,157	1,621,895
Pooled real estate investment	143,549	143,549	143,549
Property, Plant & Equipment	157,552	112,392	136,772
Intangible assets	13,965	9,162	5,370
Deferred tax assets	521	3,896	521
<b>Total Assets</b>	<b>5,374,174</b>	<b>4,877,866</b>	<b>4,933,010</b>
<b>LIABILITIES</b>			
Due to reinsurers and coinsurers	434,842	290,848	284,905
Due to related parties	5,605	6,322	6,322
Other liabilities	144,946	180,449	169,408
Insurance Reserves	2,983,947	2,507,327	2,507,955
<b>Total Liabilities</b>	<b>3,479,340</b>	<b>2,984,946</b>	<b>2,968,590</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Fair value reserve	149,160	24,328	95,524
Retained earnings	1,123,286	1,246,204	1,246,508
<b>Total shareholders' equity</b>	<b>1,894,834</b>	<b>1,892,920</b>	<b>1,964,420</b>
<b>Total liabilities and shareholder's equity</b>	<b>5,374,174</b>	<b>4,877,866</b>	<b>4,933,010</b>

Approved by the Board of Directors on October 30, 2017, and signed on its behalf by:



**General Accident Insurance Company Jamaica Limited**  
**Statement of Changes in Equity**  
**Quarter ended 30 September 2017**

	Share Capital	Capital Reserves	Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 31 December 2014	470,358	152,030	118,277	1,034,632	1,775,297
Net profit for the period				311,603	311,603
Other Comprehensive Income					
Unrealised losses on available-for-sale			54,799		54,799
Gains recycled to profit or loss on disposal of available-for-sale-investments			(148,748)		(148,748)
<b>Total comprehensive income</b>	-	-	(93,949)	311,603	217,655
Transactions with owners					
Dividends	-	-	-	(100,031)	(100,031)
<b>otal transactions with owners</b>	-	-	-	(100,031)	(100,031)
<b>Balance as at 30 September 2016</b>	<b>470,358</b>	<b>152,030</b>	<b>24,328</b>	<b>1,246,204</b>	<b>1,892,920</b>
<b>Balance as at 31 December 2016</b>	<b>470,358</b>	<b>152,030</b>	<b>95,524</b>	<b>1,246,508</b>	<b>1,964,420</b>
Net profit for the period				76,779	76,779
Other Comprehensive Income					
Unrealised gains on available-for-sale investment, net of tax			53,636		53,636
<b>Total other comprehensive income</b>	-	-	53,636	76,779	130,415
Transactions with owners					
Dividends				(200,001)	(200,001)
<b>Total transactions with owners</b>	-	-	-	(200,001)	(200,001)
<b>Balance as at 30 September 2017</b>	<b>470,358</b>	<b>152,030</b>	<b>149,160</b>	<b>1,123,286</b>	<b>1,894,834</b>



**General Accident Insurance Company Jamaica Limited**  
**Statement of Cash Flows**  
**Quarter ended 30 September 2017**

	Unaudited	Unaudited	Audited
	30 September 2017	30 September 2016	31 December 2016
	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>			
Net profit	76,779	311,603	386,879
Adjustments for items not affecting cash:			
Depreciation	21,514	18,655	20,943
Amortisation of intangible assets	897	1,960	3,500
Amortisation of premium	3,594	21,826	3,292
Gain on sale of investments	-	(148,748)	148,748
Gains on unit trust funds	-	(1,732)	
Gain on disposal of property, plant and equipment	(2,584)	-	(151)
Interest income	(130,359)	(127,502)	(158,110)
Dividend income	(5,247)	(8,345)	(9,003)
Current Taxation	14,260	-	14,598
Deferred taxation	-	-	2,766
Foreign exchange gains	(8,802)	(50,143)	(36,208)
Increase in deferred policy acquisition cost	(86,880)	(30,916)	(72,368)
Increase in insurance reserves	385,992	343,962	344,590
	<b>269,164</b>	<b>330,620</b>	<b>351,980</b>
<b>Changes in operating assets and liabilities:</b>			
Due from policyholders, brokers and agents	(167,859)	63,363	113,629
Other receivables	(23,247)	(69,466)	(37,106)
Loans receivable	(16)	(60,363)	(10,385)
Other liabilities	(24,462)	80,401	69,360
Due from related parties	-	3,871	3,871
Due from reinsurers and coinsurers, net	34,982	(186,187)	(287,006)
	<b>88,562</b>	<b>162,239</b>	<b>204,343</b>
Taxation withheld at source	(22,702)	(20,633)	(26,485)
<b>Net cash provided by operating activities</b>	<b>65,860</b>	<b>141,606</b>	<b>177,858</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investments	(391,113)	(797,095)	(876,232)
Lease receivables, net	63	8,106	8,814
Acquisition of property, plant and equipment	(52,210)	(10,208)	(31,695)
Acquisition of intangible asset	(226)	(2,102)	(5,136)
Proceeds from disposal of property, plant and equipment	3,235	9,162	255
Proceeds from disposal and maturity of investments	133,982	623,917	801,852
Dividend received	5,247	130,685	9,820
Interest received	137,494		153,962
<b>Net cash (used in)/ provided by investing activities</b>	<b>(163,528)</b>	<b>(37,535)</b>	<b>61,640</b>
<b>Cash Flows from Financing Activities</b>			
Dividends paid	(200,001)	(100,031)	(175,003)
Net cash used in financing activities	(200,001)	(100,031)	(175,003)
<b>(Decrease)/Increase cash and cash equivalents</b>	<b>(297,669)</b>	<b>4,040</b>	<b>64,495</b>
Effect of exchange rate changes on cash and cash equivalents	<b>2,824</b>	<b>26,221</b>	<b>13,212</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>1,080,023</b>	<b>1,002,216</b>	<b>1,002,316</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR</b>	<b>785,178</b>	<b>1,032,477</b>	<b>1,080,023</b>





**General Accident Insurance Company Jamaica Limited**  
**Notes to the Financial Statements**  
**Quarter ended 30 September 2017**

### **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, 2016. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.