



UNAUDITED FINANCIAL STATEMENTS

QUARTER ENDED 31 MARCH 2018

General Accident Insurance Company Jamaica Limited

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Quarter Ended 31 March 2018

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GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



Report to Stockholders

For the quarter ended 31 March 2018

We are pleased to present the unaudited financial statements of General Accident Insurance Company (Jamaica) Limited ("General Accident") for the quarter ended 31 March 2018.

The highlights are as follows:

Net profit of \$29.1 million, an increase of 67% (2017: 17.4 million)

Earnings per share of \$0.03 (2017: \$0.02)

Book value of \$1.95 billion (2017: \$2.00 billion)

Annualized return on average equity of 6.0% (2017: 3.5%)

Underwriting Performance

General Accident's underwriting performance improved over the prior year. Premium income grew by 12% to \$2.21 billion in 2018. The Company's net earned premiums grew by \$60.6 million or 20% to \$364.7 million.

In 2018, the Company's claims expense grew by 6% ending the quarter at \$244.1 million up from \$233.2 million in the prior year. Our operating expenses grew by 29% resulting primarily from increased staff cost and restructuring. With the combined effects of higher net earned premium, increased operating expenses, this resulted in the entity suffering an underwriting loss of \$7.3 million for the quarter, however when compared to the prior year loss of \$17.0 million this is an improvement of 9.8 million.

Investment Performance

General Accident generated investment income of \$43.2 million in the first quarter, 6% behind prior year amount of \$46.1 million. This represents an annualized return on our average investment portfolio of 6.7% and is more than our benchmarks inflation and the returns on Treasury Bills.



Report to Stockholders

For the quarter ended 31 March 2018

Summary

Property rates are starting to trend up once more and this is quite encouraging. General Accident's profitability improved by 67% to \$29.1 million for the first quarter of 2018 when compared to 17.4 million for the same period last year. The company ended the quarter with a book value of \$1.95 billion and generated a return on average equity for shareholders of 6.0%.

As at 31 March 2018, 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 a trajectory of profitability and growth for the remainder of 2018.

On behalf of the Board of Directors

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

P.B. Scott
Chairman

A handwritten signature in blue ink, appearing to read 'Sharon Donaldson'.

Sharon Donaldson
Managing Director

General Accident Insurance Company Jamaica Limited

Statement of Comprehensive Income

Quarter Ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2018 \$'000	31 March 2017 \$'000	31 December 2017 \$'000
Gross Premiums Written	2,206,478	1,967,839	7,106,254
Reinsurance ceded	(1,745,117)	(1,600,849)	(5,555,551)
Excess of loss reinsurance cost	(30,769)	(22,540)	(91,359)
Net premiums written	430,592	344,450	1,459,344
Changes in unearned premiums, net	(65,929)	(40,389)	(129,444)
Net Premiums Earned	364,663	304,061	1,329,900
Commission income	187,304	128,148	492,462
Commission expense	(115,722)	(96,364)	(310,725)
Changes in commission, net	(23,113)	14,020	112,709
Claims expense	(248,082)	(233,203)	(1,087,590)
Management expenses	(172,312)	(133,691)	(572,287)
Underwriting Loss	(7,262)	(17,029)	(35,532)
Investment income	43,244	42,103	328,382
Other income/(expense)	9,093	2,768	(25,827)
Other operating expenses	(10,195)	(7,264)	(30,946)
Profit before Taxation	34,880	20,578	236,077
Taxation	(5,813)	(3,210)	(14,841)
Net Profit for the Year	29,067	17,368	221,236
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or			
Unrealised gains on available-for-sale investments	3,661	20,335	68,390
Gains recycled to profit or loss on disposal and maturity of	-	-	(151,899)
Tax charge	-	-	(1,261)
	3,661	20,335	(84,770)
Items that may not be subsequently reclassified to profit			
Unrealised gains on revaluation of pooled real estate	-	-	36,886
Total Other Comprehensive Income	3,661	20,335	(47,884)
TOTAL COMPREHENSIVE INCOME	32,728	37,703	173,352
EARNINGS PER SHARE	\$0.03	\$0.02	\$0.21

General Accident Insurance Company Jamaica Limited

Statement of Financial Position

As at 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	31 March 2018 \$'000	31 March 2017 \$'000	December 2017 \$,000
ASSETS				
Cash and short-term investments		643,370	984,995	984,036
Taxation recoverable		173,535	166,764	174,022
Due from policyholders, brokers and agents		1,046,963	634,006	607,953
Due from reinsurers and coinsurers		1,353,221	928,642	1,087,521
Deferred policy acquisition cost		366,140	313,294	334,543
Other receivables		115,958	102,788	74,479
Due from related parties		4,213		5,161
Loans receivable		175,223	240,385	89,385
Investment securities		1,983,774	1,787,819	1,850,678
Investment property		136,764	-	130,000
Pooled real estate investment		180,435	143,549	180,435
Property, plant and equipment		194,596	160,182	165,130
Intangible assets		13,957	5,129	4,177
Deferred tax assets		-	521	-
Total assets		<u>6,388,149</u>	<u>5,468,074</u>	<u>5,687,520</u>
LIABILITIES				
Due to reinsurers and coinsurers		786,602	560,228	428,996
Due to related parties		-	8,801	4,013
Other liabilities		144,032	173,863	138,254
Deferred tax liabilities		2,293	-	2,293
Insurance reserves		3,501,308	2,723,059	3,192,778
Total liabilities		<u>4,434,235</u>	<u>3,465,951</u>	<u>3,766,334</u>
SHAREHOLDERS' EQUITY				
Share capital		470,358	470,358	470,358
Capital reserves		152,030	152,030	152,030
Property revaluation reserve		36,886	-	36,886
Fair value reserve		15,916	115,859	12,255
Retained earnings		1,278,724	1,263,876	1,249,657
Total shareholders' equity		<u>1,953,914</u>	<u>2,002,123</u>	<u>1,921,186</u>
Total liabilities and shareholders' equity		<u>6,388,149</u>	<u>5,468,074</u>	<u>5,687,520</u>

Approved by the Board of Directors on 30 April 2018 and signed on its behalf by:



P.B. Scott
Chairman



Sharon Donaldson
Managing Director

General Accident Insurance Company Jamaica Limited

Statement of Changes in Equity

Quarter ended 31 March 2018

(expressed in Jamaican dollars unless otherwise stated)

	Share Capital \$'000	Capital Reserves \$'000	Property Revaluation Reserve \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 December 2016	470,358	152,030	-	95,524	1,246,508	1,964,420
Comprehensive income:						
Net profit for the year	-	-	-	-	17,368	17,368
Other comprehensive income	-	-	-	20,335	-	20,335
Total comprehensive income	-	-	-	20,335	17,368	37,703
Dividends						
Balance as at 31 March 2017	470,358	152,030	-	115,859	1,263,876	2,002,123
Balance at 31 December 2017, as previously reported	470,358	152,030	36,886	10,754	1,267,743	1,937,771
Effect of adopting new standards				1,501	(18,086)	(16,585)
Comprehensive income:						
Net profit for the year	-	-	-	-	29,067	29,067
Other comprehensive income	-	-	-	3,661	-	3,661
Total comprehensive income	-	-	-	3,661	29,067	32,728
Balance at 31 March 2018	470,358	152,030	36,886	15,916	1,278,724	1,953,914

General Accident Insurance Company Jamaica Limited

Statement of Cash Flows

Quarter ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2018 \$'000	31 March 2017 \$'000	December 2017 \$'000
Cash Flows from Operating Activities			
Net profit	29,067	17,368	221,236
Adjustments for items not affecting cash:			
Depreciation	9,638	6,959	29,578
Amortisation of intangible assets	557	305	1,366
Amortisation of investment premium	1,203	499	7,915
Gains on revaluation of investment property	-	-	(3,000)
Adjustment to intangible assets	-	-	(385)
Gain on sale of investments	-	-	(151,899)
Gain on disposal of property, plant and equipment	(1,110)	(2,553)	(2,732)
Interest income	(43,244)	(40,891)	(162,260)
Dividend income	-	(4,590)	(6,560)
Current taxation	5,813	3,210	13,588
Deferred taxation	-	-	1,253
Foreign exchange gains	(9,344)	-	34,545
Increase in deferred policy acquisition cost	(31,597)	(15,884)	(37,133)
Increase in insurance reserves	308,530	215,104	684,823
	<u>269,513</u>	<u>179,527</u>	<u>630,335</u>
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(439,010)	(167,222)	(159,882)
Other receivables	(41,479)	(24,538)	3,770
Loans receivable	(85,838)	(60,000)	(36,000)
Other liabilities	5,779	4,455	(31,155)
Due from related parties	(3,065)	2,478	(7,470)
Due from reinsurers and coinsurers, net	91,906	106,620	(181,444)
	<u>(202,194)</u>	<u>41,320</u>	<u>218,154</u>
Tax deducted at source	<u>(2,723)</u>	<u>(7,925)</u>	<u>(25,561)</u>
Net cash provided by operating activities	<u>(204,917)</u>	<u>33,395</u>	<u>192,593</u>
Cash Flows from Investing Activities			
Acquisition of investments	(121,590)	(161,693)	(744,336)
Leases receivable repaid	-	63	63
Acquisition of property, plant and equipment	(52,341)	(30,369)	(57,317)
Acquisition of investment property	(6,764)	-	-
Acquisition of intangible asset	-	(64)	(1,245)
Proceeds from disposal of property, plant and equipment	5,172	2,553	3,570
Proceeds from disposal and maturity of investments	-	23,253	555,853
Dividend received	817	5,407	6,560
Interest received	38,957	32,692	150,323
Net cash used in investing activities c/f	<u>(135,749)</u>	<u>(126,158)</u>	<u>(86,529)</u>

General Accident Insurance Company Jamaica Limited

Statement of Cash Flows (Continued)

Quarter ending 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	31 March 2018 \$'000	31 March 2017 \$'000	December 2017 \$'000
Net cash used in investing activitiesSub-total b/f	(135,749)	(126,158)	(86,529)
Cash Flows from Financing Activities			
Dividends paid	-	-	(200,001)
Net cash used in by financing activities	-	-	(200,001)
Decrease in cash and cash equivalents	(340,666)	(92,763)	(93,937)
Effect of exchange rate changes on cash and cash equivalents	-	(2,265)	(2,050)
Cash and cash equivalents at beginning of year	984,036	1,080,023	1,080,023
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)	<u>643,370</u>	<u>984,995</u>	<u>984,036</u>

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

Quarter ending 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

General Accident Insurance Company Jamaica Limited (the company) is incorporated and domiciled in Jamaica. The company is a public listed company with its listing on the Jamaica Junior Stock Exchange. The company is an 80% subsidiary of Musson (Jamaica) Limited (Musson). The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10. The company's ultimate parent company, Musson, is incorporated and domiciled in Jamaica.

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.

2. 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, 2017. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

Quarter ending 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Effect of new standard

A new accounting standard was adopted and applied as of 1 January 2018. The financial statements have been restated at that date to reflect the effect of adoption of IFRS 9 'Financial Instruments'.

Effect on statement of financial positioning as at 1 January 2018

	December 31 2017 as previously Reported \$'000	Effects of IFRS 9 \$'000	January 1 2018 as restated \$'000
ASSETS			
Due from policyholders, brokers and agents	612,086	(4,133)	607,953
Investment securities	1,862,830	(12,152)	1,850,678
Other assets unaffected by adoption of new standards	3,228,889	-	3,228,889
Total assets	5,703,805	(16,285)	5,687,520
LIABILITIES			
Deferred tax liabilities	1,993	300	2,293
Other assets unaffected by adoption of new	3,764,041	-	3,764,041
Total liabilities	3,766,034	300	3,766,334
EQUITY			
Share capital	470,358	-	470,358
Capital reserves	152,030	-	152,030
Property revaluation reserve	36,886	-	36,886
Fair value reserve	10,754	1,501	12,255
Retained earnings	1,267,743	(18,086)	1,249,657
	1,937,771	(16,585)	1,921,186
	5,703,805	(16,285)	5,687,520

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

Quarter ending 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Effect of new standard (continued)

Effect on equity components as at 1 January 2018

	Fair Value Reserve	Retained Earnings
	\$'000	\$'000
Closing equity components as at 31 December 2017	10,754	1,267,743
IFRS 9 impact:		
Increase in provision for Due from policyholders, brokers and		(4,133)
Increase in provision for debt investment at amortised cost		(13,953)
Reclassifying investments from AGS to amortised cost	1,801	-
Decrease in deferred tax assets relating to reclassification of investments from AFS to amortised cost.	(300)	-
	<u>(1,501)</u>	<u>(18,086)</u>