



**UNAUDITED FINANCIAL STATEMENTS**

**QUARTER ENDED 31 MARCH 2019**

# General Accident Insurance Company Jamaica Limited

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Quarter ended 31 March 2019

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# GENERAL ACCIDENT INSURANCE COMPANY (JAMAICA) LIMITED



## Report to Stockholders

For the quarter ended 31 March 2019

We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited (“General Accident”) for the quarter ended 31<sup>st</sup> March 2019. The company posted a profit before tax of \$30.87 million compared to prior year of \$29.07 million.

The highlights are as follows:

Net profit after tax of \$30.87 million, (2018: \$29.07 million)

Earnings per share of \$0.03 (2018: \$0.03)

Book value of \$2.05 billion (2018: \$2.05 billion)

Annualized return on average equity of 6.01% (2018: 6.00%)

### Underwriting Performance

For the quarter, General Accident’s underwriting performance improved over 2018, as we booked gross written premium of \$2.69 billion, an increase of 22% over the same period last year. Net earned premiums improved by 33% to \$485 million while net claims charges grew by 19% to \$294 million. Administrative expenses increased by 12% when compared to the same period prior year.

The company enjoyed improved technical results; underwriting profit of \$41.82 million represents positive growth over the prior period’s underwriting loss of \$7.26 million.

Our combined ratio for the first quarter of 2019 was 91% compared to 96% for 2018.

### Investment Performance

Our investment income for the first quarter of 2019 was \$34.586 million, 17% below prior year of \$41.473 million. This represents an annualized return 4.22%.



## Report to Stockholders

For the quarter ended 31 March 2019

### Summary

General Accident ended the quarter with a book value of \$2.05 billion and generated annualized return on average equity for shareholders of 6.01%

As at 31 March 2019, we remain in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

The board and management of the company is committed to ensuring that the company continues on its growth path for the year ahead.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "P.B. Scott".

P.B. Scott  
Chairman

A handwritten signature in black ink, appearing to read "Sharon Donaldson".

Sharon Donaldson  
Managing Director

# General Accident Insurance Company Jamaica Limited

## Statement of Comprehensive Income

Quarter ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended	Quarter Ended	Audited Year ended
	31 March 2019 \$'000	31 March 2018 \$'000	31 December 2018 \$'000
<b>Gross Premiums Written</b>	2,687,382	2,206,478	8,735,797
Reinsurance ceded	(2,114,049)	(1,745,117)	(6,745,749)
Excess of loss reinsurance cost	(30,250)	(30,769)	(127,754)
Net premiums written	543,083	430,592	1,862,294
Changes in unearned premiums, net	(57,720)	(65,929)	(231,864)
<b>Net Premiums Earned</b>	485,363	364,663	1,630,430
Commission income	236,177	187,304	747,899
Commission expense	(144,084)	(115,722)	(415,938)
Changes in commission, net	(49,170)	(23,113)	29,461
Claims expense	(294,213)	(248,082)	(1,023,022)
Management expenses	(192,258)	(172,312)	(794,061)
<b>Underwriting Profit/(Loss)</b>	41,815	(7,262)	174,768
Investment income	31,010	43,244	174,675
Other income/(expense)	(24,459)	9,093	47,041
Other operating expenses	(11,320)	(10,195)	(43,915)
<b>Profit before Taxation</b>	37,046	34,880	352,569
Taxation	(6,174)	(5,813)	(67,199)
<b>Net Profit for the Year</b>	30,872	29,067	285,370
<b>Other Comprehensive Income:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Unrealised gains on available-for-sale		3,661	
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			
		3,661	
<b>Items that may not be subsequently reclassified to profit or loss</b>			
Changes in fair value of equity investments at fair value through other comprehensive income	(33,253)		2,643
Unrealised gains on revaluation of pooled real			3,933
<b>Total Other Comprehensive Income</b>	(33,253)	3,661	6,576
<b>TOTAL COMPREHENSIVE INCOME</b>	(2,381)	32,728	291,946
<b>EARNINGS PER SHARE</b>	\$0.03	\$0.03	\$0.28

# General Accident Insurance Company Jamaica Limited

## Statement of Financial Position

As at 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	March 2019 \$'000	March 2018 \$'000	December 2018 \$'000
<b>ASSETS</b>			
Cash and short-term investments	436,692	643,370	656,143
Taxation recoverable	137,286	173,535	137,962
Due from policyholders, brokers and	1,025,771	1,046,963	920,191
Due from reinsurers and coinsurers	1,904,729	1,353,221	1,644,177
Deferred policy acquisition cost	416,235	366,140	416,235
Other receivables	164,260	115,958	159,747
Due from related parties	4,093	4,213	4,108
Loans receivable	0	175,223	28,964
Investment securities	2,819,225	1,983,774	2,470,527
Investment property	208,073	136,764	206,655
Pooled real estate investment	184,367	180,435	184,367
Property, plant and equipment	225,965	194,596	230,763
Intangible assets	4,516	13,957	2,325
<b>Total assets</b>	<b>7,531,212</b>	<b>6,388,149</b>	<b>7,062,164</b>
<b>LIABILITIES</b>			
Due to reinsurers and coinsurers	736,290	786,602	706,156
Other liabilities	105,094	144,033	316,303
Deferred tax liabilities	7,144	2,293	7,144
Insurance reserves	4,628,453	3,501,308	3,975,949
<b>Total liabilities</b>	<b>5,476,981</b>	<b>4,434,236</b>	<b>5,005,552</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Property revaluation reserve	40,819	36,886	40,819
Fair value reserve	(18,356)	15,915	14,898
Retained earnings	1,409,380	1,278,724	1,378,507
<b>Total shareholders' equity</b>	<b>2,054,231</b>	<b>1,953,913</b>	<b>2,056,612</b>
<b>Total liabilities and shareholders'</b>	<b>7,531,212</b>	<b>6,388,149</b>	<b>7,062,164</b>

Approved by the Board of Directors on 12 April 2019 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 2019

(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 2017	470,358	152,030	36,886	10,754	1,267,743	1,937,771
Effects of adopting new standards				1,501	(24,559)	(23,058)
<b>Restated at January 1, 2018</b>	470,358	152,030	36,886	12,255	1,243,184	1,914,713
<b>Comprehensive income:</b>						
Net profit for the year	-	-	-	-	29,067	29,067
Other comprehensive income	-	-	-	3,661	-	3,661
<b>Total comprehensive income</b>	-	-	-	3,661	29,067	32,728
<b>Balance as at 31 March 2018</b>	470,358	152,030	36,886	15,916	1,272,251	1,947,441
<b>Balance at 31 December 2018</b>	470,358	152,030	40,819	14,898	1,378,507	2,056,612
<b>Comprehensive income:</b>						
Net profit for the year	-	-	-	-	30,872	30,872
Other comprehensive income	-	-	-	(33,253)	-	(32,534)
<b>Total comprehensive income</b>	-	-	-	(33,253)	30,872	(2,381)
<b>Balance at 31 March 2019</b>	470,358	152,030	40,819	(18,355)	1,409,379	2,054,231

# General Accident Insurance Company Jamaica Limited

## Statement of Cash Flows

Quarter ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	March 2019 \$'000	March 2018 \$'000	December 2018 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit	30,872	29,067	285,370
Adjustments for items not affecting cash:			
Depreciation	10,956	9,638	41,827
Amortisation of intangible assets	363	557	2,075
Amortisation of investment premium	1,082	1,203	4,654
Gain on revaluation of investment property			(9,800)
Adjustment to intangible assets			(223)
ECL on debt investments			(6,720)
Gain on disposal of property, plant and equipment	-	(1,110)	(2,663)
Interest income	(31,010)	(43,244)	(140,742)
Dividend income	(133)	-	(109)
Current Taxation	6,174	5,813	62,348
Deferred Taxation			4,851
Foreign exchange (gains)/ losses	21,083	(9,344)	(10,093)
Increase in deferred policy acquisition cost	-	(31,597)	(81,692)
Increase in insurance reserves	652,504	308,530	783,171
	691,891	269,513	932,254
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(105,580)	(439,010)	(312,238)
Other receivables	(4,498)	(41,479)	(85,268)
Loans receivable	28,964	(85,838)	
Other liabilities	(61,163)	5,779	28,002
Due from related parties	-	(3,065)	(2,960)
Due from reinsurers and coinsurers, net	(230,418)	91,906	(279,496)
	319,196	(202,194)	280,294
Tax deducted at source	676	(2,723)	(26,288)
Net cash provided by operating activities	319,873	(204,917)	254,006
<b>Cash Flows from Investing Activities</b>			
Acquisition of investments	(557,230)	(121,590)	(1,867,211)
Leases receivable	-	-	35,421
Acquisition of property, plant and equipment	(6,159)	(52,341)	(111,053)
Acquisition of investment property	(1,418)	(6,764)	(41,855)
Acquisition of intangible asset	(2,554)	-	-
Proceeds from disposal of property, plant and equipment	-	5,172	6,256
Proceeds from disposal and maturity of investments	144,722	-	1,246,062
Dividend received	133	817	109
Interest received	31,390	38,957	146,197
Net cash used in investing activities c/f	(391,116)	(135,749)	(586,074)



# General Accident Insurance Company Jamaica Limited

Statement of Cash Flows (Continued)

Quarter ended 31 March 2019

(expressed in Jamaican dollars unless otherwise indicated)

	March 2019 \$'000	March 2018 \$'000	December 2018 \$'000
<b>Net cash used in investing activities</b> Sub-total b/f	(391,116)	(135,749)	(586,074)
<b>Cash Flows from Financing Activities</b>			
Dividends paid	(150,046)	-	-
Net cash used in by financing activities	(150,046)	-	-
Decrease in cash and cash equivalents	(221,289)	(340,666)	(332,068)
Effect of exchange rate changes on cash and cash equivalents	1,838	-	4,175
Cash and cash equivalents at beginning of year	656,143	984,036	984,036
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>436,692</b>	<b>643,370</b>	<b>656,143</b>

# General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

**Quarter ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

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## 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, 2018. 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 ended 31 March 2019**

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Segment Information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. All operating segments used by management meet the definition of a reportable segment under IFRS 8.

The company is organised into six operating segments. These segments represent the different types of risks that are written by the entity through various forms of brokers, agents and direct marketing programmes, which are all located in Jamaica. Management identifies its reportable operating segments by product line consistent with the reports used by the board of directors. These segments and their respective operations are as follows:

- (a) Motor - Losses involving motor vehicles, this includes liabilities to third parties.
- (b) Fire and allied perils - Loss, damage or destruction to insured property as specified on the policy schedule.
- (c) Marine - Loss or damage to goods from the perils of the seas and other perils whilst in transit from destination to destination by sea, air or land and from warehouse to warehouse.
- (d) Liability - Legal liability of the insured to third parties for accidental bodily injury, death and/or loss of or damage to property occurring in connection with the insured's business, subject to a limit of indemnity. In the case of an employee liability this is legal liability of the insured to pay compensation to its employees in respect of death, injury or disease sustained during and in the course of their employment, subject to a limit of indemnity.
- (e) Homeowners and Burglary-  
*Homeowners* - Loss, damage or destruction to insured property used for residential purposes as specified on the policy schedule, resulting from fire and allied perils, burglary, theft, or accidental damage. This includes liability to third parties and domestic employees.

*Burglary* - Loss of or damage to the insured's property involving forcible and/or violent entry into or exit from the building including damage to the premises.

Management has aggregated homeowners' and burglary for the purpose of segment reporting given that burglary coverage is usually covered under homeowners' policy.

- (f) Miscellaneous Accidents - This operating segment covers the following policies:
  - Fidelity Guarantee - Loss of money or goods owned by the insured (or for which the insured is responsible) as a result of fraud or dishonesty by an employee.
  - Goods in Transit - Loss, destruction or damage to insured goods by fire and allied perils, including loss or damage from accidental collision or overturning and whilst in, on or being loaded or unloaded from any road vehicle or whilst temporarily housed overnight during the ordinary course of transit.
  - Engineering and machinery breakdown - Loss or damage by fire and allied perils including burglary, theft and accidental damage to specified equipment, including loss or damage resulting from electrical and mechanical breakdown subject to maintenance.
  - Loss of money - Loss, damage or destruction of money including hold-up on premises during and out of business hours and in transit.
  - Plate glass - Accident breakage to plate glass windows and doors of buildings.
  - Personal accident - Compensation for bodily injury caused by violent, visible, external and accidental means, which injury shall solely and independently of any other cause result in death or dismemberment within 12 months of such injury. Subject to the limits specified on the policy schedule.



