



UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2019

General Accident Insurance Company Jamaica Limited

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NINE MONTHS ENDED 30 SEPTEMBER 2019

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GENERAL ACCIDENT INSURANCE COMPANY JAMAICA LIMITED



Report to Stockholders

For the nine months ended 30 September 2019

We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited (“General Accident”) for the nine months ended 30th September 2019. The company produced a profit after tax of \$192.53 million compared to prior year of \$144.18 million.

For the third quarter, General Accident produced a profit after tax of \$57.25 million compared to \$48.73 million for prior period.

The highlights are as follows:

- Earnings per share of \$0.19 (2018: \$0.14)
- Book value of \$2.30 billion (2018: \$2.04 billion)
- Annualized return on average equity of 11.46% (2018: 9.45%)

Underwriting Performance

For the period, General Accident’s underwriting performance improved over 2018, as we booked gross written premium of \$8.9 billion, an increase of 21% over the same period last year. Net earned premiums improved by 28% to \$1.53 billion while net claims charges grew by 14% to \$987 million. Administrative expenses increased by 14% when compared to the same period prior year.

The company enjoyed improved technical results; underwriting profit of \$108.64 million represents positive growth over the prior period’s underwriting loss of \$27.70 million. For the quarter under review, we made an underwriting profit of \$27.67 million compared to an underwriting loss of \$20.02 million for 2018.

As at the date of reporting, our combined ratio moved in a favourable direction to 93% compared to 105% as at September 2018.



Report to Stockholders

For the nine months ended 30 September 2019

Investment Performance

Our investment income for the nine months of 2019 was \$113.73 million, 5.5% below prior year of \$120.32 million. Notwithstanding, this represents a reasonable annualized return of 7.12%.

Acquisition

We are pleased to advise that in the latter part of September 2019, we acquired 55% of Motor One Insurance Company Limited, a Trinidadian motor insurer. The consolidated impact for the 14 days are not included, but will be reflected in the fourth quarter report.

Summary

General Accident ended the third quarter with a book value of \$2.29 billion and generated annualized return on average equity for shareholders of 11.46%

As at September 30, 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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	9 Months Ended 30 Sept 2019	9 Months Ended 30 Sept 2018	Quarter Ended 30 Sept 2019	Quarter Ended 30 Sept 2018	Audited Year Ended 31 Dec 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	8,943,941	7,400,670	2,377,481	2,754,736	8,735,797
Reinsurance ceded	(7,199,500)	(6,011,669)	(1,749,606)	(2,259,191)	(6,745,749)
Excess of Loss Reinsurance Cost	(99,628)	(70,379)	(31,897)	(16,812)	(127,754)
Net Premiums Written	1,644,813	1,318,622	595,978	478,733	1,862,294
Changes in unearned premiums, net	(109,942)	(120,450)	(49,779)	(47,833)	(231,864)
Net Premiums Earned	1,534,871	1,198,172	546,199	430,900	1,630,430
Commission Income	554,563	494,970	148,526	158,793	747,899
Commission Expense	(380,094)	(312,276)	(120,440)	(96,096)	(415,938)
Changes in commission, net	18,299	11,256	20,415	40,558	29,461
Claims Expense	(987,603)	(865,936)	(354,774)	(352,736)	(1,023,022)
Management Expenses	(631,398)	(553,881)	(212,259)	(201,442)	(794,061)
Underwriting Profit/(Loss)	108,638	(27,695)	27,667	(20,023)	174,768
Investment Income	113,727	228,728	34,662	143,939	174,675
Other Income	65,289	4,508	27,038	(53,810)	47,041
Other Operating Expenses	(56,602)	(32,457)	(21,877)	(11,554)	(43,915)
Profit before Taxation	231,052	173,084	67,490	58,552	352,569
Taxation	(38,518)	(28,907)	(10,234)	(9,819)	(67,199)
PROFIT FOR THE PERIOD/YEAR	192,534	144,177	57,256	48,733	285,370
Items that may be subsequently reclassified to profit or loss					
Unrealised gains/(losses) on available-for-sale investments, net of tax		(18,032)		(22,740)	
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments			-		
		(18,032)		(22,740)	
Items that may not be subsequently reclassified to profit or loss					
Changes in fair value of equity investments at fair value through other comprehensive income	48,191		52,180		2,643
Unrealised gains on revaluation of pooled real estate investment					3,933
Total Other Comprehensive Income	48,191	(18,032)	52,180	(22,740)	6,576
TOTAL COMPREHENSIVE INCOME	240,725	126,145	109,436	25,993	291,946
EARNINGS PER SHARE	0.19	0.14	0.06	0.05	0.28

General Accident Insurance Company Jamaica Limited


STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	30 Sept 2019	30 Sept 2018	Audited 31 December 2018
	\$'000	\$'000	\$'000
ASSETS			
Cash and Short Term Investments	426,736	838,275	656,143
Taxation Recoverable	121,945	169,074	137,962
Due from policyholders, brokers and agents	963,691	808,594	920,191
Due from reinsurers and co-insurers	2,091,595	1,489,415	1,644,177
Deferred policy acquisition cost	456,733	393,116	416,235
Other Receivables	202,341	160,499	159,747
Due from related parties	4,093	8,165	4,108
Loans receivable		49,383	28,964
Investment Securities	3,252,689	2,241,089	2,470,527
Investment Property	210,840	130,000	206,655
Pooled real estate investment	184,367	180,435	184,367
Property, Plant & Equipment	327,360	217,886	230,763
Intangible assets	4,516	13,059	2,325
Total Assets	8,246,906	6,698,990	7,062,164
LIABILITIES			
Due to reinsurers and coinsurers	533,945	481,714	706,156
Other liabilities	417,625	181,979	316,303
Deferred tax liabilities	7,144	1,993	7,144
Insurance Reserves	4,992,647	3,992,447	3,975,949
Total Liabilities	5,951,361	4,658,133	5,005,552
SHAREHOLDERS' EQUITY			
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	63,089	(5,778)	14,898
Retained earnings	1,569,249	1,387,361	1,378,507
Total shareholders' equity	2,295,545	2,040,857	2,056,612
Total liabilities and shareholder's equity	8,246,906	6,698,990	7,062,164

Approved by the Board of Directors on 23 October 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 NINE MONTHS ENDED 30 SEPTEMBER 2019

	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
Effect of adopting new standards				1,501	(24,559)	(23,058)
Restated January 1, 2018	470,358	152,030	36,886	12,255	1,243,184	1,914,713
Comprehensive income:						
Net profit for the period	-	-	-	-	144,177	144,177
Other Comprehensive Income				(18,032)	-	(18,032)
Total comprehensive income	-	-	-	(18,032)	144,177	126,145
Transactions with owners						
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 30 September 2018	470,358	152,030	36,886	(5,777)	1,387,361	2,040,858
Balance at 31 December 2018	470,358	152,030	40,819	14,898	1,378,507	2,056,612
Effect of adopting new standards					(1,792)	(1,792)
Restated January 1, 2019	470,358	152,030	40,819	14,898	1,376,715	2,054,820
Comprehensive income:						
Net profit for the period	-	-	-	-	192,534	192,534
Other Comprehensive Income						
Unrealised gains on available-for-sale investment, net of tax	-	-	-	48,191	-	48,191
Total comprehensive income	-	-	-	48,191	192,534	240,725
Transactions with owners						
Dividends	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance as at 30 September 2019	470,358	152,030	40,819	63,089	1,569,249	2,295,545

General Accident Insurance Company Jamaica Limited

STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited 30 Sept 2019 \$'000	Unaudited 30 Sept 2018 \$'000	Audited 31 December 2018 \$'000
Cash Flows from Operating Activities			
Net profit	192,534	144,177	285,370
Adjustments for items not affecting cash:			
Depreciation	32,809	30,778	41,827
Amortisation of intangible assets	1,034	1,679	2,075
Amortisation of investment premium	1,082	3,155	4,654
Amortisation of right of use lease	22,759		
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	-	(1,969)	(2,663)
Interest income	(104,498)	(120,239)	(140,742)
Dividend income	(9,229)	(93)	(109)
Current Taxation	38,518	28,907	62,348
Deferred Taxation			4,851
Foreign exchange (gains)	(69,465)	(81,114)	(10,093)
Increase in deferred policy acquisition cost	(40,498)	(58,573)	(81,692)
Increase in insurance reserves	1,016,698	799,669	783,171
	1,081,744	746,377	932,254
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(43,500)	(200,641)	(312,238)
Other receivables	(42,579)	(92,493)	(85,268)
Loans receivable	28,964	40,002	
Other liabilities	162,450	43,725	28,002
Lease liability		(7,017)	(2,960)
Due from reinsurers and coinsurers, net	(619,629)	(349,176)	(279,496)
	567,450	180,777	280,294
Tax withheld at source	16,017	5,608	(26,288)
Net cash provided by operating activities	583,467	186,385	254,006
Cash Flows from Investing Activities			
Acquisition of investments	(1,779,669)	(950,717)	(1,867,211)
Acquisition of pooled real estate investment	-	-	
Lease receivables, net	-	-	35,421
Acquisition of property, plant and equipment	(32,085)	(98,291)	(111,053)
Acquisition of investment property	(4,185)	-	(41,855)
Acquisition of intangible asset	(3,105)	(224)	-
Proceeds from disposal of property, plant and equipment	-	5,342	6,256
Proceeds from disposal and maturity of investments	1,034,335	569,974	1,246,062
Dividend received	9,229	910	109
Interest received	112,745	140,860	146,197
Net cash provided (used in) by investing activities	(662,736)	(332,146)	(586,074)

General Accident Insurance Company Jamaica Limited

STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2019

	Unaudited 30 Sept 2019 \$'000	Unaudited 30 Sept 2018 \$'000	Audited 31 December 2018 \$'000
Cash Flows from Financing Activities			
Right of use asset - principal	(21,555)		
Right of use asset - interest	(3,624)		
Dividends paid	(150,046)	-	-
Net cash used in financing activities	(175,225)	-	-
Increase in cash and cash equivalents	(254,494)	(145,761)	(332,068)
Effect of exchange rate changes on cash and cash equivalents	25,087	-	4,175
Cash and cash equivalents at beginning of year	656,143	984,036	984,036
CASH AND CASH EQUIVALENTS AT END OF PERIOD	426,736	838,275	656,143

General Accident Insurance Company Jamaica Limited

NOTES TO THE FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2019

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 NINE MONTHS ENDED 30 SEPTEMBER 2019

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.

General Accident Insurance Company Jamaica Limited

SHAREHOLDINGS OF DIRECTORS
AS AT 30 SEPTEMBER 2019

Name	Position	Relationship	Units	Percentage
Musson Jamaica Ltd.	Directors		824,999,989	80.000
	Paul B. Scott	CONNECTED PARTY		
	Melanie Subratie	CONNECTED PARTY		
	COMBINED HOLDINGS		824,999,989	80.00
Sharon Donaldson	Director			
	Sharon Donaldson	SELF	3,300,000.00	0.3200
	Sharon Donaldson			
	Junior Levine	HUSBAND	377,956.00	0.0367
	Junior Levine	HUSBAND		
	Sharon Donaldson	SELF	10,604.00	0.0001
	COMBINED HOLDINGS		3,689,560.00	0.3458
Gregory Foster	Director			
	Gregory Foster	SELF	350,000.00	0.0340
	KEY MEMBERSHIP HOLDINGS		350,000.00	0.0340
Geoffrey Messado	Director			
	Geoffrey Messado	SELF	1,000,000.00	0.0970
	KEY MEMBERSHIP HOLDINGS		1,000,000.00	0.0970
Duncan Stewart	Director			
	Duncan Stewart	SELF	2,475,190.00	0.2400
	Deborah Stewart			
	Diane Stewart			
	KEY MEMBERSHIP HOLDINGS		2,475,190.00	0.2400

General Accident Insurance Company Jamaica Limited

SHAREHOLDINGS OF DIRECTORS
AS AT 30 SEPTEMBER 2019

Name	Position	Relationship	Units	Percentage
Christopher Nakash	Director			
	Christopher Nakash	SELF	1,698,020.00	0.1647
	KEY MEMBERSHIP HOLDINGS		1,698,020.00	0.1647
Nicholas Scott	Director			
	Nicholas Scott	SELF	1,980,198.00	0.1920
	KEY MEMBERSHIP HOLDINGS		1,980,198.00	0.1920
Matthew Lyn	Director			
	Jodi Lyn	WIFE		
	Matthew Lyn	SELF	96,500.00	0.0094
	KEY MEMBERSHIP HOLDINGS		96,500	0.0094

General Accident Insurance Company Jamaica Limited

SHAREHOLDINGS OF MANAGEMENT TEAM
AS AT 30 SEPTEMBER 2019

Name	Position	Relationship	Units	Percentage
Cheryll Henry	Manager	Cheryll Henry SELF	159,445	0.0155
		KEY MEMBERSHIP HOLDINGS	159,445	0.0155
	Lesley Miller	Senior Manager		
	Lesley Miller	SELF	261,246	0.0253
	Martin Miller	HUSBAND		
	KEY MEMBERSHIP HOLDINGS		261,246	0.0253
Jamalda Stanford	Senior Manager	Jamalda Stanford	92,857	0.0090
		KEY MEMBERSHIP HOLDINGS	92,857	0.0090
	Janielle Jarrett	Manager		
	Janielle Jarrett	SELF	25,000	0.0024
	KEY MEMBERSHIP HOLDINGS		25,000	0.0024
Tracey Thompson	Manager	Tracey Thompson	50,000.00	0.0048
		KEY MEMBERSHIP HOLDINGS	50,000.00	0.0048

General Accident Insurance Company Jamaica Limited

TOP TEN SHAREHOLDERS
AS AT 30 SEPTEMBER 2019

NAME	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	34,571,823	3.35
Mayberry Managed Clients Account	13,207,441	1.28
Apex Pharmacy	10,000,000	0.97
Lancedale Farquharson	7,305,000	0.71
P.A.M. Ltd. – Pooled Pension Equity Fund	7,299,832	0.71
Sagicor Select Funds Ltd.	5,066,798	0.49
QWI Investments	4,829,533	0.47
FirstCaribbean Int'l Securities Ltd.	4,406,666	0.43
K. Chandiram Ltd.	4,331,450	0.42