



## **2019 Q3: QUARTERLY REPORT**

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**Unaudited Financial Statements**

**as at  
30 September 2019**

# 1. Report to Stockholders

The Directors are pleased to present the unaudited financial statements of IronRock Insurance Company Limited (“IronRock”) for the quarter and the nine (9) months ended 30th September 2019.

## QUARTER REVIEW

Gross Written Premium (“GWP”) amounted to \$156.1 million for the quarter [2018Q3: \$99.4 million], an increase of 57%. We experienced solid revenue growth in all classes, with Property and Marine performing strongly to record growth of 76% and 101% respectively. Net Earned Premium (“NEP”) totalled \$57.3 million, an increase of 19% over the same quarter in 2018. Net Commission improved by 32% to a loss of \$0.9 million, from a loss of \$1.4 million in the corresponding quarter in 2018. Operating Expenses and Claims Incurred totalled \$42.25 million and \$44.1 million respectively.

Despite a reduction in Foreign Exchange gains to \$2.2 million [2018Q3: \$3.9 million], Other Income increased substantially to \$31.6 million [2018Q3: \$13.5 million], as a result of growth in Investment Income to \$10.1 million [2018Q3: \$8.2 million] and a rise in Profits on Sale of Investments to \$19.3 million [2018Q3: \$1.4 million].

Net Profit for the quarter was therefore \$1.6 million compared to \$1.1 million in the third quarter of 2018.

## YEAR-TO-DATE REVIEW

### **Statement of Comprehensive Income**

Year-to-date, GWP increased to \$474.6 million [2018: \$381.5 million] an increase of 24%, and NEP increased by 23% to \$158.7 million [2018: \$128.7 million]. Operating Expenses increased by 7.6% to \$118.9 million and Claims Incurred for the period increased to \$103.8 million due mainly to increased Motor claims. Consequently, IronRock’s Underwriting Loss was \$67.7 million [2018: \$42.8 million].

Other Income amounted to \$58.1 million an increase of 65% when compared to the same period in 2018. Investment Income of \$28.2 million [2018: \$24.2 million] and realised gains of \$24.9 million [2018: \$1.4 million] accounted for the increase. IronRock’s year-to-date loss amounted to \$9.6 million versus a loss of \$7.6 million over the same period in 2018.

### **Statement of Financial Position**

Year-to-date, Assets grew by 10% or \$103 million and now amount to \$1.1 billion and Cash and Investments of \$719.5 million, increased by \$95.2 million, or 15%. The investment portfolio generated an annualised Investment Income yield of 6.0% and an annualised Total Return of 21%. Insurance and Other Receivables amounted to \$121.3 million, which is a reduction year-to-date of \$20.8 million, despite the increase in our GWP. Insurance Contract provisions of \$432.3 million have increased by \$72 million, with the growth due mainly to increased Unearned Premium and Outstanding Claims Reserves.

Shareholder Equity increased by \$25.0 million year-to-date, and \$3.1 million over the previous quarter to end the period at \$539.7 million.

We wish to thank our staff, clients and brokers for their support during the year.




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R. Evan Thwaites  
**Managing Director**

## 2.1 Statement of Comprehensive Income

For the Period ended 30 September 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 3 months ended		Unaudited 9 months ended		Audited
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Dec-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross premium written</b>	<b>156,058</b>	<b>99,397</b>	<b>474,610</b>	<b>381,513</b>	<b>571,838</b>
Proportional reinsurance	(96,796)	(49,139)	(284,078)	(226,368)	(321,708)
Excess of loss reinsurance	(11,882)	(9,221)	(35,619)	(25,201)	(35,135)
<b>Net premium</b>	<b>47,380</b>	<b>41,036</b>	<b>154,913</b>	<b>129,944</b>	<b>214,995</b>
Unearned premium adjustment, net	9,925	7,219	3,740	(1,290)	(30,777)
<b>Net earned premium</b>	<b>57,305</b>	<b>48,255</b>	<b>158,653</b>	<b>128,655</b>	<b>184,218</b>
Commission earned	19,882	13,769	50,653	43,043	66,314
Commission incurred	(20,822)	(15,148)	(54,324)	(42,977)	(60,023)
Claims, net	(44,122)	(22,799)	(103,799)	(61,020)	(72,387)
Operating expenses	(42,250)	(36,495)	(118,872)	(110,524)	(160,099)
<b>Underwriting profit / (loss)</b>	<b>(30,007)</b>	<b>(12,417)</b>	<b>(67,688)</b>	<b>(42,823)</b>	<b>(41,977)</b>
<b>Other income</b>					
Investment income	10,145	8,172	28,157	24,249	32,218
Other income	1	2	18	6	1,004
Gain / (loss) on sale of investment	19,300	1,374	24,879	1,415	3,157
Foreign exchange gain / (loss)	2,183	3,944	5,019	9,600	8,370
<b>Total other income</b>	<b>31,629</b>	<b>13,493</b>	<b>58,073</b>	<b>35,270</b>	<b>44,749</b>
<b>Profit / (Loss) before taxation</b>	<b>1,622</b>	<b>1,075</b>	<b>(9,615)</b>	<b>(7,554)</b>	<b>2,772</b>
Taxation	-	-	-	-	-
<b>Net profit / (loss) for period</b>	<b>1,622</b>	<b>1,075</b>	<b>(9,615)</b>	<b>(7,554)</b>	<b>2,772</b>
<b>Profit / (Loss) per stock unit</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>	<b>\$ 0.01</b>

## 2.2 Statement of Financial Position

As at 30 September 2019

(expressed in thousands of Jamaican dollars)

	Unaudited 9 months ended		Audited
	30-Sep-19	30-Sep-18	31-Dec-18
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	56,103	69,592	61,161
Investments	623,416	442,263	434,587
Insurance and other receivables	121,335	88,351	142,134
Reinsurance assets	197,289	157,058	176,745
Taxation recoverable	19,676	14,788	15,260
Short-term investments	40,000	30,000	108,317
Securities purchased under resale agreements	-	75,154	20,297
Property plant and equipment	16,620	13,770	12,805
Intangible assets	4,636	5,278	5,118
Deferred acquisition costs	34,877	27,332	34,592
	<b>1,113,952</b>	<b>923,586</b>	<b>1,011,016</b>
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>			
Insurance and other payables	106,726	68,003	109,971
Insurance contract provisions	432,271	305,190	360,200
Deferred commission income	35,227	25,478	26,132
Total insurance funds	574,224	398,671	496,303
Shareholders' equity	539,728	524,915	514,713
	<b>1,113,952</b>	<b>923,586</b>	<b>1,011,016</b>



Wayne Hardie  
Finance Director



R. Evan Thwaites  
Managing Director

## 2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 September 2019

(expressed in thousands of Jamaican dollars)

	Ordinary share capital	Capital reserve	Investment revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances as at 31 December 2017</b>	<b>465,540</b>	<b>139,340</b>	<b>5,527</b>	<b>(98,068)</b>	<b>512,339</b>
Net profit / (loss) for the period	-	-	-	(7,554)	(7,554)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	20,130	-	20,130
<b>Balances as at 30 September 2018</b>	<b>465,540</b>	<b>139,340</b>	<b>25,657</b>	<b>(105,622)</b>	<b>524,916</b>
					-
<b>Balances as at 31 December 2018</b>	<b>465,540</b>	<b>139,340</b>	<b>5,129</b>	<b>(95,296)</b>	<b>514,713</b>
Net profit / (loss) for the period	-	-	-	(9,615)	(9,615)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	34,630	-	34,630
<b>Balances as at 30 September 2019</b>	<b>465,540</b>	<b>139,340</b>	<b>39,759</b>	<b>(104,911)</b>	<b>539,728</b>

## 2.4 Statement of Cash Flows

For the Period ended 30 September 2019

(expressed in thousands of Jamaican dollars)

	Unaudited		Audited
	30-Sep-19	30-Sep-18	31-Dec-18
	\$'000	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) after taxation	(9,615)	(7,554)	2,772
Depreciation	7,874	3,910	5,197
Loss / (Gain) on sale of investment	(24,879)	(1,415)	(3,157)
Increase / (Decrease) in insurance funds	51,527	35,511	70,834
Taxation	-	-	-
Interest income	(28,157)	(24,249)	(27,458)
	(3,250)	6,203	48,188
Decrease / (Increase) in current assets:			
Insurance and other receivables	17,717	75,352	26,766
Deferred policy acquisition costs	(285)	(3,682)	(10,942)
Taxation recoverable	(4,416)	(5,628)	(6,100)
	13,016	66,042	9,724
Increase / (Decrease) in current liabilities:			
Insurance and other payables	(3,244)	(32,679)	9,289
Deferred policy acquisition costs	9,095	4,126	4,780
Taxation recoverable	5,851	(28,553)	14,069
<b>Net cash provided by / (used in) operating activities</b>	<b>15,617</b>	<b>43,692</b>	<b>71,981</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Decrease / (Increase) in:			
Short-term Investments, net	68,317	141,351	63,034
Securities under resale agreements	20,297	(57,898)	(3,041)
Long-term investments, net	(206,821)	(164,530)	(202,107)
Fixed assets	(11,689)	(1,282)	(962)
Intangibles	481	482	-
Proceeds on sale of investments	77,501	24,422	50,889
Interest received	31,239	26,853	24,865
<b>Net cash provided by / (used in) investing activities</b>	<b>(20,675)</b>	<b>(30,602)</b>	<b>(67,322)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(5,058)</b>	<b>13,090</b>	<b>4,659</b>
Opening cash and cash equivalents	61,161	56,502	56,502
<b>Closing cash and cash equivalents</b>	<b>56,103</b>	<b>69,592</b>	<b>61,161</b>

### 3. Notes to the Unaudited Financial Statements

For the period ended 30 September 2019

#### 1. Identification

IronRock Insurance Company Limited (the Company) was incorporated June 9, 2015 and is domiciled in Jamaica, with its registered office at 1b Braemar Avenue, Kingston 10. The principal activity of the Company is the underwriting of general insurance business. The Company is a subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange in March 2016.

#### 2. Insurance licence

The company is registered under the Insurance Act 2001 (Act).

#### 3. Basis of preparation

The financial statements are prepared on the historical cost basis. The unaudited financial results for the current period have been prepared in accordance with International Accounting Standard 34 –Interim Financial Statements.

#### 4. Significant Accounting Policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements.

#### 5. Earnings per share

Earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue.

## 4. Disclosure of Shareholdings

As at 30 September 2019

### Top Ten Shareholders

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
1.	Granite Group Limited	109,000,000	109,000,000	50.93%
2.	Mayberry Jamaican Equities Limited	37,523,971	37,523,971	17.53%
3.	Mayberry Managed Client Accounts	7,613,175	7,613,175	3.56%
4.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
5.	JCSD Trustee Services Limited - Sigma Global Venture	4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson	1,563,360	3,768,339	1.76%
	Jeremy Wilson	2,204,979		
7.	Michelle A. Myers Mayne	3,000,000	3,000,000	1.40%
8.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	1.37%
9.	W. David McConnell	-	2,420,000	1.13%
	Tania McConnell / Leah McConnell	808,000		
	Tania McConnell / David McConnell	806,000		
	Tania McConnell / W. David McConnell	806,000		
10.	Apex Pharmacy	1,989,266	1,989,266	0.93%
	<b>Total</b>		<b>179,238,845</b>	<b>83.76%</b>
	<b>Total Issued Shares</b>		<b>214,000,000</b>	<b>100.00%</b>

### Directors & Senior Officers

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
<b>Directors</b>				
W. David McConnell		-	112,231,000	52.44%
	Granite Group Limited	109,000,000		
	St. Elizabeth Holdings Limited	811,000		
	Tania McConnell	2,420,000		
Richard Evan Thwaites		1,600,000	110,600,000	51.68%
	Granite Group Limited	109,000,000		
Gary Peart		-	44,523,971	20.81%
	Mayberry Jamaican Equities Limited	37,523,971		
	Catherine Peart	7,000,000		
Christopher Berry		-	42,437,331	19.83%
	Mayberry Jamaican Equities Limited	37,523,971		
	PWL Bamboo Holdings Limited	2,924,094		
	Apex Pharmacy Limited	1,989,266		
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Anthony Bell		-	300,000	0.14%
	Jean Bell	300,000		
<b>Senior Officers</b>				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%





"The only certainty is  
that nothing is certain."

- Pliny the Elder