



## **2020 Q1: QUARTERLY REPORT**

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**Unaudited Financial Statements  
as at**

**31 March 2020**



# 1 Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited ("IronRock") for the quarter ended 31st March 2020.

## Coronavirus Pandemic COVID-19

Jamaica recorded its first confirmed case of Covid-19 during March and in response, we activated our Disaster Management Team (DMT) and began operating under the terms of our Business Continuity Policy.

On March 16, the Prime Minister announced new restrictions as part of the government's efforts to contain the coronavirus spread in Jamaica - including a work from home provision and social distancing requirements. In support of this initiative we implemented our *Remote Work Protocol* and our line staff and managers have transitioned to working from home. Although our office is closed to the public, it is still manned by our executives.

All of our business is now transacted electronically, with many of our clients using our website where they can manage policies, report claims, request documents and pay premium using a variety of means; including credit & debit cards, electronic transfers and bill payment options. Other clients, as well as our brokers and agents, are serviced using alternative channels such as email, telephone, and WhatsApp.

We are pleased that we are maintaining full operations whilst keeping our staff and clients safe and contributing to the national effort to slow the spread of the coronavirus pandemic.

We anticipate that the economic crisis brought on by the pandemic will have a significant effect on the country's economy, however, given the fast pace at which events are moving, it is impossible to forecast the likely outcome. Our DMT meets frequently and has already developed plans to respond to a number of possible scenarios, but we continue to monitor developments closely.

## Statement of Comprehensive Income

IronRock produced an improved performance in the first quarter of 2020, posting a Net Loss of \$2.8 million, compared with the Net Loss of \$9.7 million incurred in 2019Q1. The Company's Underwriting Loss however, increased to \$23.1 million [2019Q1: \$17.5 million], mainly due to increased operational expenses, while Other Income increased significantly to \$20.2 million [2019Q1: \$7.8 million].

Gross Written Premium increased by 48% to \$178.7 million [2019Q1: \$120.8 million], driven primarily by growth in our Motor and Property portfolios, while Net Earned Premium grew by 6% to \$50.8 million [2019Q1: \$47.7 million]. Net Commission improved slightly to negative \$1.2 million, versus negative \$3.0 million in the corresponding quarter of 2019. Net Claims Incurred stayed flat at \$27.6 million [2019Q1: \$27.0 million] and Operating Expenses totalled \$45.1 million [2019Q1: \$35.1 million].

Investment Income increased by 36% to total \$11.5 million [2019Q1: \$8.5 million] and Realised Gains of \$3.9 million were recognised on the sale of investments. We also recorded a Foreign Exchange gain of \$4.8 million, versus a loss of \$0.7 million in the same quarter in 2019. Thus, Other Income increased to \$20.2m for the quarter, an increase of 159% over the same quarter in 2019.

*(Report continues on following page)*

# 1 Report to Stockholders

## Statement of Financial Position

Shareholder Equity has decreased to \$481.1 million, compared with \$549.4 million at the end of 2019, due to the reduction in the value of our Investment portfolio caused by the impact of the coronavirus pandemic on local and global markets. Assets have fallen by \$48.0 million to \$1.2 billion, a decrease of 4% since the end of 2019. This again was driven by the downward pressure on the value of our investment portfolio. Our quarter-end MCT Ratio was 279%, comfortably above the minimum regulatory level of 250%.

We thank our staff who have risen to meet the challenges of our very changed work environment, and our clients and brokers for their support during these very difficult times.

We urge everyone to #stayhome, #staysafe and to remember their #socialdistancing



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R. Evan Thwaites  
**Managing Director**

## 2.1 Statement of Comprehensive Income

For the Period ended 31 March 2020

(expressed in thousands of Jamaican dollars)

	Unaudited 3 months ended		Audited
	31-Mar-20	31-Mar-19	31-Dec-19
	\$'000	\$'000	\$'000
<b>Gross premium written</b>	<b>178,670</b>	<b>120,783</b>	<b>701,418</b>
Proportional reinsurance	(115,700)	(59,062)	(413,407)
Excess of loss reinsurance	(11,098)	(11,865)	(42,170)
<b>Net premium</b>	<b>51,872</b>	<b>49,856</b>	<b>245,841</b>
Unearned premium adjustment, net	(1,077)	(2,139)	(23,966)
<b>Net earned premium</b>	<b>50,796</b>	<b>47,717</b>	<b>221,875</b>
Commission earned	19,560	14,504	86,251
Commission incurred	(20,732)	(17,531)	(75,249)
Claims, net	(27,620)	(27,032)	(133,434)
Operating expenses	(45,059)	(35,143)	(163,616)
<b>Underwriting profit / (loss)</b>	<b>(23,055)</b>	<b>(17,485)</b>	<b>(64,173)</b>
<b>Other income</b>			
Investment income	11,504	8,453	38,709
Other income	3	14	32
Gain / (loss) on sale of investment	3,912	-	27,569
Foreign exchange gain / (loss)	4,826	(711)	2,877
<b>Total other income</b>	<b>20,245</b>	<b>7,756</b>	<b>69,187</b>
<b>Profit / (Loss) before taxation</b>	<b>(2,809)</b>	<b>(9,729)</b>	<b>5,014</b>
Taxation	-	-	-
<b>Net profit / (loss) for period</b>	<b>(2,809)</b>	<b>(9,729)</b>	<b>5,014</b>
<b>Profit / (Loss) per stock unit</b>	<b>\$ (0.01)</b>	<b>\$ (0.05)</b>	<b>\$ 0.02</b>

## 2.2 Statement of Financial Position

As at 31 March 2020

(expressed in thousands of Jamaican dollars)

	Unaudited		Audited
	31-Mar-20	31-Mar-19	31-Dec-19
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	38,678	35,245	104,139
Investments	659,926	496,804	672,918
Insurance and other receivables	118,424	142,082	161,834
Reinsurance assets	298,079	154,844	223,983
Taxation recoverable	20,841	16,965	20,433
Short-term investments	30,000	107,968	30,000
Securities purchased under resale agreements	-	-	-
Property plant and equipment	17,189	20,310	18,927
Intangible assets	4,314	4,957	4,475
Deferred acquisition costs	37,711	32,255	36,502
	<b>1,225,162</b>	<b>1,011,430</b>	<b>1,273,211</b>
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>			
Insurance and other payables	184,550	105,096	183,557
Insurance contract provisions	513,117	349,797	499,129
Finance Lease Obligation	4,249	4,086	5,215
Deferred commission income	42,178	25,279	35,930
Total insurance funds	744,094	484,258	723,831
Shareholders' equity	481,068	527,172	549,380
	<b>1,225,162</b>	<b>1,011,430</b>	<b>1,273,211</b>



Wayne Hardie  
Finance Director



R. Evan Thwaites  
Managing Director

## 2.3 Statement of Changes in Shareholders' Equity

For the Period ended 31 March 2020

(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 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	-	-	-	(9,729)	(9,729)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	22,188	-	22,188
<b>Balances as at 31 March 2019</b>	<b>465,540</b>	<b>139,340</b>	<b>27,317</b>	<b>(105,025)</b>	<b>527,172</b>
<b>Balances as at 31 December 2019</b>	<b>465,540</b>	<b>139,340</b>	<b>34,782</b>	<b>(90,281)</b>	<b>549,380</b>
Net profit / (loss) for the period	-	-	-	-	-
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	(65,503)	-	(65,503)
<b>Balances as at 31 March 2020</b>	<b>465,540</b>	<b>139,340</b>	<b>(30,721)</b>	<b>(93,091)</b>	<b>481,068</b>

## 2.4 Statement of Cash Flows

For the Period ended 31 March 2020  
(expressed in thousands of Jamaican dollars)

	Unaudited		Audited
	31-Mar-20	31-Mar-19	31-Dec-19
	\$'000	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) after taxation	(2,808)	(9,729)	5,014
Depreciation	892	2,656	10,176
Lease interest expense	-	-	513
Write-off property, plant and equipment	-	-	10
Loss / (Gain) on sale of investment	3,912	-	(27,569)
Increase / (Decrease) in insurance funds	(60,108)	11,498	91,691
Taxation	-	-	-
Interest income	(11,504)	(8,453)	(33,083)
	(69,616)	(4,027)	46,752
Decrease / (Increase) in current assets:			
Insurance and other receivables	42,877	(2,081)	(18,975)
Deferred policy acquisition costs	(1,209)	2,337	(1,910)
Taxation recoverable	(408)	(1,704)	(5,173)
	41,260	(1,448)	(26,058)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	993	(4,875)	73,586
Unearned Commission	6,248	(853)	9,798
	7,241	(5,728)	83,384
<b>Net cash provided by / (used in) operating activities</b>	<b>(21,115)</b>	<b>(11,203)</b>	<b>104,078</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Decrease / (Increase) in:			
Short-term Investments, net	-	(107,968)	78,317
Securities under resale agreements	-	20,297	20,297
Investments, net	(56,424)	99,108	(273,629)
Fixed assets	846	(10,062)	(5,563)
Intangibles	161	160	-
Proceeds on sale of investments	-	-	92,520
Interest received	12,037	10,586	32,358
<b>Net cash provided by / (used in) investing activities</b>	<b>(43,380)</b>	<b>12,121</b>	<b>(55,700)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in:			
Lease liability, net	(966)	4,086	(5,400)
<b>Net cash provided by / (used in) financing activities</b>	<b>(966)</b>	<b>4,086</b>	<b>(5,400)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(65,461)</b>	<b>5,004</b>	<b>42,978</b>
Opening cash and cash equivalents	104,139	30,241	61,161
<b>Closing cash and cash equivalents</b>	<b>38,678</b>	<b>35,245</b>	<b>104,139</b>

### 3. Notes to the Unaudited Financial Statements

For the period ended 31 March 2020

#### 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 period by the weighted average number of ordinary shares in issue over that period.



## 4. Disclosure of Shareholdings

As at 31 March 2020

### Top Ten Shareholders

	<i>Connected Parties</i>	<b>Shares Held</b>	<b>Combined Holdings</b>	<b>% of Issued Shares</b>
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		7,247,286	7,247,286	3.39%
4. Catherine Adella Peart		7,000,000	7,000,000	3.27%
5. Sigma Global Venture		4,000,000	4,000,000	1.87%
6. Sharon Harvey-Wilson		1,563,360	3,768,339	1.76%
<i>Jeremy Wilson</i>	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	2,420,000	1.13%
10. Apex Pharmacy		1,989,266	1,989,266	0.93%
<b>Total</b>			<b>178,872,956</b>	<b>83.59%</b>
<b>Total Issued Shares</b>			<b>214,000,000</b>	<b>100.00%</b>

### Directors & Senior Officers

	<i>Connected Parties</i>	<b>Shares Held</b>	<b>Combined Holdings</b>	<b>% of Issued Shares</b>
<b>Directors</b>				
W. David McConnell		2,420,000	112,231,000	52.44%
<i>Granite Group Limited</i>	109,000,000			
<i>St. Elizabeth Holdings Limited</i>	811,000			
R. Evan Thwaites		1,600,000	110,600,000	51.68%
<i>Granite Group Limited</i>	109,000,000			
Gary Peart		-	44,523,971	20.81%
<i>Mayberry Jamaican Equities Limited</i>	37,523,971			
<i>Catherine Peart</i>	7,000,000			
Christopher Berry		-	42,437,331	19.83%
<i>Mayberry Jamaican Equities Limited</i>	37,523,971			
<i>PWL Bamboo Holdings Limited</i>	2,924,094			
<i>Apex Pharmacy Limited</i>	1,989,266			
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Christian Tavares-Finson		666,000	666,000	0.31%
Anthony Bell		-	300,000	0.14%
<i>Jean Bell</i>	300,000			
<b>Senior Officers</b>				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%

"The only reason for time is so that  
everything doesn't happen at once."

- Albert Einstein

