
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

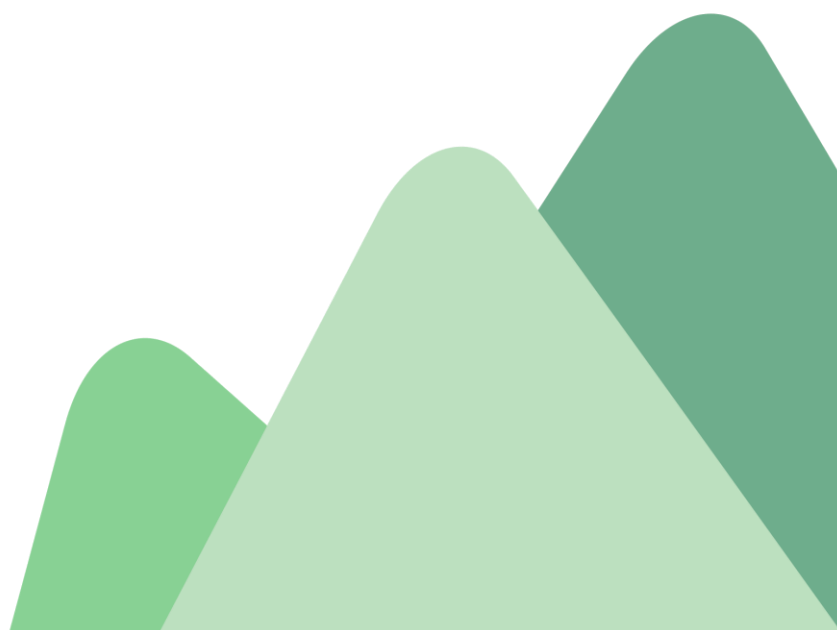


General Accident Insurance Company Jamaica Limited

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For the six months ended 30 June 2020

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General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the six months ended 30 June 2020

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We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited (“General Accident”) for the six months ended 30th June 2020. The company produced a profit before tax of \$112.49 million compared to prior year of \$135.28 million.

The highlights are as follows:

Net profit after tax of \$112.49 million, (2019: \$135.28 million)

Earnings per share of \$0.11 (2019: \$0.13)

Book value of \$2.63 billion (2019: \$2.19 billion)

Annualized return on average equity of 9.92% (2019: 12.76%)

Underwriting Performance

For the period, General Accident booked gross written premium of \$6.21 billion, compared \$6.56 billion of the same period last year. Net earned premiums improved by 37% to \$1.35 billion while net claims charges grew by 41% to \$887.30 million. Administrative expenses increased by 37% when compared to the same period prior year.

The company had an underwriting profit of \$21.21 million compared to the prior period’s underwriting profit of \$80.97 million.

Investment Performance

The consolidated investment income for the first half of 2020 was \$89.68 million compared to prior year of \$79.06 million.

General Accident Insurance Company Jamaica Limited

Report to Stockholders

As at 30 June 2020

Summary

Like all businesses, General Accident has been impacted by Covid-19. With the uncertainty of what lies ahead, General Accident will continue to rely on strong relationships with our clients, brokers, reinsurers, and employees.

As at June 30, 2020, 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 its growth path for the year ahead.

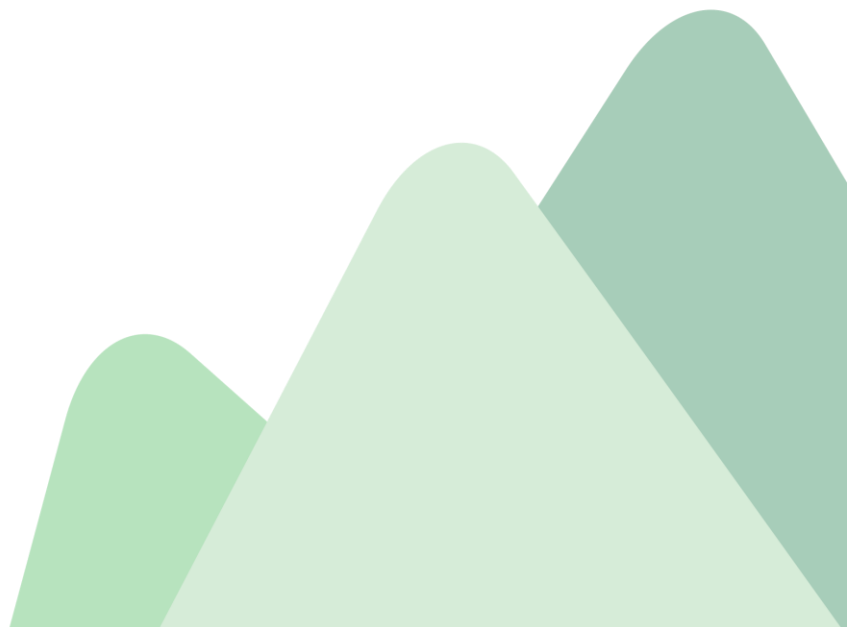
On behalf of the Board of Directors



P.B. Scott



Sharon Donaldson



General Accident Insurance Company Jamaica Limited

Consolidated Statement of Comprehensive Income

For the quarter ended 30 June 2020

	6 Months Ended 30 June 2020	6 Months Ended 30 June 2019	Quarter ended 30 June 2020	Quarter ended 30 June 2019	Audited year ended 31 Dec. 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	6,214,690	6,566,460	3,674,812	3,879,078	10,727,828
Reinsurance ceded	(4,837,354)	(5,449,894)	(3,025,618)	(3,335,845)	(8,151,493)
Excess of Loss Reinsurance Cost	(78,641)	(67,731)	(39,624)	(37,481)	(130,176)
Net Premiums Written	1,298,695	1,048,835	609,571	505,752	2,446,159
Changes in unearned premiums, net	56,347	(60,163)	75,168	(2,443)	(212,387)
Net Premiums Earned	1,355,042	988,672	684,738	503,309	2,233,772
Commission Income	373,217	406,037	199,878	169,860	857,540
Commission Expense	(250,817)	(259,654)	(165,837)	(115,570)	(451,857)
Changes in commission, net	1,624	(2,116)	1,624	47,054	-
Claims Expense	(887,302)	(632,829)	(439,776)	(338,616)	(1,205,328)
Management Expenses	(570,548)	(419,139)	(302,237)	(226,881)	(991,991)
Underwriting (Loss)/Profit	21,216	80,971	(21,609)	39,156	442,136
Investment Income	89,681	79,065	40,115	44,479	229,885
Finance charge	(2,713)	(2,216)	(1,303)	(1,018)	(7,568)
Other Income/(expenses)	81,034	38,251	56,924	66,286	202,175
Other Operating Expenses	(46,810)	(32,509)	(23,059)	(22,387)	(96,474)
Profit before Taxation	142,408	163,562	51,067	126,516	770,154
Taxation	(29,919)	(28,284)	(13,302)	(22,110)	(118,596)
PROFIT FOR THE PERIOD/YEAR	112,489	135,278	37,766	104,406	651,558
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	129,913	135,278	53,862	104,406	558,760
Non-controlling interests	(17,424)	-	(16,096)	-	92,798
	112,489	135,278	37,766	104,406	651,558
Items that may not be subsequently reclassified to profit or loss					
Unrealised (losses)/gains on FVOCI investments	(100,436)	(3,989)	(73,061)	29,264	64,330
Unrealised gains on revaluation of real estate investment					25,134
Foreign currency translation reserve	33,417		12,420		(40,067)
Total Other Comprehensive Income	(67,019)	(3,989)	(60,641)	29,264	49,397
TOTAL COMPREHENSIVE INCOME	45,471	131,289	(22,876)	133,670	700,955
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	136,807	135,278	76,581	104,406	618,930
Non-controlling interests	(91,336)	(3,989)	(99,457)	29,264	82,025
	45,471	131,289	(22,876)	133,670	700,955
EARNINGS PER SHARE	0.11	0.13	0.04	0.10	0.63

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Financial Position

As at 30 June 2020

General Accident Insurance Company Jamaica Limited

Statement of Financial Position

As at 30 June 2020

	Unaudited 30 June 2020 \$'000	Unaudited 30 June 2019 \$'000	Audited 31 December 2019 \$'000
ASSETS			
Cash and Short Term Investments	1,257,932	189,505	642,329
Taxation Recoverable	67,277	128,401	80,468
Due from policyholders, brokers and agents	1,093,738	1,006,234	1,116,972
Due from reinsurers and co-insurers	2,108,354	2,050,056	2,220,132
Deferred policy acquisition cost	506,765	456,733	473,244
Other Receivables	277,373	204,580	167,408
Due from related parties	11,656	4,093	11,656
Rights of use assets	91,234	0	92,157
Investment Securities	4,042,488	3,102,179	4,752,243
Investment Property	543,331	209,680	519,216
Pooled real estate investment	193,633	184,367	193,633
Property, Plant & Equipment	609,541	314,713	574,434
Intangible assets	199,428	4,516	196,174
Total Assets	11,002,750	7,855,057	11,040,066
LIABILITIES			
Taxation payable	-	-	4,426
Due to reinsurers and coinsurers	597,375	596,547	961,524
Other liabilities	327,388	226,664	406,205
Due to related parties	-	83	17,130
Lease liabilities	99,314	-	98,015
Deferred tax liabilities	14,274	7,144	44,933
Insurance Reserves	6,822,370	4,838,509	6,504,268
Total Liabilities	7,860,721	5,668,947	8,036,501
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	153,368	152,030	152,030
Property revaluation reserve	69,592	40,819	58,812
Fair value reserve	3,235	10,909	79,112
Translation reserve	15,388	-	(22,037)
Retained earnings	1,921,656	1,511,994	1,791,743
	2,633,597	2,186,110	2,530,018
Non-controlling interest	508,432	-	473,547
Total shareholders' equity	3,142,029	2,186,110	3,003,565
Total liabilities and shareholders' equity	11,002,750	7,855,057	11,040,066

Approved by the Board of Directors on 14 August, 2020 and signed on its behalf by:



Director



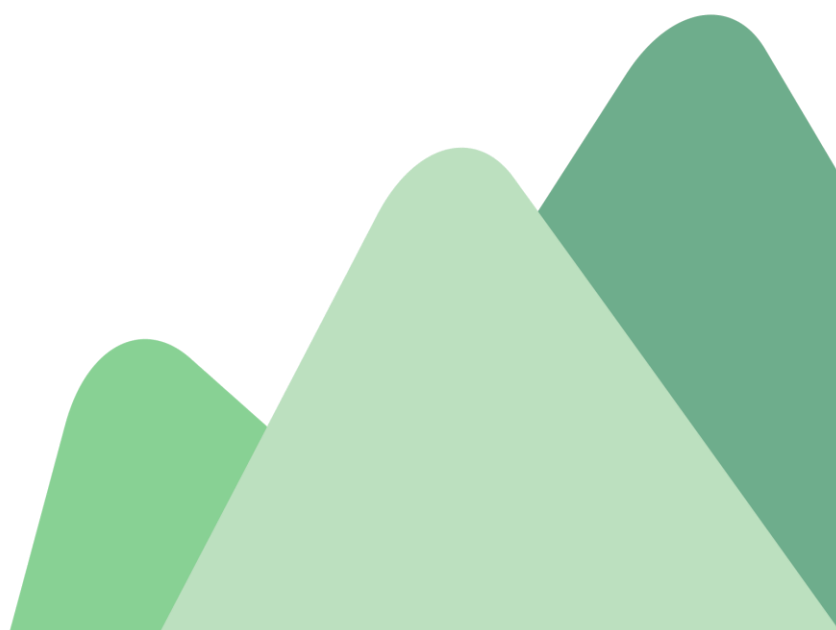
Director

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Changes in Equity

For the quarter ended 30 June 2020

	Share Capital \$'000	Capital Reserves \$'000	Property Revaluation Reserve \$'000	Fair Value Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Non-Controlling Interest	Total
Balance at 31 December 2018	470,358	152,030	40,819	14,898		1,378,507		2,056,612
Effect of adopting new standards						(2,840)		(2,840)
Restated January 1, 2019	470,358	152,030	40,819	14,898		1,375,667		2,053,772
Comprehensive income:								
Net profit for the period	-	-				135,278		135,278
Other Comprehensive Income				(3,989)				(3,989)
Total comprehensive income	-	-	-	(3,989)	-	135,278	-	131,289
Balance at 30 June 2019	470,358	152,030	40,819	10,909	-	1,513,785	-	2,187,901
Balance at 31 December 2019	470,358	152,030	58,812	79,112	(22,037)	1,791,743	473,547	3,003,565
Comprehensive income:								
Net profit for the period	-	-	-	-	-	129,913	(17,424)	112,489
Other Comprehensive Income	-		12,120	(75,876)	37,425	-	11,434	(14,897)
Total comprehensive income	-	-	12,120	(75,876)	37,425	129,913	(5,990)	97,592
Transactions with owners								
Dividends								-
Non-controlling interest on acquisition of subsidiary							40,875	40,875
	-	-	-	-	-	-	40,875	40,875
Balance as at 30 June 2020	470,358	152,030	70,932	3,235	15,388	1,921,656	508,432	3,142,031



General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

For the quarter ended 30 June 2020

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
	\$'000	\$'000	\$'000
Cash Flows from Operating Activities			
Net profit	112,489	135,278	651,558
Adjustments for items not affecting cash:			
Depreciation	47,152	21,567	84,639
Amortisation of intangible assets	7,177	727	11,835
Amortisation of investment premium	(8,741)	1,082	(6,188)
Gain on revaluation of investment property	-	-	(19,346)
ECL on debt investments	(6,872)	-	(6,697)
Gain on disposal of property, plant and equipment	-	-	(1,758)
Finance charge	2,713	-	7,568
Interest income	(80,822)	(48,720)	(148,721)
Dividend income	(263)	(9,176)	(18,172)
Current Taxation	29,919	28,284	80,807
Deferred Taxation	(30,658)	-	37,789
Foreign exchange (gains)/ losses	(61,007)	(41,164)	(57,515)
Increase in deferred policy acquisition cost	(33,521)	(40,498)	(57,009)
Increase in insurance reserves	318,102	862,560	(100,574)
	295,669	909,939	458,216
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	42,099	(86,043)	(212,805)
Other receivables	(109,965)	(44,818)	(7,661)
Loans receivable	-	28,964	
Other liabilities	(78,817)	(43,155)	48,349
Due from related parties	(17,131)	-	9,582
Due from reinsurers and coinsurers, net	(252,371)	(515,488)	(320,587)
	(120,516)	249,399	(24,906)
Tax withheld at source	(21,154)	9,561	(27,791)
Net cash provided by operating activities	(141,669)	258,960	(52,697)
Cash Flows from Investing Activities			
Investments, net	691,653	(1,168,579)	127,395
Loans receivable	-		28,964
Net cash outflow from acquisition of subsidiary	-	-	(198,730)
Acquisition of property, plant and equipment	(39,837)	(14,713)	(54,904)
Acquisition of investment property	(1,657)	(3,025)	(5,118)
Acquisition of intangible asset	(3,105)	(2,554)	(3,105)
Proceeds from disposal of property, plant and equipment	-	-	1,908
Proceeds from disposal of investment property	-	530,357	293,377
Dividend received	263	9,176	18,172
Interest received	100,178	48,200	140,469
Net cash provided (used in) by investing activities	747,495	(601,138)	348,428

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

For the quarter ended 30 June 2020

	Unaudited 30 June 2020	Unaudited 30 June 2019	Audited 31 December 2019
	\$'000	\$'000	\$'000
Cash Flows from Financing Activities			
Lease payments	(21,360)	15,245	(47,268)
Dividends paid	-	(150,046)	(292,731)
Net cash used in financing activities	(21,360)	(134,801)	(339,999)
Increase in cash and cash equivalents	584,466	(476,979)	(44,268)
Effect of exchange rate changes on cash and cash equivalents	31,137	10,341	30,454
Cash and cash equivalents at beginning of year	642,329	656,143	656,143
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,257,932	189,505	642,329



General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

For the quarter ended 30 June 2020

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. Summary of Accounting Policies

(a) Basis of preparation and compliance

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, 2019. These financial statements are expressed in Jamaican dollars which is the currency of the primary economic environment in which the company operates.

(b) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

For the quarter ended 30 June 2020

2. Summary of Accounting Policies (Continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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 group is organised into two operating segments.

The segment information for the six months ending 30 June 2020:

	Insurance \$'000	Investments \$'000
Revenue	<u>6,214,690</u>	<u>90,251</u>
Profit	<u>21,216</u>	<u>89,681</u>

The segment information for the six months ending 30 June 2019:

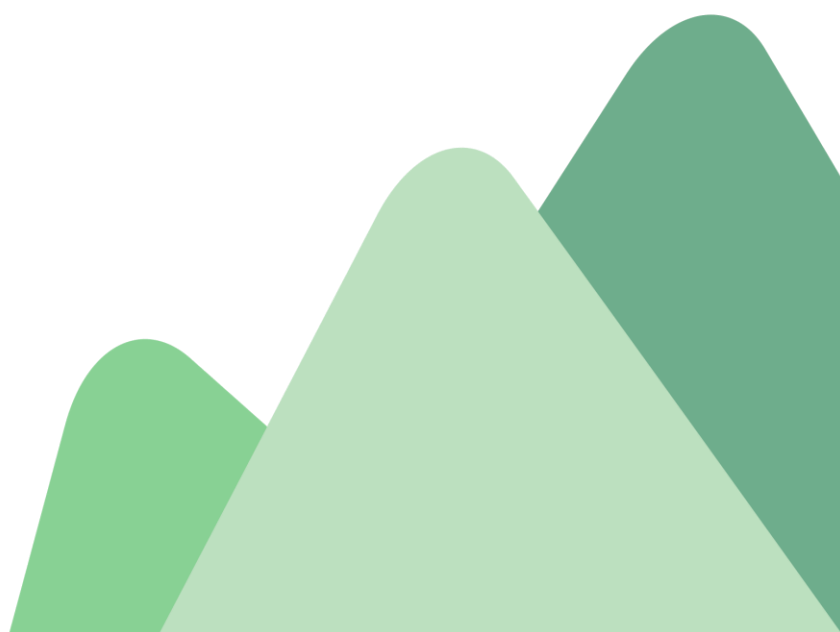
	Insurance \$'000	Investments \$'000
Revenue	<u>6,566,460</u>	<u>79,067</u>
Profit	<u>80,972</u>	<u>79,065</u>

General Accident Insurance Company Jamaica Limited

Shareholdings of Directors and their Connected Parties

For the quarter ended 30 June 2020

DIRECTORS	COMBINED HOLDING	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.000
Paul B. Scott Melanie Subratie		
Sharon Donaldson	3,689,560	0.3458
Junior Levine		
Gregory Foster	350,000	0.0340
Geoffrey Messado	1,000,000	0.0970
Duncan Stewart	2,475,190	0.2400
Deborah Stewart Diane Stewart		
Christopher Nakash	1,698,020	0.1647
Nicholas Scott	1,980,198	0.1920
Matthew Lyn	96,500	0.0094
Jodi Lyn		



General Accident Insurance Company Jamaica Limited
Shareholdings of Management Team and their Connected Parties
For the quarter ended 30 June 2020

MANAGER	COMBINED HOLDING	PERCENTAGE
Cheryll Henry	159,445	0.0155
Lesley Miller	290,746	0.0282
Martin Miller		
Jamalda Stanford	92,857	0.0090
Janielle Jarrett	25,000	0.0024
Tracey Thompson	50,000	0.0048



General Accident Insurance Company Jamaica Limited

Top Ten Shareholders

For the quarter ended 30 June 2020

SHAREHOLDER	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	26,823,385	2.60
Mayberry Managed Clients Account	12,578,846	1.22
QWI Investments Ltd.	10,507,119	1.02
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
Lancedale Farquharson	7,550,000	0.73
JCSD Trustee Services – Barita Unit Trust	5,580,572	0.54
Sagicor Select Funds Ltd	5,066,798	0.49
K. Chandiram Ltd.	4,331,450	0.42

