

News Release

KEY INSURANCE ANNOUNCES RIGHTS ISSUE AND INCREASE IN SHARE CAPITAL FOLLOWING AGM

Kingston, Jamaica, October 23, 2020 – Key Insurance has announced that a rights issue and a resolution to increase Key’s share capital were approved by shareholders at its 2020 Annual General Meeting (AGM), which was hosted online via Zoom and streamed live on YouTube yesterday, October 22. The hosting of the AGM in a virtual format was in keeping with a court order granted to Key on October 21, allowing the Company to conduct their 2020 and 2021 AGMs either as hybrid in-person/virtual meetings, or as virtual meetings.

Commenting on the outcome of the AGM Don Wehby, Chairman of Key Insurance and GraceKennedy (GK) Group CEO explained, “Since GK acquired Key earlier this year, the Board of Directors has been focused on the development and implementation of a series of strategic initiatives, including improving the Company’s customer centricity and underwriting practices, adopting more effective risk management practices and enhancing its investment returns. I am extremely optimistic about Key’s future, and confident that the management team is well positioned to maximise its full potential and shareholder value.”

General Manager of Key Insurance, Tammara Glaves-Hucey also commented, “We are pleased to have successfully hosted our first ever virtual AGM. We wanted to ensure that our shareholders were afforded every opportunity to effectively participate in making these crucial decisions about our Company’s future, despite the constraints arising from COVID-19. Hosting the AGM virtually allowed us to do this, and we were happy to be able to connect with our shareholders on these important proposals yesterday.”

In March this year, GK, through its wholly owned subsidiary, GraceKennedy Financial Group Limited, acquired 65 percent of the share capital of Key. The new Board of Directors led by Wehby soon defined four strategic drivers for the company: sustained growth and innovation; consumer centricity; improved business processes for greater efficiency; and a performance driven culture.

Reflecting on GK’s decision to acquire Key, during his presentation at the AGM Wehby outlined several considerations, including Key’s potential to increase market share, the significant synergies which exist between Key’s business and GK’s financial services division, the possibilities of developing specialized Key motor and home insurance offerings, and the strength of the Key brand in Jamaica. He explained that the acquisition also fit into GK’s financial services expansion strategy in Jamaica and the English-speaking Caribbean.

On April 8, Key graduated to the Main Market of the Jamaica Stock Exchange. Since GK’s acquisition of the Company, Key has attracted 330 new shareholders to a total of 501 shareholders as of October 21, 2020. Key has also seen a 357% increase in market capitalization since GK’s acquisition, from 774 million to 3.5 billion, which is reflected in the increase in the Company’s share price, from J\$2.10 pre-acquisition in March 2020 to J\$9.60 on October 21, 2020.

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Board Chairman: Donald Wehby

Directors: Herma McRae | Kareem Tomlinson | Linval Freeman | Mariame McIntosh Robinson | Natalia Gobin-Gunter | Sandra Masterton | Rochelle Cameron | Kerry-Ann Heavens (Director & Company Secretary)

“I want to thank the market and shareholders for showing confidence in the board and the management of Key shown by the increase in the market capitalization of the company. I can assure you as the Chairman of this Company that we will not let you down in terms of your confidence in us,” said Wehby during his AGM presentation.

Wehby also outlined several critical actions which have been successfully undertaken by Key’s Board and management team since the GK acquisition towards improving the Company’s profitability. These include stopping Key’s accumulated losses and loss of market share through the implementation of a 90-day turnaround plan, and the development of a two-year strategic plan which will provide an attractive return on investment to shareholders. The approved rights issue and increase in share capital are part of Key’s plan to raise the necessary capital to achieve these objectives.

The rights issue and increase in share capital will increase the number of authorized ordinary shares issued by Key. The rights issue will offer Key’s shareholders the right, but not the obligation, to purchase the newly issued shares, in direct proportion to their existing shares. This will allow shareholders to avoid any dilution of their existing share value caused by the proposed increase in shares. The rights issue will be renounceable, meaning that Key’s shareholders can choose to sell their rights to other existing shareholders.

A complete recording of the 2020 Key Insurance AGM can be found on YouTube at the following link:
<https://youtu.be/UEHbVJJk5M>

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