

General Accident Insurance Company Jamaica Limited

Unaudited Consolidated Financial Statements

For the nine months ended 30 September 2020

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 30 SEPT. 2020



General Accident Insurance Company Jamaica Limited

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For the nine months ended 30 September 2020

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General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the nine months ended 30 September 2020

2020



We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited and its subsidiaries (collectively “General Accident”), for the nine months ended 30th September 2020. The group produced a profit after tax of \$147.18 million compared to prior year of \$192.53 million.

The Jamaican segment of the group wrote premium of \$9.01 billion and contributed profit before tax of \$340.6 million. The Trinidad counterpart wrote premium of \$282 million which was eliminated by the claims and operating expenses. Still in an embryonic stage, General Accident (Barbados) booked premium of \$16 million

The highlights for the group are as follows:

Net profit after tax of \$147.19 million, (2019: \$192.53 million)

Earnings per share of \$0.14 (2019: \$0.19)

Book value of \$2.67 billion (2019: \$2.29 billion)

Annualized return on average equity of 7.39% (2019: 11.46%)

Underwriting Performance

For the period, General Accident wrote gross written premium of \$9.32 billion, compared to \$8.94 billion for the same period last year. Net earned premium improved by 32% to \$2.02 billion while net claims charges grew by 38% to \$1.36 billion. Administrative expenses increased by 37% when compared to the same period prior year.

General Accident made an underwriting loss of \$6.19 million. The Jamaican portfolio produced a commendable underwriting profit of \$117.85 million, compared to the prior period’s underwriting profit of \$108.63 million. However, underwriting losses of \$124.04 million are therefore attributable to our subsidiaries in Barbados and Trinidad. The inability to relaunch the operations in those markets due to Covid-19 restrictions, did not allow us to execute our plans. This materially affected our operations. We have since completed the planned rebranding of our operations in Trinidad to General Accident and we have commenced our plans to grow the business.

General Accident Insurance Company Jamaica Limited

Report to Stockholders

As at 30 September 2020

Investment Performance

The consolidated investment income for the first nine months of 2020 was \$140.46 million compared to prior year of \$113.72 million.

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.

General Accident ended the period with a book value of \$2.67 billion and generated annualized return on average equity for shareholders of 7.39%.

As of September 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 group is committed to ensuring that General Accident continues on its growth path for the year ahead. We do expect to have a strong last quarter for 2020, provided we have no material natural disaster or event.

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 September 2020

	9 Months Ended 30 September 2020 \$'000	9 Months Ended 30 September 2019 \$'000	Quarter ended 30 September 2020 \$'000	Quarter ended 30 September 2019 \$'000	Audited year ended 31 December 2019 \$'000
Gross Premiums Written	9,317,856	8,943,941	3,103,166	2,377,481	10,727,828
Reinsurance ceded	(7,209,832)	(7,199,500)	(2,372,478)	(1,749,606)	(8,151,493)
Excess of loss reinsurance cost	(126,086)	(99,628)	(47,445)	(31,897)	(130,176)
Net Premiums Written	1,981,938	1,644,813	683,243	595,978	2,446,159
Changes in unearned premiums, net	40,626	(109,942)	(15,721)	(49,779)	(212,387)
Net Premiums Earned	2,022,564	1,534,871	667,522	546,199	2,233,772
Commission income	515,572	554,563	142,355	148,526	857,540
Commission expense	(346,032)	(380,094)	(95,215)	(120,440)	(451,857)
Changes in commission, net	32,870	18,299	31,246	20,415	-
Claims expense	(1,362,136)	(987,603)	(474,834)	(354,774)	(1,205,328)
Management expenses	(869,031)	(631,398)	(298,483)	(212,259)	(991,991)
Underwriting (Loss)/Profit	(6,193)	108,638	(27,409)	27,667	442,136
Investment income	140,461	113,727	50,780	34,662	229,885
Finance charge	(2,713)	-	-	-	(7,568)
Other Income/(expenses)	108,757	65,289	27,723	27,038	202,175
Other operating expenses	(84,727)	(56,602)	(37,917)	(21,877)	(96,474)
Profit before Taxation	155,585	231,052	13,177	67,490	770,154
Taxation	(30,948)	(38,518)	(1,029)	(10,234)	(118,596)
PROFIT FOR THE PERIOD/YEAR	124,637	192,534	12,148	57,256	651,558
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	147,189	192,534	17,276	57,256	558,760
Non-controlling interests	(22,552)	-	(5,128)	-	92,798
	124,637	192,534	12,148	57,256	651,558
Items that may not be subsequently reclassified to profit or loss					
Unrealised (losses)/gains on FVOCI investments	(79,874)	48,191	(3,998)	52,180	64,330
Unrealised gains on revaluation of real estate investment	32,259	-	-	-	25,134
Foreign currency translation reserve	69,065	-	31,640	-	(40,067)
Total Other comprehensive income	21,450	48,191	27,642	52,180	49,397
TOTAL COMPREHENSIVE INCOME	146,087	240,725	39,790	109,436	700,955
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	129,185	240,725	66,581	109,436	618,930
Non-controlling interests	16,902	-	5,468	-	82,025
	146,087	240,725	72,049	109,436	700,955
EARNINGS PER SHARE	0.14	0.19	0.02	0.06	0.54

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Financial Position

As at 30 September 2020

	Unaudited 30 September 2020 \$'000	Unaudited 30 September 2019 \$'000	Audited 31 December 2019 \$'000
ASSETS			
Cash and short term investments	1,089,976	426,736	642,329
Taxation recoverable	73,220	121,945	80,468
Due from policyholders, brokers and agents	1,160,079	963,691	1,116,972
Due from reinsurers and co-insurers	1,994,844	2,091,595	2,220,132
Deferred policy acquisition cost	506,688	456,733	473,244
Other receivables	327,540	202,341	167,408
Due from related parties	11,656	4,093	11,656
Rights of use assets	107,653	-	92,157
Investment securities	4,001,536	3,252,689	4,752,243
Investment property	550,809	210,840	519,216
Pooled real estate investment	193,633	184,367	193,633
Property, plant & equipment	657,260	327,360	574,434
Intangible assets	189,768	4,516	196,174
Total Assets	10,864,662	8,246,906	11,040,066
LIABILITIES			
Taxation payable	-	-	4,426
Due to reinsurers and coinsurers	587,941	533,945	961,524
Other liabilities	285,066	417,625	406,205
Due to related parties	95	-	17,130
Lease liabilities	116,958	-	98,015
Deferred tax liabilities	44,933	7,144	44,933
Insurance reserves	6,754,206	4,992,647	6,504,268
Total Liabilities	7,789,199	5,951,361	8,036,501
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Property revaluation reserve	91,071	40,819	58,812
Fair value reserve	(604)	63,089	79,112
Translation reserve	16,043	-	(22,037)
Retained earnings	1,938,931	1,569,249	1,791,743
	2,667,829	2,295,545	2,530,018
Non-controlling interest	407,634	-	473,547
Total shareholders' equity	3,075,463	2,295,545	3,003,565
Total liabilities and shareholders' equity	10,864,662	8,246,906	11,040,066
	-	-	-

Approved by the Board of Directors on 13 November, 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 September 2020

	Share Capital \$'000	Capital Reserves \$'000	Property Revaluation Reserves \$'000	Fair Value Reserves \$'000	Translation Reserves \$'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						(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				48,191				48,191
Total comprehensive income	-	-	-	48,191	-	192,534	-	240,725
Balance at 30 September 2019	470,358	152,030	40,819	63,089	-	1,569,249	-	2,295,545
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	-	-	-	-	-	147,189	(22,552)	124,636
Other Comprehensive Income	-		32,259	(79,716)	38,080	-	30,826	21,450
Total comprehensive income	-	-	32,259	(79,716)	38,080	147,189	8,274	146,086
Transactions with owners								
Dividends								-
Dividends to non-controlling interests							(55,765)	(55,765)
Non-controlling interest on acquisition of subsidiary							(18,422)	(18,422)
	-	-	-	-	-	-	(74,187)	(74,187)
Balance as at 30 September 2020	470,358	152,030	91,071	(604)	16,043	1,938,931	407,634	3,075,463

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows For the quarter ended 30 September 2020

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	\$'000	\$'000	\$'000
Cash Flows from operating activities			
Net profit	124,637	192,534	651,558
Adjustments for items not affecting cash:			
Depreciation	48,871	32,809	84,639
Amortisation of intangible assets	10,177	1,034	11,835
Amortisation of investment premium	(15,703)	1,082	(6,188)
Amortization of right of use lease	38,013	22,759	
Gain on revaluation of investment property	(1,831)	-	(19,346)
ECL on debt investments	(6,872)	-	(6,697)
Gain on disposal of property, plant and equipment	(1,840)	-	(1,758)
Finance charge	2,713	-	7,568
Interest income	(121,571)	(104,498)	(148,721)
Dividend income	(263)	(9,229)	(18,172)
Current Taxation	30,948	38,518	80,807
Deferred Taxation	(30,658)	-	37,789
Foreign exchange losses/(gains)	48,167	(69,465)	(57,515)
Increase in deferred policy acquisition cost	(33,444)	(40,498)	(57,009)
Increase in insurance reserves	249,938	1,016,698	(100,574)
	341,282	1,081,744	458,216
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(69,580)	(43,500)	(212,805)
Other receivables	(156,824)	(42,579)	(7,661)
Loans receivable	-	28,964	-
Other liabilities	(231,801)	162,450	48,349
Due from related parties	(17,035)	-	9,582
Due from reinsurers and coinsurers, net	(148,295)	(619,629)	(320,587)
	(282,253)	567,450	(24,906)
Tax withheld at source	(73,559)	16,017	(27,791)
Net cash provided by operating activities	(355,812)	583,467	(52,697)
Cash flows from investing activities			
Acquisition of investments	(1,202,369)	(1,779,669)	127,395
Lease receivable	-	-	28,964
Net cash outflow from acquisition of additional shares in s	(46,676)	-	(198,730)
Acquisition of property, plant and equipment	(91,886)	(32,085)	(54,904)
Acquisition of investment property	(1,657)	(4,185)	(5,118)
Acquisition of intangible asset	(3,026)	(3,105)	(3,105)
Proceeds from disposal of property, plant and equipment	1,840	-	1,908
Proceeds from disposal and maturity of investment proper	2,100,299	1,034,335	293,377
Dividend received	263	9,229	18,172
Interest received	139,624	112,744	140,469
Net cash provided by (used in) by investing activities	896,412	(662,736)	348,428

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

For the quarter ended 30 September 2020

	Unaudited 30 September 2020	Unaudited 30 September 2019	Audited 31 December 2019
	\$'000	\$'000	\$'000
Cash flows from financing activities			
Right of use asset - principal	(66,036)	(21,555)	(47,268)
Right of use asset - interest		(3,624)	
Dividends paid	(55,765)	(150,046)	(292,731)
Net cash used in financing activities	(121,801)	(175,225)	(339,999)
Increase/(decrease) in cash and cash equivalents	418,800	(254,494)	(44,268)
Effect of exchange rate changes on cash and cash equivalents	28,847	25,087	30,454
Cash and cash equivalents at beginning of year	642,329	656,143	656,143
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,089,976	426,736	642,329



General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

For the quarter ended 30 September 2020

1. Identification and Activities

The 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.

The company together with its subsidiaries are referred to as the Group.

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 September 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.

2. 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 nine months ending 30 September 2020:

	Insurance \$'000	Investments \$'000
Revenue	<u>9,317,856</u>	<u>90,251</u>
Profit/(Loss)	<u>(6,193)</u>	<u>89,681</u>

The segment information for the nine months ending 30 September 2019:

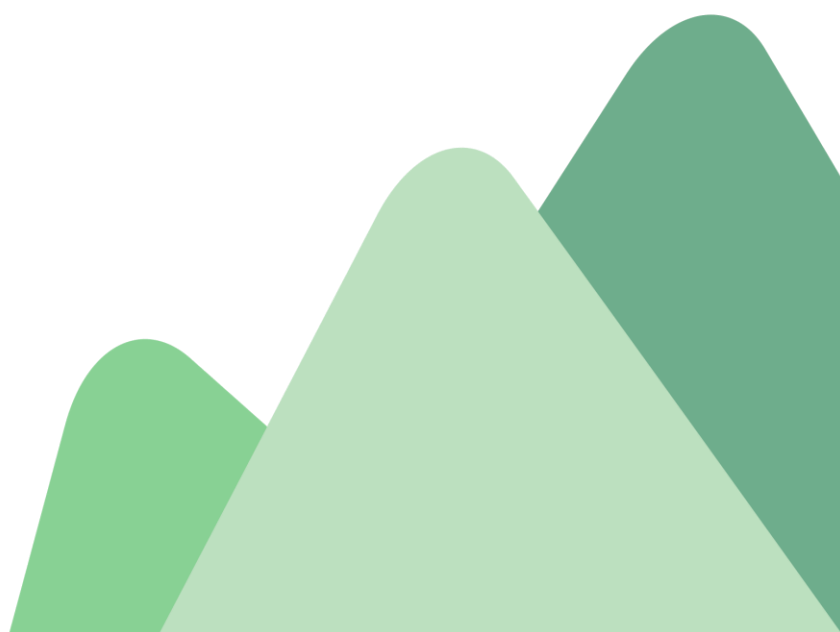
	Insurance \$'000	Investments \$'000
Revenue	<u>8,943,941</u>	<u>79,067</u>
Profit	<u>108,638</u>	<u>79,065</u>

General Accident Insurance Company Jamaica Limited

Shareholdings of Directors and their Connected Parties

For the quarter ended 30 September 2020

DIRECTORS	COMBINED HOLDING	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.000
Paul B. Scott Melanie Subratie		
Sharon Donaldson	3,748,700	0.3635
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 September 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 September 2020

SHAREHOLDER	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	19,612,677	1.90
QWI Investments Ltd.	13,007,119	1.26
Mayberry Managed Clients Account	12,490,533	1.21
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
JCSD Trustee Services – Barita Unit Trust	9,191,836	0.89
Lancedale Farquharson	7,550,000	0.73
Sagicor Select Funds Ltd	5,066,798	0.49
K. Chandiram Ltd.	4,331,450	0.42

