

General Accident Insurance Company Jamaica Limited

Unaudited Consolidated Financial Statements

For the year ended 31 December 2020

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



General Accident Insurance Company Jamaica Limited

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For the year ended 31 December 2020

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General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the year ended 31 December 2020

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We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited and its subsidiaries (collectively “GENAC Group”), for the year ended 31st December 2020. GENAC Group produced a combined profit before tax of \$317.3 million compared to \$770.1 million for the prior year.

The Jamaican segment of the group wrote premium of \$11.6 billion and contributed profit before tax of \$491.6 million. The Trinidad business wrote premium of \$393.1 million. Unfortunately the business did not receive approval to rebrand and to write property business until late in quarter 4. We expect with the rebranding of the business and the introduction of classes of business that align to GA’s traditional strengths will drive improved results in 2021. During the year we also launched in Barbados. General Accident (Barbados) incurred significant start-up costs which were expected and budgeted. We expect that it will be profitable in 2021.

The highlights for the group are as follows:

Net profit after tax of \$283.2 million, (2019: \$651.6 million)

Earnings per share of \$0.27 (2019: \$0.63)

Underwriting Performance

For the year, GENAC Group wrote gross written premium of \$12.05 billion, compared to \$10.73 billion for prior year. Net earned premium improved by 22% to \$2.73 billion, while net claims costs grew by 48% to \$1.79 billion – a situation which is under review. Administrative expenses increased by 23% when compared to prior year.

GENAC Group made an underwriting profit of \$58.42 million. The Jamaican portfolio produced an underwriting profit of \$240.00 million, below prior year’s performance of \$373.38 million.

Investment Performance

The consolidated investment income saw an improvement for the year ended December 31, 2020; \$201.78 million compared to prior year of \$172.20 million.

General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the year ended 31 December 2020

Summary

Like all businesses, GENAC Group has been impacted by COVID-19. To varying degrees, the pandemic continues to impact the Jamaican, Trinidadian and Barbadian markets in which we operate. GENAC Group will continue to rely on strong relationships with our clients, brokers, reinsurers and employees to serve policyholders and generate returns for our shareholders during this period of uncertainty.

As of December 31, 2020, we remain in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission and regulatory bodies of our subsidiaries.

Our outlook remains positive for 2021. We expect our profitability to improve in 2021 due primarily to premium growth in Barbados and Trinidad. In addition, as the reorganization of our foreign subsidiaries is now fully completed we expect our overhead costs to stabilize. As the group continues to grow in size, we expect to achieve the scale and resilience projected by our business model.

The board and management are committed to ensuring that GENAC Group continues on its path of growth with profitability in the year ahead.

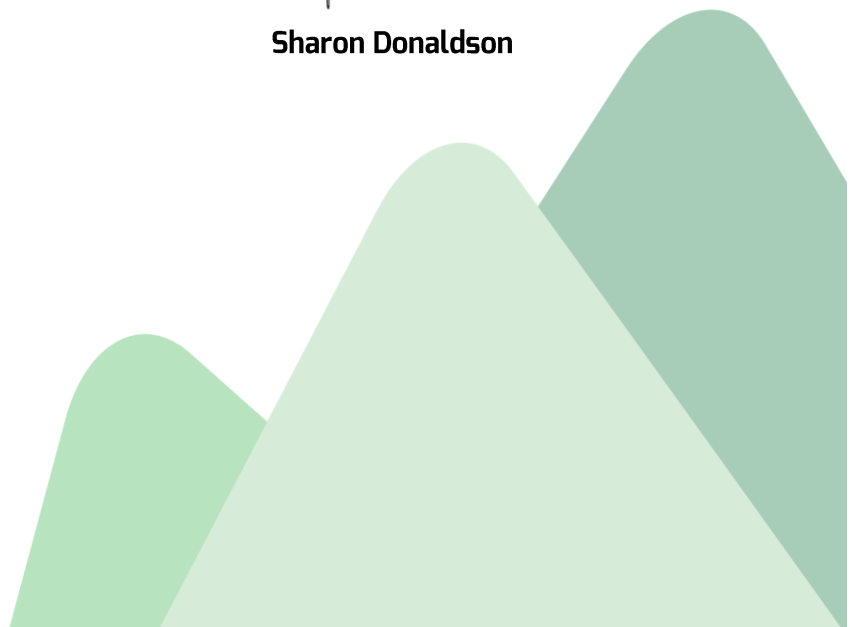
On behalf of the Board of Directors



P.B. Scott



Sharon Donaldson



General Accident Insurance Company Jamaica Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Year Ended 31 December 2020	Audited year ended 31 December 2019	Quarter ended 31 December 2020	Quarter ended 31 December 2019
	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	12,047,918	10,727,828	2,730,062	1,783,887
Reinsurance ceded	(9,069,137)	(8,151,493)	(1,859,305)	(951,993)
Excess of Loss Reinsurance Cost	(173,658)	(130,176)	(47,572)	(30,548)
Net Premiums Written	2,805,123	2,446,159	823,185	801,346
Changes in unearned premiums, net	(71,720)	(212,387)	(112,346)	(102,445)
Net Premiums Earned	2,733,403	2,233,772	710,839	698,901
Commission Income	762,870	857,540	247,298	302,977
Commission Expense	(483,985)	(451,857)	(137,953)	(71,763)
Changes in commission, net	53,506	-	20,636	(18,299)
Claims Expense	(1,790,078)	(1,205,328)	(427,942)	(217,725)
Management Expenses	(1,217,304)	(991,991)	(348,273)	(360,593)
Underwriting Profit	58,412	442,136	64,605	333,498
Investment Income	201,784	229,885	61,323	116,158
Finance charge	(2,713)	(7,568)	-	(7,568)
Other Income	178,978	202,175	70,221	136,886
Other Operating Expenses	(119,193)	(96,474)	(34,466)	(39,872)
Profit before Taxation	317,268	770,154	161,683	539,102
Taxation	(34,020)	(118,596)	(3,072)	(80,078)
PROFIT FOR THE PERIOD/YEAR	283,248	651,558	158,611	459,024
Attributable to:				
Owners of General Accident Ins. Co. Ja. Ltd.	323,263	558,760	176,074	366,226
Non-controlling interests	(40,015)	92,798	(17,463)	92,798
	<u>283,248</u>	<u>651,558</u>	<u>158,611</u>	<u>459,024</u>
Items that may not be subsequently reclassified to profit or loss				
Unrealised (losses)/gains on FVOCI investments	(45,656)	64,330	34,218	16,139.00
Unrealised gains on revaluation of real estate investment	32,784	25,134	525	25,134
Foreign currency translation reserve	18,604	(40,067)	(50,461)	-
Total Other Comprehensive Income	5,732	49,397	(15,718)	41,273
TOTAL COMPREHENSIVE INCOME	288,980	700,955	142,893	500,297
Attributable to:				
Owners of General Accident Ins. Co. Ja. Ltd.	271,400	618,930	142,216	378,205
Non-controlling interests	17,580	82,025	677	82,025
	<u>288,980</u>	<u>700,955</u>	<u>142,893</u>	<u>460,230</u>
EARNINGS PER SHARE	0.27	0.63	0.15	0.45

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Financial Position

As at 31 December 2020

	Unaudited 31 December 2020 \$'000	Audited 31 December 2019 \$'000
ASSETS		
Cash and Short Term Investments	1,102,840	642,329
Taxation Recoverable	79,023	80,468
Due from policyholders, brokers and agents	1,251,907	1,116,972
Due from reinsurers and co-insurers	2,208,758	2,220,132
Deferred policy acquisition cost	510,598	473,244
Other Receivables	522,274	167,408
Due from related parties	11,538	11,656
Rights of use assets	228,683	92,157
Investment Securities	3,857,827	4,752,243
Investment Property	293,626	519,216
Pooled real estate investment	193,633	193,633
Property, Plant & Equipment	651,344	574,434
Intangible assets	193,554	196,174
Total Assets	11,105,605	11,040,066
LIABILITIES		
Taxation payable	4,846	4,426
Due to reinsurers and coinsurers	732,955	961,524
Other liabilities	351,913	406,205
Due to related parties	1,838	17,130
Lease liabilities	161,270	98,015
Deferred tax liabilities	44,933	44,933
Insurance Reserves	6,799,539	6,504,268
Total Liabilities	8,097,294	8,036,501
SHAREHOLDERS' EQUITY		
Share capital	470,358	470,358
Capital reserves	152,030	152,030
Property revaluation reserve	91,596	58,812
Fair value reserve	33,456	79,112
Translation reserve	(3,433)	(22,037)
Retained earnings	1,892,339	1,791,743
	2,636,346	2,530,018
Non-controlling interest	371,965	473,547
Total shareholders' equity	3,008,311	3,003,565
Total liabilities and shareholders' equity	11,105,605	11,040,066

Approved by the Board of Directors on 15 February, 2021 and signed on its behalf by:



Director



Director

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Changes in Equity

For the year ended 31 December 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	-	-				558,760	92,798	651,558
Other Comprehensive Income			17,993	64,214	(22,037)	-	(10,773)	49,397
Total comprehensive income	-	-	17,993	64,214	(22,037)	558,760	82,025	700,955
Non-controlling interest on acquisition of subsidiary							391,522	391,522
Transactions with owners								
Dividends						(142,684)		(142,684)
Balance at 31 December 2019	470,358	152,030	58,812	79,112	(22,037)	1,791,743	473,547	3,003,565
Balance at 31 December 2019	470,358	152,030	58,812	79,112	(22,037)	1,791,743	473,547	3,003,565
Effect of adopting new standards								-
Restated January 1, 2020								-
Comprehensive income:								
Net profit for the period	-	-	-	-	-	255,976	(40,015)	215,961
Other Comprehensive Income	-		32,784	(45,656)	18,604	67,287		73,019
Total comprehensive income	-	-	32,784	(45,656)	18,604	323,263	(40,015)	288,980
Transactions with owners								
Dividends						(222,668)	(55,765)	(278,432)
Dividends to non-controlling interests								-
Non-controlling interest dilution							(46,676)	(46,676)
Non-controlling interest on acquisition of subsidiary							40,874	40,874
	-	-	-	-	-	(222,668)	(61,567)	(284,235)
Balance as at 31 December 2020	470,358	152,030	91,596	33,456	(3,433)	1,892,339	371,965	3,008,311

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Unaudited 31 December 2020	Audited 31 December 2019
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	283,248	651,558
Adjustments for items not affecting cash:		
Depreciation	67,540	42,803
Amortisation of intangible assets	14,139	11,835
Amortisation of investment premium	(15,703)	(6,188)
Amortization of right of use lease	54,366	41,836
Gain on revaluation of investment property	(1,839)	(19,346)
ECL on debt investments	(6,872)	(6,697)
Gain on disposal of property, plant and equipment	(1,840)	(1,758)
Finance charge	6,214	7,568
Interest income	(166,206)	(148,721)
Dividend income	(14,262)	(18,172)
Current Taxation	34,020	80,807
Deferred Taxation	17,198	37,789
Foreign exchange gains	(79,760)	(57,515)
Increase in deferred policy acquisition cost	(37,354)	(57,009)
Increase in insurance reserves	295,271	(100,574)
	448,160	458,216
Changes in operating assets and liabilities:		
Due from policyholders, brokers and agents	(119,810)	(212,805)
Other receivables	(105,044)	(7,661)
Loans receivable	(249,822)	-
Other liabilities	(164,954)	48,349
Due from related parties	(15,174)	9,582
Due from reinsurers and coinsurers, net	(217,195)	(320,587)
	(423,839)	(24,906)
Tax withheld at source	(77,073)	(27,791)
Net cash provided by operating activities	(500,912)	(52,697)
Cash Flows from Investing Activities		
Acquisition of Investments	908,351	127,395
Lease receivable	-	28,964
Net cash outflow from acquisition of additional shares in subsidia	(46,676)	(198,730)
Acquisition of property, plant and equipment	(132,968)	(54,904)
Acquisition of investment property	(5,189)	(5,118)
Acquisition of intangible asset	(7,006)	(3,105)
Proceeds from disposal of property, plant and equipment	46,693	1,908
Proceeds from disposal and maturity of investment property	293,909	293,377
Dividend received	14,262	18,172
Interest received	184,259	140,469
Net cash provided by investing activities	1,255,635	348,428

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows cont'd

For the year ended 31 December 2020

	Unaudited 31 Deceber 2020	Audited 31 December 2019
	\$'000	\$'000
Cash Flows from Financing Activities		
Right of use asset - principal	(58,954)	(47,268)
Right of use asset - interest		
Dividends paid	(278,433)	(292,731)
Net cash used in financing activities	<u>(337,387)</u>	<u>(339,999)</u>
Increase in cash and cash equivalents	417,336	(44,268)
Effect of exchange rate changes on cash and cash equivalents	43,175	30,454
Cash and cash equivalents at beginning of year	642,329	656,143
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,102,840</u>	<u>642,329</u>



General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

For the year ended 31 December 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 year ended 31 December 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 year ending 31 December 2020:

	Insurance \$000	Investments \$000
Revenue	<u>12,047,918</u>	<u>203,439</u>
Profit	<u>58,412</u>	<u>201,784</u>

The segment information for the year ending 31 December 2019:

	Insurance \$000	Investments \$000
Revenue	<u>10,727,828</u>	<u>231,609</u>
Profit	<u>442,136</u>	<u>229,885</u>

General Accident Insurance Company Jamaica Limited

Shareholdings of Directors and their Connected Parties

For the year ended 31 December 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 Diana 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 year ended 31 December 2020

MANAGER	COMBINED HOLDING	PERCENTAGE
Cheryll Henry	159,445	0.0155
Lesley Miller Martin Miller	300,367	0.0291
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 year ended 31 December 2020

SHAREHOLDER	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	19,642,677	1.90
QWI Investments Ltd.	15,032,119	1.46
JCSD Trustee Services – Barita Unit Trust	12,263,095	1.19
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
Mayberry Managed Clients Account	7,836,138	0.76
Lancedale Farquharson	7,550,000	0.73
Sagicor Select Funds Ltd	5,066,798	0.49
K. Chandiram Ltd.	4,331,450	0.42

