

# UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2021



# General Accident Insurance Company Jamaica Limited

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For the quarter ended 31 March 2021

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# General Accident Insurance Company Jamaica Limited

## Report to Stockholders

For the quarter ended 31 March 2021

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General Accident's performance in the first quarter of 2021 reflects the continued strong performance of our core Jamaican property and motor insurance businesses and our recent investments in our emerging insurance subsidiaries in Trinidad and Barbados.

The Group achieved revenue of \$3.3 billion in the first quarter which was an increase of 30% on previous year. Gross written premium produced by our Jamaican operations totaled \$3.1 billion for quarter 2021 compared to \$2.4 billion in the same period last year. Our Trinidadian and Barbadian subsidiaries produced gross written premium of \$200.0 million. Our Trinidadian subsidiary, formerly Motor One, has since been rebranded "General Accident". Our smaller Barbadian operation is still in its start-up phase but continues to win key accounts locally. So far this year, we have seen significant growth in revenues from both subsidiaries.

Our Jamaican businesses produced a net profit before tax of \$98.3 million for the quarter. However, the Group's net profit amounted to \$34.6 million, a significant decrease relative to the comparable period in 2020. The decrease reflects losses in Trinidad and Barbados. These losses in turn were primarily driven by increases in operating costs as we scale, acquire policyholders and otherwise invest in the future of these businesses. We expect the performance of our Trinidadian and Barbadian subsidiaries to improve in the future and continue to believe in our regional expansion strategy.

Across our operations we have continued to adhere to traditional underwriting discipline while investing in new distribution channels and technology. Our aim is to support our clients in satisfying their insurance needs more efficiently particularly in the digital domain.

We look forward to updating you on the progress of our business for the rest of 2021.

**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 31 March 2021**

	Quarter ended 31 March 2021	Quarter ended 31 March 2020	Unaudited year ended 31 Dec 2020
	\$'000	\$'000	\$'000
<b>Gross Premiums Written</b>	3,298,977	2,539,878	12,044,990
Reinsurance ceded	(2,419,161)	(1,811,736)	(9,067,346)
Excess of loss reinsurance cost	(49,115)	(39,017)	(166,036)
<b>Net Premiums Written</b>	<u>830,701</u>	<u>689,125</u>	<u>2,811,608</u>
Changes in unearned premiums, net	(111,769)	(18,821)	(71,046)
<b>Net Premiums Earned</b>	<b>718,932</b>	<b>670,304</b>	<b>2,740,562</b>
Commission income	210,797	173,339	789,568
Commission expense	(135,788)	(84,980)	(483,985)
Claims expense	(454,116)	(447,525)	(1,816,926)
Management expenses	(313,532)	(268,312)	(1,232,780)
<b>Underwriting Profit/(Loss)</b>	<b>26,293</b>	<b>42,826</b>	<b>(3,561)</b>
Investment income	48,858	49,566	229,372
Finance charge	(2,703)	(1,410)	(2,713)
Other (expenses)/income	(1,532)	24,109	154,381
Other operating expenses	(36,305)	(23,751)	(117,920)
<b>Profit before Taxation</b>	<b>34,611</b>	<b>91,340</b>	<b>259,559</b>
Taxation	(19,089)	(16,617)	(56,323)
<b>PROFIT FOR THE PERIOD/YEAR</b>	<b>15,522</b>	<b>74,723</b>	<b>203,236</b>
<b>Attributable to:</b>			
Owners of General Accident Ins. Co. Ja. Ltd.	36,062	76,051	251,927
Non-controlling interests	(20,540)	(1,328)	(48,691)
	<u>15,522</u>	<u>74,723</u>	<u>203,236</u>
<b>Items that may not be subsequently reclassified to profit or loss</b>			
Unrealised (losses)/gains on FVOCI investments	(6,521)	(27,374)	64,330
Unrealised gains on revaluation of real estate investment	5,179	-	25,134
Foreign currency translation reserve	1,482	20,997	(40,067)
Total Other Comprehensive Income	140	(6,377)	49,397
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>15,662</b>	<b>68,346</b>	<b>252,633</b>
<b>Attributable to:</b>			
Owners of General Accident Ins. Co. Ja. Ltd.	36,387	60,225	170,608
Non-controlling interests	(20,725)	8,121	82,025
	<u>15,662</u>	<u>68,346</u>	<u>252,633</u>
<b>EARNINGS PER SHARE</b>	<b>0.02</b>	<b>0.07</b>	<b>0.20</b>

**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 March 2021**

	Unaudited 31 March 2021 \$'000	Unaudited 31 March 2020 \$'000	Unaudited 31 December 2020 \$'000
<b>ASSETS</b>			
Cash and short term investments	827,730	1,061,730	756,548
Taxation recoverable	89,366	72,507	56,686
Due from policyholders, brokers and agents	1,751,011	1,233,773	1,252,836
Due from reinsurers and co-insurers	2,379,746	2,651,307	2,174,598
Deferred policy acquisition cost	510,847	506,178	496,512
Other receivables	804,357	369,931	607,956
Due from related parties	11,656	21,934	22,288
Rights of use assets	126,511	95,983	148,202
Investment securities	4,182,402	4,512,739	4,210,788
Investment property	362,634	537,791	333,744
Pooled real estate investment	193,633	184,367	193,633
Property, plant & equipment	684,222	591,220	676,609
Intangible assets	190,047	196,820	193,606
<b>Total assets</b>	<b>12,114,162</b>	<b>12,036,280</b>	<b>11,124,006</b>
<b>LIABILITIES</b>			
Taxation payable	27,962	5,566	4,779
Due to reinsurers and coinsurers	918,437	1,194,835	560,418
Other liabilities	44,040	611,329	336,502
Due to related parties	177,027	17,715	-
Lease liabilities	393,528	73,422	194,560
Deferred tax liabilities	44,933	44,933	44,933
Insurance reserves	7,475,322	7,016,570	6,965,563
<b>Total liabilities</b>	<b>9,081,248</b>	<b>8,964,370</b>	<b>8,106,754</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	470,358	470,358	470,358
Capital reserves	152,030	152,030	152,030
Property revaluation reserve	96,954	58,812	91,775
Fair value reserve	45,452	51,737	51,973
Translation reserve	62,786	(10,489)	61,304
Retained earnings	1,862,585	1,867,794	1,826,523
	2,690,165	2,590,242	2,653,963
<b>Non-controlling interest</b>	<b>342,749</b>	<b>481,668</b>	<b>363,289</b>
<b>Total shareholders' equity</b>	<b>3,032,914</b>	<b>3,071,910</b>	<b>3,017,252</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,114,162</b>	<b>12,036,280</b>	<b>11,124,006</b>

Approved by the Board of Directors on May 13, 2021 and signed on its behalf by:



Director



Director

**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Changes in Equity**  
**For the quarter ended 31 March 2021**

	Share Capital \$'000	Capital Reserves \$'000	Property Revaluation Reserve \$'000	Fair Value Reserve \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Non-Controlling Interest	Total
<b>Balance at 31 December 2019</b>	470,358	152,030	58,812	79,112	(22,037)	1,791,743	473,547	3,003,565
<b>Comprehensive income:</b>								
Net profit for the period	-	-	-	-	-	76,051	(1,328)	74,723
Other Comprehensive Income			-	(27,374)	11,548	-	9,449	(6,377)
<b>Total comprehensive income</b>	-	-	-	(27,374)	11,548	76,051	8,121	68,346
<b>Balance at 31 March 2020</b>	<b>470,358</b>	<b>152,030</b>	<b>58,812</b>	<b>51,738</b>	<b>(10,489)</b>	<b>1,867,794</b>	<b>481,668</b>	<b>3,071,911</b>
<b>Balance at 31 December 2020</b>	470,358	152,030	91,775	51,973	61,304	1,826,523	363,289	3,017,252
<b>Comprehensive income:</b>								
Net profit for the period	-	-	-	-	-	36,062	(20,540)	15,522
Other Comprehensive Income	-	-	5,179	(6,521)	1,482	-	-	140
<b>Total comprehensive income</b>	-	-	5,179	(6,521)	1,482	36,062	(20,540)	15,662
<b>Balance at 31 March 2021</b>	<b>470,358</b>	<b>152,030</b>	<b>96,954</b>	<b>45,452</b>	<b>62,786</b>	<b>1,862,585</b>	<b>342,749</b>	<b>3,032,914</b>



**General Accident Insurance Company Jamaica Limited**  
**Consolidated Statement of Cash Flows**  
**For the quarter ended 31 March 2021**

	Unaudited 31 March 2021 \$'000	Unaudited 31 March 2020 \$'000	Unaudited 31 Dec 2020 \$'000
<b>Cash Flows from Operating Activities</b>			
Net profit	15,522	74,723	203,235
Adjustments for items not affecting cash:			
Depreciation	16,990	20,481	66,269
Amortisation of intangible assets	14,142	3,270	14,139
Amortisation of investment premium	-	112	(13,935)
Amortization of right of use lease	19,315	-	54,364
Gain on revaluation of investment property	-	-	(40,562)
ECL on debt investments	-	-	(6,872)
Gain on disposal of property, plant and equipment	-	-	(1,840)
Finance charge	2,702	1,410	6,214
Interest income	(48,858)	(49,523)	(172,832)
Dividend income	-	-	(14,299)
Current Taxation	19,089	16,617	56,323
Deferred Taxation	-	-	29,132
Foreign exchange losses/(gains)	7,414	(1,189)	(55,976)
Increase in deferred policy acquisition cost	(14,335)	(32,933)	(23,268)
Increase in insurance reserves	509,759	512,302	461,295
	<b>541,740</b>	<b>545,270</b>	<b>561,387</b>
<b>Changes in operating assets and liabilities:</b>			
Due from policyholders, brokers and agents	(498,175)	(116,801)	(120,739)
Other receivables	(196,401)	(202,523)	(440,548)
Other liabilities	57,026	202,304	(180,365)
Due from related parties	54,672	(10,863)	(27,762)
Due from reinsurers and coinsurers, net	152,871	(197,864)	(355,572)
	<b>111,733</b>	<b>219,523</b>	<b>(563,599)</b>
Tax withheld at source	(4,718)	6,821	(21,595)
<b>Net cash provided by operating activities</b>	<b>107,015</b>	<b>226,344</b>	<b>(585,194)</b>
<b>Cash Flows from Investing Activities</b>			
Net (Acquisition)/Disposal of Investments	1,793	195,052	636,448
Lease receivable	-	-	-
Net cash outflow from acquisition of additional shares in s	-	-	(46,676)
Acquisition of property, plant and equipment	(8,670)	(24,004)	(131,125)
Acquisition of investment property	(27,630)	-	(6,123)
Acquisition of intangible asset	(7,043)	(1,540)	(7,006)
Proceeds from disposal of property, plant and equipment	-	-	295,840
Proceeds from disposal and maturity of investment prope	-	-	46,693
Dividend received	-	-	14,299
Interest received	48,858	44,452	176,628
<b>Net cash provided by (used in)by investing activities</b>	<b>7,308</b>	<b>213,960</b>	<b>978,978</b>

## General Accident Insurance Company Jamaica Limited

### Consolidated Statement of Cash Flows cont'd

For the quarter ended 31 March 2021

	Unaudited 31 March 2021 \$'000	Unaudited 31 March 2020 \$'000	Unaudited 31 Dec 2020 \$'000
<b>Cash Flows from Financing Activities</b>			
Right of use asset - principal	(60,287)	(24,592)	(60,320)
Right of use asset - interest	-	-	-
Dividends paid	-	-	(278,433)
Net cash used in financing activities	(60,287)	(24,592)	(338,753)
<b>Increase in cash and cash equivalents</b>	<b>54,036</b>	<b>415,712</b>	<b>55,031</b>
Effect of exchange rate changes on cash and cash equivalents	17,146	3,689	59,188
<b>Cash and cash equivalents at beginning of year</b>	<b>756,548</b>	<b>642,329</b>	<b>642,329</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>827,730</b>	<b>1,061,730</b>	<b>756,548</b>



## General Accident Insurance Company Jamaica Limited

### Notes to the Financial Statements

For the quarter ended 31 March 2021

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#### 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, 2020. 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 31 March 2021

#### 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 quarter ended 31 March 2021:

	Insurance \$'000	Investments \$'000
Revenue	<u>3,298,978</u>	<u>48,858</u>
Profit	<u>26,293</u>	<u>45,750</u>

##### The segment information for the year ending 31 March 2020:

	Insurance \$'000	Investments \$'000
Revenue	<u>2,539,878</u>	<u>49,566</u>
Profit	<u>42,826</u>	<u>47,945</u>

**General Accident Insurance Company Jamaica Limited**  
**Shareholdings of Directors and their Connected Parties**  
**For the quarter ended 31 March 2021**

<b>DIRECTORS</b>	<b>COMBINED HOLDING</b>	<b>PERCENTAGE</b>
<b>Musson Jamaica Ltd.</b>	824,999,989	<b>80.000</b>
Paul B. Scott Melanie Subratie		
<b>Sharon Donaldson</b>	3,862,431	<b>0.3635</b>
Junior Levine		
<b>Gregory Foster</b>	350,000	<b>0.0340</b>
<b>Geoffrey Messado</b>	1,000,000	<b>0.0970</b>
<b>Duncan Stewart</b>	2,475,190	<b>0.2400</b>
Deborah Stewart Diana Stewart		
<b>Christopher Nakash</b>	1,698,020	<b>0.1647</b>
<b>Nicholas Scott</b>	1,980,198	<b>0.1920</b>
<b>Matthew Lyn</b>	96,500	<b>0.0094</b>
Jodi Lyn		



**General Accident Insurance Company Jamaica Limited**  
**Shareholdings of Management Team and their Connected Parties**  
**For the quarter ended 31 March 2021**

<b>MANAGER</b>	<b>COMBINED HOLDING</b>	<b>PERCENTAGE</b>
Cheryll Henry	159,445	0.0155
Lesley Miller Martin Miller	300,367	0.0291
Jamalda Stanford	92,857	0.0090
Janille Jarrett	25,000	0.0024
Tracey Thompson	50,000	0.0048



## General Accident Insurance Company Jamaica Limited

### Top Ten Shareholders

For the quarter ended 31 March 2021

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	13,806,157	1.34
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
Mayberry Managed Clients Account	7,807,137	0.76
Lancedale Farquharson	7,625,000	0.74
Sagikor Select Funds Ltd	5,066,798	0.49
K. Chandiram Ltd.	4,331,450	0.42

