

**KEY INSURANCE COMPANY LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**



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## KEY INSURANCE COMPANY LIMITED

### Interim Report to Stockholders

For the Third Quarter Ended 30 September 2021

Key Insurance Company Limited ('KEY' or the Company) presents its unaudited financial results for the quarter and nine months ended 30 September 2021.

Main Highlights	Q3 2021	Q3 2020
	\$Millions	\$Millions
Gross Premium Written	514.9	402.0
Net Premiums Earned	313.0	204.3
Profit before tax	16.4	8.1
Total Assets	5,194.3	4,326.4
Total Shareholders' Equity	947.3	182.7

### Financial Performance

KEY is pleased to report its fifth consecutive quarter of profitable performance; the first time since its shares have been listed on the Jamaica Stock Exchange (JSE).

The financial results for the nine months ended 30 September 2021, are presented as follows. The Company grew its revenue by 37% from \$1.0 billion for the nine months ended 30 September 2020 to \$1.4 billion for the nine months ended 30 September 2021.

More importantly, the Company's gross premium written for the nine months ended 30 September 2021 is on par with the gross written premium of \$1.4 billion for the twelve-month financial year ended 31 December 2020.

Similarly, the profit before tax for the nine months ended 30 September 2021 of \$19.1 million has outperformed annual losses incurred for the year ended 31 December 2020 of \$538.0 million. Net profit attributable to stockholders also reflected a 104% increase over prior year. The Company's earnings per stock unit for the period also increased by 102% when compared to the comparative period.

KEY's performance for the quarter ended 30 September 2021 was also very strong despite an elevated level of claims, growing its gross premium written by 28% and profit before tax by 103% when compared to the corresponding prior year period.

The Company, while pleased with its strong performance over the past five quarters, remains committed to and focused on continuing to execute its strategic initiatives which have provided positive results to date.

KEY's investment income continues to benefit from a repositioned investment portfolio along with the capital injection received at the beginning of the year. The Company's investment income increased from \$16.3 million in the nine months ended 30 September 2020 to \$37.7 million in the nine months ended 30 September 2021. Investment income has been and will continue to be an essential focus of management to drive the growth of the Company's overall performance.

**KEY INSURANCE COMPANY LIMITED**  
**Interim Report to Stockholders (Continued)**  
For the Third Quarter Ended 30 September 2021

**Financial Performance (Continued)**

The Management team began its strategic focus of overhauling the Company's underwriting practices in the second quarter of 2020 and have since seen improvement in the Company's performance as illustrated by the results for the nine-month period ended 30 September 2021. This reflects an improvement in the underwriting performance of 88% over the corresponding period in 2020.

**Outlook**

While mindful of the uncertainty that lays ahead in light of the continuing effects of the pandemic, Key is optimistic about the future. The Company therefore remains vigilant in pursuing its current path of growth and profitability and continues to monitor changes in the business environment and its impact on performance. The global and local economies are improving as countries learn to better manage and stem the fallout from the pandemic. This will enhance the opportunities for the Company to return increased shareholder value. While the COVID-19 pandemic impacts the world and by extension the Company, management remains committed to providing a safe environment for our staff and customers alike which will work to the benefit of all. KEY encourages everyone to take care of each other and remain safe.

Once again, the Company expresses gratitude to its customers for their business and trust, to the team members for their hard work, and to its shareholders for their continued support and encouragement.

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED 30 SEPTEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		Three Months	Three Months	Nine Months	Nine Months
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
	Note	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	4	514,859	401,977	1,430,368	1,045,064
Reinsurance Ceded		(184,187)	(142,052)	(434,574)	(402,219)
<b>Net Premiums Written</b>		<b>330,672</b>	<b>259,925</b>	<b>995,794</b>	<b>642,845</b>
Change in unearned premium		(17,664)	(55,623)	(134,601)	(43,647)
<b>Net Premiums Earned</b>		<b>313,008</b>	<b>204,302</b>	<b>861,193</b>	<b>599,198</b>
Change in insurance reserves		-	3,428	-	-
Commission on reinsurance ceded		26,752	17,445	71,578	61,365
Commission on premiums written		(42,385)	(28,441)	(115,192)	(89,191)
Claims expense		(189,193)	(90,584)	(527,388)	(490,468)
Change in unexpired risk reserves		-	-	-	-
Amortization of underwriting assets		-	-	-	(323,136)
Administration and other expenses		(120,326)	(108,718)	(360,132)	(326,895)
<b>Underwriting loss</b>		<b>(12,144)</b>	<b>(2,568)</b>	<b>(69,941)</b>	<b>(569,127)</b>
Investment income		14,933	9,082	37,691	16,306
Other income		13,619	1,561	51,375	14,786
Profit/(loss) before Taxation		16,408	8,075	19,125	(538,035)
Taxation		(5,469)	(2,423)	(6,375)	179,649
<b>Profit/(loss) After taxation</b>		<b>10,939</b>	<b>5,652</b>	<b>12,750</b>	<b>(358,386)</b>
<b>Other Comprehensive Income:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Net gain/(loss) on revaluation of investment securities		5,642	(7,383)	7,507	(23,809)
		5,642	(7,383)	7,507	(23,809)
<b>Total Comprehensive Income/(Loss)</b>		<b>16,581</b>	<b>(1,731)</b>	<b>20,257</b>	<b>(382,195)</b>
<b>Earnings per stock unit</b>	5	<b>\$0.020</b>	<b>\$0.015</b>	<b>\$0.024</b>	<b>(\$0.973)</b>

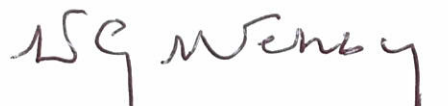
The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

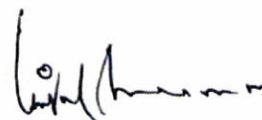
(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	Unaudited 30 September 2021 \$'000	Unaudited 30 September 2020 \$'000	Audited 31 December 2020 \$'000
<b>ASSETS</b>				
Cash and deposits		1,198,805	924,039	745,183
Investment securities		952,782	213,029	395,674
Due from policyholders, brokers and agents		365,421	207,997	190,930
Due from reinsurers		1,694,207	1,798,588	363,946
Deferred policy acquisition costs		82,340	61,276	62,622
Taxation recoverable		232,013	224,281	220,770
Other receivables		1,775	12,473	29,856
Right-of-use asset		11,761	9,383	6,575
Investment properties		-	200,150	226,734
Intangible assets		2,580	2,596	2,910
Property, plant and equipment		230,827	214,636	231,934
Deferred taxation		421,784	457,974	428,158
		<u>5,194,295</u>	<u>4,326,422</u>	<u>2,905,292</u>
<b>LIABILITIES</b>				
<b>Liabilities</b>				
Other payables		195,285	37,998	136,279
Lease liability		9,913	9,940	8,648
Due to reinsurers		1,509,868	1,835,573	151,937
Insurance reserves		2,531,977	2,260,346	2,349,451
		<u>4,247,043</u>	<u>4,143,857</u>	<u>2,646,315</u>
<b>Equity</b>				
Share capital	3	903,300	235,282	235,282
Capital reserve		57,371	57,371	57,371
Fair value reserves		487,443	435,660	479,936
Accumulated losses		(500,862)	(545,748)	(513,612)
		<u>947,252</u>	<u>182,748</u>	<u>258,977</u>
		<u>5,194,295</u>	<u>4,326,422</u>	<u>2,905,292</u>

Approved for issue on behalf of the Board of Directors on 03 November 2021, and signed on its behalf by:



Donald Wehby Chairman



Linval Freeman Director

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED 30 SEPTEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 31 December 2019 as originally presented	235,282	57,371	459,469	(91,782)	660,340
Effect of adopting IFRS 9	-	-	-	(95,580)	(95,580)
Restated balance as at 01 January 2020	235,282	57,371	459,469	(187,362)	564,760
Total comprehensive loss for the period	-	-	(23,809)	(358,386)	(382,195)
Balance as at 30 September 2020	235,282	57,371	435,660	(545,748)	182,565
Balance as at 01 January 2021	235,282	57,371	479,936	(513,612)	258,977
Issue of shares	668,018	-	-	-	668,018
Total comprehensive income for the period	-	-	7,507	12,750	20,257
Balance as at 30 September 2021	903,300	57,371	487,443	(500,862)	947,252

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED 30 SEPTEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>Unaudited Nine Months 30 September 2021 \$'000</b>	<b>Unaudited Nine Months 30 September 2020 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit/(loss) after taxation	12,750	(358,386)
Adjustment for items not affecting cash:		
Amortisation and depreciation	14,497	13,917
Gain on sale of investment properties	(22,643)	-
Gain on sale of property, plant and equipment	(773)	-
Gain on foreign exchange	(14,541)	(14,553)
Dividend income	(167)	(235)
Interest expense	958	-
Interest income	(36,577)	(16,071)
Provision for expected credit loss	2,472	2,817
Taxation	6,375	(179,649)
	<u>(37,649)</u>	<u>(552,160)</u>
Changes in operating assets and liabilities		
Due from policyholders, brokers and agents	(174,491)	(110,828)
Deferred policy acquisition costs	(19,718)	77,427
Insurance reserves	182,526	99,383
Due from reinsurers	(1,330,261)	223,536
Due to reinsurers	1,357,931	230,812
Other assets	28,081	34,458
Other liabilities	59,006	(35,973)
	<u>65,425</u>	<u>(33,345)</u>
Taxation paid	(11,243)	(5,164)
Net cash provided by/(used in) by operating activities	<u>54,182</u>	<u>(38,509)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(12,166)	(14,630)
Acquisition of intangible asset	(894)	(1,566)
Proceeds from disposal of property, plant and equipment	773	-
Proceeds from disposal of investment securities	212,023	16,167
Proceeds from disposal of investment properties	249,554	23,086
Purchase of investments	(754,727)	-
Interest and dividend received	24,853	18,891
Net cash (used in)/provided by investing activities	<u>(280,584)</u>	<u>25,781</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from rights issue of ordinary shares	668,018	-
IFRS 16 Lease payments	(2,535)	-
Net cash provided by financing activities	<u>665,483</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	439,081	(12,728)
Effect of changes in exchange rate on cash and cash equivalents	14,541	(262)
Cash and cash equivalents at the beginning of the period	745,183	934,029
<b>Cash and cash equivalents at the end of the period</b>	<u><b>1,198,805</b></u>	<u><b>921,039</b></u>

The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.



**KEY INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED 30 SEPTEMBER 2021**  
(Expressed in Jamaican dollars unless otherwise indicated)

**1. Identification and Activities**

- (a) Key Insurance Company Limited (the Company) is registered and domiciled in Jamaica. Its registered office is located at 6c Half Way Tree Road, Kingston 5, Jamaica.
- (b) The Company is licenced to operate as a general insurer in Jamaica, under the Insurance Act 2001. Its principal activity is the underwriting of motor, commercial and personal property and casualty insurance.
- (c) The Company is a public company listed on the Jamaica Stock Exchange.

**2. Significant Accounting Policies**

**Basis of Preparation**

These interim financial statements have been prepared in accordance with International Accounting Standards 34 - Interim Financial Reporting and have been prepared under the historical cost convention as modified by the revaluation of investment securities, investment properties and certain property, plant and equipment.

These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements as at and for the year ended 31 December 2020. The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements for the year ended 31 December 2020.

The Company has not early adopted any standard interpretations or amendments that had been issued and is not yet effective.

**3. Share Capital**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Authorised - 700,000,000 ordinary shares		
Issued and fully paid - 559,323,101 (2020:368,460,691) ordinary shares at no par value ordinary shares	903,300	235,282

In January 2021, the Company raised \$668 million by way of a rights issue whereby an additional 190,862,410 ordinary shares were issued to new and existing stockholders.

**4. Segment Information**

Management has determined the operating segments based on the reports reviewed by the General Manager that are used to make strategic decisions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The operating segments are Motor and Non-Motor classes of insurance premium written.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/(loss) before income tax, not including non-recurring gains and losses. Income and expenses that are directly related to segments are reported within those segments.

**KEY INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED 30 SEPTEMBER 2021**  
(Expressed in Jamaican dollars unless otherwise indicated)

**4. Segment Information (Continued)**

Head office income and expenses are allocated to segments based on gross premium written.

	<b>2021</b>		
	Motor \$'000	Non-Motor \$'000	Total \$'000
Gross premiums written	1,013,830	416,538	1,430,368
Reinsurance ceded	(55,140)	(379,434)	(434,574)
Net premiums written	958,690	37,104	995,794
Change in insurance reserve, net	(122,652)	(11,949)	(134,601)
Net premiums earned	836,038	25,155	861,193
Underwriting (expenses)/income	(845,695)	(85,439)	(931,134)
Underwriting loss	(9,657)	(60,284)	(69,941)
Other Income			89,066
Segment results			19,125

	<b>2020</b>		
	Motor \$'000	Non-Motor \$'000	Total \$'000
Gross premium written	684,721	360,343	1,045,064
Reinsurance ceded	(48,795)	(353,424)	(402,219)
Net premiums written	635,926	6,919	642,845
Change in insurance reserve, net	41,285	(2,362)	43,647
Net premiums earned	594,641	4,557	599,198
Amortization of underwriting assets	(300,266)	(22,870)	(323,136)
Underwriting expenses	(800,251)	(44,938)	(845,189)
Underwriting loss	(505,876)	(63,251)	(569,127)
Other Income			31,092
Segment results			(538,035)

**5. Earnings per stock unit**

	<b>2021</b>	<b>2020</b>
Net profit from operations (\$'000)	12,750	(358,386)
Weighted average number of ordinary stock units outstanding ('000)	559,323	368,461
Earnings per stock unit	\$0.024	(\$0.973)