

**KEY INSURANCE COMPANY LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**



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**KEY INSURANCE COMPANY LIMITED**  
**Interim Report to Stockholders**  
For the Fourth Quarter Ended 31 December 2021

Key Insurance Company Limited (KEY) presents its unaudited financial results for the quarter and year ended 31 December 2021.

<b>Main Highlights</b>	<b>Q4 2021</b>	<b>Q4 2020</b>
	<b>\$Millions</b>	<b>\$Millions</b>
Gross Premium Written	484.6	372.9
Net Premiums Earned	289.8	220.9
Profit before tax	218.5	88.5
Total Assets	4,480	2,905
Total Shareholders' Equity	1,075	259.0

**Financial Performance**

The Company grew its premium revenue by 35% from \$1.42 billion for the year ended 31 December 2020 to \$1.91 billion for the year ended 31 December 2021. The profit before tax for the year ended 31 December 2021 of \$237.64 million has outperformed the comparative period profits by \$687.10 or 152.9%. This is the best performance of the Company over the last seven years.

Net profit attributable to stockholders also reflected a 150.9% increase over prior year. Our earnings per stock unit for the period also increased by 135.8% when compared to the comparative period. We ended the quarter very strong with gross written premium of \$484.60 million compared to the comparative period of \$372.92 million, a 30% increase.

Management remains committed and motivated to continue the growth trajectory of the Company notwithstanding the previous growth levels attained.

KEY's underwriting results continues to show improvement over the last seven quarters. The underwriting results realized an improvement of 114.8%, growing from a loss of \$534.92 million in 2020, to a gain of \$79.13 million in 2021. This is due to the direct focus to improve underwriting aspects of the Company. The Company's administrative expense ratio significantly improved from 34.5% in 2020 to 26.3%, which demonstrates the direct result of management's efficiency strategies.

While focus was given to the underwriting performance of the business, management also paid significant attention to the growth of investment income by implementing measures such as portfolio repositioning. This resulted in investment income climbing from \$27.49 million for the year ended 31 December 2020 to \$59.74 million for the year ended 31 December 2021.

The Board and Management set out to revisit and re-strategize its underwriting practices from the second quarter of 2020. These implemented strategies along with the restructuring of our reinsurance program, were the backdrop to the improved underwriting performance resulting in a release of reserves as determined by the Actuary. This resulted in a positive outcome reflected in the 'Change in unexpired risk reserve' and 'Claims expense' lines in the Statement of Comprehensive Income. The actuarial calculations are subject to a final review to be included in the 2021 audited financials.

**KEY INSURANCE COMPANY LIMITED**  
**Interim Report to Stockholders (Continued)**  
For the Fourth Quarter Ended 31 December 2021

**Outlook**

KEY has experienced significant accomplishments since April 2020 when GraceKennedy acquired majority shares in the Company. As we look forward to repeat and improve on this achievement in the future, the Company will leverage its path to growth and profitability to the benefit of its shareholders.

Management continues to devise strategies to cauterize the impact of the ongoing COVID-19 pandemic and is projecting to evolve from this period even stronger. We are quite aware of some non-pandemic related challenges in the industry and have been addressing these challenges daily. The insurance market is increasingly competitive and difficult to navigate, but we will continue to increase our market share with continued underwriting prudence.

Finally, as the curtains come down on what we consider an exceptional year for the Company, we are humbled and very thankful to our stakeholders for their continued support throughout 2021, and we commit to continuing to serve in the year ahead the KEY way.

KEY is stronger than yesterday and building for an even better tomorrow!

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

		Unaudited Three Months ended 31 December 2021	Unaudited Three Months ended 31 December 2020	Unaudited Year ended 31 December 2021	Audited Year ended 31 December 2020
	Note	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	4	484,598	372,924	1,914,966	1,417,988
Reinsurance Ceded		(164,525)	(87,496)	(599,099)	(489,715)
<b>Net Premiums Written</b>		<b>320,073</b>	<b>285,428</b>	<b>1,315,867</b>	<b>928,273</b>
Change in unearned premium reserve		(30,272)	(64,537)	(164,873)	(108,184)
<b>Net Premiums Earned</b>		<b>289,801</b>	<b>220,891</b>	<b>1,150,994</b>	<b>820,089</b>
Commission on reinsurance ceded		25,028	98,560	96,606	159,925
Commission on premiums written		(45,203)	(82,138)	(160,395)	(171,328)
Claims expense		(62,385)	(72,719)	(589,773)	(563,187)
Change in unexpired risk reserves		84,587	31,710	84,587	31,710
Amortization of underwriting assets		-	-	-	(323,136)
Administration and other expenses		(142,754)	(162,101)	(502,886)	(488,996)
<b>Underwriting gain/(loss)</b>		<b>149,074</b>	<b>34,203</b>	<b>79,133</b>	<b>(534,923)</b>
Investment income		22,053	11,188	59,744	27,494
Investment property revaluation gain		-	26,584	-	26,584
Other income		47,386	16,562	98,761	31,346
Profit/(loss) before taxation		218,513	88,537	237,638	(449,499)
Taxation		(78,817)	(29,816)	(85,192)	149,833
<b>Profit/(loss) after taxation</b>		<b>139,696</b>	<b>58,721</b>	<b>152,446</b>	<b>(299,666)</b>
<b>Other Comprehensive Income:</b>					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Net gain/(loss) on revaluation of investment securities		(12,230)	418	(4,723)	(23,391)
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
Revaluation gains on property, plant and equipment, net		-	12,834	-	12,834
		(12,230)	13,252	(4,723)	(10,557)
<b>Total Comprehensive Income for</b>		<b>127,466</b>	<b>71,973</b>	<b>147,723</b>	<b>(310,223)</b>
<b>Earnings per stock unit</b>	5	<b>\$0.25</b>	<b>\$0.16</b>	<b>\$0.28</b>	<b>(\$0.81)</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 31 DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	Unaudited 31 December 2021 \$'000	Audited 31 December 2020 \$'000
<b>ASSETS</b>			
Cash and deposits		1,474,237	745,183
Investment securities		780,049	395,674
Due from policyholders, brokers and agents		258,833	190,930
Due from reinsurers		1,059,554	363,946
Deferred policy acquisition costs		82,957	62,622
Taxation recoverable		202,549	220,770
Other receivables		1,394	29,856
Right-of-use asset		10,124	6,575
Investment properties		-	226,734
Intangible assets		3,016	2,910
Property, plant and equipment		227,529	231,934
Deferred taxation		380,047	428,158
		<u>4,480,289</u>	<u>2,905,292</u>
<b>LIABILITIES</b>			
<b>Liabilities</b>			
Other payables		213,205	136,279
Lease liability		10,982	8,648
Due to reinsurers		800,420	151,937
Insurance reserves		2,380,964	2,349,451
		<u>3,405,571</u>	<u>2,646,315</u>
Equity			
Share capital	3	903,300	235,282
Capital reserve		57,371	57,371
Fair value reserves		110,144	479,936
Retained earnings/(Accumulated losses)		3,903	(513,612)
		<u>1,074,718</u>	<u>258,977</u>
		<u>4,480,289</u>	<u>2,905,292</u>

Approved for issue on behalf of the Board of Directors on 14 February 2022 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**  
**YEAR ENDED 31 DECEMBER 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	-	-	4,440	(95,580)	(91,140)
Restated balance as at 01 January 2020	235,282	57,371	463,909	(187,362)	569,200
Total comprehensive income for the year	-	-	-	(299,666)	(299,666)
Other comprehensive income	-	-	(10,557)	-	(10,557)
Transfer between reserves: Gains on revaluation of investment properties, transferred from retained earnings	-	-	26,584	(26,584)	-
Balance as at 31 December 2020	235,282	57,371	479,936	(513,612)	258,977
Issue of shares	668,018	-	-	-	668,018
Total comprehensive income for the year	-	-	(4,723)	152,446	147,223
Transfer between reserves: Gains on revaluation of investment properties, transferred to retained earnings	-	-	(365,069)	365,069	-
Balance as at 31 December 2021	903,300	57,371	110,144	3,903	1,074,718

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**  
**YEAR ENDED 31 DECEMBER 2021**  
(Expressed in Jamaican Dollars unless otherwise indicated)

	Unaudited Year ended 31 December 2021 \$'000	Audited Year ended 31 December 2020 \$'000
<b>Cash Flows from Operating Activities</b>		
Profit/(loss) after taxation	152,446	(299,666)
Adjustment for items not affecting cash:		
Amortisation and depreciation	22,606	23,778
Gain on sale of investment properties	(21,782)	-
Gain on sale of property, plant and equipment	(773)	(7,668)
Gain on revaluation of investment properties	-	(26,584)
(Gains)/losses on foreign exchange	(18,030)	1,410
Dividend income	(167)	(997)
Interest expense	1,204	992
Interest income	(59,577)	(26,497)
Provision for expected credit loss	10,472	-
Taxation	85,191	(149,833)
	<u>171,590</u>	<u>(485,065)</u>
Changes in operating assets and liabilities		
Due from policyholders, brokers and agents	(19,677)	(26,701)
Deferred policy acquisition costs	(20,335)	76,081
Insurance reserves	31,513	188,488
Due from reinsurers	(695,607)	1,673,106
Due to reinsurers	648,483	(1,452,824)
Other assets	28,462	20,619
Other liabilities	76,926	71,318
	<u>221,355</u>	<u>65,022</u>
Interest paid	(1,204)	(992)
Taxation paid	(53,578)	(1,653)
<b>Net cash provided by operating activities</b>	<u>166,573</u>	<u>62,377</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(8,201)	(10,852)
Acquisition of intangible asset	(1,696)	(672)
Proceeds from disposal of property, plant and equipment	773	9,789
Proceeds from disposal of investment properties	249,554	-
Proceeds from disposal of investment securities	212,024	-
Purchase of investments	(615,914)	(265,237)
Interest and dividend received	52,239	27,461
<b>Net cash used in investing activities</b>	<u>(111,221)</u>	<u>(239,511)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from rights issue of ordinary shares	668,018	-
IFRS 16 Lease payments	(12,346)	(10,302)
<b>Net cash provided by/(used in) financing activities</b>	<u>655,672</u>	<u>(10,302)</u>
Net increase/(decrease) in cash and cash equivalents	711,024	(187,436)
Effect of changes in exchange rate on cash and cash equivalents	18,030	(1,410)
Cash and cash equivalents at the beginning of the year	745,183	934,029
<b>Cash and cash equivalents at the end of the year</b>	<u>1,474,237</u>	<u>745,183</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**  
**YEAR ENDED 31 DECEMBER 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**

	2021 \$'000	2020 \$'000
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**  
**YEAR ENDED 31 DECEMBER 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	1,372,259	542,707	1,914,966
Reinsurance ceded	(110,072)	(489,027)	(599,099)
Net premiums written	1,262,187	53,680	1,315,867
Change in insurance reserve, net	(153,823)	(15,810)	(169,633)
Net premiums earned	1,108,364	37,870	1,146,234
Underwriting (expenses)/income	(990,275)	(76,826)	(1,067,101)
Underwriting gain/(loss)	118,089	(38,956)	79,133
Other Income			158,505
Segment results			237,638

	<b>2020</b>		
	Motor \$'000	Non-Motor \$'000	Total \$'000
Gross premium written	975,324	442,664	1,417,988
Reinsurance ceded	(43,141)	(446,574)	(489,715)
Net premiums written	932,183	(3,910)	928,273
Change in insurance reserve, net	(107,113)	(1,071)	(108,184)
Net premium earned	825,070	(4,981)	820,089
Amortization of underwriting assets	(300,266)	(22,870)	(323,136)
Underwriting expenses	(978,591)	(53,285)	(1,031,876)
Underwriting loss	(453,787)	(81,136)	(534,923)
Other Income			85,424
Segment results			(449,499)

**5. Earnings per stock**

	<b>2021</b>	<b>2020</b>
Net profit/(loss) from operations (\$'000)	152,446	(299,666)
Weighted average number of ordinary stock unit outstanding ('000)	537,884	368,461
Earnings per stock unit	\$0.28	(\$0.81)