

**KEY INSURANCE COMPANY LIMITED  
UNAUDITED FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**



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## KEY INSURANCE COMPANY LIMITED

### Interim Report to Stockholders

For the Second Quarter Ended 30 June 2022

Key Insurance Company Limited (KEY) is pleased to present its unaudited financial results for the six months ended 30 June 2022.

<b>Main Highlights</b>	<b>Q2 2022</b>	<b>Q2 2021</b>
	<b>\$Millions</b>	<b>\$Millions</b>
Gross Premium Written	<b>604.1</b>	<b>500.7</b>
Net Premiums Earned	<b>359.9</b>	<b>301.0</b>
Profit Before Tax	<b>14.3</b>	<b>1.6</b>
Total Assets	<b>4,612.9</b>	<b>4,882.3</b>
Total Shareholders' Equity	<b>1,049.9</b>	<b>930.7</b>

### **Financial Performance**

KEY is reporting a profit before tax (PBT) of \$17.7 million for the six months ended 30 June 2022, which is a significant improvement over the corresponding period of 2021. PBT also increased in the quarter ended 30 June 2022, from \$1.6 million in 2021 to \$14.3 million in 2022. Net profit for the six months ended 30 June 2022 increased to \$12.2 million, from a net profit of \$1.8 million in the corresponding period in 2021. This profit trend continues to be a hallmark of the KEY's turnaround. Notwithstanding the challenges of the current economic climate, the Company continues to deliver a commendable performance for its shareholders and excellent service for its customers.

The improved results for the period are attributable to the performance of both the insurance and investment segment of KEY's business. The Company's gross written premiums grew by \$188.3 million during the first six months of 2022, and there was also a \$64.0 million reduction in the unearned premium charges, when compared to the same period last year. The continued improvement of KEY's underwriting practices also resulted in its underwriting loss being reduced from \$57.8 million in 2021 to \$55.4 million in 2022.

During the second quarter of 2022, KEY continued repositioning its investment portfolio to obtain the best yields, while adhering to regulatory requirements. Interest income for the quarter grew from \$22.8 million in 2021 to \$47.9 million for the same period in 2022. KEY's Management is continuously assessing its investment portfolio to optimize yields considering the increased interest rates by the Government of Jamaica.

**KEY INSURANCE COMPANY LIMITED**  
**Interim Report to Stockholders (Continued)**  
For the Second Quarter Ended 30 June 2022

**Outlook**

KEY's Management continues to effectively navigate the headwinds impacting the global and local economy in 2022, to ensure that shareholders' value is protected. In the face of global inflation and rising interest rates, KEY's management remains agile in its approach to executing its strategic objectives; ensuring that the Company is always well-positioned to benefit from a rapidly evolving economic environment, in Jamaica and around the world.

The Management and Board would like to thank all our stakeholders, including the amazing KEY team, for their commitment and continued support of our Company, which has been critical to our improved performance. As KEY celebrates its 40th anniversary this year, expectations are high for an even brighter future. This year is a pivotal period in KEY's history, as we continue to work assiduously to increase our shareholders' value and build on our relationships with our clients and business partners.

**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**SIX MONTHS ENDED 30 JUNE 2022**  
(Expressed in Jamaican Dollars unless otherwise indicated)

		<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		Three Months	Three Months	Six Months	Six Months
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Note	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	4	604,111	500,740	1,103,854	915,509
Reinsurance Ceded		(206,714)	(155,126)	(344,317)	(250,387)
<b>Net Premiums Written</b>		<b>397,397</b>	<b>345,614</b>	<b>759,537</b>	<b>665,122</b>
Change in unearned premium		(37,520)	(44,545)	(52,913)	(116,937)
<b>Net Premiums Earned</b>		<b>359,877</b>	<b>301,069</b>	<b>706,624</b>	<b>548,185</b>
Commission on reinsurance ceded		31,120	24,269	60,106	44,826
Commission on premiums written		(52,158)	(38,156)	(99,478)	(72,807)
Claims expense		(226,410)	(191,470)	(424,122)	(338,195)
Administration and other expenses		(141,939)	(116,395)	(288,512)	(239,806)
<b>Underwriting loss</b>		<b>(29,510)</b>	<b>(20,683)</b>	<b>(45,382)</b>	<b>(57,797)</b>
Investment income		29,348	13,049	47,934	22,758
Other income		14,419	9,196	15,135	37,756
Profit Before Taxation		14,257	1,562	17,687	2,717
Taxation		(4,295)	(521)	(5,439)	(906)
<b>Profit After Taxation</b>		<b>9,962</b>	<b>1,041</b>	<b>12,248</b>	<b>1,811</b>
<b>Other Comprehensive Income:</b>					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Net (loss)/gain on revaluation of investment securities		(30,163)	6,304	(37,113)	1,865
		(30,163)	6,304	(37,113)	1,865
<b>Total Comprehensive Income for</b>		<b>(20,201)</b>	<b>7,345</b>	<b>(24,865)</b>	<b>3,676</b>
<b>Earnings per stock unit</b>	<b>5</b>	<b>\$0.018</b>	<b>\$0.002</b>	<b>\$0.022</b>	<b>\$0.002</b>

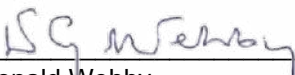
The notes on pages 8 to 9 are an integral part of these condensed interim financial statements.


**KEY INSURANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

(Expressed in Jamaican Dollars unless otherwise indicated)

	Note	Unaudited 30 June 2022 \$'000	Unaudited 30 June 2021 \$'000	Audited 31 December 2021 \$'000
<b>ASSETS</b>				
Cash and deposits		715,706	1,145,252	1,474,237
Investment securities		1,540,124	782,941	780,049
Due from policyholders, brokers and agents		310,165	313,815	258,833
Due from reinsurers		1,078,877	1,644,980	1,059,554
Deferred policy acquisition costs		89,518	73,954	82,957
Taxation recoverable		244,388	225,617	202,549
Other receivables		13,326	17,586	1,394
Right-of-use asset		13,591	13,915	10,124
Intangible assets		2,240	2,290	3,016
Property, plant and equipment		224,958	233,878	227,529
Deferred taxation		380,047	428,158	380,047
		<u>4,612,940</u>	<u>4,882,386</u>	<u>4,480,289</u>
<b>LIABILITIES</b>				
<b>Liabilities</b>				
Other payables		207,049	172,885	213,205
Lease liability		15,771	14,759	10,982
Due to reinsurers		872,275	1,295,610	800,420
Insurance reserves		2,467,992	2,468,461	2,380,964
		<u>3,563,087</u>	<u>3,951,715</u>	<u>3,405,571</u>
<b>Equity</b>				
Share capital	3	903,300	903,300	903,300
Capital reserve		57,371	57,371	57,371
Fair value reserves		24,992	481,801	62,105
Retained earnings/(Accumulated losses)		64,190	(511,801)	51,942
		<u>1,049,853</u>	<u>930,671</u>	<u>1,074,718</u>
		<u>4,612,940</u>	<u>4,882,386</u>	<u>4,480,289</u>

Approved for issue on behalf of the Board of Directors on 25 July 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

SIX MONTHS ENDED 30 JUNE 2022

(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 2020 as originally presented	235,282	57,371	479,936	(513,612)	258,977
Issue of shares	668,018	-	-	-	668,018
Total comprehensive income for the period	-	-	1,865	1,811	3,676
Balance as at 30 June 2021	903,300	57,371	481,801	(511,801)	930,671
Balance as at 01 January 2022	903,300	57,371	62,105	51,942	1,074,718
Total comprehensive income for the period	-	-	(37,113)	12,248	(24,865)
Balance as at 30 June 2022	903,300	57,371	24,992	64,190	1,049,853

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

SIX MONTHS ENDED 30 JUNE 2022

(Expressed in Jamaican Dollars unless otherwise indicated)

	<b>Unaudited Six Months 30 June 2022 \$'000</b>	<b>Unaudited Six Months 30 June 2021 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net Profit	12,248	1,811
Adjustment for items not affecting cash:		
Amortisation and depreciation	12,829	12,044
Gain on sale of investment properties	-	(22,643)
(Gain)/loss on foreign exchange	(15,135)	(13,007)
Dividend income	-	(167)
Interest expense	420	854
Interest income	(47,934)	(22,758)
Provision for expected credit loss	2,880	2,965
Taxation	5,439	906
	<u>(41,501)</u>	<u>(39,282)</u>
Changes in operating assets and liabilities		
Due from policyholders, brokers and agents	(51,332)	(122,885)
Deferred policy acquisition costs	(6,561)	(11,332)
Insurance reserves	87,028	119,010
Due from reinsurers	(19,323)	(1,281,034)
Due to reinsurers	71,855	1,143,673
Other assets	(11,932)	12,270
Other liabilities	(6,156)	36,606
	<u>22,078</u>	<u>(143,687)</u>
Taxation paid	(11,980)	(5,753)
Net cash provided by/(used in) operating activities	<u>10,098</u>	<u>(149,440)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(12,949)	(9,556)
Acquisition of intangible asset	-	(894)
Proceeds from disposal of investment securities	-	212,023
Proceeds from disposal of investment properties	-	249,377
Purchase of investments	(811,393)	(603,701)
Interest and dividend received	45,367	22,758
Net cash used in investing activities	<u>(778,975)</u>	<u>(129,826)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from rights issue of ordinary shares	-	668,018
IFRS 16 Lease payments	(4,789)	(1,690)
Net cash (used in)/provided by financing activities	<u>(4,789)</u>	<u>666,328</u>
Net (decrease)/increase in cash and cash equivalents	(773,666)	387,062
Effect of changes in exchange rate on cash and cash equivalents	15,135	13,007
Cash and cash equivalents at the beginning of the period	1,474,237	745,183
<b>Cash and cash equivalents at the end of the period</b>	<u><b>715,706</b></u>	<u><b>1,145,252</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

SIX MONTHS ENDED 30 JUNE 2022

(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 2021. The accounting policies adopted are consistent with those followed in the preparation of the audited financial statements for the year ended 31 December 2021.

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

#### 3. Share Capital

	2022 \$'000	2021 \$'000
Authorised - 700,000,000 ordinary shares		
Issued and fully paid - 559,323,101 (2021: 559,323,101) ordinary shares at no par value ordinary shares	<u>903,300</u>	<u>903,300</u>

#### 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

SIX MONTHS ENDED 30 JUNE 2022

(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>2022</b>		
	Motor	Non-Motor	Total
	\$'000	\$'000	\$'000
Gross premiums written	785,823	318,031	1,103,854
Reinsurance ceded	(47,824)	(296,493)	(344,317)
Net premiums written	737,999	21,538	759,537
Change in insurance reserve, net	(58,445)	5,532	(52,913)
Net premiums earned	679,554	27,070	706,624
Underwriting expenses	(723,238)	(28,768)	(752,006)
Underwriting loss	(43,684)	(1,698)	(45,382)
Other Income			63,069
Segment results			<u>17,687</u>

	<b>2021</b>		
	Motor	Non-Motor	Total
	\$'000	\$'000	\$'000
Gross premium written	676,512	238,997	915,509
Reinsurance ceded	(35,047)	(215,340)	(250,387)
Net premiums written	641,465	23,657	665,122
Change in insurance reserve, net	(107,339)	(9,598)	(116,937)
Net premiums earned	520,109	14,059	548,185
Underwriting expenses	(558,442)	(47,540)	(605,982)
Underwriting loss	(24,316)	(33,481)	(57,797)
Other Income			60,514
Segment results			<u>2,717</u>

**5. Earnings per stock unit**

	<b>2022</b>	<b>2021</b>
Net profit from operations (\$'000)	12,248	1,811
Weighted average number of ordinary stock unit outstanding ('000)	559,323	559,323
Earnings per stock unit	\$0.022	\$0.002