

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

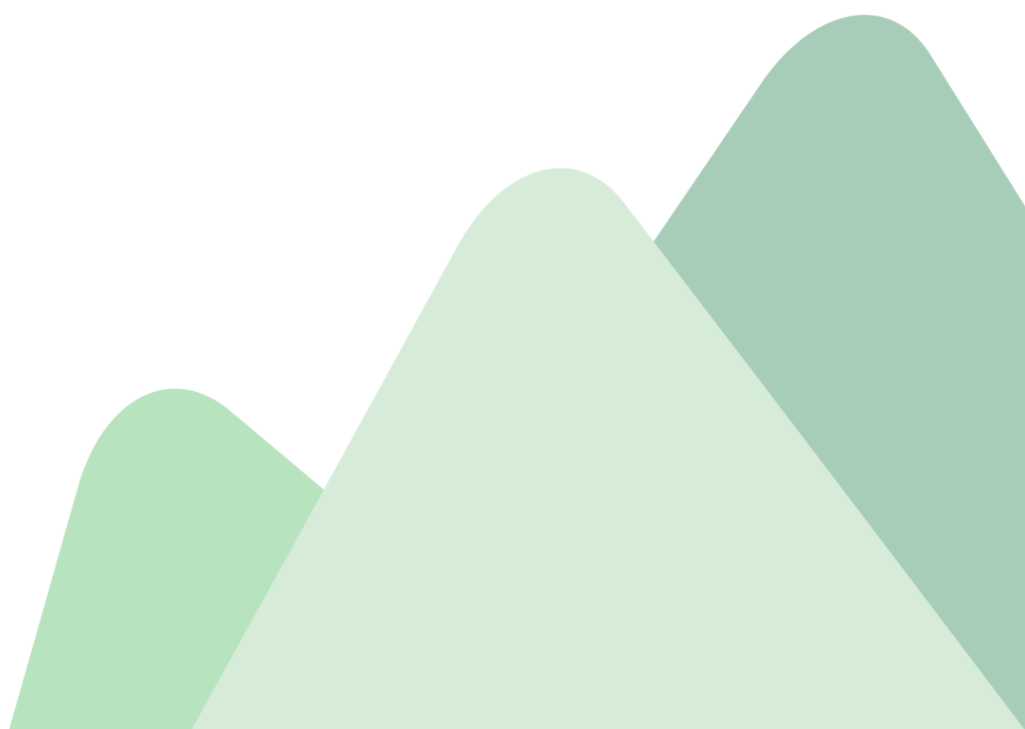


General Accident Insurance Company Jamaica Limited

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For the quarter ended 30 September 2022

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Report to Stockholders

For the quarter ended 30 September 2022

We are pleased to present the unaudited financial statements of General Accident Insurance Company Jamaica Limited and its subsidiaries (collectively “General Accident”), for the quarter ended 30th September 2022. The group produced an after tax profit of \$277.3 million for the 9 months to September 2022.

For the period ended September 30, 2022, the Jamaican operation of General Accident wrote premiums of \$12.1 billion and contributed profit before tax of \$297.1 million. Our Trinidad subsidiary wrote premiums of \$653.9 million, a 45.1% increase over the \$450.6 million written for prior year. Our Barbados subsidiary wrote premiums of \$291.1 million compared to \$214.0 million written for prior year.

The highlights for the group are as follows:

Gross written premiums of \$13.1 billion (2021: \$11.5 billion)

Profit after tax of \$277.3 million (2021: \$350.9 million)

Earnings per share of \$0.25 (2021: \$0.39)

Total assets of \$12.92 billion (2021: \$11.19 billion)

Retained earnings of \$2.13 billion (2021: \$2.21 billion)

Underwriting Performance

General Accident continues to benefit from growth across the region achieving gross written premiums of \$13.1 billion, an increase of 14% compared to prior year. Net earned premiums increased by 13% while net claims incurred and administrative expenses increased by 21% and 20% respectively. Consequently, General Accident produced underwriting profit of \$211.9 million.

General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the quarter ended 30 September 2022

Investment Performance

General Accident's consolidated investment income for the nine months ended September 30, 2022 was \$250.3 million compared to prior year of \$147.6 million. Notably, with interest rates trending upwards, we expect corresponding increases in our consolidated investment income over the short to medium term.

Summary

We continue to enjoy excellent growth in premium income across the region, primarily due to increase penetration of the broker markets in Barbados and Trinidad. Although we have not achieved the profitability targets in all regions, we remain committed to our growth plans and are confident that we will meet our strategic objectives.

As of September 2022, General Accident remains in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission, in Jamaica, Barbados and Trinidad.

We remain focused on cementing our market leadership in Jamaica, growing our operations in Trinidad and Barbados, and placing technology at the core of our operations.

On behalf of the Board of Directors



P.B. Scott



Sharon Donaldson

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Changes In Equity
For the quarter ended 30 September 2022

	Unaudited 9 Month Ended 30 Sept 2022	Unaudited 9 Month Ended 30 Sept 2021	Unaudited Quarter Ended 30 Sept 2022	Unaudited Quarter Ended 30 Sept 2021	Audited Year ended 31 Dec 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Premiums Written	13,093,954	11,499,362	3,267,387	3,862,769	13,959,807
Reinsurance ceded	(10,378,676)	(8,996,559)	(2,317,890)	(2,989,184)	(10,488,851)
Excess of loss reinsurance cost	<u>(200,344)</u>	<u>(155,468)</u>	<u>(69,995)</u>	<u>(52,407)</u>	<u>(216,992)</u>
Net Premiums Written	2,514,934	2,347,335	879,502	821,178	3,253,964
Changes in unearned premiums, net	<u>6,427</u>	<u>(117,375)</u>	<u>29,878</u>	<u>(48,007)</u>	<u>(221,205)</u>
Net Premiums Earned	2,521,361	2,229,960	909,380	773,171	3,032,759
Commission income	774,546	690,029	269,827	224,459	892,857
Commission expense	(448,685)	(391,880)	(167,234)	(121,173)	(511,026)
Claims expense	(1,403,804)	(1,156,879)	(386,287)	(345,294)	(1,751,360)
Management expenses	<u>(1,233,304)</u>	<u>(1,026,553)</u>	<u>(423,539)</u>	<u>(355,445)</u>	<u>(1,582,913)</u>
Underwriting Profit	210,114	344,677	202,147	175,718	80,317
Investment income	250,273	147,616	90,580	44,656	226,526
Finance charge	(1,213)	(7,243)	1,818	(4,540)	(7,076)
Other income	27,295	71,972	42,019	36,178	124,591
Other operating expenses	<u>(131,895)</u>	<u>(115,081)</u>	<u>(48,159)</u>	<u>(41,041)</u>	<u>(164,663)</u>
Profit before Taxation	354,574	441,941	288,405	210,971	259,695
Taxation	<u>(77,277)</u>	<u>(90,989)</u>	<u>(28,299)</u>	<u>(34,384)</u>	<u>(110,459)</u>
PROFIT FOR THE PERIOD/YEAR	277,297	350,952	260,106	176,587	149,236
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	257,106	399,159	206,146	196,799	254,750
Non-controlling interests	<u>20,191</u>	<u>(48,207)</u>	<u>53,960</u>	<u>(20,212)</u>	<u>(105,514)</u>
	<u>277,297</u>	<u>350,952</u>	<u>260,106</u>	<u>176,587</u>	<u>149,236</u>
Items that may not be subsequently reclassified to profit or loss					
Unrealised (losses)/gains on FVOCI investments	(31,814)	44,805	(23,415)	2,397	14,880
Unrealised gains on revaluation of real estate investment	-	8,024	-	15,677	(22,417)
Foreign currency translation adjustments	<u>(4,704)</u>	<u>29,784</u>	<u>(17,328)</u>	<u>5,962</u>	<u>2,100</u>
Total Other Comprehensive Income	<u>(36,518)</u>	<u>82,613</u>	<u>(40,743)</u>	<u>24,036</u>	<u>(5,437)</u>
TOTAL COMPREHENSIVE INCOME	240,779	433,565	219,363	200,623	143,799
Attributable to:					
Owners of General Accident Ins. Co. Ja. Ltd.	222,303	521,556	169,190	220,097	249,807
Non-controlling interests	<u>18,476</u>	<u>(87,991)</u>	<u>50,173</u>	<u>(2,818)</u>	<u>(106,008)</u>
	<u>240,779</u>	<u>433,565</u>	<u>219,363</u>	<u>217,279</u>	<u>143,799</u>
EARNINGS PER SHARE	0.25	0.39	0.20	0.19	0.25

General Accident Insurance Company Jamaica Limited
Report to Stockholders
For the quarter ended 30 September 2022

	Unaudited 30 September 2022 \$'000	Unaudited 30 September 2021 \$'000	Audited 31 December 2021 \$'000
ASSETS			
Cash and short term investments	1,096,785	920,809	1,444,183
Taxation recoverable	-	780	2,859
Due from policyholders, brokers and agents	1,656,885	1,458,323	1,415,334
Due from reinsurers and co-insurers	3,041,326	2,002,377	3,280,908
Deferred policy acquisition cost	631,083	531,607	562,600
Other receivables	1,157,145	107,427	858,033
Due from related parties	7,031	334,819	5,383
Lease receivable	70,054	61,507	67,320
Loans receivable	118,461	276,596	244,188
Rights of use assets	60,783	97,392	82,164
Investment securities	3,566,240	3,981,763	3,101,667
Investment property	330,195	319,706	328,149
Pooled real estate investment	189,912	212,328	189,912
Property, plant & equipment	820,139	702,182	740,908
Intangible assets	177,025	183,045	180,014
Total assets	12,923,064	11,190,661	12,503,622
LIABILITIES			
Taxation payable	37,361	2,703	1,038
Due to reinsurers and coinsurers	1,349,772	978,067	1,065,509
Other liabilities	602,739	163,158	549,644
Lease liabilities	77,304	114,168	103,207
Deferred tax liabilities	50,652	38,048	50,652
Insurance reserves	7,642,493	6,486,086	7,811,608
Total liabilities	9,760,321	7,782,230	9,581,658
SHAREHOLDERS' EQUITY			
Share capital	470,358	470,358	470,358
Capital reserves	146,384	146,384	146,384
Property revaluation reserve	49,017	85,532	49,017
Fair value reserve	16,357	78,125	48,171
Translation reserve	41,222	67,013	45,926
Retained earnings	2,126,733	2,210,737	1,869,627
	2,850,071	3,058,149	2,629,483
Non-controlling interest	312,672	350,282	292,481
Total shareholders' equity	3,162,743	3,408,431	2,921,964
Total liabilities and shareholders' equity	12,923,064	11,190,661	12,503,622

Approved by the Board of Directors on November 11, 2022 and signed on its behalf by:



Director



Director

General Accident Insurance Company Jamaica Limited

Report to Stockholders

For the quarter ended 30 September 2022

	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 2020	470,358	146,384	77,508	33,320	37,229	1,811,578	398,489	2,974,866
Comprehensive income:								
Net profit for the period	-	-	-	-	-	399,159	(48,207)	350,952
Other Comprehensive Income			8,024	44,805	29,784	-	-	82,613
Total comprehensive income	-	-	8,024	44,805	29,784	399,159	(48,207)	433,565
Balance at 30 September 2021	470,358	146,384	85,532	78,125	67,013	2,210,737	350,282	3,408,431
Balance at 31 December 2021	470,358	146,384	49,017	48,171	45,926	1,869,627	292,481	2,921,964
Comprehensive income:								
Net profit for the period	-	-	-	-	-	257,106	20,191	277,297
Other Comprehensive Income	-	-	-	(31,814)	(4,704)	-	-	(36,518)
Total comprehensive income	-	-	-	(31,814)	(4,704)	257,106	20,191	240,779
Balance at 30 September 2022	470,358	146,384	49,017	16,357	41,222	2,126,733	312,672	3,162,743

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Cash Flows
For the quarter ended 30 September 2022

	Unaudited 30 September 2022 \$'000	Unaudited 30 September 2021 \$'000	Audited 31 Dec 2021 \$'000
Cash Flows from Operating Activities			
Net profit	277,297	350,952	149,236
Adjustments for items not affecting cash:			
Depreciation	55,818	104,284	142,215
Amortisation of intangible assets	11,360	10,797	14,506
Amortisation of investment premium	(1,212)	(988)	(1,202)
Amortization of right of use lease	64,717	-	-
Gain on disposal of investment property	-	-	-
Gain on revaluation of investment property	-	-	(6,803)
Unrealised fair value gain on investments	(92,628)	-	-
ECL on debt investments	-	-	-
Gain on disposal of property, plant and equipment	(121)	(6,271)	(6,271)
Finance charge	1,213	7,243	7,402
Interest income	(132,786)	(110,863)	(167,984)
Dividend income	(13,577)	(13,947)	(18,822)
Current Taxation	77,277	90,989	97,857
Deferred Taxation	-	-	12,602
Foreign exchange gains	7,017	(19,618)	(33,753)
Increase in deferred policy acquisition cost	(68,483)	(35,095)	(66,088)
Increase in insurance reserves	(169,115)	(138,643)	1,186,879
	16,777	238,840	1,309,774
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents	(241,551)	(185,068)	(162,497)
Other receivables	(299,112)	136,148	(614,458)
Other liabilities	53,096	(247,628)	138,860
Due from related parties	(1,648)	(312,109)	17,327
Due from reinsurers and coinsurers, net	523,845	323,321	(867,768)
	51,407	(46,496)	(178,762)
Tax withheld at source	(38,095)	(53,444)	(76,658)
Net cash provided by/(used) in operating activities	13,312	(99,940)	(255,420)
Cash Flows from Investing Activities			
Investments, net	(467,332)	229,025	1,090,207
Loans receivable	125,727	(25,132)	7,276
Lease receivable	(2,734)	17,650	11,837
Net cash outflow from acquisition of additional shares in subsidiary	-	-	-
Acquisition of property, plant and equipment	(141,233)	(87,077)	(127,134)
Acquisition of investment property	(2,858)	(2,259)	(2,259)
Acquisition of intangible asset	(8,532)	(43)	(479)
Proceeds from disposal of property, plant and equipment	121	-	6,239
Proceeds from disposal and maturity of investment property	-	6,271	-
Dividend received	13,577	13,947	18,822
Interest received	144,189	124,411	187,839
Net cash (used in)/ provided by investing activities	(339,075)	276,793	1,192,348
Sub-total c/f	(325,763)	176,853	936,928

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows cont'd

For the quarter ended 30 September 2022

	Unaudited 30 September 2022	Unaudited 30 September 2021	Audited 31 Dec 2021
	\$'000	\$'000	\$'000
Sub-total b/f	(325,763)	176,853	936,928
Cash Flows from Financing Activities			
Lease payments	(62,769)	(56,463)	(82,921)
Dividends paid	-	-	(196,701)
Net cash used in financing activities	(62,769)	(56,463)	(279,622)
Increase in cash and cash equivalents	(388,532)	120,390	657,306
Effect of exchange rate changes on cash and cash equivalents	41,134	43,871	30,329
Cash and cash equivalents at beginning of year	1,444,183	756,548	756,548
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,096,785	920,809	1,444,183

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

For the quarter ended 30 September 2022

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, 2021. 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 30 September 2022

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 30 September 2022:

	Insurance \$000	Investments \$000
Revenue	<u>13,093,954</u>	<u>250,273</u>
Profit	<u>210,114</u>	<u>249,060</u>

The segment information for the quarter ending 30 September 2021:

	Insurance \$000	Investments \$000
Revenue	<u>11,499,362</u>	<u>147,616</u>
Profit	<u>344,677</u>	<u>140,373</u>

General Accident Insurance Company Jamaica Limited
Shareholdings of Directors and their Connected Parties
For the quarter ended 30 September 2022

DIRECTORS	COMBINED HOLDING	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.000
Paul B. Scott Melanie Subratie		
Sharon Donaldson	4,424,011	0.429
Junior Levine		
Gregory Foster	350,000	0.0340
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		
Lesley Miller	354,246	0.0345
Martin Miller et al		

General Accident Insurance Company Jamaica Limited
Shareholdings of Management Team and their Connected Parties
For the quarter ended 30 September 2022

MANAGER	COMBINED HOLDING	PERCENTAGE
Michelle Robinson	780,000	0.0758
Cheryll Henry	159,445	0.0155
Jamalda Stanford	92,857	0.0090
Janille Jarrett	25,000	0.0024

General Accident Insurance Company Jamaica Limited

Top Ten Shareholders

For the quarter ended 30 September 2022

SHAREHOLDER	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	21,642,677	2.10
QWI Investments Ltd.	15,032,119	1.46
JCSD Trustee Services – Barita Unit Trust	14,382,071	1.39
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
Lancedale Farquharson	7,625,000	0.74
Mayberry Managed Clients Account	6,340,154	0.61
Sagicor Select Funds Ltd	5,066,798	0.49
Sharon Donaldson et al	4,424,011	0.43