

KEY INSURANCE COMPANY LIMITED

Report to Our Stockholders

Year Ended 31 December 2022

Key Insurance Company Limited (KEY) presents its financial results for the year ended 31 December 2022.

Main Highlights	2022	2021
	\$Billions	\$Billions
Gross Premium Written	2.217	1.915
Net Premiums Earned	1.462	1.151
Total Assets	5.093	4.480
Total Shareholders' Equity	1.122	1.075

Financial Highlights include:

- Gross premium written of \$2.22 billion, an increase of 15.80% over its 2021 gross premium written.
- Net premium earned in 2022 was \$1.46 billion compared to \$1.15 billion in 2021 an increase of \$310.50 million or 26.9%.
- Total assets grew by \$612.30 million, from \$4.480 billion in 2021 to \$5.09 billion in 2021.
- Total shareholders' equity grew by \$47.60 million, from \$1.074 billion in 2021 to \$1.12 billion in 2022.

KEY celebrated 40 years of providing insurance in Jamaica by delivering robust financial results and a strong 2022 performance. These results reflect management's keen attention to effectively delivering the four key strategic drivers of: sustained growth and innovation, consumer centricity, improved business processes for greater efficiency and a performance-driven culture, underpinned by strong change management principles.

The Company exceeded its targeted gross premium written for the year as it continued on the path to achieve a larger share of the general insurance market. As the Company continues to effectively execute on its revenue growth strategy, management deployed initiatives to better manage its underwriting performance thereby improving the results. The motor and non-motor portfolios grew by 16.7% and 13.5% respectively over the prior year. The commendable growth in both portfolios was as a result of strong sales and innovative marketing activities such as KEYBIZ Protect and One and Ready, Two and Go, executed during the year.

KEY recorded a 67.3% increase in its claims expense over prior year. The 2021 claims results reflected positive actuarial adjustments of approximately \$208 million derived from improvement in the motor loss ratio and the restructuring of the motor reinsurance arrangement. KEY reported profit before tax (PBT) of \$72 million. When normalized for the effect of a \$208 million actuarial adjustment in 2021, the increase in profit before tax over 2021 would be \$43 million or 148%.

The return to normal commuting in 2022, adversely impacted the claims expenses due to the increase in frequency and severity of motor vehicle accidents. Despite the foregoing, the company's loss ratio remains within the industry average and management continues to review the performance of the motor portfolio to improve underwriting results.

As a result of the strategic realignment of the investment portfolio to earn higher interest yields during the year, the Company exceeded the total investment and other income by 30%.

Outlook

The Company will adopt IFRS 17, 'Insurance Contracts' on 1 January 2023 which will result in changes in the presentation of future financial reports. The company is in the advanced stages of implementation of IFRS 17 and is continuing to refine the new accounting processes and internal controls required.

The insurance industry is facing the challenge of insufficient capacity to write and/or retain property business because of international reinsurers decision to reduce their exposure to the Caribbean stemming from the impact of heavy losses incurred in the segment. Additionally, the country continues to grapple with high inflation and the fallout from the Ukraine war.

Despite these challenges, the staff, management and Board continue to be highly optimistic about the future performance of the company and remains focused on executing the strategic initiatives for 2023 and beyond.

The Company remains resolute in growing its market share during 2022 and is targeting specific sectors of the market to ensure this is achieved. In addition to increasing its market share, management is also focused on continuing to create shareholder value through a sustained improvement in performance.

KEY's success is a testament to the dedication and hard work and dedication of our team who are committed to providing customers with the highest quality insurance products and services. We continue to express gratitude to our customers for their business and trust; to each other for the hard work, and to our shareholders for their unwavering support and encouragement.