



General Accident Insurance Company Jamaica Limited

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For the quarter ended 31 March 2023

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Report to Stockholders

For the quarter ended 31 March 2023

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 31st March 2023.

The Group adopted a new accounting standard - IFRS 17 ‘Insurance contracts’ – which became effective on 1 January 2023. These interim financial statements are IFRS 17 compliant. The impact of adopting IFRS 17 is discussed in Note 4 to these financial statements.

The group achieved an after-tax profit of \$53.5 million compared to a loss of \$3.8 million for the prior year.

The highlights for the group are as follows:

- Insurance Revenue \$2.9 billion (2022: \$2.1 billion)
- Insurance service result \$43.8 million (2022: \$21.5 million)
- Profit before tax of \$56.7 million (2022: \$1.8 million loss)
- Earnings per share of \$0.06 (2022: \$-0.02)
- Total assets of \$9.0 billion (2022: \$8.5 billion)

Insurance Results

For the quarter ended March 31, 2023, all territories saw increased Insurance Contract Revenues. We continue to receive positive response from our Barbados and Trinidad markets resulting in increased Insurance Revenues by 57% and 49% respectively over the prior year.

All territories suffered increased costs on reinsurance contracts resulting from a short supply of reinsurance capacity. Our core operation returned a positive net insurance result contribution of \$43.8 million. The operations continue to be impacted by increased claim costs, resulting from claims inflation.

General Accident Insurance Company Jamaica Limited
Report to Stockholders
For the quarter ended 31 March 2023

Investment Performance

General Accident's consolidated investment income for the quarter ended March 31, 2023, was \$58.5 million compared to the prior year of \$38.1 million. Our investment income benefited from interest rates trending upwards. We expect to see continued improved investment income return as the leadership team continues to efficiently deploy capital to maximize investment returns.

Summary

The year 2023 started with a shortage of reinsurance capacity. This has resulted in increased property rates. General Accident Group through our deep relationship with our reinsurers was able to renew our reinsurance contracts across all markets. We are anticipating that as the year progresses the increased premium rates will have a positive impact on our subsequent results as the higher premium continues to be earned.

As of March 2023, 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

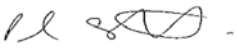
General Accident Insurance Company Jamaica Limited
Consolidated Statement of Comprehensive Income
For the quarter ended 31 March 2023


	Quarter ending 31 March 2023	Quarter Ending 31 March 2022	Audited 31 December 2022
	\$'000	\$'000	\$'000
Insurance revenue	2,894,976	2,101,525	7,879,497
Insurance Service expenses	(1,172,268)	(1,009,988)	(3,913,210)
Net expenses from reinsurance contracts held	(1,678,901)	(1,070,027)	(3,510,187)
Insurance service result	43,807	21,510	456,100
Net Investment Income	58,497	38,141	444,939
Net Insurance and Investment result	102,304	59,651	901,039
Other operating expenses	(91,582)	(115,322)	(418,237)
Other operating income	46,024	53,857	181,108
Profit/(Loss) before taxation	56,746	(1,814)	663,910
Taxation	(3,244)	(1,962)	(86,381)
Profit/(Loss) after taxation	53,502	(3,776)	577,529
Attributable to:			
Owners of General Accident	59,193	18,125	525,337
Non-Controlling Interests	(5,691)	(21,901)	52,192
	53,502	(3,776)	577,529
Other Comprehensive Income, net of tax: Items that may not be subsequently reclassified to profit or loss			
Unrealised (losses)/gains on FVOCI investments	66,154	(29,120)	(32,067)
Foreign currency translation adjustments	9,064	4,394	(2,491)
Total Other Comprehensive Income	75,218	(24,726)	(34,558)
TOTAL COMPREHENSIVE INCOME	128,720	(28,502)	542,971
Attributable to:			
Owners of General Accident	129,634	(8,482)	491,195
Non-Controlling Interests	(914)	(20,020)	51,776
	128,720	(28,502)	542,971
Earnings Per Share (\$)	0.06	(0.02)	0.51

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Financial Position
31 March 2023

	March 2023 \$'000	March 2022 \$'000	December 2022 \$'000
ASSETS			
Cash and cash equivalents	1,247,914	1,059,839	786,304
Taxation recoverable	8,165	20,983	2,826
Insurance contract assets	134,373	586,368	60,297
Reinsurance contract assets	1,409,208	928,262	1,559,432
Other receivables	970,536	597,519	991,964
Due from related parties	7,928	5,817	8,049
Loans receivables	129,580	368,539	136,226
Lease receivables	66,558	62,580	66,312
Right of use assets	242,748	60,386	49,760
Investment securities	3,170,649	3,395,296	3,329,726
Investment property	407,696	327,782	407,507
Real estate investment	189,912	189,912	189,912
Property, plant and equipment	847,890	752,553	840,241
Intangible assets	162,885	184,924	166,430
Total assets	8,996,042	8,540,761	8,594,986
LIABILITIES			
Other liabilities	300,650	649,159	246,073
Tax payable	-	1,029	42,890
Lease payable	248,076	79,882	53,921
Due to related parties	-	-	16,576
Deferred tax liabilities	73,925	50,652	73,925
Insurance contract liabilities	5,048,061	4,867,355	3,556,886
Reinsurance contract liabilities	42,438	26,111	1,450,543
Total liabilities	5,713,150	5,674,188	5,440,814
SHAREHOLDER'S EQUITY			
Share Capital	470,358	470,358	470,358
Capital reserves	161,354	146,384	161,354
Property revaluation reserve	-	49,017	-
Fair value reserve	82,012	19,051	15,858
Translation reserve	60,410	52,904	51,346
Retained earnings	2,238,440	1,858,311	2,179,247
	3,012,574	2,596,025	2,878,163
Non-Controlling interest	270,318	270,547	276,009
Total shareholder's equity	3,282,892	2,866,572	3,154,172
Total liabilities and shareholder's equity	8,996,042	8,540,760	8,594,986

Approved by the Board of Directors on **30 June 2023** and signed on its behalf by:


Paul B. Scott Chairman


Sharon Donaldson – Levine Director

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Changes In Equity
For the quarter ended 31 March 2023

	Share Capital \$'000	Capital Reserves \$'000	Property Revaluation Reserve \$'000	Fair Value Reserve \$'000	Translati on Reserve \$'000	Retained Earnings \$'000	Non- Controlling Interest \$'000	Total \$'000
As at 1 January 2022	470,358	146,384	49,017	48,171	48,510	1,840,186	292,448	2,895,074
Comprehensive income:								
Net profit for the year	-	-	-	-	-	18,125	(21,901)	(3,776)
Other comprehensive	-	-	-	(29,120)	4,394	-	-	(24,726)
Total comprehensive	-	-	-	(29,120)	4,394	18,125	(21,901)	(28,502)
Balance at 31 March 2022	470,358	146,384	49,017	19,051	52,904	1,858,311	270,547	2,866,572
As at 1 January 2023	470,358	161,354	-	15,858	51,346	2,179,247	276,009	3,154,172
Comprehensive income:								
Net profit for the year	-	-	-	-	-	59,193	(5,691)	53,502
Other comprehensive	-	-	-	66,154	9,064	-	-	75,218
Total comprehensive	-	-	-	66,154	9,064	59,193	(5,091)	128,720
Balance at 31 March 2023	470,358	161,354	-	82,012	60,410	2,238,440	270,318	3,282,892

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Cash Flows
For the quarter ended 31 March 2023

	Quarter ending 31 March 2023	Quarter Ending 31 March 2022	Audited 31 December 2022
	\$'000	\$'000	\$'000
Net profit	53,502	(3,776)	577,529
Adjustments for items not affecting cash:			
Depreciation	42,198	41,443	138,027
Amortisation of intangible assets	3,550	3,550	14,157
Amortisation of investment premium	(248)	(341)	(1,557)
Gains on revaluation of investment property	-	-	(77,973)
Fair value gains on shares classified as FVTPL	(13,923)	-	(131,099)
ECL on debt investments	-	-	(2,196)
Gain on disposal of property, plant and equipment	-	-	(407)
Finance charge	3,110	2,242	6,812
Interest income	(37,859)	(51,381)	(191,113)
Dividend income	(5,578)	(8,242)	(16,143)
Current and deferred taxation	3,244	1,962	110,937
Foreign exchange gains	(1,486)	968	13,644
	<u>46,510</u>	<u>(13,575)</u>	<u>440,61</u>
Changes in operating assets and liabilities:			
Insurance contract assets	(74,076)	(383,994)	142,077
Reinsurance contract assets	150,224	286,835	(344,335)
Insurance contract liabilities	1,397,217	(250,282)	(1,560,751)
Reinsurance contract liabilities	(1,408,105)	(35,640)	1,388,792
Other receivables	21,428	259,190	(135,255)
Other liabilities	147,433	161,876	(224,342)
Due from related parties	(16,455)	27,935	13,910
	<u>264,176</u>	<u>52,345</u>	<u>(279,285)</u>
Tax paid and deducted at source	<u>(51,473)</u>	<u>(20,096)</u>	<u>(69,053)</u>
Net cash used in operating activities	212,703	32,249	(348,338)
Cash Flows from Investing Activities			
Investments, net	245,837	(309,276)	(82,185)
Loans receivable	6,645	(124,351)	107,962
Lease receivables	(246)	4,740	1,008
Net cash outflow from acquisition of subsidiary	(3,966)	-	(48,612)
Acquisition of investment property	-	-	(2,976)
Acquisition of property, plant and equipment	(19,059)	(28,309)	(174,540)
Acquisition of intangible asset	-	(8,532)	(720)
Proceeds from disposal of property, plant and equipment	-	-	321
Dividend received	5,578	8,242	16,143
Interest received	34,864	63,251	193,099
Net cash (used in)/provided by investing activities	<u>269,653</u>	<u>(394,235)</u>	<u>9,500</u>
Sub-total c/f	<u>482,356</u>	<u>(361,986)</u>	<u>(338,838)</u>

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Cash Flows cont'd
For the quarter ended 31 March 2023

	Quarter ending 31 March 2023	Quarter Ending 31 March 2022	Audited 31 December 2022
	\$'000	\$'000	\$'000
Sub-total b/f	<u>482,356</u>	<u>(361,986)</u>	<u>(338,839)</u>
Cash Flows from Financing Activities			
Lease payments	(23,429)	(24,924)	(94,190)
Dividends paid	<u>-</u>	<u>-</u>	<u>(250,573)</u>
Net cash used in by financing activities	(23,429)	(24,924)	(344,763)
Increase/(Decrease) in cash and cash equivalents	458,927	(386,910)	(683,601)
Effect of exchange rate changes on cash and cash equivalents	2,683	2,567	25,723
Cash and cash equivalents at the beginning of the year	<u>786,304</u>	<u>1,444,182</u>	<u>1,444,183</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>1,247,914</u></u>	<u><u>1,059,839</u></u>	<u><u>786,304</u></u>

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
For the quarter ended 31 March 2023

1. Identification and Activities

The General Accident Insurance Company Jamaica Limited (the company) is incorporated and domiciled in Jamaica. The company is a publicly 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 the year ended December 31, 2022. 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 the 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 31 March 2023

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 31 March 2023:

	Insurance	Investments
	\$'000	\$'000
Revenue	<u>2,894,976</u>	<u>58,497</u>
Profit	<u>43,807</u>	<u>58,497</u>

The segment information for the quarter ending 31 March 2022:

	Insurance	Investments
	\$'000	\$'000
Revenue	<u>2,101,525</u>	<u>38,141</u>
Profit	<u>21,510</u>	<u>38,141</u>

General Accident Insurance Company Jamaica Limited
Notes to the Financial Statements
For the quarter ended 31 March 2023

4. Effect of IFRS 17

Upon the adoption of IFRS 17, there were material changes to the presentation and disclosures in the financial statements.

For presentation in the statement of financial position, the Company aggregated insurance contracts issued and reinsurance contracts held, respectively. These are presented separately as follows:

- Portfolios of insurance and reinsurance contracts issued that are assets or liabilities.
- Portfolios of reinsurance contracts held that are assets or liabilities.

For the presentation in the income statement, the Company reported the following new line items under IFRS 17

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contracts held
- Insurance service result

Transition

On the adoption date 1 January 2023, the presentation of the statements of comprehensive income and financial position was adjusted to reflect the requirements of the standard. The changes included the restatement of balances in the statement of financial position. The restatements resulted in a reduction in retained earnings of \$85 million primarily due to actuarial risk adjustment on insurance contract liabilities.

General Accident Insurance Company Jamaica Limited
Shareholdings of Directors and their Connected Parties
For the quarter ended 31 March 2023

Directors	Combined Holding	Percentage
Musson Jamaica Ltd. Paul B. Scott Melanie Subratie	824,999,989	80.00
Sharon Donaldson Junior Levine	4,424,011	0.429
Gregory Foster	350,000	0.0340
Duncan Stewart Deborah Stewart Diana Stewart	2,475,190	0.2400
Christopher Nakash	1,698,020	0.1647
Nicholas Scott	1,980,198	0.1920
Matthew Lyn Jodi Lyn	96,500	0.0094
Lesley Miller Martin Miller et al	360,746	0.0351

General Accident Insurance Company Jamaica Limited
Shareholdings of Management Team and their Connected Parties
For the quarter ended 31 March 2023

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 31 March 2023

Name	Amount	%
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	22,742,677	2.21
QWI Investments Ltd.	15,032,119	1.46
JCSD Trustee Services – Barita Unit Trust	14,354,371	1.39
Apex Pharmacy	10,000,000	0.97
PAM – Pooled Equity Fund	9,343,293	0.91
Lancedale Farquharson	7,750,000	0.75
Mayberry Managed Clients Account	6,296,793	0.61
Sagicor Select Funds Ltd.	5,066,798	0.49
Sharon Donaldson et al	4,424,011	0.43