

## REPORT TO SHAREHOLDERS

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The Board of Directors of General Accident Insurance Company (Jamaica) Limited presents the unaudited financial result for the third quarter ending September 30, 2011.

### **Listing**

The company was listed on the junior market of the Jamaica Stock Exchange on September 30, 2011. The listing allowed the company to strengthen its regulatory and increased its ability to serve its policyholders, employees and other stakeholders.

### **Operating Results**

The company wrote \$3.082 billion in premium income in the first 9 months of the year, an 89% increase over the corresponding period (2010: \$1.626 billion). The company's underwriting profit during this period of \$92.8 million represents an improved performance over the prior year underwriting loss of (\$12.5 million). Year to date net profit before tax amounts to \$1.2 billion compared to \$34.3 million for the prior year.

The company's profit before tax [PBT] reflects a onetime realized gain on the sale of its ordinary share investment in Seprod. This gain amounted to approximately \$847 million. Other exceptional gains for the period include the profit on sale of property [\$157.7 million] and the disposal of its investment in subsidiary [\$61.93 million]. Excluding the impact of the exceptional gains aforementioned the company's PBT would have been \$157.7 million which represents an increase over prior year of 359%.

### **Statement of Financial Position**

Total asset at September 30, 2011 amounts to \$4.0 billion compared to \$3.0 billion for the corresponding period. Share holders' equity at September 2011 stood at \$1.1 billion.

### **Regulatory Position**

The company remains in compliance with the main capital adequacy and liquidity metrics as prescribed by the Financial Services Commission.

### **Outlook year 2011**

Management is confident that, despite the current continued social and economic challenges of 2011, the company will maintain its profitable growth as it pursues strategic alliances to add shareholder value and deliver customer service that exceeds expectations.

General Accident takes this opportunity to thank our valued customers for their continued support as well as our shareholders, Directors, Management and staff for their contribution to the company's growth.



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**Managing Director**



**General Accident Insurance  
Company Jamaica Limited**

**UNAUDITED FINANCIAL STATEMENTS  
FOR QUARTER END 30 SEPTEMBER 2011**

# General Accident Insurance Company Limited

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Quarter ended 30 September 2011

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## **Financial Statements**

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# General Accident Insurance Company Limited

## Statement of Comprehensive Income

Quarter ended 30 September 2011

	Unaudited 9 months September 2011 \$'000	Audited 9 months September 2010 \$'000	Audited 12 months December 2010 \$'000
<b>Gross Premiums Written</b>	3,082,464	1,626,397	2,203,074
Reinsurance ceded	(2,349,051)	(994,059)	(1,316,892)
Excess of loss reinsurance cost	<u>(94,537)</u>	<u>(81,636)</u>	<u>(101,620)</u>
Net Premiums Written	638,876	550,702	784,562
Changes in unearned premiums, net	<u>(52,133)</u>	<u>(80,885)</u>	<u>(91,477)</u>
<b>Net Premiums Earned</b>	586,743	469,817	693,085
Commission income	191,398	127,453	206,210
Commission expense	(205,884)	(118,370)	(162,168)
Claims expense	(297,337)	(331,123)	(426,624)
Management expenses	<u>(182,036)</u>	<u>(160,239)</u>	<u>(241,641)</u>
<b>Underwriting Profit</b>	92,884	(12,462)	68,862
Investment income	1,145,570	69,602	204,565
Other income	-	-	1,778
Other operating expenses	<u>(20,483)</u>	<u>(22,805)</u>	<u>(30,430)</u>
<b>Profit before Taxation</b>	1,217,970	34,335	244,775
Taxation	<u>(42,128)</u>	<u>(3,367)</u>	<u>(30,831)</u>
<b>Net Profit for the Period/Year</b>	<u>1,175,843</u>	<u>30,968</u>	<u>213,944</u>
<b>Other Comprehensive Income:</b>			
Unrealised gains on available-for-sale investments, net of tax	64,256	-	138,136
Gains recycled to profit or loss on disposal an maturity of available-for-sale investments	<u>(798,525)</u>	<u>-</u>	<u>(20,807)</u>
<b>Total Other Comprehensive Income</b>	<u>(734,272)</u>	<u>-</u>	<u>117,329</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>441,571</u>	<u>30,968</u>	<u>331,273</u>

# General Accident Insurance Company Jamaica Limited

Statement of Financial Position

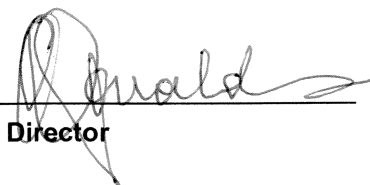
30 September 2011

	Unaudited September 2011 \$'000	Audited September 2010 \$'000	Audited December 2010 \$'000
<b>ASSETS</b>			
Cash and short term investments	1,274,979	491,770	575,494
Taxation recoverable	7,502	50,381	14,984
Due from policyholders, brokers and agents	314,247	341,142	440,959
Due from reinsurers and co insurers	1,361,947	598,462	627,038
Loans receivable	-	-	36,683
Due from related parties	287,613	77,927	33,849
Other receivables	9,211	22,071	13,486
Investment securities	370,704	1,169,630	1,152,094
Commercial Mortgage	174,544	-	-
Investment in subsidiary	-	1,046	1,046
Property, plant and equipment	44,387	95,212	91,952
Intangible assets	30,694	31,705	28,971
Deferred policy acquisition cost	134,819	127,908	141,000
<b>Total assets</b>	<b>4,010,647</b>	<b>3,007,252</b>	<b>3,157,556</b>
<b>LIABILITIES</b>			
Due to reinsurers and co insurers	447,834	304,685	312,388
Other liabilities	51,206	55,389	57,614
Deferred Tax Liability	5,148	-	5,148
Due to related party	-	8910	-
Insurance reserves	2,427,733	1,523,086	1,511,904
<b>Total liabilities</b>	<b>2,931,921</b>	<b>1,892,069</b>	<b>1,887,054</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	471,650	75,000	75,000
Capital reserves	95,460	66,709	129,456
Fair value reserve	117,370	876,729	859,525
Retained earnings	394,246	96,745	206,521
<b>Total shareholders' equity</b>	<b>1,078,727</b>	<b>1,115,183</b>	<b>1,270,502</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,010,647</b>	<b>3,007,252</b>	<b>3,157,556</b>

Approved by the Board of Directors on November 11, 2011 and signed on its behalf by:



Director



Director

# General Accident Insurance Company Jamaica Limited

## Statement of Changes in Equity

Period ended 30 September 2011

Note	Share Capital \$'000	Capital Reserves \$'000	Fair Value Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 December 2009	75,000	96,390	742,196	120,643	1,034,229
<b>Comprehensive income :</b>					
<b>Net profit for the year</b>	-	-	-	213,944	213,944
<b>Other comprehensive income –</b>					
Unrealised gains on available-for-sale investments, net of tax	-	-	138,136	-	138,136
Losses recycled to profit or loss on disposal and maturity of available-for-sale investments	-	-	(20,807)	-	(207,807)
Total other comprehensive income	-	-	117,329	-	117,329
<b>Total comprehensive income</b>	-	-	117,329	213,944	331,273
<b>Transactions with owners</b>					
Dividends	-	-	-	(95,000)	(95,000)
Profits capitalised – Capital distribution received	-	33,066	-	(33,066)	-
<b>Total transactions with owners</b>		33,066	-	(128,066)	(95,000)
<b>Balance at 31 December 2010</b>	75,000	129,456	859,525	206,521	1,270,502
<b>Comprehensive income :</b>					
<b>Net profit for the year</b>	-	-	-	1,175,843	1,175,843
<b>Other comprehensive income –</b>					
Unrealised gains on available-for-sale investments, net of tax	-	930	-	63,326	64,256
Gains recycled to profit or loss on disposal and maturity of available-for-sale investments	-	(56,370)	(742,155)	-	(798,525)
Total other comprehensive Income	-	(55,440)	(742,155)	63,326	(734,269)
<b>Total comprehensive income</b>	-	(55,440)	(742,155)	1,239,169	441,574
<b>Transactions with owners</b>					
Dividends	-	-	-	(1,030,000)	(1,030,000)
Issue of Shares	396,650	-	-	-	396,650
Profit Capitalised - Capital distribution received	-	21,444	-	(21,444)	-
<b>Total transactions with owners</b>	396,650	21,444	-	(1,051,444)	(633,350)
<b>Balance at 30 September 2011</b>	471,650	95,460	117,370	394,246	1,078,726

# General Accident Insurance Company Jamaica Limited

## Statement of Cash Flows

Period ended 30 September 2011

	2011 \$'000	2010 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	1,175,843	34,335
Adjustments for items not affecting cash:		
Depreciation	11,474	14,605
Amortisation of intangible assets	9,009	8,200
Gain on sale of investments	(909,129)	-
Unrealised gain on Unit Trust Fund	(6,201)	(2,650)
Gain on disposal of property, plant and equipment	(154,769)	-
Interest income	(58,735)	(47,177)
Dividend income	-	-
Capital distribution received	(21,444)	(22,805)
Current taxation	42,128	-
Deferred taxation	-	-
Foreign exchange losses	4,710	2,269
Increase in insurance reserves	877,511	99,259
	<u>970,397</u>	<u>86,036</u>
Changes in operating assets and liabilities:		
Due from policyholders, brokers and agents	26,895	(58,421)
Other receivables	12,860	(4,419)
Loans receivable	95,409	-
Other liabilities	(27,543)	140,029
Due from related parties	(209,686)	130,802
Due from reinsurers and coinsurers, net	(620,337)	106,467
	<u>(722,402)</u>	<u>314,458</u>
Taxation (paid)	(30,251)	-
Net cash provided by operating activities	<u>217,744</u>	<u>400,494</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of investments	-	(218,053)
Acquisition of property, plant and equipment	-	(7,978)
Acquisition of intangible asset	(10,732)	(13,229)
Proceeds from disposal of property, plant and equipment	210,000	-
Proceeds from disposal and maturity of investments	953,288	-
Capital distribution received	21,444	22,805
Interest received	4,126	9,146
Net cash provided (used in) by investing activities	<u>1,178,126</u>	<u>(207,309)</u>
<b>Cash Flows from Financing Activities</b>		
Shares Proceed	416,625	-
IPO cost	(19,975)	-
Dividends paid	(1,030,000)	-
Net cash used in financing activities	<u>(633,350)</u>	<u>-</u>
Increase in cash and cash equivalents	762,520	193,185
Cash and cash equivalents at beginning of year	512,459	298,585
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER 2011</b>	<u><u>1,274,979</u></u>	<u><u>491,770</u></u>

# General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

**30 September 2011**

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## **Identification and Activities**

General Accident Insurance Company (Jamaica) Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is located at 58 Half-Way-Tree Road, Kingston 10.

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 is a public company listed on the Jamaica Stock Exchange at September 30, 2011.

## **Statement of Compliance and Basis of Preparation**

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, 2010. These financial statements are expressed in Jamaica dollars which is the currency of the primary economic environment in which the company operates.