ANNUAL REPORT 2019

General Accident

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General Accident

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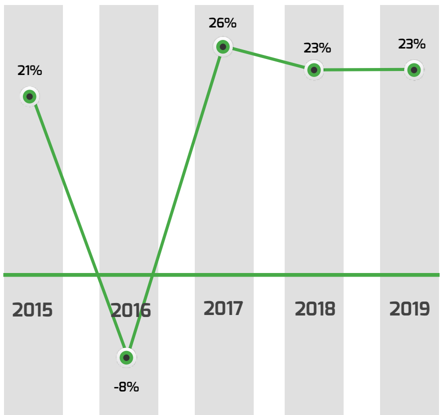
Proxy Form

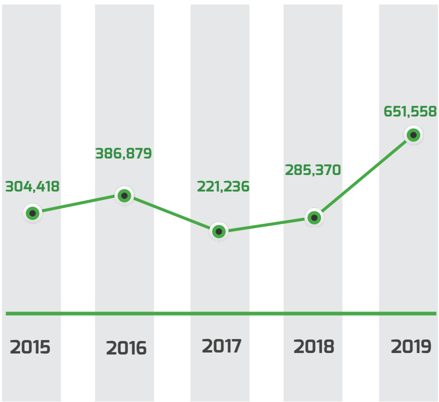
GENERAL ACCIDENT AT A GLANCE

KEY FINANCIAL HIGHLIGHTS

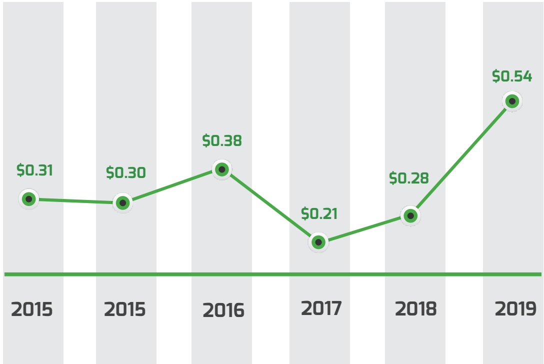
Premium Movement over 5 Years



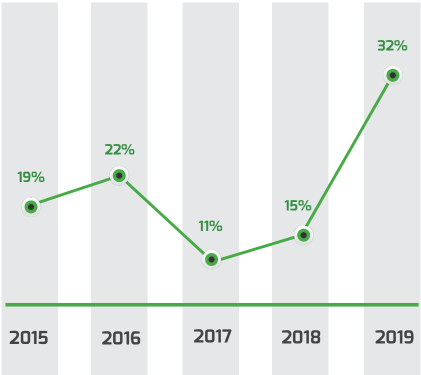
Net Profit



Earnings Per Share

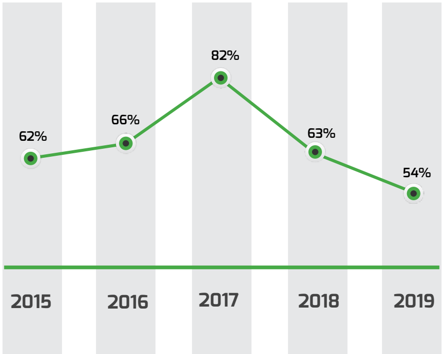


Return on Equity

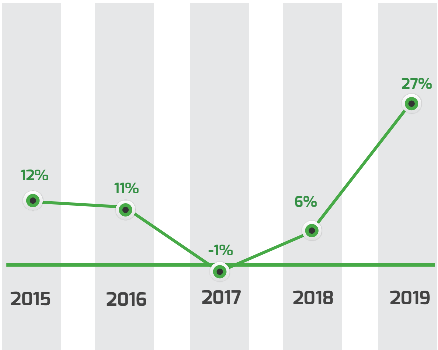


KEY FINANCIAL HIGHLIGHTS CON'T

Loss Ratio Over 5 Years



Net Worth Movement



Consistent Shareholder Dividend

WHO WE ARE

22%
Market Share

57,945
Policies in Force

48,682
Policyholders

171
Employed

7.3 Billion
Market Capitalization

1,218
Shareholders

WE ARE STRONG

11 Billion
in TOTAL ASSETS

770 Million
in PROFIT BEFORE TAX

442 Million
in UNDERWRITTING PROFIT

10.7 Billion
in GROSS WRITTEN PREMIUM

652 Million
in NET PROFIT

230 Million
in INVESTMENT INCOME

10 - YEAR STATISTICAL REVIEW

	2019	2018	2017	2016
	$'000	$'000	$'000	$'000
Employee	171	131	111	91
Gross Written Premiums	10,727,828	8,735,797	7,106,254	5,649,097
Claims Incurred	1,205,328	1,023,022	1,087,590	746,073
Underwriting Profit/(Loss)	442,136	174,768	(35,532)	45,609
Profit Before Tax	770,154	352,569	236,077	404,243
Profit After Tax	651,558	285,370	221,236	386,879
Cash Dividends	142,684	150,047	200,001	175,003
Shareholder's Equity	3,003,565	2,056,612	1,937,771	1,964,420
Loss Ratio	54%	63%	82%	66%
Investment Return	6%	5%	11%	11%
Return On Equity	32%	15%	11%	22%
Dividend Yield On Average Equity	6%	8%	10%	9%
Net Worth Movement	27%	6%	-1%	11%
Total Return To Shareholders	104%	32%	0%	54%
P/E Ratio	13.1	12.6	13.3	7.9
Closing Stock Price	7.1	3.54	2.8	2.99
Dividend Payout Ratio	50%	68%	52%	57%
Market Capitalization	7,321,875	3,650,625	2,887,500	3,083,438

	2015	2014	2013	2012	2011	2010
	$'000		$'000	$'000	$'000	$'000
	90	78	83	77	44	69
	6,112,355	5,072,375	4,479,755	3,788,969	3,626,395	2,203,074
	696,480	678,558	646,791	540,775	420,142	426,624
	114,656	101,941	58,503	117,362	161,589	68,862
	303,448	319,965	323,702	285,269	1,341,478	244,775
	304,418	320,078	327,914	290,537	1,284,816	213,944
	172,219	203,878	140,025	100,031	90,925	95,000
	1,775,297	1,579,382	1,456,944	1,288,850	1,140,743	1,270,502
	62%	63%	65%	58%	51%	62%
	8%	10%	14%	11%	61%	13%
	19%	22%	25%	25%	101%	21%
	10%	13%	10%	8%	8%	8%
	12%	8%	13%	13%	-10%	23%
	27%	8%	10%	-26%		
	6.8	5.6	5.6	6.3	1.7	-
	2.05	1.75	1.63	1.76	2.5	-
	54%	62%	48%	35%	0%	-
	2,114,063	1,804,688	1,856,250	1,815,000	2,578,125	-

OUR PURPOSE

General Accident offers a wide range of innovative, affordable general insurance products to deliver financial protection and peace of mind to Jamaican individuals, families and businesses, while building a trained and well-compensated staff complement and delivering a fair return on investment to our shareholders.

OUR VISION

General Accident Insurance Company (GenAc) is a regional market leader in the general insurance sector contributing to Caribbean development through sound risk transfer mechanisms and excellent customer service. We build robust and long-term financial health through profitable, sustainable growth, supported by state-of-the-art digital technology and innovative corporate social responsibility programmes.

OUR STRATEGIC FOCUS

VALUE CREATION AND LONG-TERM SUSTAINABILITY

GenAc provides risk transfer mechanisms to our customers, guided by 39 years of expertise and experience. We facilitate and support commerce by protecting the assets of people and businesses. Using sound investment decisions and a strategy of managed growth, we have built a strong balance sheet to ensure financial stability and strength. We create value for our shareholders, policyholders and employees and we meet all regulatory requirements.

DISTRIBUTION CHANNELS

Our head office is located in Kingston, Jamaica, and we write business through a network of valued insurance professionals islandwide. We have also embarked on a regional expansion programme and now offer our insurance products in Trinidad & Tobago and Barbados. We continue to look at expansion into other Caribbean islands in the short to medium term.

FAST, FAIR CLAIMS SETTLEMENT

We are committed to fast, fair claims settlement as a key element of efficient insurance services. We believe that the importance of insurance cover is tested at the time of a claim, and we seek to demonstrate to our clients that we are worthy of their trust and confidence.

ROBUST RISK MANAGEMENT

We have developed a comprehensive risk management framework to ensure risk tolerance limits are assessed and adhered to, particularly with regard to the acquisition of critical reinsurance support.

UTILIZING INFORMATION TECHNOLOGY

We have invested in continuous improvement of information technology to deliver simple, accessible online processes to our customers. We understand that ease of doing business brings a competitive advantage and we seek to ensure our customers receive the same superior level of service whether they contact us in person, by telephone or online. We place high priority on secure systems to handle payments, claims, new business and renewals. We believe our growing facility with data analytics allows us to respond quickly to changing markets for the benefit of our customers.

DEVELOPING THE GENAC TEAM

Insurance is a technical discipline and GenAc has a long history of recruiting, training and retaining expertise, providing all our employees with a culture of excellence and opportunity. We invest in the development of our staff members at every level by providing frequent training and mentorship programmes.

MAXIMIZING OPERATIONAL EARNINGS

Our growth and profitability initiatives remain:

- Growth in value-priced and profitable product lines.
- Payment of dividends to shareholders.
- Steady strengthening of our balance sheet, liquidity base and capital to provide the essential foundation for growth.
- Constant improvements in operational efficiencies to deliver excellent service to our policyholders.

EMBRACING CORPORATE SOCIAL RESPONSIBILITY

GenAc ensures its business model complies with the principles of good corporate citizenship. We are conscious of our impact on all aspects of society and we self-regulate our operations to make certain they benefit the economy, society and the environment.

With the consistent guidance and expertise of our Board of Directors, we seek to:

- Provide a productive, well-compensated and incentive-driven work environment for our employees.
- Involve our staff in outreach efforts to support education, under-served children and the natural environment.
- Ensure all we do is grounded in high standards of integrity and ethical conduct.

BRAND PROMISE

Our values are at the heart of how we do business. They guide us in everything we do - from performing our regular daily responsibilities to making important decisions.

Integrity

We are honest and fair in all our actions.

Performance

We strive for service that exceeds customer expectations.

Responsibility

We have a strong sense of responsibility towards our customers, society, the environment and each other.

Solid Foundation

We maintain financial strength to ensure consistent profitable growth.

Innovation

We are creative, willing to make bold decisions and challenge the status quo.

NOTICE OF ANNUAL GENERAL MEETING

General Accident
INSURANCE COMPANY JAMAICA LTD.

NOTICE OF ANNUAL GENERAL MEETING

General Accident Insurance Company (Jamaica) Limited

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of General Accident Insurance Company (Jamaica) Limited (the "Company") will be held at 9:00 am on September 10, 2020 at 58 Half Way Tree Road, Kingston 10, for shareholders to consider and, if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

1. To receive the report of the Board of Directors and the Audited Financial Statements for the financial year ended December 31, 2019.

2. To authorize the Board of Directors to reappoint PricewaterhouseCoopers as the auditors of the Company and to fix their remuneration.

3. To re-appoint the following Directors of the Board who have resigned by rotation in accordance with the Article of Incorporation of the Company and, being eligible, have consented to act on reappointment:
   (a) To reappoint Jennifer Scott Director of the Board of the Company.
   (b) To reappoint Brian Jardim Director of the Board of the Company.
   (c) To reappoint Nicholas Scott Director of the Board of the Company.

4. To authorize the Board of Directors to fix the remuneration of the Directors.

5. To approve the aggregate amount of interim dividends declared by the Board during the financial year ended December 31, 2019 being $142,683,750.02 or 13.836 cents per ordinary share, as the final dividend for that year.

Dated this the 16th day of June, 2020 by Order of the Board

Geoffery Messado
DIRECTOR

Hurricane Season starts JUNE 1.
TO ALL THE HEROES STAYING HOME
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So much depends on what you are doing at home. With the hurricane season approaching, now is the time to futureproof.
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General Accident

INSURANCE COMPANY JAMAICA LTD.

GOVERNANCE

Paul B. Scott
CHAIRMAN

CHAIRMAN'S REPORT

Fellow Shareholders,

In 2019 General Accident achieved record premiums and profitability.

Equally as important, we marked key strategic milestones by scaling our business, strengthening our motor insurance franchise and expanding our reach beyond Jamaica.

Gross written premiums surpassed $10 billion for the first time in General Accident's history last year. This represents a 23% increase over 2018. Net premiums earned were $2.2 billion in 2019 or a 37% increase over the previous year. Premium volumes were driven by balanced, broad-based growth in all key lines. Size is important in the insurance business since it creates economies of scale and allows us to invest in the technology and talent we need to better serve our customers and differentiate ourselves from our competitors.

Underwriting discipline is ingrained in General Accident's culture. Last year we produced an underwriting profit of $442 million versus an underwriting profit of $175 million in 2018. Management was able to grow premiums while underwriting more profitably, a difficult task in our industry. Our combined ratio was 80% in 2019 versus 89% in 2018. Underwriting profitability was mostly driven by improvements in claims. Our loss ratio was 54% in 2019 versus 63% in 2018.

We launched our motor-focused brand Autosmart in 2017 to fill an underserved gap in the market. Since then our motor insurance premiums have roughly doubled. In just a few years, Autosmart has built valuable brand equity and a loyal customer base. It is now a key component of General Accident's business.

We ended the year with a $6.1 billion investment portfolio and recorded investment income of $288 million in 2019 (including foreign exchange gains)

versus $210 million in 2018. General Accident's investment portfolio is made up mostly of cash and short-term fixed income instruments. This is function of both regulation and our significant short-term policy liabilities. Our portfolio returns are constrained materially by the MCT ratio of 250%. This is considerably higher than in other countries such as the United States, Canada and our Caribbean peers. We hope that good sense prevails and this regulatory impediment to the growth and development of the industry is addressed in the future.

The composition of our portfolio means that during periods of low interest rates our investment returns will be constrained. Our average investment return in 2020 was just 5%. On the other hand, our portfolio is insulated from volatility of the stock and bond markets in times of uncertainty. If interest rates rise in response to the Covid-19 crisis our investment income will increase.

General Accident's ambition is to become the leading general insurer in the Caribbean. We are already a market leader in the Jamaican property market and have a growing motor insurance franchise. We are pleased that in 2019 we expanded our reach beyond Jamaica for the first time acquiring a 55% ownership stake in Motor One.

Motor One has an extensive branch network and a resilient customer base of over 15,000 direct motor polices. In addition, Motor One provides a base upon which General Accident will build a full-service general insurance business in Trinidad.

The Trinidadian general insurance market is 40% larger than Jamaica's market and presents tremendous opportunity. We expect that it will take considerable time for our strategy in Trinidad to be fully realized. Nevertheless, Motor One had a positive financial impact on our consolidated profits in 2019 mostly related to the favourable terms of our acquisition. Our net profit in 2019 was $652 million of which $559 million was attributable to General Accident's shareholders. This equates to a return on equity of 22%.

Covid-19 has created sudden and unexpected changes in the operating environment. If the purchasing power of consumers and businesses declines, the demand for insurance may wane. On the other hand, a slowdown in economic activity could also reduce the frequency of claims.

General Accident is well prepared to face uncertainty. We have strong brands, loyal policyholders and deep relationships with our reinsurers and broker partners that span decades. As we look to the year ahead our team is focused on building upon the momentum in our business and continuing our trajectory of profitable growth.

Sincerely,

Paul B. Scott
CHAIRMAN

DIRECTORS' REPORT

The Directors are pleased to present their report for General Accident Insurance Company (Jamaica) Limited for the financial year ended December 31, 2019.

FINANCIAL RESULTS

The Statement of Comprehensive Income for the Company shows pre-tax profits for the year of $770.2 Million, Taxation of $118.6 Million and a net profit after tax of $651.6 Million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the company are set out in the Management Discussion and Analysis and the Financial Statements which are included as part of this Annual Report.

DIRECTORS

The Directors of the company as at December 31, 2019 were P.B. Scott, Melanie Subratie, Sharon Donaldson, Geoffrey Messado, Christopher Nakash, Jennifer Scott, Nicholas Scott, Duncan Stewart, Matthew Lyn, Brian Jardim and Gregory Foster.

The Directors to retire by rotation in accordance with the Article of Incorporation are: Jennifer Scott, Brian Jardim and Nicholas Scott.

AUDITORS

The auditors of the company, PricewaterhouseCoopers of Scotiabank Centre, Duke Street, Kingston, Jamaica have expressed their willingness to continue in office. The Directors recommend their reappointment.

DIVIDEND

A dividend of 13.836 cents per share paid on December 13, 2019, is proposed to be the final dividend in respect of the financial year ended December 31, 2019.

DIRECTORS' PROFILES

PAUL B. SCOTT

(appointed November 1998)

CHAIRMAN

PB Scott is the Chairman, CEO and principal shareholder of the Musson Group.

He joined the group in 1994, became CEO in 2004, and in 2009 was appointed Chairman of the Board. He is responsible for the strategic direction, performance and overall operations of the Musson Group and all of its subsidiaries, including the Facey Group, PBS Group, Seprod, T. Geddes Grant Distributors Ltd. and General Accident Insurance Company Ltd. among others.

In addition to his responsibilities at Musson he serves on many public boards and commissions. He is a trustee of the American International School of Jamaica and currently is Chairman of the Development Bank of Jamaica. He is a past President of the Private Sector Organization of Jamaica.

SHARON DONALDSON

(appointed March 2008)

MANAGING DIRECTOR

Sharon Donaldson has been the Managing Director of the Company since 2008. She holds a Bachelor of Laws (LL.B.) from the University of London and an MBA from the University of Wales. She is a Chartered Accountant; a fellow member of the Institute of Chartered Accountants of Jamaica and an Attorney-at-Law.

Ms. Donaldson represents the local general insurance industry in discussions with the Financial Services Commission, is treasurer for the Council of the Institute of Chartered Accountants of Jamaica and heads the committee of Professional Accountants in Business.

Ms. Donaldson is also a Director of Musson (Jamaica) Limited, the parent company to General Accident and Eppley Limited. She serves as a Director and mentor of 138 Student Living Limited and Paramount Trading Jamaica Limited. She is also a member of the Jamaica Anti-Doping Commission.

DIRECTORS' PROFILES

DEPUTY CHAIRMAN

MELANIE SUBRATIE
(appointed March 2002)

Melanie Subratie is a non-executive Director of the Company and holds a B.Sc. (Hons)from the London School of Economics. She is Chairperson of the Investment Committee of the Board.

Mrs. Subratie is Chairperson and CEO of Stanley Motta Ltd. and Vice Chairman of Musson (Ja.) Ltd. She is also the Vice Chair of Eppley Ltd. and sits on the Executive Board of the Seprod Group of Companies and all its subsidiary boards. She chairs the Audit Committee for both Productive Business Solutions Ltd and Seprod Ltd.

She is Chairperson of Seprod Foundation, Musson Foundation, Jamaica Girls Coding and RISE Life Management. Mrs. Subratie is an Angel investor and sits on the Boards of LoanCirrus, Bookfusion, and First Angels. She is fourth Vice President of the Jamaica Chamber of Commerce.

NON EXECUTIVE DIRECTOR

GEOFFREY MESSADO
(appointed May 2001)

Geoffrey Messado is a non-executive Director of the Company and is Chairman of the Audit Committee of the Board.

Mr. Messado is also the Company Secretary of the Musson Group, and he serves as a Director of certain subsidiaries and affiliated companies. He also serves as Chairman of Mapco Printers Limited and Devon House Development and as a Director of Edgechem (Jamaica) Limited, Spirits Pool Association, KRB Lea Jamaica Rums Limited, Ciboney Group Limited and the Jamaica Agricultural Development Foundation.

Mr. Messado is a Chartered Accountant, FCA, FCAA, ATII and a Justice of the Peace for St. Andrew.

NON EXECUTIVE DIRECTOR

JENNIFER SCOTT
(appointed December 2009)

Jennifer Scott is a non-executive Director of the Company. Mrs. Scott holds a B.Sc.(Hons) in Psychology from Newcastle University, United Kingdom, a Graduate Diploma in Legal Studies from Keele University, UK, and Certificate of Legal Practice from the College of Law, London. She was admitted as a Solicitor of Supreme Court of England and Wales.

She attended Norman Manley Law School, and was admitted as an Attorney-at-Law of the Supreme Court of Jamaica in 2014. She is a consultant at Clinton Hart & Co., Attorneys-at-Law, specialising in financial securities and corporate law.

DIRECTORS' PROFILES

NICHOLAS A. SCOTT

NON EXECUTIVE DIRECTOR

(appointed July 2011)

Nicholas Scott is a non-executive Director of the Company and the Chief Investment Officer for the Musson Group. He also serves as the Managing Director of Eppley Ltd. and as a Director of many of the Musson subsidiaries and affiliates including Seprod.

He returned to Jamaica in 2009 after working as a private equity investor and investment banker at the Blackstone Group in New York and Brazil.

Mr. Scott holds a BSc. in Economics (Magna Cum Laude) from the Wharton School at the University of Pennsylvania, an MBA (Beta Gamma Sigma) from Columbia Business School and a MPA from the Harvard Kennedy School of Government.

DUNCAN STEWART

INDEPENDENT NON EXECUTIVE DIRECTOR

(appointed August 2011)

Duncan Stewart is an independent, non-executive Director of the Company. He is one of the family leaders of Stewart's Auto Sales Ltd. and its affiliated companies, Stewart's Auto Paints Ltd., Tropic Island Trading Co. Ltd. and Silver Star Motors Ltd.

He joined his family's business as a 3rd generation member in 1985 after graduating with a B. Eng (Mech) degree from McGill University. He learned the business by working his way through the ranks, learning and following the family's culture of service.

CHRISTOPHER NAKASH

INDEPENDENT NON EXECUTIVE DIRECTOR

(appointed December 2006)

Christopher Nakash is an independent non-executive Director of the Company. Mr. Nakash brings to the Board his management experience, gained as Chief Executive Officer of Nakash Construction & Equipment Limited.

In the past, Mr. Nakash also served as General Manager of Netstream Global (2003 to 2008), and he was also a founding member and Director of the Riverton Improvement Association and Intelligent Multimedia Limited. Mr. Nakash holds a BBA from University of New Brunswick, Canada.

DIRECTORS' PROFILES

EXECUTIVE DIRECTOR

GREGORY ST. HUGH FOSTER
(appointed April 2018)

Gregory Foster is an executive Director of the Company and a member of the Audit Committee of the Board. He serves as the Group's Chief Operating Officer.

He obtained his Association of Chartered Certified Accountant (Glasgow, UK) professional qualification in 2006, and is also a member of Institute of Chartered Accountants of Jamaica.

INDEPENDENT NON EXECUTIVE DIRECTOR

BRIAN JARDIM
(appointed August 2017)

Brian Jardim is an independent non-executive Director of the Company. He is the founder and CEO of Rainforest Seafoods Ltd., the leading seafood harvester, processor and distributor in the Caribbean.

Mr. Jardim currently serves as a director on the Board of the Jamaica Observer, We Care for Cornwall Regional Hospital, and Industrial Chemical Company among others.

He is a Certified Public Accountant (CPA), a graduate of the University of Florida where he obtained a MSc. in Financial Accounting and a BSc. in Business Administration. He also holds a Diploma in Business Administration from Ryerson University.

INDEPENDENT NON EXECUTIVE DIRECTOR

MATTHEW LYN
(appointed July 2015)

Matthew Lyn is an independent non-executive Director of the Company.

Mr. Lyn is the Chief Operating Officer of the CB Group and its related companies, including CB Foods Ltd., Newport Mills Ltd. and Imagination Farms Ltd.

He holds a B.B.A from the Goizuetta Business School at Emory University.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Group remains committed to high standards of corporate governance and while it is not bound by the evolving local corporate governance practice codes, it seeks to comply voluntarily with key aspects of best practices.

The Group's corporate governance standards are maintained at the highest level with a focus on independence and diversity. Our qualified and experienced Board of Directors provide an excellent framework for sound governance.

Our subsidiary Board is guided by our Group practices with a composition that promotes independence. The Board is comprised of twelve members, a non-executive Chairman, nine non-executive directors and two executive directors. The Board generally meets five times a year.

THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for overseeing the decisions on the remuneration package and to ensure that it promotes a high-performance culture that is aligned with our risk management principles.

THE CONDUCT REVIEW COMMITTEE

The Conduct Review Committee is comprised of three directors. The committee has responsibility for oversight of and advice to the Board on policies and procedures to ensure that the company conducts its affairs responsibly and in keeping with our values and the broad requirements of the Regulators.

The committee meets at least three times a year.

THE AUDIT COMMITTEE

The Audit Committee is comprised of three non-executive directors and one executive director.

The committee has responsibility for the oversight and advice to the Board on all matters relating to financial reporting,
internal controls and approval of financial reports to be circulated to all regulatory bodies.

The Audit Committee meets at least five times for the year.

INVESTMENT AND LOAN COMMITTEE

The Investment and Loan Committee is comprised of four non-executive directors and one executive director.

The Committee has the responsibility to drive the Group's investment strategy ensuring that all compliance requirements are met, inter alia, liquidity, quality and term of investments.

The committee meets at least four times for the year.

BOARD AND COMMITTEE MEETINGS

We are pleased to report that our Board and Committee meetings are supported by all members and meetings are well attended.

Face to face committee meetings are held at least four times each year and more often if warranted.

LEADERSHIP AND OPERATIONS

SENIOR LEADERSHIP TEAM

SHARON DONALDSON

ACCA, MBA (Finance), LLB (Hons) Attorney at Law

CEO & MANAGING DIRECTOR

Sharon Donaldson has been with the company for over 30 years, first joining as the Financial Controller in 1989 before becoming the Managing Director and CEO in 2008.

Sharon's primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Group and acting as the main point of communication between the Board of Directors and corporate operations.

GREGORY FOSTER

CHIEF OPERATING OFFICER

Gregory Foster is GenAc's Chief Operating Officer with responsibility for the underwriting, claims and AutoSmart divisions. Mr. Foster joined GenAc in 2014 with a strong background as an audit manager and has held his current position since January 2019.

He has accumulated over seven years of experience in providing audit services to a wide spectrum of clients, including government/public sector, financial services, and manufacturing and distribution.

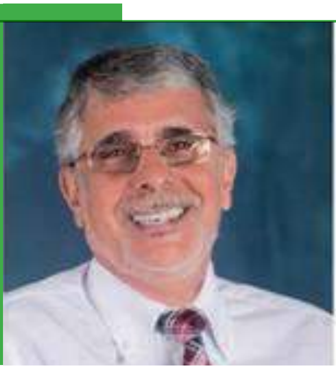
NATASHA PETTIER

CEO MOTOR ONE INSURANCE

Natasha Pettier is the Chief Executive Officer of Motor One in Trinidad and Tobago. She joined the Company in October 2019 as head of underwriting and insurance operations.

She holds a Bachelor of Laws (LL.B.), an MBA from the Heriot-Watt University, UK, is a Fellow of the Chartered Insurance Institute of London, a qualified Member of the Institute of Risk Management and a Health Insurance Associate. She has over 20 years' experience in the insurance industry and is involved with various committees of both the Association of the Trinidad and Tobago Insurance Companies and the Trinidad and Tobago Insurance Institute.

SENIOR LEADERSHIP TEAM



LINDSAY GONSALVES

CHIEF FINANCIAL OFFICER MOTOR ONE INSURANCE

Lindsay Gonsalves has long experience in the fields of auditing, insurance and management consulting. He joined the Company in September 2018 as Chief Financial Officer and a Director of the Motor One Board.

Mr. Gonsalves holds an ACCA degree and is a fellow member of the ACCA of England and Wales. He is a member in practice of the Institute of Chartered Accountants of Trinidad & Tobago, holds a Practicing Certificate and became a Fellow of the Association in 1992.

LESLEY MILLER

CHIEF INFORMATION OFFICER

Lesley Miller joined GenAc as Chief Information Officer in January 2018 with responsibility for technology, business intelligence and digital marketing, bringing over 15 years' experience in the insurance and telecommunications industries to the Company.

Mrs. Miller holds a Bachelor of Science degree in Computing & Information Technology from the University of Technology (Jamaica) and an MBA in Banking and Finance from the University of the West Indies. She is a certified Project Management Professional and is a member of the Doctor Bird Chapter of the Project Management Institute.

JAMALDA STANFORD-BROWN

BUSINESS DEVELOPMENT OFFICER

Jamalda Stanford-Brown joined GenAc as Business Development Officer in January 2018. She has a wealth of experience in auditing, risk assessment and reinsurance.

Mrs. Stanford-Brown holds a Bachelor of Science degree in Economics and Accounting from the University of the West Indies. She is a Certified Public Accountant, a Chartered Property and Casualty Underwriter and holds an Associate Degree in Reinsurance.

MANAGEMENT TEAM

CAREEN NOLAN

Head of Property
& Casualty Division

TRACEY-ANN THOMPSON

Underwriting Manager
(Property & Casualty Division)

ANGELLA REYNOLDS

Underwriting Consultant

PETAGAE MCCOOK

Legal Services Manager

JANILLE JARRETT

Underwriting Manager
(Motor Division)

MANAGEMENT TEAM

JOAN MCLEGGON
Chief Human Resources Officer

CHERYLL HENRY
Operations & Facilities Manager

DOUGLAS HAYDEN
Information Technology Manager

TANYA THOMAS
Business Intelligence Manager

JANETTE COLE-SMITH
Finance & Compliance Manager

AGENT NETWORK


BARBARA SAMUELS
Kingston


CADDINE WILLIAMSON
Mandeville, Manchester


MARLENE DUFFUS
Kingston


DEBRA REID - GIBBS
Portmore, St. Catherine


ORAL MYLES
Sav-la-mar, Westmoreland


CHERRICE BROWN
Ocho Rios, St. Ann


ROCHELLE CLARKE
Sav-la-mar, Westmoreland

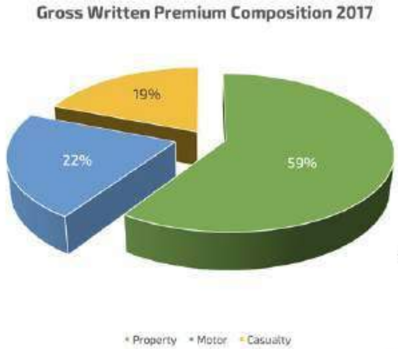
MANAGEMENT DISCUSSION AND ANALYSIS

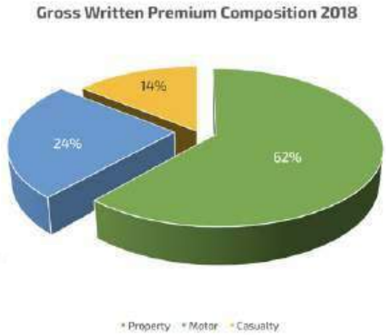
General Accident delivered an excellent result in 2019, combining growth, profitability and solvency. The GenAc Group expanded its footprint in the Caribbean market through the acquisition of majority shares in Motor One, a single line insurer, in Trinidad and Tobago.

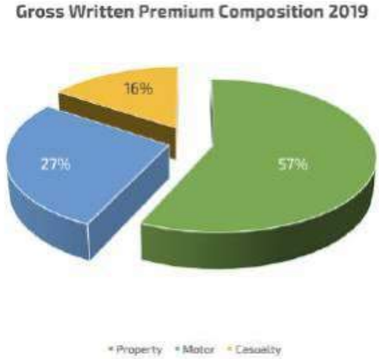
The Group wrote more than $10.7 billion in gross premium in the year under review, producing net income of $2.4 billion, which exceeded profitability targets for 2019 and generated an improved return on equity.

We are pleased to report that this growth was not detrimental to our technical profitability, as we maintained underwriting discipline. Underwriting profit of $442 million exceeded prior year by 153%, largely due to the subsidiary's excellent performance.

Our profitability was anchored by the acquisition of Motor One, strong premium growth across major business lines and an improved loss experience.







MANAGEMENT DISCUSSION AND ANALYSIS CON'T

Consolidated Profit attributable to shareholders was $651.5 million; a significant improvement over 2018. Earnings per share was $0.54 compared to $0.28 in 2018, an increase of 92%.

The annualized return on shareholders' equity was 32% which represents an increase of 86% over prior year. We declared dividends amounting to $143 million to shareholders in 2019.

Market capitalization at reporting date was $7.3 billion, up by 100% on December 2018.

General Accident's listed share price recorded a 101% increase year on year, closing at $7.10.

FINANCIAL PERFORMANCE HIGHLIGHTS

- Eighteen years of consistent premium growth
- Profit for the year of $652 million
- Earnings per share of ($0.54)
- Book value of $3.0 billion
- Annualized return on equity of 32%

CAPITAL POSITION

Our business operations are in part dependent on our financial strength; shareholders' equity stood at $3.0 billion for the current year compared to $2.1 billion for 2018.

GenAc remains in compliance with the capital adequacy and liquidity metrics prescribed by the Financial Services Commission.

The Company's liquidity is ensured by detailed liquidity planning and at 31 December 2019, our liquidity ratio of 95% meets the regulatory minimum. The GenAc group actively manages our capital allocations through our management investment committee.

Motor One is regulated by the Central Bank of Trinidad and Tobago (CBTT). The CBTT requires that Motor One meet a capital adequacy threshold and a minimum statutory fund as defined under the Insurance Act 1980 of Trinidad and Tobago. As at December 31, 2019, Motor One was in compliance with both requirements.

INVESTMENT PERFORMANCE

Despite the low interest rate environment, GenAc maintained a prudent investment strategy. In 2019, the Group's Investment Portfolio stood at $6.1 billion earning a return on investment of 6%.

OUTLOOK 2020

Looking forward, we are confident and optimistic about the next five years. Further expansion of our regional footprint is highly probable. We are confident that we have the right team and reliable digital competence to achieve our strategic objectives. We are committed to maintaining our focus on innovation and the use of technology, because we recognize that digital transformation is vital to achieve a competitive advantage. We intend to become ever more customer centric, manage our talent, and leverage our business relationships. We will prioritize growth, profitability and increased earnings for shareholders.

I would like to thank all our employees for their contribution and hard work, our Board of Directors for their guidance, and I extend a hearty welcome to the regional teams to the GenAc Group. To our Brokers and all our business partners, thank you for your continued support.

Sharon Donaldson

MANAGING DIRECTOR

SUBSIDIARY – MOTOR ONE

GenAc acquired a majority holding of Motor One Insurance Company Limited (Motor One) in September 2019 replacing the Board of Directors with its own nominees to include independent and executive directors familiar with the insurance industry in Trinidad and Tobago.

Our immediate priority was to address all the regulatory directives given to Motor One, including the orderly discharge of claims liabilities and the maintenance of adequate capital as defined under the newly enacted Insurance Act, which awaits presidential proclamation.

We are pleased to report that within three months of acquisition and by the end of its first financial year as part of the General Accident Group, the new board and its management team have complied with all regulatory requirements. Motor One was allowed to write new business in November 2019 and has settled over 38% of its pre-acquisition judgement claims identified by regulators. At year end, the Company now reports a statutory funds surplus together with a capital adequacy ratio of 328 (compared to the minimum requirement of 150).

Motor One reported total comprehensive income of $182.2 million post-acquisition and a combined ratio of 64%. Motor One has long been a highly regarded motor insurer in the Trinidad and Tobago market, but its performance has not matched potential during in the past. GenAc seeks to restore the Company's position in the top echelons of the industry with the leadership of a competent team, enhanced technology and streamlined business processes.

RISK MANAGEMENT

We are subject to extensive and increasing regulation under the Insurance Act that imposes limits on the types of investment that we can hold, prescribes solvency and accounting and internal controls standards, and requires us to hold adequate reserves.

General Accident has, a governance system designed to satisfy all insurance regulation. The significant elements include risk management, compliance, audit and actuarial functions. At the group level risk management is a part of our integrated Risk Management Policy.

The Company has a Board approved Risk Management Framework, which identifies risk appetite and the major risk outcomes that pose a threat to the achievement of GenAc's strategic objectives. Risk governance is supported by an internal Risk Committee.

Risks are monitored monthly and reported under a number of headings along with our mitigation approach. These are set out below:

TYPE OF RISK	RISK DETAIL	APPROACH
▪ UNDERWRITING RISK	Adverse claims development. Inadequate premiums.	▪ The Company adopts prudent reserve practices as we maintain reserves equal to our estimated ultimate liability losses and loss adjustment expenses. ▪ We ensure risks are priced appropriately by regular review of underwriting results. ▪ We practice effective diversification of risks.
▪ LIQUIDITY RISK	The risk of insufficient cash flows to meet settlement obligations as they fall due.	▪ We use cash flow forecasting. ▪ We maintain sufficient liquid assets at required levels to meet our obligations at all times.
▪ OPERATIONAL RISK	The risk of failure of internal processes and systems and loss of or inadequate human resources.	▪ We carry out frequent review of internal processes to identify vulnerabilities. ▪ We have in place a structured programme for building our staff members capacity.
▪ REGULATORY CAPITAL	The risk of not meeting regulatory benchmarks.	▪ We carry out frequent modelling of the company's capital components to ensure transaction decisions are made in such a way to avoid a drag on capital ratio.
▪ MARKET RISK	The risk of economic losses on our investment portfolio resulting from price changes in capital markets.	▪ A diversified portfolio lies at the heart of our strategy. Investment duration and currency are managed to avoid any mismatch of assets and liabilities, whilst earning the maximum return at an acceptable level of risk. ▪ We use appropriate limits and early warning ratios in our asset liability management to manage market risk.
▪ CREDIT RISK	The risk arising from the likely default as a result of changes in the financial position of a counterparty.	▪ We manage credit risk by reviewing the balance sheet of counter parties in addition to using available market data to determine default probabilities.

THE RISK COMMITTEE

The Risk Committee is responsible for examining major risks faced by the Company for both assets and liabilities, reviewing tools for monitoring and controlling such risks by using outside risk experts when necessary. The Committee examines the main technical and financial underwriting commitments, claims reserving, risk concentration, counterparty limits, liquidity and operational risks, as well as relevant changes in the regulatory environment.

The Risk Committee is comprised of seven members and is chaired by a member of the Senior Management team. It means at least four times a year.

STAFF ENGAGEMENT

We are proud of our committed team at GenAc and we know they are the foundations of our success. We place strong emphasis on staff development through insurance training on and off the job, as well as the provision of general professional development programmes. We are guided by principles of fairness and consistency, non discrimination of the grounds of sex, race, age, religion, or disability and we conform to statutory regulations and agreed best practices.

During the year under review, we instituted an electronic human resources management application, part of GenAc's broad initiatives to reduce costs and improve internal efficiencies by the use of technology.

Our Human Resources Department understands that engaged and motivated employees are vital to the Company's success. Our approach is transformational – moving from compliance and control to trust and empowerment. We build engagement through a staff appreciation week each year and incentive schemes for high performers. As part of our talent management initiative, we completed a revised performance appraisal tool and created a personal development plan for each employee during 2019.

Insurance is a highly competitive service industry and GenAc seeks to continually broaden and deepen its efforts to meet customer expectations through a cadre of expert, helpful and accessible personnel.

COLESHA MAHONEY
Facilities Associate

RETRO PARTY

DENNA-KAY DAWKINS, KERRY-ANN TURNBULL AND RHOXANNE SMITH

SUZANNE HALL
Broker Services Officer

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

General Accident has a long-standing commitment to corporate social responsibility (CSR), understanding that our operations affect not only our clients, shareholders and employees, but the wider society. Our CSR projects and programmes are focussed on reducing our impact on the environment and sports & community development.

Here are the highlights:

ENVIRONMENTAL IMPACT

EARTH DAY CHALLENGE

For the Earth Day Challenge 2019, GenAc's staff were asked to apply environmentally sustainable practices in the office as part of its Go-Green Initiative.

They minimised waste, limited the use of the printer, utilised reusable water bottles instead of single-use plastics, and avoided the use of Styrofoam containers. GenAc saved over $3 million on paper and printer ink expenditure as a result and reduced the amount of waste being sent to Kingston's waste disposal site.

Staff members also planted trees at our headquarters at 58 Half Way Tree Road.

We are hopeful that by participating in GenAc's Go-Green initiative, our employees will replicate some of the activities in their daily lives.

GenAc's 28-year-old partnership with the Jamaica Environment Trust (JET) also helps to educate staff and their families on the negative impact of pollution and the importance of each person playing their part in bringing about change. In observance of Earth Day , GenAc handed over a cheque, valued at $500,000 to JET, toward helping the non-profit organisation with their projects.

WASTE REDUCTION AND RECYCLING

GenAc issued reusable shopping bags to staff and clients on Friday, August 23, 2019, at the Half-Way-Tree Road office. Over 1,500 bags were distributed to support the national movement to reduce single-use plastics entering Jamaica's waste stream. Our head office also has separate bins for recyclable plastics and coordinates with JET and its "Nuh Dutty Up Jamaica" campaign to ensure these items are recycled.

INTERNATIONAL COASTAL CLEAN-UP DAY

The GenAc team joined over 10,000 concerned Jamaicans to clean beaches and coastlines on Saturday, September 21, 2019. Recognised as International Coastal Clean-Up Day worldwide, our volunteers joined the cleanup coordinated by the JET at the Palisadoes Go-Kart Track, one of over 180 participating sites islandwide.

COMMUNITY AND SPORT DEVELOPMENT

LABOUR DAY

Labour Day activities were carried out in two schools by the staff of GenAc and AutoSmart under the theme, "Our Children's Safety is Everybody's Business". The schools involved were the Maisie Green Early Childhood Development Centre located in Grants Pen, and Drews Avenue Primary and Infant School located in the Bay Farm area.

Both schools were greeted with freshly painted classrooms, pruned trees and a newly planted garden when they returned from the term break.

READ ACROSS JAMAICA DAY

The joys of reading were celebrated on Read Across Jamaica Day on Tuesday, May 7, 2019. Members of GenAc's staff read to children of the Maisie Green Early Childhood Development Centre and Drews Avenue Primary and Infant School throughout the day.

BEST CARE FOUNDATION

General Accident made a donation to the Best Care Foundation to support lunch programmes at its schools in Kingston. The Best Care Foundation Special Schools programme, which was started in 1984, provides education to persons with special needs.

GRENNELL ROAD SAFETY EXPO

As a leading motor vehicle insurance company in Jamaica, GenAc participated in the 11th annual Grennell's Jamaica Driver and Traffic Safety Expo in June 2019. The Expo was held at the Ranny Williams Entertainment Centre and showcased driver and traffic safety behaviour, including a Jamaica Fire Brigade crash-victim extraction demonstration, and defensive driving techniques.

CHRISTMAS TREE LIGHTING

GenAc rang in the yuletide season with its inaugural Outdoor Christmas Tree Lighting Ceremony, providing season's cheer to children from the Maxfield Park Children's Home, who were treated with gifts, treats, cake and ice cream.

A White-Cedar Christmas tree was specially ordered through Jamaica's Forestry Department from Litchfield Farms in Trelawny and decorated by GenAc staffers, topped by a one-of-a-kind Christmas ornaments.

GenAc also continues to provide support to the following organisations and activities:

- Musson Foundation
- Sigma Corporate Run
- Diana & Richard Stewart Foundation (Colour Me Happy Run)
- National Child Month Committee
- Friends of Mona Rehabilitation Centre
- Missionaries of the Poor
- Jamaica Cancer Society
- Rotary Clubs
- Sunset Optimist Clubs
- Gibson Relays Sponsorship
- Americas Federation of Netball Association
- Jamaica Netball Association
- Tennis Jamaica
- Jamaica Chess Federation

COASTAL CLEANUP 2019

COLOUR ME HAPPY RUN 2019







LABOUR DAY 2019




EARTH DAY

READ ACROSS JAMAICA 2019

ROAD SAFETY EXPO 2019

SIGMA RUN 2019

DISCLOSURE OF SHAREHOLDINGS

TOP 10 SHAREHOLDERS

AS AT DECEMBER 31, 2019

NAME	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	32,982,136	3.20
Mayberry Managed Clients Account	13,148,222	1.27
Apex Pharmacy	10,000,000	0.97
QWI Investments Ltd.	9,520,542	0.92
Lancedale Farquharson	7,305,000	0.71
PAM – Pooled Equity Fund	7,299,832	0.71
JCSD Trustee Services – Barita Unit Trust	5,434,786	0.53
Sagicor Select Funds Ltd	5,066,798	0.49
K. Chandiram Ltd.	4,331,450	0.42

DIRECTORS SHAREHOLDINGS

AS AT DECEMBER 31, 2019

NAME	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Paul B. Scott	824,999,989	-	824,999,989	80.000
Melanie Subratie	824,999,989	-	824,999,989	80.000
Sharon Donaldson	3,689,560	3,677,956	10,604	0.3458
Gregory Foster	350,000	350,000	-	0.0340
Geoffrey Messado	1,000,000	1,000,000	-	0.0970
Duncan Stewart	2,475,190	2,475,190	-	0.2400
Christopher Nakash	1,698,020	1,698,020	-	0.1647
Nicholas Scott	1,980,198	1,980,198	-	0.1920
Matthew Lyn	96,500	-	96,500	0.0094
Jennifer Scott	-	-	-	0.00
Brian Jardim	-	-	-	0.00

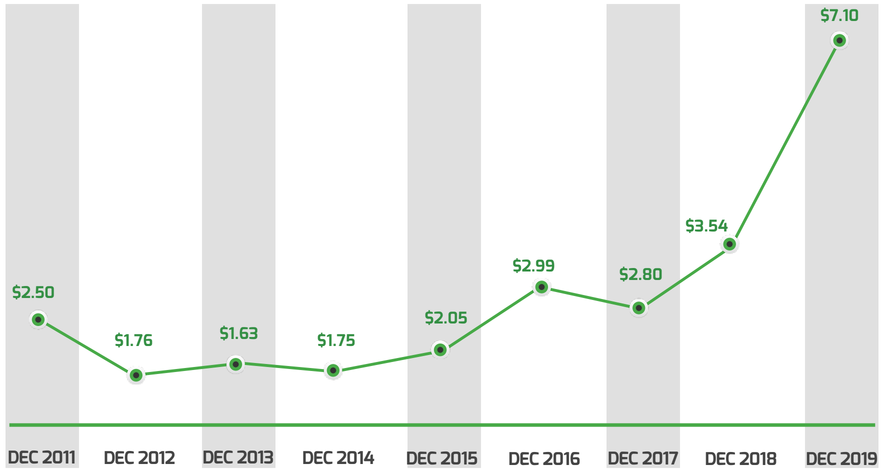
SENIOR LEADERSHIP AND MANAGEMENT TEAM SHAREHOLDINGS

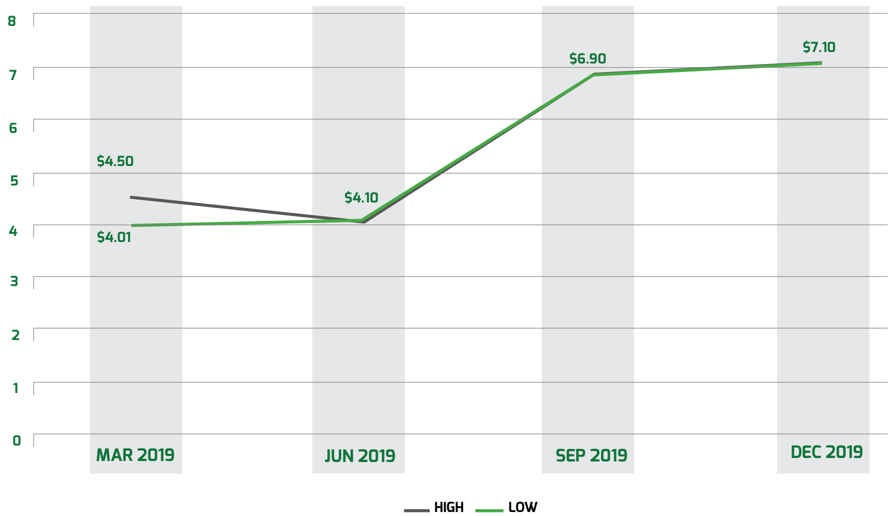
AS AT DECEMBER 31, 2019

NAME	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Sharon Donaldson	3,689,560	3,677,956	10,604	0.3458
Gregory Foster	350,000	350,000	-	0.0340
Cheryll Henry	159,445	159,445	-	0.0155
Lesley Miller	270,379	270,379	-	0.0261
Jamalda Stanford	92,857	92,857	-	0.0090
Janille Jarrett	25,000	25,000	-	0.0024
Tracey-Ann Thompson	50,000	50,000	-	0.0048
Natasha Pettier	-	-	-	0.00
Lindsay Gonsalves	-	-	-	0.00
Careen Nolan	-	-	-	0.00
Angella Reynolds	-	-	-	0.00
Joan McLeggon	-	-	-	0.00
Petagae McCook	-	-	-	0.00
Douglas Hayden	-	-	-	0.00
Janette Cole-Smith	-	-	-	0.00
Tanya Thomas	-	-	-	0.00

STOCK TRADING

Stock Prices





CORPORATE DATA

General Accident INSURANCE COMPANY JAMAICA LTD.

COMPANY PROFILE

DIRECTORS:

- P.B. Scott, Chairman
- Melanie Subratie, Deputy Chairman
- Sharon Donaldson, Managing Director
- Geoffrey Messado
- Jennifer Scott
- Nicholas Scott
- Duncan Stewart
- Christopher Nakash
- Matthew Lyn
- Brian Jardim
- Gregory Foster

CORPORATE SECRETARY:

- Geoffrey Messado

APPOINTED ACTUARY:

- Josh Worsham, FRAS, MAAA

AUDITORS:

- PricewaterhouseCoopers

BANKERS:

- CIBC First Caribbean International Bank
- First Global Bank
- Bank of Nova Scotia Jamaica Ltd .
- National Commercial Bank

ATTORNEYS:

- Nunes Scholefield & DeLeon & Co:
  6A Holborn Road
  Kingston

- DunnCox
  48 Duke Street,
  Kingston

REGISTERED OFFICE:

- 58 Half Way Tree Road, Kingston
  Telephone No: (876) 929-2451
  Fax No: (876) 929-1074
  Email: info@genac.com
  Website: www.genac.com

CONTACT INFORMATION

JAMAICA

- Kingston & St. Andrew
  58 Half Way Tree Road, Kingston
  Telephone : (876) 929-2451

- Montego Bay
  Unit 8, Summit Business Center
  Fairview, Montego Bay
  St. James

TRINIDAD

Motor One Insurance Company
Cor. French Street & Ariapita Avenue,
Woodbrook, Port of Spain
Trinidad, W.I.
Telephone: (868) 622-7292
(868) 622 -5614
(868) 622-8500

BARBADOS

Suite 8, Dome Mall,
Warrens,
St. Michael BB22026
Telephone: (246) 257-3392

GENERAL ACCIDENT INSURANCE COMPANY JAMAICA LIMITED
31 December 2019

FINANCIAL STATEMENTS

Actuary's Report

Independent Auditor's Report to the Members

Financial Statements

66	Consolidated statement of comprehensive income
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68	Consolidated statement of changes in equity
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72	Company statement of financial position
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76 - 152	Notes to the financial statements

MID ATLANTIC
ACTUARIAL

EXPRESSION OF OPINION

I have examined the financial condition and valued the policy and claims liabilities of GAICJL for its balance sheet as at December 31, 2019 and the corresponding change in the policy and claims liabilities in the statement of operations for the year then ended. I meet the appropriate qualification standards and am familiar with the valuation and solvency requirements applicable to general insurance companies in Jamaica. I have relied upon PriceWaterhouseCoopers for the substantial accuracy of the records and information concerning other liabilities, as certified in the attached statement.

The results of my valuation together with amounts carried in the Annual Return are the following:

Claims Liabilities (J$000)	Carried in Annual Return	Actuary's Estimate
Direct unpaid claims and adjustment expenses:	2,260,567	2,261,419
Assumed unpaid claims and adjustment expenses:	0	0
Gross unpaid claims and adjustment expenses:	2,260,567	2,261,419
Ceded unpaid claims and adjustment expenses:	692,217	692,096
Other amounts to recover:	0	0
Other net liabilities:	0	0
Net unpaid claims and adjustment expenses:	1,568,350	1,569,323

Policy Liabilities (J$000)	Carried in Annual Return	Actuary's Estimate
Gross policy liabilities in connection with unearned premiums:		1,247,682
Net policy liabilities in connection with unearned premiums:		960,471
Gross unearned premiums:	2,270,602	
Net unearned premiums:	1,215,151	
Premium deficiency:	0	
Other net liabilities:	0	

MID ATLANTIC
ACTUARIAL

In my opinion:

(i) The methods and procedures used in the verification of the data are sufficient and reliable and fulfill acceptable standards of care;

(ii) The valuation of policy and claims liabilities has been made in accordance with generally accepted actuarial practice with such changes as determined and directions made by the Commission;

(iii) The methods and assumptions used to calculate the policy and claims liabilities are appropriate to the circumstances of the company and of the said policies and claims;

(iv) The amount of policy and claims liabilities represented in the balance sheet of General Accident Insurance Company Jamaica Limited makes proper provision for the future payments under the company's policies and meet the requirements of the Insurance Act and other appropriate regulations of Jamaica;

(v) A proper charge on account of these liabilities has been made in the statement of comprehensive income;

(vi) There is sufficient capital available to meet the solvency standards as established by the Commission

Josh Worsham, FCAS, MAAA

Josh Worsham, FCAS, MAAA	Josh Worsham	April 30, 2020
Name of Appointed Actuary	Signature of Appointed Actuary	Date

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Independent auditor's report

To the Members of General Accident Insurance Company Jamaica Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of General Accident Insurance Company Jamaica Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2019, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

General Accident Insurance Company Jamaica Limited's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the consolidated and stand-alone financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore T.N. Smith DaSilva K.D. Powell

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Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The context of our audit is set by the Group's significant activities for the year ended 31 December 2019. These include the purchase of a majority stake in Motor One Insurance Company Limited (Motor One). As a result of the acquisition of Motor One, the Group now prepares consolidated financial statements. This was included as a new key audit matter for the current year.

Our 2019 audit was planned and executed having regard to the fact that the operations of the Group included Motor One, which is domiciled in Trinidad and Tobago.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Business combination *Refer to notes 2 (b), 7 and 38 to the consolidated financial statements for disclosures of related accounting policies, judgements and estimates.* The Group acquired 55% of the issued share capital of Motor One for a total consideration of $349 million. As a result of the transaction and certain changes to the composition of Motor One's board, management concluded that it obtained control of Motor One, and consequently, that Motor One became a subsidiary of the Group.	We were assisted by our valuation expert in aspects of our work. We tested the fair values of the intangible assets recognized, as follows: • Evaluated the application of valuation methodology utilised to derive the fair value of the identified intangible assets. • Tested the reasonableness of valuation assumptions and inputs by:

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Key audit matter	How our audit addressed the key audit matter
The accounting for the acquisition was a key audit matter because it was a significant transaction for the year, given the financial and operational impacts on the Group. We focused on this area due to the nature of business combinations, the requirements of which can be complex and require management to exercise judgement in determining certain estimates. The complex judgements include identifying and estimating the fair value of the intangible assets acquired. The Group was assisted by an external valuation expert in this process.	○ Referencing historical information in management's cash flow projections to supporting documents and information; ○ Corroborating the revenue forecasts, retention ratio, claims ratio, expense forecasts, capital and growth rates by comparison to independent economic and statistical data; ○ Comparing the discount rate to that used by other market participants; and ○ Agreeing the remaining useful lives of each intangible asset identified to the period over which the cash flows are expected to be generated. • Tested the mathematical accuracy of management's discounted cash flow by reperforming the underlying calculations. • We performed sensitivity analyses on certain of management's assumptions and inputs. • Assessed the competence and capability of management's valuation expert. Based on the procedures performed, no adjustments were considered necessary.
Valuation of claims liabilities for general insurance contracts *Refer to notes 2 (r) and 32 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates* As at year end, the total reserves set aside in relation to the claims liabilities amount to $3.84 billion for the Group and $2.26 billion for the Company. This represented 47% and 37% of total liabilities for the Group and Company, respectively. We focused on this area as the determination of the value of the claims liabilities requires significant judgement in the selection of key assumptions and application of actuarial methodologies.	We performed the following procedures aimed at assessing the assumptions and judgements used by management in the determination of claims liabilities: • tested the operating effectiveness of the controls over the claims business process. We determined that we could rely on these controls for the purposes of our audit. • performed detailed testing over the claims provision and claims paid to underlying source documentation.

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Key audit matter	How our audit addressed the key audit matter
In particular, judgement arises over the estimation of liabilities for claims reported as well as those that have been incurred but not reported as at 31 December 2019. There is generally less information available in relation to incurred but not reported claims which could lead to greater variability between initial estimates and final settlement. Management engaged an actuarial expert to assist in determining the value of the claims liability included in the consolidated and stand-alone statement of financial position.	• tested the completeness, accuracy and reliability of the underlying data utilized by management, and its external actuarial experts, to support the actuarial valuation. • evaluated the independence, experience and objectivity of management's actuarial expert. • assisted by our actuarial expert, we assessed the actuarial assumptions used by management in determining claims liabilities. We considered the suitability of the methodology used in establishing claims liabilities against industry benchmarks and our knowledge and experience. The methodologies and assumptions used by management in establishing claims liabilities were found to be consistently applied and appropriate in the circumstances.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Powell.

PricewaterhouseCoopers

Chartered Accountants
7 May 2020
Kingston, Jamaica

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Gross Premiums Written		10,727,828	8,735,797
Reinsurance ceded		(8,151,493)	(6,745,749)
Excess of loss reinsurance cost		(130,176)	(127,754)
Net premiums written		2,446,159	1,862,294
Changes in unearned premiums, net		(212,387)	(231,864)
Net Premiums Earned		2,233,772	1,630,430
Commission income		857,540	695,668
Commission expense		(451,857)	(334,247)
Claims expense	10	(1,205,328)	(1,023,022)
Management expenses		(991,991)	(794,061)
Underwriting Profit		442,136	174,768
Investment income	11	229,885	174,675
Finance charge		(7,568)	-
Other income	12	202,175	47,041
Other operating expenses	13	(96,474)	(43,915)
Profit before Taxation		770,154	352,569
Taxation		(118,596)	(67,199)
Net Profit for the Year		651,558	285,370
Attributable to:			
Owners of General Accident Insurance Company Jamaica Limited		558,760	285,370
Non-controlling interests	37	92,798	-
		651,558	285,370
EARNINGS PER SHARE	16	$0.54	$0.28
Other Comprehensive Income, net of tax:			
Items that may not be subsequently reclassified to profit or loss			
Unrealised gains on FVOCI investments		64,330	2,643
Unrealised gains on revaluation of real estate investment		25,134	3,933
Foreign currency translation reserve		(40,067)	-
Total Other Comprehensive Income		49,397	6,576
TOTAL COMPREHENSIVE INCOME		700,955	291,946
Total Comprehensive Income Attributable to:			
Owners of General Accident Insurance Company Jamaica Limited		618,930	291,946
Non-controlling interests	37	82,025	-
		700,955	291,946

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Financial Position

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
ASSETS			
Cash and short-term investments	18	642,329	656,143
Taxation recoverable		80,468	137,962
Due from policyholders, brokers and agents		1,116,972	920,191
Due from reinsurers and coinsurers	19	2,220,132	1,644,177
Deferred policy acquisition cost		473,244	416,235
Other receivables	20	167,408	159,747
Due from related parties	9	11,656	4,108
Loans receivable	21	-	28,964
Right of use assets	30	92,157	-
Investment securities	22	4,752,243	2,470,527
Investment properties	24	519,216	206,655
Real estate investment	25	193,633	184,367
Property, plant and equipment	26	574,434	230,763
Intangible assets	27	196,174	2,325
Total assets		11,040,066	7,062,164
LIABILITIES			
Taxation payable		4,426	-
Due to reinsurers and coinsurers	28	961,524	706,156
Other liabilities	29	406,205	316,303
Due to related parties	9	17,130	-
Lease liabilities	30	98,015	-
Deferred tax liabilities	31	44,933	7,144
Insurance reserves	32	6,504,268	3,975,949
Total liabilities		8,036,501	5,005,552
SHAREHOLDERS' EQUITY			
Share capital	33	470,358	470,358
Capital reserves	34	152,030	152,030
Property revaluation reserve	35	58,812	40,819
Fair value reserve	36	79,112	14,898
Translation reserve		(22,037)	-
Retained earnings		1,791,743	1,378,507
		2,530,018	2,056,612
Non-Controlling Interest	37	473,547	-
Total shareholders' equity		3,003,565	2,056,612
Total liabilities and shareholders' equity		11,040,066	7,062,164

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:

Paul B. Scott	Chairman	Sharon Donaldson-Levine	Director

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Capital Reserves $'000	Property Revaluation Reserve $'000	Fair Value Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 January 2018		470,358	152,030	36,886	12,255	-	1,243,184	-	1,914,713
Comprehensive income:						-			
Net profit for the year		-	-	-	-	-	285,370	-	285,370
Other comprehensive income		-	-	3,933	2,643	-	-	-	6,576
Total comprehensive income		-	-	3,933	2,643	-	285,370	-	291,946
Transactions with owners									
Dividends	17	-	-	-	-	-	(150,047)	-	(150,047)
Balance at 31 December 2018		470,358	152,030	40,819	14,898	-	1,378,507	-	2,056,612
Effect of adopting IFRS 16	41	-	-	-	-	-	(2,840)	-	(2,840)
As restated at 1 January 2019		470,358	152,030	40,819	14,898	-	1,375,667	-	2,053,772
Comprehensive income:									
Net profit for the year		-	-	-	-	-	558,760	92,798	651,558
Other comprehensive income		-	-	17,993	64,214	(22,037)	-	(10,773)	49,397
Total comprehensive income		-	-	17,993	64,214	(22,037)	558,760	82,025	700,955
Non-controlling interest on acquisition of subsidiary	37	-	-	-	-	-	-	391,522	391,522
Transactions with owners									
Dividends	17	-	-	-	-	-	(142,684)	-	(142,684)
Balance at 31 December 2019		470,358	152,030	58,812	79,112	(22,037)	1,791,743	473,547	3,003,565

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Net profit		651,558	285,370
Adjustments for items not affecting cash:			
Depreciation	26,30	84,639	41,827
Amortisation of intangible assets	27	11,835	2,075
Amortisation of investment premium		(6,188)	4,822
Gains on revaluation of investment property	11	(19,346)	(9,800)
Adjustment to intangible assets		-	(223)
ECL on debt investments		(6,697)	(6,720)
Gain on disposal of property, plant and equipment	12	(1,758)	(2,663)
Finance charge		7,568	-
Interest income	11	(148,721)	(140,742)
Dividend income	11	(18,172)	(109)
Current taxation	15	80,807	62,348
Deferred taxation	15	37,789	4,851
Foreign exchange gains		(57,515)	(10,261)
Increase in deferred policy acquisition cost		(57,009)	(81,692)
(Decrease)/increase in insurance reserves		(100,574)	783,171
		458,216	932,254
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		(212,805)	(312,238)
Other receivables		(7,661)	(85,268)
Other liabilities		48,349	28,002
Due from related parties		9,582	(2,960)
Due from reinsurers and coinsurers, net		(320,587)	(279,496)
		(24,906)	280,294
Tax deducted at source		(27,791)	(26,288)
Net cash (used in)/provided by operating activities		(52,697)	254,006
Cash Flows from Investing Activities			
Investments, net		127,395	(621,149)
Loans receivable		28,964	35,421
Net cash outflow from acquisition of subsidiary	38	(198,730)	-
Acquisition of investment property		(5,118)	(41,855)
Acquisition of property, plant and equipment	26	(54,904)	(111,053)
Acquisition of intangible asset	27	(3,105)	-
Proceeds from disposal of property, plant and equipment		1,908	6,256
Proceeds from disposal of investment property		293,377	-
Dividend received		18,172	109
Interest received		140,469	146,197
Net cash provided by/(used in) investing activities		348,428	(586,074)
Sub-total c/f		295,731	(332,068)

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Cash Flows (Continued)
Year ended 31 December 2019
(expressed in Jamaican dollars unless otherwise stated)

	Note	2019 $'000	2018 $'000
Sub-total b/f		295,731	(332,068)
Cash Flows from Financing Activities			
Lease payments	30	(47,268)	-
Dividends paid	17	(292,731)	-
Net cash used in by financing activities		(339,999)	-
Decrease in cash and cash equivalents		(44,268)	(332,068)
Effect of exchange rate changes on cash and cash equivalents		30,454	4,175
Cash and cash equivalents at beginning of year		656,143	984,036
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)		642,329	656,143

General Accident Insurance Company Jamaica Limited

Company Statement of Comprehensive Income

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Gross Premiums Written		10,615,009	8,735,797
Reinsurance ceded		(8,151,493)	(6,745,749)
Excess of loss reinsurance cost		(121,743)	(127,754)
Net premiums written		2,341,773	1,862,294
Changes in unearned premiums, net		(225,590)	(231,864)
Net Premiums Earned		2,116,183	1,630,430
Commission income		857,540	695,668
Commission expense		(452,506)	(334,247)
Claims expense	10	(1,206,670)	(1,023,022)
Management expenses	13	(937,561)	(794,061)
Underwriting Profit		376,986	174,768
Investment income	11	174,286	174,675
Finance charge		(6,601)	-
Other income	12	66,512	47,041
Other operating expenses	13	(75,347)	(43,915)
Profit before Taxation		535,836	352,569
Taxation	15	(90,495)	(67,199)
Net Profit for the Year		445,341	285,370
Other Comprehensive Income, net of tax:			
Items that may not be subsequently reclassified to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income		64,072	2,643
Unrealised gains on revaluation of real estate investment		9,265	3,933
Total Other Comprehensive Income		73,337	6,576
TOTAL COMPREHENSIVE INCOME		518,678	291,946

General Accident Insurance Company Jamaica Limited

Company Statement of Financial Position

31 December 2019

(expressed in Jamaican dollars unless otherwise stated)

	Note	2019 $'000	2018 $'000
ASSETS			
Cash and short-term investments	18	403,206	656,143
Taxation recoverable		80,468	137,962
Due from policyholders, brokers and agents		1,115,478	920,191
Due from reinsurers and coinsurers	19	2,215,149	1,644,177
Deferred policy acquisition cost		468,651	416,235
Other receivables	20	166,072	159,747
Due from related parties	9	22,406	4,108
Loans receivable	21	-	28,964
Right of use assets	30	86,499	-
Investment securities	22	3,011,328	2,470,527
Investment in subsidiary	23	348,735	-
Investment properties	24	229,800	206,655
Real estate investment	25	193,633	184,367
Property, plant and equipment	26	227,596	230,763
Intangible assets	27	12,210	2,325
Total assets		8,581,231	7,062,164
LIABILITIES			
Due to reinsurers and coinsurers	28	961,524	706,156
Other liabilities	29	350,274	316,303
Lease liabilities	30	92,148	-
Deferred tax liabilities	31	14,275	7,144
Insurance reserves	32	4,733,244	3,975,949
Total liabilities		6,151,465	5,005,552
SHAREHOLDERS' EQUITY			
Share capital	33	470,358	470,358
Capital reserves	34	152,030	152,030
Property revaluation reserve	35	50,084	40,819
Fair value reserve	36	78,970	14,898
Retained earnings		1,678,324	1,378,507
Total shareholders' equity		2,429,766	2,056,612
Total liabilities and shareholders' equity		8,581,231	7,062,164

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:

Paul B. Scott — Chairman

Sharon Donaldson-Levine — Director

General Accident Insurance Company Jamaica Limited

Company Statement of Changes in Equity

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise stated)

	Note	Share Capital $'000	Capital Reserves $'000	Property Revaluation Reserve $'000	Fair Value Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2018		470,358	152,030	36,886	12,255	1,243,184	1,914,713
Comprehensive income:							
Net profit for the year		-	-	-	-	285,370	285,370
Other comprehensive income		-	-	3,933	2,643	-	6,576
Total comprehensive income		-	-	3,933	2,643	285,370	291,946
Transactions with owners							
Dividends	17	-	-	-	-	(150,047)	(150,047)
Balance at 31 December 2018		470,358	152,030	40,819	14,898	1,378,507	2,056,612
Effect of adopting IFRS 16	41	-	-	-	-	(2,840)	(2,840)
Restated at 1 January 2019		470,358	152,030	40,819	14,898	1,375,667	2,053,772
Comprehensive income:							
Net profit for the year		-	-	-	-	445,341	445,341
Other comprehensive income		-	-	9,265	64,072	-	73,337
Total comprehensive income		-	-	9,265	64,072	445,341	518,678
Transactions with owners							
Dividends	17	-	-	-	-	(142,684)	(142,684)
Balance at 31 December 2019		470,358	152,030	50,084	78,970	1,678,324	2,429,766

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise stated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Net profit		445,341	285,370
Adjustments for items not affecting cash:			
Depreciation	26,30	72,665	41,827
Interest expense		6,468	
Amortisation of intangible assets	27	2,682	2,075
Amortisation of investment premium		3,327	4,654
Gains on revaluation of investment property		(18,027)	(9,800)
Adjustment to intangible assets		-	(223)
ECL on debt investments		(6,027)	(6,720)
Gain on disposal of property, plant and equipment	12	(1,758)	(2,663)
Interest income	11	(109,568)	(140,742)
Dividend income	11	(18,076)	(109)
Current taxation	15	83,364	62,348
Deferred taxation	15	7,131	4,851
Foreign exchange (gains)/losses		(29,034)	(10,093)
Increase in deferred policy acquisition cost		(52,416)	(81,692)
Increase in insurance reserves		757,295	783,171
		1,143,367	932,254
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		(195,287)	(312,238)
Other receivables		(6,325)	(85,268)
Other liabilities		73,392	28,002
Due from related parties		(18,298)	(2,960)
Due from reinsurers and coinsurers, net		(315,604)	(279,496)
		681,245	280,294
Tax deducted at source		(25,870)	(26,288)
Net cash provided by operating activities		655,375	254,006
Cash Flows from Investing Activities			
Investments, net		(464,575)	(621,149)
Loans receivable		28,964	35,421
Acquisition of investment property		(5,118)	(41,855)
Acquisition of property, plant and equipment	26	(49,598)	(111,053)
Acquisition of intangible assets		(3,105)	-
Acquisition of subsidiary	38	(238,107)	-
Proceeds from disposal of property, plant and equipment		1,908	6,256
Dividend received		18,076	109
Interest received		101,316	146,197
Net cash used in investing activities		(610,239)	(586,074)
Sub-total c/f		45,136	(332,068)

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows (Continued)

Year ended 31 December 2019

(expressed in Jamaican dollars unless otherwise stated)

	Note	2019 $'000	2018 $'000
Sub-total b/f		45,136	(332,068)
Cash Flows from Financing Activities			
Lease payments		(34,186)	-
Dividends paid	17	(292,731)	-
Net cash used in by financing activities		(326,917)	-
Decrease in cash and cash equivalents		(281,781)	(332,068)
Effect of exchange rate changes on cash and cash equivalents		28,844	4,175
Cash and cash equivalents at beginning of year		656,143	984,036
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)		403,206	656,143

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

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 acquired a motor insurance company during the current year (Note 38). It also acquired a licence to start operations for a recently formed subsidiary (Note 2(b)). The company together with its subsidiaries are referred to as 'the Group'.

2. Summary of Significant Accounting Policies

The principal financial accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

Accounting pronouncements effective in 2019 which are relevant to the Group's operations

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year and are relevant to the Group's operations. The adoption of these new pronouncements has impacted the Group as discussed below.

- **IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019).** This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognised as an asset that was depreciated over the lease term and the amount due to the lessor recognised as borrowings; while operating leases were recognised as a periodic rental payment that was treated as a current expense in the income statement.

  IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting stays almost the same.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Accounting pronouncements effective in 2019 which are relevant to the Group's operations

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 16 [C7], comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in Note 2 (i) and the impact on the financial statements on adoption of the new standard is disclosed in Note 41.

- **Amendment to IFRS 9, 'Financial instruments on prepayment features with negative compensation'** (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. There was no impact from the adoption of this amendment.

- **Amendment to IAS 28, 'Investments in associates and joint ventures' (effective for annual periods beginning on or after 1 January 2019**). This amendment clarifies that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. There was no impact from the adoption of this amendment.

- **IFRIC 23,'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019).** This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether the treatment will be accepted by the tax authority. There was no impact from the adoption of this amendment.

- Annual improvements to IFRSs 2015 – 2017 cycles. These amendments include minor changes to the following standards:
  - IFRS 3, 'Business combinations', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that an entity should re-measure its previously held interest in a joint operation at fair value when it obtains control of the business.
  - IFRS 11, 'Joint arrangements', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that an entity should not re-measure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12, 'Income taxes', (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that the income tax consequences of dividend payments should be recognised according to where the past transactions or events that generated distributable profits were recognised.
  - IAS 23, 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes a part of general borrowings.

There was no impact from the adoption of these amendments.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the group's accounting periods beginning on or after 1 January 2020 or later periods but were not effective at the statement of financial position date. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following, as shown below, may be immediately relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

- **IFRS 17, 'Insurance contracts',** (effective for annual periods beginning on or after 1 January 2023). IFRS 17 replaces IFRS 4 which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of discount probability – weighted cash flows, an explicit risk adjustment, and a contract service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. This IFRS provides a common global insurance accounting standard leading to consistency in recognition, measurement, presentation and disclosure. The Group is currently assessing the impact of this standard.

- **Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2020**). These amendments clarify the definition of materiality and the meaning of primary users of general purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The Group is currently assessing the impact of this standard.

- **Amendment to IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 January 2020).** This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The Group will apply this amendment to future transactions.

- **Amendments to IFRS 10, 'Consolidated financial statements' and 'IAS 28 Investments in associates and joint ventures'.** The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investment in the associate or joint venture. The amendments apply prospectively

- Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The Group is currently assessing the impact of this revision.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities' returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds no ownership interests in the entity, or when it holds less than majority of voting power in an entity. In such cases, the Group exercises judgement and assesses its power to direct the relevant activities of the entity, as well as its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity.

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.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The company's subsidiaries are listed below, which together with the company are referred to as 'the Group'

Entity	Country of Incorporation and place of business	Nature of business	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests%
Motor One Insurance Company Limited	Trinidad and Tobago	General Insurance Services	55	45
General Accident Insurance Company (Barbados) Limited*	Barbados	General Insurance Services	*	*

*The company was incorporated at year end but was not capitalised until February 2020. The company is yet to commence operations.

(c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax and is recognised as follows:

Insurance services

Gross premiums written are recognised on a pro-rated basis over the life of the policies written. The portion of premiums written in the current year which relates to coverage in subsequent years is deferred as unearned premiums (Note 2(r)(i)).

Commissions payable on premium income and commissions receivable on reinsurance of risks are charged and credited to profit or loss, respectively, over the life of the policies.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

Dividend

Dividend income for equities is recognised when the right to receive payment is established.

Rental income

Rental income is recognised on an accrual basis.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(d) Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost. For purposes of the cash flow statement, cash and cash equivalents comprise balances with maturity dates of less than 90 days from the dates of acquisition including cash and bank balances and deposits held on call with banks that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which it operates (the functional currency). The financial statements are presented in Jamaican dollars which is also the Group's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Changes in the fair value of monetary assets denominated in foreign currencies and classified at amortised cost are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the profit or loss, and other changes are recognised in other comprehensive income.

(f) Financial instruments

Financial instruments carried on the statement of financial position include investments, due to and from related parties, due to and from reinsurers and coinsurers, due from policyholders, brokers and agents, loans and other receivables, cash and short term investments, other liabilities and claims liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair values of the Group's financial instruments are discussed in Note 6.

(g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The Group will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(g) Financial assets (continued)

(iii) Measurement
At initial recognition, the Group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments is based on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets are included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/(losses). Impairment losses are presented as separate line item in profit or loss.

- FVOCI – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(g) Financial Assets (continued)

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost (include cash and cash equivalent, excluding bank balances) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4 (c) (i) for further details.

(h) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

(i) Leases

The Group's leases originates from the rental agreements for various office buildings.

As of 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leases asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

i) Fixed payments (including in-sibstance fixed payments), les any lease incentives receivables
ii) Variable lease payments that are based on an index or a rate
iii) Amounts expected to be payable by the lessee under residual value guarantees
iv) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses existing borrowing rates from our existing banks, as no entity within the Group have existing borrowings.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or a rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(i) Leases (continued)

Right-of-use assets are measures at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease term is determined as the non-cancellable period of the lease and takes account of extension and termination options if it is reasonably certain to be exercised. Majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(j) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk. The Group's insurance contracts are classified as short-term insurance contracts which include casualty and property insurance contracts.

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employer's liability) and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the date of the statement of financial position is reported as unearned premium in Insurance Reserves. Premiums are shown before deductible commission.

Claims and loss adjustments expenses are charged to profit or loss as incurred based on estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group. Statistical analysis is used to estimate claims incurred but not reported, as well as the expected ultimate cost of more complex claims that may be affected by external factors.

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2. Summary of Significant Accounting Policies (Continued)

(k) Deferred policy acquisition costs

The cost of acquiring and renewing insurance contracts, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the contracts, are deferred over the unexpired period of risk carried. Deferred policy acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period.

(l) Reinsurance ceded

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are classified as reinsurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short–term balances due from reinsurers as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Estimated amounts of reinsurance recoverable, which represent the portion of unearned premiums ceded to the reinsurers, are included in recoverable from reinsurers on the statement of financial position.

The Group relies upon reinsurance agreements to limit the potential for losses and to increase its capacity to write insurance. Reinsurance arrangements are effected under reinsurance treaties and by negotiation on individual risks. Reinsurance does not relieve the Group from liability to its policyholders. To the extent that a reinsurer may be unable to pay losses for which it is liable under the terms of the reinsurance agreement, the Group is exposed to the risk of continued liability for such losses. However, in an effort to reduce the risk of non-payment, the Group requires all of its reinsurers to have A.M. Best or Standard & Poor's or equivalent rating of A- or better.

If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss.

(m) Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is computed on the straight-line method at rates estimated to write off the assets over their expected useful lives as follows:

Buildings	5% and 2.5%
Furniture, fixtures and equipment	10%
Motor vehicles	20%

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

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2. Summary of Significant Accounting Policies (Continued)

(n) Intangible assets

Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life, which is between three to five years.

Renewal rights

Renewal rights are recorded at cost and represent the value of consideration paid to acquire policies in force with high renewal probability. These costs are amortised over the estimated useful life of the rights, which ranges from 4- 5 years.

Distribution relationships

Distribution relationships are recorded at cost and represent the value of consideration paid to acquire existing intermediary distribution channels. These costs are amortised over the estimated useful life these relationships which is approximately 8 years.

Licence

Licence are recorded at cost and represent the value of consideration paid to acquire regulatory licence to operate in a regulatory environment. Licence have an indefinite useful live and is assessed annually for impairment and are carried at cost less accumulated impairment losses.

(o) Impairment of long-lived assets

Long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(p) Investment properties

Investment property comprise significant portions of freehold residential buildings that are held for long-term rental yield and/or for capital appreciation.

Investment properties are treated as a long-term investment, initially recognized at cost and subsequently carried at fair value, based on fair market valuation exercise conducted annually by independent qualified values. Changes in fair values are recorded in the income statement.

(q) Real estate investment

Real estate investment represents the Group's beneficial interest in properties which are leased to third parties and held in trust for a group of investors under a Trust Deed. The Group shares in the rental income from the lease of properties as well as fair value appreciation on the properties based on valuations carried out by independent valuators from time to time. The Group's share of lease income is recorded in the statement of comprehensive income. The appreciation is recorded in OCI.

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2. Summary of Significant Accounting Policies (Continued)

(r) Insurance reserves

Under the Insurance Regulations, 2001, the Group is required to actuarially value its insurance reserves annually. Consequently, provision for claims incurred but not reported (IBNR) has been independently actuarially determined. The remaining components of the reserves are also reviewed by the actuary in determining the overall adequacy of the provision for the Group's insurance liabilities.

(i) Provision for unearned premium

The provision for unearned premium represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the date of the statement of financial position and is computed by applying the "365th" method to gross written premiums for the period, except for marine where the unearned premium reserve is calculated as 20% of the year's gross written premiums.

(ii) Unearned commission

The unearned commission represents the actual commission income on premium ceded on proportional reinsurance contracts relating to the unexpired period of risk carried. The income is deferred as unearned commission reserves,and amortised over the period in which the commissions are expected to be earned. These reserves are calculated on the 365th method.

(iii) Claims outstanding

A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end, including claims incurred but not reported (IBNR), less amounts already paid in respect of those claims. This provision is estimated by management (insurance case reserves) and the appointed actuary (IBNR) on the basis of claims admitted and intimated.

(iv) Claims incurred but not reported

The reserve for IBNR claims has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method, the Expected Loss Ratio method and the Frequency-Severity method (Note 32). This calculation is done in accordance with the Insurance Act 2001.

(v) The provision for unexpired period of risks is determined by the appointed actuary and represents the expected future costs associated with the unexpired portion of policies in force as of the reporting date, in excess of the net unearned premium minus deferred policy acquisition costs

(vi) At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of the policy liabilities, net of related deferred policy acquisition costs. In performing these tests, current best estimates of future contractual cashflows are compared to the carrying amount of policy liabilities and any deficiency is immediately recognised in profit or loss as unexpired risk provision.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(s) Accounts payable

Payables are recognised at fair value and subsequently measured at amortised cost.

(t) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognised as income tax expense or benefit in net profit or loss in the statement of comprehensive income except where they relate to items recorded in other comprehensive income or equity, in which case they are also charged or credited to other comprehensive income or equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at date of the statement of financial position, and any adjustment to tax payable and tax losses in respect of the previous years.

(ii) Deferred income taxes

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(u) Employee benefits

(i) Pension obligations

The Group participates in the defined contribution pension plan of a related company, T. Geddes Grant (Distributors) Limited. A defined contribution pension plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions paid by the Group are recorded as an expense in profit or loss.

(ii) Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Profit-sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

General Accident Insurance Company Jamaica Limited

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2. Summary of Significant Accounting Policies (Continued)

(v) Dividend distribution

Dividend distribution to the company's shareholders is recognised as an appropriation in the Group's financial statements in the period in which the dividends are approved by the Board of Directors.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

3. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors, pursuant to the Insurance Act, appoints the Actuary. His responsibility is to carry out an annual valuation of the Group's claims liabilities and insurance reserves in accordance with accepted actuarial practice and regulatory requirements and report thereon to the shareholders. In performing the valuation, the Actuary analyses past experience with respect to number of claims, claims payment and changes in estimates of outstanding liabilities.

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and his report on claims liabilities and insurance reserves.

General Accident Insurance Company Jamaica Limited

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4. Insurance and Financial Risk Management

(a) Insurance risk

The Group's activities expose it to a variety of insurance and financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Board of Directors is ultimately responsible for the establishment and oversight of the risk management framework. The Board of Directors has established committees and departments for managing and monitoring risks, as follows:

(i) Investment and Loan Committee
The Investment and Loan Committee is responsible for monitoring and approving investment strategies for the Group.

(ii) Finance Department
The Finance Department is responsible for managing the Group's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group.

(iii) Conduct Review Committee
The Conduct Review Committee is responsible for monitoring the Group's adherence to regulatory and statutory requirements.

(iv) Audit Committee
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(v) Remuneration Committee
The remuneration committee is responsible for reviewing and recommending for approval, the remuneration arrangements of the directors and senior officers.

The most important types of risk are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group issues contracts that transfer insurance risk. This section summarises these risks and the way the Group manages them.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques

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4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the types of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts are concentrated within Jamaica and Trinidad and Tobago (2018 – Jamaica).

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. This is however subject to the policy limit. Liability claims are settled over a long period of time and a portion of the claims provision relates to incurred but not reported (IBNR) claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing the claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the date of financial position. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Casualty contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the date of the statement of financial position.

In calculating the estimated cost of unpaid claims (both reported and not), the Group uses estimation techniques that are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

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4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) is analysed by type of risk for current and prior year premiums earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Management sets policy and retention limits based on guidelines set by the Board of Directors. The policy limit and maximum net retention of any one risk for each class of insurance for the year are as follows:

	2019		2018	
	Policy Limit '000	Maximum Net Retention '000	Policy Limit '000	Maximum Net Retention '000
Jamaica				
Commercial property –				
Fire and consequential loss	US$8,000	US$800	US$8,000	US$800
Personal property	US$8,000	US$800	US$8,000	US$800
Engineering	US$5,000	US$125	US$5,000	US$125
Liability	J$40,000	J$20,000	J$40,000	J$20,000
Marine, aviation and transport	US$750	US$125	US$750	US$125
Motor	J$20,000	J$7,500	J$20,000	J$5,000
Miscellaneous Accident –				
All Risk	J$30,000	J$2,000	J$30,000	J$2,000
Burglary	J$5,000	J$1,000	J$5,000	J$1,000
Cash/Money	J$5,000	J$1,000	J$5,000	J$1,000
Fidelity	J$5,000	J$1,000	J$5,000	J$1,000
Bonds	J$60,000	J$12,000	J$60,000	J$12,000
Goods in Transit	J$5,000	J$1,000	J$5,000	J$1,000
Personal Accident	J$7,500	J$1,500	J$7,500	J$1,500
Trinidad and Tobago				
Motor	TT$800	TT$800	-	-

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4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities
The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results.

In applying the noted methodologies, the following assumptions were made:

(i) Claims inflation has remained relatively constant and there have been no material legislative changes in the Jamaican civil justice system that would cause claim inflation to increase dramatically.

(ii) There is no latent environmental or asbestos exposure embedded in the Group's loss history.

(iii) The Group's case reserving and claim payments rates have remained, and will remain, relatively constant.

(iv) The overall development of claims costs gross of reinsurance is not materially different from the development of claims costs net of reinsurance. This assumption is supported by the following:

- The majority of the Group's reinsurance program consists of proportional reinsurance agreements; and
- The Group's non-propsortional reinsurance agreements consist primarily of high attachment points.

(v) Claims are expessed at their estimated ultimate undiscounted value, in accordance with the requirement of the Insurance Act, 2001.

Scenario Testing:

The major assumptions that determine reserve levels are:

- Theo selection of a-priori loss ratios within the Bornhuetter-Ferguson methods; and
- The selection of loss development factors.

These factors have been stochastistically modeled using various confidence intervals to determine the impact on the net reserves. The net claims liability (including IBNR) of $3,149,048,000 for the Group and $1,568,329,000 for the company (Note 32) were determined at the 50% confidence interval. Had the confidence interval increased/(decreased) by 10%, the net reserves would increase/(decrease) by $204,803,000/ ($132,950,000) for the Group and $62,734,000/ ($78,418,000) for the company.

Provision for adverse deviation assumptions
The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's ability t
claims liability for accident years 2012 - 2019 has changed at successive year-ends, up to 2019. Updated unpaid cla
date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the devel

The Gr

		2012	2012 and prior	2013	2013 and prior	2014	2014 And Prior	2015	20 a pr
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'0
2012	Paid during year								
	UCAE, end of year	427,197	1,126,482						
	IBNR, end of year	370,140	1,195,227						
	Ratio: excess (deficiency)								
2013	Paid during year	282,471	1,019,269	327,398	1,346,686				
	UCAE, end of year	299,380	883,401	427,007	1,310,408				
	IBNR, end of year	245,164	850,216	282,354	1,132,570				
	Ratio: excess (deficiency)	-3.72%	-18.57%						
2014	Paid during year	167,977	693,622	257,199	950,821	314,016	1,265,108		
	UCAE, end of year	239,634	741,066	314,679	1,055,745	514,158	1,569,903		
	IBNR, end of year	222,941	828,516	264,670	1,093,186	432,663	1,525,849		
	Ratio: excess (deficiency)	-14.51%	-41.38%	-17.93%	-26.88%				
2015	Paid during year	156,519	652,195	183,900	836,095	303,654	1,139,749	346,094	1,485,8
	UCAE, end of year	265,625	1,230,161	322,890	1,553,051	350,290	1,903,341	515,330	2,418,6
	IBNR, end of year	166,811	905,063	178,024	1,083,087	156,241	1,239,328	241,648	1,480,9
	Ratio: excess (deficiency)	-30.36%	-93.84%	-32.80%	-81.05%	14.43%	-38.33%		
2016	Paid during year	86,106	372,351	112,289	484,639	97,621	582,261	295,468	877,7
	UCAE, end of year	293,282	820,985	278,326	1,099,312	403,168	1,502,479	456,157	1,958,6
	IBNR, end of year	172,615	490,354	129,348	619,702	195,802	815,504	218,220	1,033,7
	Ratio: excess (deficiency)	-45.36%	-74.39%	-35.48%	-63.35%	-5.64%	-30.50%	-28.12%	0.7
2017	Paid during year	68,501	228,843	39,687	268,529	107,645	376,174	132,979	509,1
	UCAE, end of year	259,969	585,575	262,394	847,969	399,848	1,247,817	430,798	1,678,6
	IBNR, end of year	42,265	81,148	92,298	173,446	214,595	388,041	322,845	710,8
	Ratio: excess (deficiency)	-33.42%	-56.48%	-33.61%	-45.79%	-18.65%	-20.62%	-56.16%	3.1
2018	Paid during year	50,237	124,971	66,239	191,209	76,584	267,793	65,710	333,5
	UCAE, end of year	168,448	436,475	195,680	632,154	301,702	933,857	414,858	1,348,7
	IBNR, end of year	22,619	40,087	35,956	76,043	73,834	149,877	140,974	290,8
	Ratio: excess (deficiency)	-25.78%	-53.67%	-25.60%	-40.79%	-1.50%	-11.43%	-38.71%	13.8
2019	Paid during year	87,856	216,728	87,888	304,615	194,470	499,086	249,011	748,0
	UCAE, end of year	52,428	148,001	99,144	247,145	102,272	349,416	220,240	569,6
	IBNR, end of year	5,160	9,694	6,252	15,946	35,327	51,272	84,726	135,9
	Ratio: excess (deficiency)	-20.06%	-49.27%	-20.19%	-35.04%	3.09%	-5.49%	-38.46%	18.6

o estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate aims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to opment calculations.

roup

015 nd ior 000	2016 $'000	2016 and prior $'000	2017 $'000	2017 and prior $'000	2018 $'000	2018 and prior $'000	2019 $'000	2019 and prior $'000
352								
570								
976								
729	379,721	1,257,450						
536	550,051	2,508,687						
724	200,066	1,233,790						
6%								
53	411,945	921,097	407,102	1,328,199				
515	424,106	2,102,720	658,944	2,761,664				
385	384,889	1,095,774	426,773	1,522,547				
6%	-62.77%	-10.08%						
503	84,396	417,899	419,091	836,990	704,090	1,541,080		
714	364,568	1,713,283	403,829	2,117,111	702,263	2,819,374		
351	200,408	491,259	251,701	742,960	361,653	1,104,613		
4%	-41.49%	5.32%	1.02%	13.70%				
097	149,021	897,118	158,262	1,055,380	495,868	1,551,248	642,092	2,193,341
556	211,293	780,949	258,251	1,039,200	367,971	1,407,171	724,959	2,132,130
099	138,151	274,150	172,455	446,604	217,437	664,041	352,877	1,016,918
0%	-32.62%	12.06%	7.15%	21.15%	-1.63%	7.68%		

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's claims liability for accident years 2012 - 2019 has changed at successive year-ends, up to 2019. Updated ur date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in th

The Company

		2012	2012 and prior	2013	2013 and prior	2014	2014 and prior	2015	2015 and prior
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012	Paid during year	210,963	210,963						
	UCAE, end of year	272,082	575,987						
	IBNR, end of year	60,864	97,263						
	Ratio: excess (deficiency)	-	-						
2013	Paid during year	156,978	284,026	239,700	523,726				
	UCAE, end of year	161,264	381,738	291,198	672,936				
	IBNR, end of year	25,397	46,347	70,085	116,433				
	Ratio: excess (deficiency)	(3.91%)	(5.02%)	-	-				
2014	Paid during year	54,090	128,563	152,205	280,768	222,509	503,277		
	UCAE, end of year	129,287	314,284	190,624	504,908	322,488	827,396		
	IBNR, end of year	17,729	34,833	33,965	68,798	76,216	145,014		
	Ratio: excess (deficiency)	(7.55%)	(6.26%)	(2.97%)	(0.95%)	-	-	-	-
2015	Paid during year	49,137	98,363	60,574	158,937	185,354	344,291	269,589	613,880
	UCAE, end of year	83,192	217,469	139,704	357,173	207,194	564,367	334,705	899,072
	IBNR, end of year	7,898	22,933	18,455	41,388	31,594	72,982	84,310	157,292
	Ratio: excess (deficiency)	(5.51%)	(30.45%)	(1.37%)	(5.14%)	(6.38%)	(4.37%)	-	-
2016	Paid during year	20,503	50,569	42,773	93,342	65,100	158,442	211,295	369,737
	UCAE, end of year	51,896	142,903	100,284	243,187	148,774	391,961	190,777	582,738
	IBNR, end of year	1,379	9,331	3,047	12,378	15,338	27,716	29,963	57,679
	Ratio: excess (deficiency)	(0.31%)	(6.02%)	(7.25%)	(1.65%)	(9.00%)	(4.22%)	(9.96%)	(12.36%)
2017	Paid during year	18,264	57,883	19,437	77,320	60,515	137,835	102,601	240,436
	UCAE, end of year	61,158	135,557	90,733	226,290	119,584	345,874	132,225	478,099
	IBNR, end of year	4,126	12,175	3,372	15,547	4,937	20,484	17,247	37,731
	Ratio: excess (deficiency)	(9.40%)	(13.88%)	(0.87%)	(6.67%)	(9.23%)	(3.55%)	(10.59%)	(6.59%)
2018	Paid during year	20,483	35,249	38,401	73,650	31,282	104,932	33,231	138,163
	UCAE, end of year	41.045	86,152	48,113	134,265	77,816	212,081	77,148	289,229
	IBNR, end of year	5,172	11,313	5,880	17,193	6,979	24,172	6,642	30,814
	Ratio: excess (deficiency)	(9.83%)	(12.03%)	(0.40%)	(4.89%)	(6.47%)	(0.96%)	(2.84%)	(1.14%)
2019	Paid during year	4105	20,294	11,659	31,953	42,867	74,820	22,270	97,090
	UCAE, end of year	26,478	53,374	26,182	79,556	32,278	111,834	52,473	164,307
	IBNR, end of year	1,099	1,786	2347	4,133	607	4,740	871	5,611
	Ratio: excess (deficiency)	(5.46%)	(8.76%)	3.37%	(0.41%)	(4.21%)	3.65%	(0.89%)	3.88%

ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate npaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to ne development calculations.

2016	2016 and prior	2017	2017 and prior	2018	2018 and prior	2019	2019 and prior
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
-	-						
316,867	686,604						
395,079	977,817						
90,131	147,810						
-	-	-	-				
354,039	594,475	376,268	970,743				
231,093	709,192	491,870	1,201,062				
34,818	72,549	128,131	200,680				
(27.77%)	(22.26%)	-	-				
64,897	203,060	357,070	560,130	657,745	1,217,875		
151,792	441,021	217,186	658,207	610,706	1,268,913		
16,902	47,716	39,187	86,903	112,632	199,535		
(21.11%)	(14.27%)	1.06%	6.88%	-	-		
30,938	128,028	70,661	198,689	391,239	589,928	593,953	1,183,881
89,194	253,501	122,988	376,489	294,613	671,102	693,840	1,364,942
(863)	4,748	7,542	12,290	24,022	36,312	168,069	204,381
(10.92%)	(5.17%)	9.96%	18.13%	1.86%	11.65%	-	-

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4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from insurance contract.

The Group

31 December 2019

Territory	Motor	Property	Other types of risk	Total
	$Millions	$Millions	$Millions	$Millions
Jamaica: Gross	58,672	169,601	132,569	360,842
Net	50,785	12,835	30,494	94,114

The Company

31 December 2019

Territory	Motor	Property	Other types of risk	Total
	$Millions	$Millions	$Millions	$Millions
Jamaica: Gross	58,330	169,601	132,569	360,500
Net	50,443	12,835	30,494	93,772

The Group and Company

31 December 2018

Territory	Motor	Property	Other types of risk	Total
	$Millions	$Millions	$Millions	$Millions
Jamaica: Gross	48,981	165,579	113,466	328,026
Net	43,359	12,369	35,173	90,901

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4. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Retention limits represent the level of risk retained by the cedant insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit or as agreed. The retention programs used by the Group are summarised below:

(a) Facultative reinsurance treaties are accepted on a per risk basis.

(b) The group has treaty arrangements as follows:

(i) Property and allied perils 90%:10% Quota Share of premiums i.e. 90% ceded premiums and 10% retention.

(ii) Motor 75%:25% Quota Share of premiums i.e. 75% ceded premiums and 25% retained

(iii) Excess of loss treaty for motor and third-party liability, which covers losses in excess of J$7,500,000 for any one loss or event.

(iv) Excess of loss treaty for motor and third-party liability, which covers losses in excess of TT$800,000 for any one loss or event.

(v) First surplus and a quota share treaty for engineering business with retention of US$75,000.

(vi) First surplus treaty for miscellaneous accident, losses covered in excess of J$2,000,000.

(vii) Catastrophe excess of loss treaty which covers losses in excess of J$125,000,000 for any one catastrophic event as defined.

(c) The Group reinsures with several reinsurers. Of significance are Munich Reinsurance, R & V Reinsurance, Scor Reinsurance and Swiss Reinsurance Company. All other reinsurers carry lines under 10%. The Group's business model supports the placement of specialty risk directly in the overseas market on a per risk basis. In keeping with the Group's risk policy, placement of these risks are with several reinsurers. A.M Best (Best) and Standard & Poor's (S & P) ratings for the major reinsurers are as follows:

	A.M Best		S & P	
	2019	**2018**	**2019**	**2018**
Munich Reinsurance Company	A^{+}	A^{+}	AA^{-}	AA^{-}
R & V Reinsurance	-	-	AA-	AA-
Scor Reinsurance Company	A+	A+	AA-	AA-
Swiss Reinsurance Company	A^{+}	A^{+}	AA-	AA-

(d) The amount of reinsurance recoveries recognised during the period is as follows:

	The Group		The Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Property	75,527	86,712	75,527	86,712
Motor	234,623	86,708	237,828	86,708
Marine	-	358	-	358
Liability	5,382	3,799	5,382	3,799
Engineering	14,983	3,395	14,983	3,395
Miscellaneous Accidents	9,351	39,603	9,351	39,603
	339,866	220,575	343,071	220,575

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, market risk, cash flow risk, currency risk, price risk and credit risk.

These risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are credit risk, interest rate risk and market risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that its reinsurers, brokers, customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is an important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers and investment contracts and loans receivable.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

The Group's senior management meets on a monthly basis to discuss the ability of customers and other counterparties to meet repayment obligations.

(i) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group's senior management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(ii) Premium receivables

The Group's senior management examines the payment history for significant contract holders with whom they conduct regular business. Management information reported to the Group includes details of provisions for impairment on premium receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where significant exposure to individual policyholders or homogenous groups of policyholders exists, a financial analysis is carried out by senior management and where necessary cancellation of policies is effected for amounts deemed uncollectible.

(iii) Loans and leases receivable

The Group's management of exposure to loans and leases receivable is influenced mainly by the individual characteristics of each customer. Management has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering credit facilities. Customers are required to provide a letter of guarantee and proof of collateral to be held as security.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Credit review process (continued)

(iv) Investments
The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Impairment of Financial Assets
The Group has two types of financial assets that are subject to expected credit loss model:
- Premium receivables
- Debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions and the identified impairment loss was immaterial.

Premium receivables
The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL), which uses a lifte time expected loss allowance for these assets.

To measure the ECLs, premium receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of premium over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Jamaica to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors

In determiming the classification of our brokers, we considered the payment pattern for the past 24 months.

Maximum exposure to credit risk
The following table contains an analysis of the credit risk exposure of premium receivables for which an ECL is recognized. The gross carrying amount of premium receivables below also represents the Group's maximum exposure to credit risk on these assets.

	The Group and Company	
	2019	2018
	$'000	$'000
Low risk	159,789	110,380
Standard risk	962,649	814,127
Gross carrying amount	1,122,438	924,507
Loss allowance	(6,960)	(4,316)
Carrying amount	1,115,478	920,191

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loss allowance

The movement on the loss allowance for insurance receivables was as follows:

	The Group and Company	
	2019	2018
	$'000	$'000
Opening loss allowance as at 1 January	4,316	4,133
Increase in allowance recognised in profit or loss during the period	2,644	183
Closing loss allowance as at 31 December 2019	6,960	4,316

The loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for premium receivables:

	The Group and Company					
	2019 $'000	Expected loss rate	Loss allowance	2018 $'000	Expected loss rate	Loss allowance
Less than 45 days	430,785	0.015%	64	455,086	0.07%	319
Within 45 days to 3 months	237,700	0.037%	87	223,525	0.44%	984
Over 3 months	453,953	1.500%	6,809	245,896	1.23%	3,013
Gross amount	1,122,438		6,960	924,507		4,316

Loss allowance for receivables have not been accounted for within the subsidiary as the entity operates primarily on a cash basis.

Premium receivables

The following table summarises the Group's credit exposure for premium receivables at their carrying amounts, as categorised by brokers and direct business:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Brokers and Insurance Companies	837,674	642,195	837,325	642,195
Direct	279,298	277,996	278,153	277,996
	1,116,972	920,191	1,115,478	920,191

All premium receivables are receivable from policyholders, brokers and agents in Jamaica.

General Accident Insurance Company Jamaica Limited

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4. Insurance and Financial Risk Management (Continued)

(d) Financial risk (continued)

(i) Credit risk (continued)

Debt securities

The following table summarises the Group's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Government of Jamaica	61,414	172,662	61,414	172,662
Government of Trinidad and Tobago	1,494,785	-	-	-
Other government	57,787	96,604	57,787	96,604
Certificate of Deposits	2,464,034	1,497,792	2,269,740	1,497,792
Corporate	90,849	244,255	90,849	244,255
	4,168,869	2,011,313	2,479,790	2,011,313

Significant increase in credit risk

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the Group uses credit ratings along with rating outlooks from recognised rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorise as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Expected credit loss measurement

The Group assesses on a forward-looking basis the ECL associated with debt investments. The ECL recognised by the Group reflects an unbiased and probability weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost at the reporting date. The ECL is the product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The PD presents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation.

EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is calculated on a 12 month or a lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is a percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. There were no transfers between stages from the date of adoption to the reporting date.

The loss allowance for debt investments at amortised cost as at 31 December 2019 reconciles to the opening loss allowance on 1 January 2019 and to the closing loss allowance as at 31 December 2019 as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Opening loss allowance as at 1 January	13,706	20,426	13,706	20,426
ECL on acquisition	5,317	-	-	-
Decrease in loss allowance recognised in profit or loss in the statement of comprehensive income during the year	(6,697)	(6,720)	(6,027)	(6,720)
Closing loss allowance as at 31 December	12,326	13,706	7,679	13,706

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2019 total $19,286,000 (investment securities, $12,326,000 and trade receivable, $6,960,000).

Sensitivity analysis

Set out below are the changes in ECL as at 31 December 2019 that would result from a reasonably possible change in the PDs used by the Group:

	Impact on ECL					
			The Group		The Company	
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Higher threshold**	**Lower threshold**	**Higher threshold**	**Lower threshold**
					$'000	**$'000**
Debt instruments at amortised cost	1% - 4%	+/- 20%	8,713	(13,070)	2,742	(2,742)
Trade receivables and other receivables	0.1% -3%	+/- 20%	1,391	(1,391)	863	(863)
Total			10,104	(14,461)	3,605	(3,605)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfil claims and other liabilities incurred.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;

(iii) Optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and

(v) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)`

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Financial assets and financial liabilities cash flows
The tables below present the undiscounted cash flows of the Group's financial assets and liabilities based on contractual repayment obligations:

	The Group						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019:							
Cash and short-term investments	642,216	-	-	-	-	-	642,216
Due from policyholders, brokers and agents	786,742	330,230	-	-	-		1,116,972
Due from reinsurers and coinsurers	1,037,257	586,116	314,882	276,894	-	-	2,215,149
Other receivables	-	-	-	-	-	473,244	473,244
Deferred policy acquisition cost	2,246	24,937	-	-	-	75,356	102,539
Due from related parties	-	-	-	-	-	11,656	11,656
Investment securities	373,754	433,987	2,128,719	1,276,992	56,414	481,671	4,751,537
Total financial assets	2,842,215	1,375,270	2,443,601	1,553,886	56,414	1,041,927	9,313,313
Due to reinsurers and coinsurers	452,779	508,745	-	-	-	-	961,524
Other liabilities	128,708	10,487	156,382	110,628	-	-	406,205
Due to related parties	-	17,130	-	-	-	-	17,130
Lease liabilities	4,053	8,106	26,956	68,079	-	-	107,194
Claims liabilities	3,258,693	295,038	1,578,522	1,372,015	-	-	6,504,268
Total financial liabilities	3,844,233	839,506	1,761,860	1,550,722	-	-	7,996,321
Net Liquidity Gap	(1,002,018)	535,764	681,741	3,164	56,414	1,041,927	1,316,992
Cumulative gap	(1,002,018)	(466,254)	215,487	218,651	275,065	1,316,992	

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

	The Company						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019:							
Cash and short-term investments	403,093	-	-	-	-	-	403,093
Due from policyholders, brokers and agents	785,248	330,230	-	-	-	-	1,115,478
Due from reinsurers and coinsurers	1,213,691	586,116	138,448	276,894	-	-	2,215,149
Deferred policy acquisition cost	-	-	-	-	-	473,244	473,244
Other receivables	2,246	24,937	-	-	-	75,356	102,539
Due from related parties	-	-	-	-	-	22,406	22,406
Investment securities	347,116	433,987	1,546,623	199,367	22,182	481,671	3,030,946
Total financial assets	2,751,394	1,375,270	1,685,071	476,261	22,182	1,052,677	7,362,855
Due to reinsurers and coinsurers	452,779	508,745	-	-	-	-	961,524
Other liabilities	102,848	10,487	126,311	110,628	-	-	350,274
Lease liabilities	2,853	5,706	25,841	68,079	-	-	102,479
Claims liabilities	2,953,161	277,754	761,654	740,675	-	-	4,733,244
Total financial liabilities	3,511,641	802,692	913,806	919,382	-	-	6,147,521
Net Liquidity Gap	(760,247)	572,578	771,265	(443,121)	22,182	1,052,677	1,215,334
Cumulative gap	(760,247)	(187,669)	583,596	140,475	162,657	1,215,334	

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4. Insurance and Financial Risk Management (Continued)

(d) Financial risk (continued)

(ii) Liquidity risk (continued)

Liquidity risk management process (continued)

	The Group and Company						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No Specific Maturity	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2018:							
Cash and short-term investments	403,093	-	-	-	-	-	403,093
Due from policyholders, brokers and agents	225,019	695,172	-	-	-	-	920,191
Due from reinsurers and coinsurers	973,100	378,441	97,546	195,090	-	-	1,644,177
Deferred policy acquisition cost	-	-	-	-	-	416,235	416,235
Other receivables	5,481	24,445	-	-	-	77,428	107,354
Due from related parties	-	-	31,837	-	-	-	31,837
Loans receivable	-	-	-	-	-	4,108	4,108
Investment securities	226,296	201,886	1,547,901	128,330	23,730	417,599	2,545,742
Total financial assets	1,832,989	1,299,944	1,677,284	323,420	23,730	915,370	6,072,737
Due to reinsurers and coinsurers	-	706,156	-	-	-	-	706,156
Other liabilities	189,471	55,506	71,326	-	-	-	316,303
Claims liabilities	2,433,796	238,621	667,210	636,322	-	-	3,975,949
Total financial liabilities	2,623,267	1,000,283	738,536	636,322	-	-	4,998,408
Net Liquidity Gap	(790,278)	299,661	938,748	(312,902)	23,730	915,370	1,074,329
Cumulative gap	(790,278)	(490,617)	448,131	135,229	158,959	1,074,329	

Assets available to meet all of the liabilities and to cover financial liabilities include cash and bank balances and investment securities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from its parent company and other financial institutions.

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and prices of quoted equities. Market risk is monitored by the finance department which carries out research and monitors the price movement of financial assets on the local and international markets.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

Concentrations of currency risk

The tables below summarise the Group's and Company's exposure to foreign currency exchange rate risk at 31 December:

	The Group				
	Jamaican$ J$'000	**TTD J$'000**	**US$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2019:					
Financial Assets					
Cash and short term investments	272,673	239,123	130,412	121	642,329
Due from policyholders, brokers and	910,840	1,494	204,638	-	1,116,972
Due from reinsurers and coinsurers	2,169,540	-	45,609	-	2,215,149
Deferred policy acquisition cost	468,651	4,593	-	-	473,244
Other receivables	102,539	773	-	-	103,312
Due from related parties	11,656	-	-	-	11,656
Investment securities	2,705,293	1,740,915	306,035	-	4,752,243
Total financial assets	6,641,192	1,986,898	686,694	121	9,314,905
Financial Liabilities					
Due to reinsurers and coinsurers	762,539	-	198,985	-	961,524
Other liabilities	345,717	55,931	4,557	-	406,205
Due to related parties	-	17,130	-	-	17,130
Lease liabilities	-	5,867	92,148		98,015
Claims liabilities	4,659,108	1,771,024	74,136	-	6,504,268
Total financial liabilities	5,767,364	1,849,952	369,826	-	7,987,142
Net financial position	873,828	136,946	316,868	121	1,327,763

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentration of currency risk (continued)

	The Company			
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2019:				
Financial Assets				
Cash and short-term investments	272,673	130,412	121	403,206
Due from policyholders, brokers and agents	910,840	204,638	-	1,115,478
Due from reinsurers and coinsurers	2,169,540	45,609	-	2,215,149
Deferred policy acquisition cost	468,651	-	-	468,651
Other receivables	102,539	-	-	102,539
Due from related parties	22,406	-	-	22,406
Investment securities	2,705,293	306,035	-	3,011,328
Total financial assets	6,651,942	686,694	121	7,338,757
Financial Liabilities				
Due to reinsurers and coinsurers	762,539	198,985	-	961,524
Lease liabilities	-	92,148	-	92,148
Other liabilities	345,717	4,557	-	350,274
Claims liabilities	4,659,108	74,136	-	4,733,244
Total financial liabilities	5,767,364	369,826	-	6,137,190
Net financial position	884,578	316,868	121	1,201,567

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentration of currency risk (continued)

	The Group and Company			
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2018:				
Financial Assets				
Cash and short-term investments	253,659	402,440	44	656,143
Due from policyholders, brokers and agents	727,417	192,774	-	920,191
Due from reinsurers and coinsurers	1,610,125	34,052	-	1,644,177
Deferred policy acquisition cost	416,235	-	-	416,235
Other receivables	107,354	-	-	107,354
Due from related parties	4,108	-	-	4,108
Loans receivable	28,964	-	-	28,964
Investment securities	1,791,019	679,508	-	2,470,527
Total financial assets	4,938,881	1,308,774	44	6,247,699
Financial Liabilities				
Due to reinsurers and coinsurers	525,389	180,767	-	706,156
Other liabilities	311,906	4,397	-	316,303
Claims liabilities	3,862,033	113,916	-	3,975,949
Total financial liabilities	4,699,328	299,080	-	4,998,408
Net financial position	239,553	1,009,694	44	1,249,291

The following tables indicate the currencies to which the Group and Cmpany have significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis shows the impact of translating outstanding foreign currency denominated monetary items, assuming changes in currency rates shown in the table below. The sensitivity analysis includes cash and short term deposits, investment securities, premium and other receivables and claims liabilities. The percentage change in the currency rate will impact each financial asset/liability included in the sensitivity analysis differently. Consequently, individual sensitivity analyses were performed. The effect on pre-tax profit below is the total of the individual sensitivities done for each of the assets/liabilities. There was no impact on the other components of equity.

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Foreign currency sensitivity

	The Group			
	% Change in Currency Rate 2019	Increase/ (decrease) in Pre-tax Profit 2019 $'000	% Change in Currency Rate 2018	Increase/ (decrease) in Pre-tax Profit 2018 $'000
USD – J$ Revaluation	4%	(12,675)	2%	(20,194)
USD – J$ Devaluation	6%	19,012	4%	40,388
TT – J$ Revaluation	4%	-	2%	-
TT – J$ Devaluation	6%	-	4%	-

	The Company			
	% Change in Currency Rate 2019	Increase/ (decrease) in Pre-tax Profit 2019 $'000	% Change in Currency Rate 2018	Increase/ (decrease) in Pre-tax Profit 2018 $'000
USD – J$ Revaluation	4%	(12,675)	2%	(20,194)
USD – J$ Devaluation	6%	19,012	4%	40,388

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The following tables summarise the Group's exposure to interest rate risk. It includes the Group's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	The Group						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019:							
Cash and short term investments	642,329	-	-	-	-	-	642,329
Due from policyholders, brokers and agents	-	-	-	-	-	1,116,972	1,116,972
Due from reinsurers and coinsurers	-	-	-	-	-	2,215,149	2,215,149
Deferred policy acquisition cost	-	-	-	-	-	473,244	473,244
Other receivables	2,246	24,937	-	-	-	76,129	103,312
Due from related parties	-	-	-	-	-	11,656	11,656
Investment securities	471,520	430,770	2,071,009	1,249,837	43,919	485,188	4,752,243
Total financial assets	1,116,095	455,707	2,071,009	1,249,837	43,919	4,378,338	9,314,905
Due to reinsurers and coinsurers						961,524	961,524
Other liabilities	-	-	-	-	-	406,205	406,205
Lease liabilities	3,532	6,892	22,154	65,437	-	-	98,015
Due to related parties	-	-	-	-	-	17,130	17,130
Claims liabilities	-	-	-	-	-	6,504,268	6,504,268
Total financial liabilities	3,532	6,892	22,154	65,437	-	7,889,127	7,987,142
Total interest repricing gap	1,112,563	448,815	2,048,855	1,184,400	43,919	(3,510,789)	1,327,763
Cumulative gap	1,112,563	1,561,378	3,610,233	4,794,633	4,838,552	1,327,763	

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)

Interest rate risk (continued)

	The Company						
	Within 1 Month	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2019:							
Cash and short term investments	403,206	-	-	-	-	-	403,206
Due from policyholders, brokers and agents	-	-	-	-	-	1,115,478	1,115,478
Due from reinsurers and coinsurers	-	-	-	-	-	2,215,149	2,215,149
Deferred policy acquisition cost	-	-	-	-	-	468,651	468,651
Other receivables	2,246	24,937	-	-	-	75,356	102,539
Due from related parties	-	-	-	-	-	22,406	22,406
Investment securities	446,490	430,770	1,488,913	153,797	9,687	481,671	3,011,328
Total financial assets	851,942	455,707	1,488,913	153,797	9,687	4,378,711	7,338,757
Due to reinsurers and coinsurers						961,524	961,524
Other liabilities	-	-	-	-	-	350,274	350,274
Lease liabilities	2,416	4,660	19,635	65,437	-	-	92,148
Claims liabilities	-	-	-	-	-	4,733,244	4,733,244
Total financial liabilities	2,416	4,660	19,635	65,437	-	6,045,042	6,137,190
Total interest repricing gap	849,526	451,047	1,469,278	88,360	9,687	(1,666,331)	1,201,567
Cumulative gap	849,526	1,300,573	2,769,851	2,858,211	2,867,898	1,201,567	-
	Group and Company						
At 31 December 2018:							
Cash and short-term investments	619,036	37,069	-	-	-	38	656,143
Due from policyholders, brokers and agents	-	-	-	-	-	920,191	920,191
Due from reinsurers and coinsurers	-	-	-	-	-	1,644,177	1,644,177
Deferred policy acquisition cost						416,235	416,235
Other receivables	5,481	3,857	20,588	-	-	77,428	107,354
Due from related parties	-	-	-	-	-	4,108	4,108
Loans receivable	-	-	28,964	-	-	-	28,964
Investment securities	274,821	198,421	1,513,197	63,993	2,496	417,599	2,470,527
Total financial assets	899,338	239,347	1,562,749	63,993	2,496	3,479,776	6,247,699
Due to reinsurers and coinsurers	-	-	-	-	-	706,156	706,156
Other liabilities	-	-	-	-	-	316,303	316,303
Claims liabilities	-	-	-	-	-	3,975,949	3,975,949
Total financial liabilities	-	-	-	-	-	4,998,408	4,998,408
Total interest repricing gap	899,338	239,347	1,562,749	63,993	2,496	(1,518,632)	1,249,291
Cumulative gap	899,338	1,138,685	2,701,434	2,765,427	2,767,923	1,249,291	

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit or loss and shareholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on income based on the floating rate non-trading financial assets and financial liabilities. The sensitivity of other components of equity is calculated by revaluing fixed rate financial assets and liabilities for the effects of the assumed changes in interest rates. The change in the interest rates will impact the financial assets and liabilities differently. Consequently, individual analyses were performed. The effect on pre-tax profit and other components of equity below is the total of the individual sensitivities done for each of the assets and liabilities. It should be noted that the changes in the pre-tax profit and other components of equity as shown in the analysis are non-linear.

The Group

Change in Basis points: 2019 JMD/USD	Increase/(decrease) in Profit before Taxation 2019 $'000	Increase/(decrease) in Other Components of Equity 2019 $'000	Change in Basis points: 2018 JMD/USD	Increase/(decrease) in Profit before Taxation 2018 $'000	Increase/(decrease) in Other Components of Equity 2018 $'000
-100/-100	(7,013)	-	-100/-100	(480)	-
100/100	7,013	-	100/100	480	-

The Company

Change in Basis points: 2019 JMD/USD	Increase/(decrease) in Profit before Taxation 2019 $'000	Increase/(decrease) in Other Components of Equity 2019 $'000	Change in Basis points: 2018 JMD/USD	Increase/(decrease) in Profit before Taxation 2018 $'000	Increase/(decrease) in Other Components of Equity 2018 $'000
-100/-100	(480)	-	-100/-100	(480)	-
100/100	480	-	100/100	480	-

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4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Price risk

The Group is exposed to equity securities and real estate price risk because of investments held by the Group. These investments are classified on the statement of financial position as available-for-sale, fair value through profit or loss.

The table below summarises the impact of increases/(decreases) on the Group's pre-tax profit for the year and on equity. The analysis is based on the assumption that the equity prices had increased/decreased by 10% (2018 - 10%) with all other variables held constant.

The Group

	Equity Securities				Real estate investment	
Change in index:	Increase/ (decrease) in Profit before Taxation 2019 $'000	Increase/ (decrease) in Profit before Taxation 2018 $'000	Effect on Other Components of Equity: 2019 JMD/USD	Effect on Other Components of Equity 2018 $'000	Effect on Other Components of Equity 2019 $'000	Effect on Other Components of Equity 2018 $'000
-10% (2018 – 10%)	-	-	(48,519)	(41,760)	(19,363)	(18,437)
+10% (2018 – 10%)	-	-	48,519	41,760	19,363	18,437

The Company

	Equity Securities				Real estate investment	
Change in index:	Increase/ (decrease) in Profit before Taxation 2019 $'000	Increase/ (decrease) in Profit before Taxation 2018 $'000	Effect on Other Components of Equity: 2019 JMD/USD	Effect on Other Components of Equity 2018 $'000	Effect on Other Components of Equity 2019 $'000	Effect on Other Components of Equity 2018 $'000
-10% (2018 – 10%)	-	-	(48,167)	(41,760)	(19,363)	(18,437)
+10% (2018 – 10%)	-	-	48,167	41,760	19,363	18,437

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5. Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

(a) To comply with the capital requirements set by the regulators of the insurance markets where the Group operates;

(b) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(c) To maintain a strong capital base to support the development of its business.

Regulations in Jamaica

To assist in evaluating the current business and strategies, a risk-based capital approach is used in the form of the Minimum Capital Test (MCT) as stipulated by the Jamaican regulator, the Financial Services Commission (FSC). The MCT is calculated by management. This information is required to be filed with the FSC on a monthly, quarterly and annual basis. The required MCT ratio is 250%.

In January 2018, the FSC announced a measure to allow for the relaxation of the MCT ratio of 250% to 150% for a period of two years. The measure will reduce the amount of capital that he general insurance industry would need to hold for the purpose of meeting capital adequacy requirements. During this period of regulatory forbearance, the FSC will carry out a Quantitative Impact Study (QIS) to determine the optimal position for the MCT that balances growth and stability of the insurance industry. In this period, the amount of dividends paid to shareholders of the company should not exceed 50% of profit that was achieved for the previous year.

To qualify for the special provisions for relaxed MCT ratio, investment proposals must be approved by the FSC and commence within the 2-year window provided for in the January 2018 advisory. The company took advantage of this relaxation through a strategic investment, and as such, the FSC has granted forbearance on the MCT ratio requirement allowing the company to maintain a minimum MCT ratio of 200.8%.

The MCT ratio for the company for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Actual MCT ratio	225.2%	211.6%
Minimum Required MCT ratio	200.8%	200.8%

Regulations in Trinidad and Tobago

Motor One Limited is regulated by The Central Bank of Trinidad and Tobago under the Insurance Act (the Act). Under Section 77 of the Act, Motor One is required to have a margin of solvency determined as the greater of TTD250,000 or 20% of its net written premium for the financial year. Based on the net admissible assets as at the financial year end, the Motor One is deemed solvent by a margin of TTD 48.8 million.

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6. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In accordance with IFRS 13, the Group discloses fair value measurements for items carried on the statement of financial position at fair value, by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities are disclosed as Level 1.
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) are disclosed as Level 2.
(c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) are disclosed as Level 3.

The following table presents the Group's assets that are measured at fair value. There are no liabilities that are measured at fair value at the year end, and the Group had no transfers between levels during the year.

	The Group			
	Level 1	Level 2	Level 3	Total balance
At 31 December 2019	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Equity securities	524,162	-	-	524,162
Investment property	-	-	519,216	519,216
Real estate investment	-	-	193,633	193,633
Total assets measured at fair value	524,162	-	712,849	1,237,011

	The Company			
	Level 1	Level 2	Level 3	Total
	$'000	**$'000**	**$'000**	**$'000**
At 31 December 2019				
Assets				
Equity securities	481,671	-	-	481,671
Investment property	-	-	229,800	229,800
Real estate investment	-	-	193,633	193,633
Total assets measured at fair value	481,671	-	423,433	905,104

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6. Fair Value Estimation (Continued)

	The Group and Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
At 31 December 2018				
Assets				
Equity securities	417,599	-	-	417,599
Investment property	-	92,909	113,746	206,655
Real estate investment	-	-	184,367	184,367
Total assets measured at fair value	417,599	92,909	298,113	808,621

Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

However, market prices are not available for all financial assets held by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following methods have been used to value financial instruments:

(a) Investment securities classified as fair value through other comprehensive income are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(b) The fair value of short-term assets and liabilities maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(c) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts, as these instruments are expected to reprice at the prevailing market rates;

(d) Financial assets at amortised cost are assumed to approximate fair value as these are issued at terms and conditions available in the market for similar transactions.

Fair Value of Investment Properties and Real Estate Fund

An independent valuation of the Group's Investment Properties and Real Estate Fund was performed by valuers to determine the fair value as at 31 December 2019. The revaluation surplus has been credited to other comprehensive income.

Valuation process of the Group On an annual basis the Group engages external, independent and qualified valuers to determine the fair value of its Investment Properties and Real Estate Fund.

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6. Fair Value Estimation (Continued)

Sales Comparison Approach

The comparison method of valuation was taken in account by examining values of similar properties in and around surrounding areas. This approach incorporates unobservable inputs which in the valuer's judgement reflects suitable adjustments regarding size, age, condition, time of sale, quality of land and buildings and improvements. The higher the price per square foot the higher the fair value.

Income Approach

The projected net income of the subject properties is discounted using an appropriate capitalisation rate. The most significant inputs to this valuation are the rental rate per square foot and the capitalisation rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher rental rate per square foot the higher the fair value. The higher the capitalisation rate the lower the fair value. The average rent per square foot ranges between $US8 - $US14.

Sensitivity Analysis

Some of the investment properties and real estate investments held by the Group are measured using an income approach which considers rental rates and a capitalization rate. The capitalization factor is largely an unobservable input that have the greatest potential for volatility and have resulted in the classification of the investments in level 3. The capitalization rates used in the valuations range from 6% to 9%.

Should the capitalization factors increase/decrease by 1 percentage point, it would result in decrease/increase in the carrying value of investment properties and real estate investments, with all other factors remaining constant, of $52,462,000 and $54,090,000 (2018 - $34,268,000 and $24,981,000) for the Group and company, respectively.

7. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Liabilities arising from claims made under insurance contracts

The determination of the liabilities under insurance contracts represents the liability for future claims payable by the Group based on contracts for the insurance business in force at the date of the statement of financial position using several methods, including the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. These liabilities represent the amounts that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims, allows the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

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7. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

(b) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value of financial assets determined using valuation techniques

As described in Note 6, where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI requires that use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as

i) Determining criteria for significant increase in credit risk
ii) Choosing appropriate models and assumptions for the measurement of ECL
iii) Establishing the number and relative weightings of forward-looking scenarios

Further details about judgement and estimates by the Group are set out in Note 4 (c)

(e) Business combinations

Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the Purchase Price Allocation method. Under this method, the Group determines the fair values of the identifiable intangible assets. In doing so, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, attrition rates, and discount rates.

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8. 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 six operating segments. These segments represent the different types of risks that are written by the entity through various forms of brokers, agents and direct marketing programmes, which are all located in Jamaica and Trinidad and Tobago. Management identifies its reportable operating segments by product line consistent with the reports used by the board of directors. These segments and their respective operations are as follows:

(a) Motor - Losses involving motor vehicles, this includes liabilities to third parties.

(b) Fire and allied perils - Loss, damage or destruction to insured property as specified on the policy schedule.

(c) Marine - Loss or damage to goods from the perils of the seas and other perils whilst in transit from destination to destination by sea, air or land and from warehouse to warehouse.

(d) Liability - Legal liability of the insured to third parties for accidental bodily injury, death and/or loss of or damage to property occurring in connection with the insured's business, subject to a limit of indemnity. In the case of an employee liability this is legal liability of the insured to pay compensation to its employees in respect of death, injury or disease sustained during and in the course of their employment, subject to a limit of indemnity.

(e) Homeowners and Burglary-
Homeowners - Loss, damage or destruction to insured property used for residential purposes as specified on the policy schedule, resulting from fire and allied perils, burglary, theft, or accidental damage. This includes liability to third parties and domestic employees.

Burglary - Loss of or damage to the insured's property involving forcible and/or violent entry into or exit from the building including damage to the premises.

Management has aggregated homeowners' and burglary for the purpose of segment reporting given that burglary coverage is usually covered under homeowners' policy.

(f) Miscellaneous Accidents - This operating segment covers the following policies:

- Fidelity Guarantee - Loss of money or goods owned by the insured (or for which the insured is responsible) as a result of fraud or dishonesty by an employee.
- Goods in Transit - Loss, destruction or damage to insured goods by fire and allied perils, including loss or damage from accidental collision or overturning and whilst in, on or being loaded or unloaded from any road vehicle or whilst temporarily housed overnight during the ordinary course of transit.
- Engineering and machinery breakdown - Loss or damage by fire and allied perils including burglary, theft and accidental damage to specified equipment, including loss or damage resulting from electrical and mechanical breakdown subject to maintenance.
- Loss of money - Loss, damage or destruction of money including hold-up on premises during and out of business hours and in transit.
- Plate glass - Accident breakage to plate glass windows and doors of buildings.
- Personal accident - Compensation for bodily injury caused by violent, visible, external and accidental means, which injury shall solely and independently of any other cause result in death or dismemberment within 12 months of such injury. Subject to the limits specified on the policy schedule.

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8. Segment Information (Continued)

The segment information provided to the board of directors for the reportable segments for the year ended 31 December 2019 is as follows:

	The Group						
2019	**Fire $'000**	**Motor $'000**	**Marine $'000**	**Liability $'000**	**Homeowners & Burglary $'000**	**Engineering & Miscellaneous Accident $'000**	**Total $'000**
Gross Premiums Written	5,909,508	2,956,365	215,826	820,955	191,660	633,514	10,727,828
Reinsurance ceded	(5,836,930)	(779,108)	(201,850)	(637,289)	(171,746)	(524,570)	(8,151,493)
Excess of loss reinsurance cost	(79,797)	(27,620)	-	(3,007)	(19,752)	-	(130,176)
Net premiums written	(7,219)	2,149,637	13,976	180,659	162	108,944	2,446,159
Changes in unearned premiums, net	(277)	(197,469)	(374)	(2,677)	612	(12,202)	(212,387)
Net Premiums Earned	(7,496)	1,952,168	13,602	177,982	774	96,742	2,233,772
Commission income	338,618	316,998	20,382	52,231	39,440	89,871	857,540
Commission expense	(112,176)	(244,832)	(2,314)	(21,230)	(23,635)	(47,670)	(451,857)
Claims expense	5,074	(1,157,068)	713	(41,287)	(732)	(12,028)	(1,205,328)
Management expenses	(13,710)	(875,679)	(576)	(65,190)	(6,025)	(30,811)	(991,991)
Segment results	210,310	(8,413)	31,807	102,506	9,822	96,104	442,136
Unallocated income -							
Investment income							229,885
Finance charge							(7,568)
Other Income							202,175
							424,492
Depreciation and amortisation							(96,474)
Profit before tax							770,154
Taxation							(118,596)
Net profit							651,558

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8. Segment Information (Continued)

	The Group						
2018	**Fire $'000**	**Motor $'000**	**Marine $'000**	**Liability $'000**	**Homeowners & Burglary $'000**	**Engineering & Miscellaneous Accident $'000**	**Total $'000**
Gross Premiums Written	5,169,027	2,130,860	106,395	646,520	201,635	481,360	8,735,797
Reinsurance ceded	(5,102,386)	(529,810)	(89,292)	(460,818)	(181,332)	(382,111)	(6,745,749)
Excess of loss reinsurance cost	(56,181)	(46,104)	-	(5,868)	(19,601)	-	(127,754)
Net premiums written	10,460	1,554,946	17,103	179,834	702	99,249	1,862,294
Changes in unearned premiums, net	(6,040)	(200,118)	(239)	(11,770)	(2,769)	(10,928)	(231,864)
Net Premiums Earned	4,420	1,354,828	16,864	168,064	(2,067)	88,321	1,630,430
Commission income	258,203	245,135	17,204	33,353	62,750	79,023	695,668
Commission expense	(108,798)	(149,736)	(2,426)	(15,365)	(21,892)	(36,030)	(334,247)
Claims expense	(8,516)	(955,062)	(550)	(30,184)	(2,959)	(25,751)	(1,023,022)
Management expenses	(26,752)	(642,724)	(6,866)	(74,549)	(8,151)	(35,019)	(794,061)
Segment results	118,557	(147,559)	24,226	81,319	27,681	70,544	174,768
Unallocated income -							
Investment income							174,675
Other income							47,041
							221,716
Depreciation and amortisation-							(43,915)
Profit before tax							352,569
Taxation							(67,199)
Net profit							285,370

Total capital expenditure was as follows:

	2019 $'000	**2018 $'000**
Property, plant and equipment	54,904	111,053
Intangible assets	3,105	-
	58,009	111,053

Assets, liabilities and capital expenditure are not reported by segment to the Board of Directors.

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9. Related Party Transactions and Balances

(a) Related party transactions are as follows:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Interest income -				
Fellow subsidiary	6,766	21,586	6,766	21,586
Parent	419	15,355	419	15,355
	7,185	36,941	7,185	36,941
Dividend income				
Affiliated company	18,172	109	18,076	109
Rental and lease payments-				
Affiliated company	34,186	34,753	34,186	34,753
Gross premium written -				
Key management	2,797	2,244	2,797	2,244
Parent company	28,927	27,728	28,927	27,728
Fellow subsidiaries	478,578	184,826	478,578	184,826
Affiliates	75,193	19,601	75,193	19,601
	585,495	234,399	585,495	234,399
Claims expense -				
Parent company	1,348	8,126	1,348	8,126
Fellow subsidiaries	39,188	7,190	39,188	7,190
Affiliated company	-	220	-	220
	40,536	15,536	40,536	15,536
Dividends declared -				
Key management	1,516	1,881	1,516	1,881
Parent company	114,148	120,000	114,148	120,000
	115,664	121,881	115,664	121,881
Key management compensation -				
Salaries and other short-term benefits	195,025	137,189	181,646	137,189
Post-employment benefits	10,945	7,721	10,945	7,721
Directors emoluments				
Directors' emoluments (included above)	58,671	37,948	53,723	37,948
Directors' fees (included above)	3,755	2,100	2,100	2,100

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9. Related Party Transactions and Balances (Continued)

(b) The statement of financial position includes the following balances with group companies:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Due from related parties -				
Affiliated company	11,656	4,108	22,406	4,108
Due to related parties				
Affiliated company	17,130	-	-	-
Due from policyholders, brokers and agents -				
Fellow subsidiary	88,798	91,727	88,798	91,727
Parent company	7	7	7	7
Affiliated company	37,843	57,060	37,843	57,060
	126,648	148,794	126,648	148,794
Loans receivable -				
Parent company (Note 21)	-	28,964	-	28,964
	-	28,964	-	28,964
Investment securities -				
Shares in affiliated entities (Note 22)	460,909	396,839	460,909	396,839
Claims liabilities				
Parent company	4,666	5,526	4,666	5,526
Affiliated company	5,895	39,070	5,895	39,070
Fellow subsidiary	24,078	18,674	24,078	18,674
	34,639	63,270	34,639	63,270

Included in the investments of the Group are shares in related parties. At 31 December 2019, these shares represented 5.37% of the total assets (2018 – 5.6%).

Affiliates represents companies that are associated with the parent company, which are are not subsidiaries of the parent company and also entities over which the directors have significant influence.

No provisions made for receivables from related parties for either year.

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10. Claims Expense

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Gross claims expense	1,545,194	1,243,597	1,549,741	1,243,597
Reinsurance share of claims (Note 4(b) (d))	(339,866)	(220,575)	(343,071)	(220,575)
Net claims expense	1,205,328	1,023,022	1,206,670	1,023,022

11. Investment Income

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Interest income				
Loan due from fellow subsidiary	6,766	21,586	6,766	21,586
Loan due from parent	419	15,355	419	15,355
Cash and deposits and investment securities	141,536	103,801	102,383	103,801
	148,721	140,742	109,568	140,742
Bond premium amortisation	6,188	(4,822)	(3,327)	(4,822)
	154,909	135,920	106,241	135,920
Dividend income	18,172	109	18,076	109
Real estate investment income	12,779	11,455	12,779	11,455
Rental income from investment property	17,982	12,210	13,136	12,210
Revaluation gains on investment property	19,346	9,800	18,027	9,800
Loss allowance reversed on investments	6,697	5,181	6,027	5,181
	229,885	174,675	174,286	174,675

12. Other Income

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Foreign exchange gains	57,688	34,886	57,688	34,886
Gain on disposal of property, plant and equipment	1,758	2,663	1,758	2,663
Roadside assistance	5,567	-	-	-
Gain on acquisition – negative goodwill recognized (Note 38)	129,791	-	-	-
Miscellaneous income	7,371	9,492	7,066	9,492
	202,175	47,041	66,512	47,041

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13. Expenses by Nature

Management and other expenses by nature are as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Advertising costs	68,097	44,445	67,931	44,445
Audit fees	11,918	6,613	9,000	6,613
Computer expenses	49,006	39,116	46,654	39,116
Directors fees	3,755	2,100	2,100	2,100
Depreciation and amortisation (Notes 27,28,30)	96,474	43,915	75,347	43,915
Insurance	8,284	4,587	5,800	4,587
Other operating expenses	51,870	45,482	57,862	45,482
Professional fees	25,707	31,366	22,398	31,366
Printing and stationery	13,032	9,250	11,432	9,250
Registration fees	18,974	15,000	18,974	15,000
Rent	-	31,516	-	31,516
Repairs and maintenance	38,834	34,645	38,829	34,645
Roadside assistance	8,337	-	-	-
Staff costs (Note 14)	648,733	494,651	613,572	494,651
Transportation expenses	12,314	7,798	12,132	7,798
Utilities	33,130	27,492	30,877	27,492
	1,088,465	837,976	1,012,908	837,976

14. Staff Costs

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	512,338	379,297	479,858	379,297
Statutory contributions	40,048	32,286	38,002	32,286
Pension costs	12,691	8,631	12,424	8,631
Other	83,656	74,437	83,288	74,437
	648,733	494,651	613,572	494,651

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15. Taxation

(a) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective 21 September 2012. Consequently, the Group is entitled to a remission of tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the Group will have the full benefit of the tax remissions. Subject to agreement with the Minister of Finance and Planning, the income tax payable for which remission has been granted is $83,364,000 (2018 - $62,348,000).

(b) Taxation is based on the profit for the year adjusted for taxation purposes and represents income tax at 25% - 33 ⅓%:

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Current income tax	85,606	62,348	83,364	62,348
Prior year over accrual	(4,799)	-	-	-
Deferred income tax (Note 31)	37,789	4,851	7,131	4,851
	118,596	67,199	90,495	67,199

(c) The tax charge on the Group's profit differs from the theoretical amount that would arise using the statutory tax rate as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Profit before tax	770,154	352,569	535,836	352,569

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Tax calculated at applicable tax rate	256,718	117,523	178,612	117,523
Adjusted for the effects of:				
Income tax remission	(83,364)	(62,348)	(83,364)	(62,348)
Income not subject to tax	(44,296)	(3,212)	(1,032)	(3,212)
Expenses not deductible for tax	3,763	4,100	3,763	4,100
Prior year over accrual	(4,799)	-	-	-
Adjustment to prior year deferred tax	2,134	4,866	2,134	4,866
Net effect of other charges and allowances	(11,560)	6,270	(9,618)	6,270
	118,596	67,199	90,495	67,199

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16. Earnings Per Share

The calculation of earnings per share is based on the net profit for the year and 1,031,250,000 ordinary shares in issue.

	2019	2018
Net profit from continuing operations attributable to owners ($'000)	558,760	285,370
Weighted average number of ordinary shares in issue ('000)	1,031,250	1,031,250
Earnings per share ($)	0.54	0.28

The net profit and retained earnings of the Group are reflected in the accounts of the company and its subsidiaries as follows:

Net profit

	2019 $'000	2018 $'000
Company	445,341	285,370
Subsidiaries	206,217	-
	651,558	285,370

Retained earnings

	2019 $'000	2018 $'000
Company	1,678,324	1,378,507
Subsidiaries	113,419	-
	1,791,743	1,378,507

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17. Dividends per Share

The dividends paid in 2019 and 2018 were as follows:

	2019 $'000	2018 $'000
Interim dividends: -		
13.84 cents per stock unit – December 2019	142,684	-
14.55 cents per stock unit – December 2018	-	150,047
	142,684	150,047

Declared dividend for 2018 and 2019 were paid during the year 2019. There were no dividends approved and not paid post year end.

18. Cash and Cash Equivalents

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cash and bank balances	527,099	421,460	287,976	421,460
Short-term deposits	115,230	234,683	115,230	234,683
	642,329	656,143	403,206	656,143

Short term deposits comprise term deposits and repurchase agreements with an average maturity of 90 days (2018 – 75 days) and include interest receivable of $644,000 (2018 – $282,000).

The weighted average effective interest rate on short term investments and deposits were as follows:

	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
J$	2.5	2.2	2.5	2.2
TT$	-	-	-	-
US$	-	1.6	-	1.6

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18. Cash and Cash Equivalents (Continued)

The weighted average effective interest rates on cash balances for the year were as follows:

	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
J$	1.0	1.0	1.0	1.0
US$	0.1	0.1	0.1	0.1
GBP	0.1	0.1	0.1	0.1

19. Due from Reinsurers and Coinsurers

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Reinsurers' portion of unearned premium	1,040,631	851,167	1,040,631	851,167
Reinsurers' portion of claims liabilities	692,238	487,730	692,238	487,730
Other amounts recoverable from reinsurers and coinsurers	487,263	305,280	482,280	305,280
	2,220,132	1,644,177	2,215,149	1,644,177

20. Other Receivables

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Prepayments	64,096	52,393	63,533	52,393
Other receivables	103,312	107,354	102,539	107,354
	167,408	159,747	166,072	159,747

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21. Loans Receivable

	The Group and Company	
	2019	2018
	$'000	$'000
Short-term loan receivable from parent	-	28,964
	-	28,964

In the prior year, this represented a loan to the parent at a rate of 12.25%. It was repaid in November 2019.

22. Investment Securities

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Debt securities -				
At amortised cost:				
Government Jamaica Securities	61,414	172,662	61,414	172,662
Government of Trinidad and Tobago	1,494,785	-	-	-
Certificate of Deposits	2,319,166	1,175,968	2,124,872	1,175,968
United States Dollar Long Term Deposits	144,868	321,824	144,868	321,824
United States Dollar Corporate Bonds	90,849	244,255	90,849	244,255
Other Government Securities	57,787	96,604	57,787	96,604
	4,168,869	2,011,313	2,479,790	2,011,313
Interest receivable	59,212	41,615	49,867	41,615
Equity investments at fair-value through OCI	524,162	417,599	481,671	417,599
	4,752,243	2,470,527	3,011,328	2,470,527

Weighted average effective interest rate:	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
Government Jamaica Securities	4.11	7.34	4.11	7.34
Government of Trinidad and Tobago	5.25	-	-	-
Certificate of Deposits	3.54	4.20	3.54	4.20
United States Long Term Deposits	3.11	2.99	3.11	2.99
United States Dollar Corporate Bonds	7.10	5.86	7.10	5.86
Other Government Securities	4.43	6.2	4.43	6.2

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22. Investment Securities (Continued)

Included in investments are Government of Jamaica Benchmark Investment Notes valued at $48,000,000 (2018 - $48,000,000) which have been pledged with the FSC, pursuant to Section 8(1)(b) of the Insurance Regulations, 2001.

The Group's holdings in equity investments (2018 - quoted shares) includes investment in affiliated companies (Note 9).

23. Investment in Subsidiaries

	The Company	
	2019	2018
	$'000	$'000
Motor One Insurance Company Limited – 55% 360,374 Ordinary shares	348,735	-

24. Investment Properties

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At 1 January	206,655	130,000	206,655	130,000
Additions	5,118	28,219	5,118	28,219
Arising on acquisition of subsidiary (Note 38)	579,702	-	-	-
Disposal	(293,377)	-	-	-
Construction work-in-progress	-	38,636	-	38,636
Revaluation (charged to profit or loss)	19,346	9,800	18,027	9,800
Translation differences	1,772	-	-	-
At 31 December	519,216	206,655	229,800	206,655

Property income and direct expenses including repairs and maintenance in relation to investment properties are as follows:

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Rental income	17,982	12,210	13,136	12,210
Direct costs	-	-	-	-

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24. Investment Property (Continued)

The properties were valued at current market value as at November 2019 by NAI Jamaica Langford and Brown for properties located in Jamaica and Linden Scott & Associates for properties located in Trinidad and Tobago. These experts are independent qualified property appraisers and valuators. The values for the properties have been established using the sales comparison method, which considers the values of similar properties in and around surrounding areas.

The valuation of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, *Fair Value Measurement*. The valuations have been performed using a comparable sales approach but, as there have been a limited number of similar sales in the location, unobservable inputs determined based on the valuators' judgement regarding size, age, condition were utilised.

25. Real Estate Investment

	The Group and Company	
	2019	2018
	$'000	$'000
At 1 January	184,367	180,435
Revaluation (charged to other comprehensive income)	9,266	3,932
Closing	193,633	184,367

This represents the Group's beneficial interest in a property which is leased to third parties and held in trust for a group of investors under a Trust Deed managed by Scotia Investments Jamaica Limited.

Rental income from the real estate investment for the year was $12,779,000 (2018 - $11,455,000).

The property was last valued at current market value in November 2019 by NAI Jamaica Langford and Brown, independent qualified property appraisers and valuators.

The fair value of the investment is at level 3 in the fair value hierarchy, as is consistent with the requirements of IFRS 13 (Note 6).

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26. Property, Plant and Equipment

	The Group				
	Land and Buildings	Furniture, Fixtures & Equipment	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
At 1 January 2018	87,923	145,573	94,256	10,327	338,079
Additions	30,806	32,538	47,709	-	111,053
Disposals	-	(9,058)	(17,705)	-	(26,763)
At 31 December 2018	118,729	169,053	124,260	10,327	422,369
Acquisition of subsidiary (Note 38)	338,528	2,341	-		340,869
Additions	22,441	20,707	10,254	1,502	54,904
Transfers	301	(301)	-	(9,462)	(9,462)
Disposals	-	(253)	(5,563)	-	(5,816)
Translation differences	(7,212)	(2,649)	(69)	-	(9,930)
At 31 December 2019	472,787	188,898	128,882	2,367	792,934
Depreciation -					
At 1 January 2018	22,894	88,369	61,686	-	172,949
Charge for the year	6,442	15,611	19,774	-	41,827
Relieved on disposal	-	(5,439)	(17,645)	-	(23,084)
Adjustments	(86)	-	-	-	(86)
At 31 December 2018	29,250	98,541	63,815	-	191,606
Charge for the year	7,518	16,711	18,574	-	42,803
Relieved on disposal	-	(103)	(5,563)	-	(5,666)
Translation differences	(7,605)	(2,569)	(69)	-	(10,243)
At 31 December 2019	29,163	112,580	76,757	-	218,500
Net Book Value -					
31 December 2019	443,624	76,318	52,125	2,367	574,434
31 December 2018	89,479	70,512	60,445	10,327	230,763

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26. Property, Plant and Equipment (Continued)

	The Company				
	Land and Buildings $'000	Furniture, Fixtures & Equipment $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
Cost -					
At 1 January 2018	87,923	145,573	94,256	10,327	338,079
Additions	30,806	32,538	47,709	-	111,053
Disposals	-	(9,058)	(17,705)	-	(26,763)
At 31 December 2018	118,729	169,053	124,260	10,327	422,369
Additions	22,440	15,402	10,254	1,502	49,598
Transfers/Reclassification (Note 27)	301	(301)	-	(9,462)	(9,462)
Disposals/Adjustments	-	(253)	(5,563)	-	(5,816)
At 31 December 2019	141,470	183,901	128,951	2,367	456,689
Depreciation -					
At 1 January 2018	22,894	88,369	61,686	-	172,949
Charge for the year	6,442	15,611	19,774	-	41,827
Relieved on disposal		(5,439)	(17,645)	-	(23,084)
Adjustments	(86)	-	-	-	(86)
At 31 December 2018	29,250	98,541	63,815	-	191,606
Charge for the year	8,233	16,346	18,574	-	43,153
Relieved on disposal	-	(103)	(5,563)	-	(5,666)
At 31 December 2019	37,483	114,784	76,826	-	229,093
Net Book Value -					
31 December 2019	103,987	69,117	52,125	2,367	227,596
31 December 2018	89,479	70,512	60,445	10,327	230,763

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27. Intangible Assets

	Renewal Rights	Distribution Relationships	Licence	Website	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -						
At 1 January 2018	-	-	-	-	83,045	83,045
Adjustments	-	-	-	-	223	223
At 31 December 2018	-	-	-	-	83,268	83,268
Acquisition of subsidiary (Note 38)	38,221	12,070	142,826	-	-	193,117
Transfers (Note 26)	-	-	-	9,462	-	9,462
Additions	-	-	-	-	3,105	3,105
At 31 December 2019	38,221	12,070	142,826	9,462	86,373	288,952
Amortisation -						
At 1 January 2018	-	-	-	-	78,868	78,868
Charge for the year	-	-	-	-	2,075	2,075
At 31 December 2018	-	-	-	-	80,943	80,943
Charge for the year	7,644	1,509	-	1,192	1,490	11,835
At 31 December 2019	7,644	1,509	-	1,192	82,433	92,778
Net Book Value -						
31 December 2019	30,577	10,561	142,826	8,270	3,940	196,174
31 December 2018	-	-	-	-	2,325	2,325

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27. Intangible Assets (Continued)

	The Company		
	Website	Computer Software	Total
	$'000	$'000	$'000
At Cost -			
At 1 January 2018	-	83,045	83,045
Adjustments	-	223	223
At 31 December 2018	-	83,268	83,268
Transfer (Note 26)	9,462	-	9,462
Additions	-	3,105	3,105
At 31 December 2019	9,462	86,373	95,835
Amortisation -			
At 1 January 2018	-	78,868	78,868
Charge for the year	-	2,075	2,075
At 31 December 2018	-	80,943	80,943
Charge for the year	1,192	1,490	2,682
At 31 December 2019	1,192	82,433	83,625
Net Book Value -			
31 December 2019	8,270	3,940	12,210
31 December 2018	-	2,325	2,325

28. Due to Reinsurers and Coinsurers

	The Group and Company	
	2019	2018
	$'000	$'000
Local reinsurers	103,514	53,186
Overseas reinsurers	858,010	652,970
	961,524	706,156

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29. Other Liabilities

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Statutory contributions payable	9,726	6,082	7,064	6,082
Accrued expenses	141,571	63,304	120,044	63,304
Sales and premium tax payable	65,868	38,269	64,197	38,269
Other payables	78,378	58,601	48,307	58,601
Dividend payable	-	150,047	-	150,047
Deferred and contingent consideration	110,662	-	110,662	-
	406,205	316,303	350,274	316,303

30. Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the statement of financial position (IFRS 16)

	The Group	The Company
	2019	**2019**
	$'000	**$'000**
Right-of-use assets		
Land and buildings	92,157	86,499
Lease liabilities		
Current	32,215	27,571
Non-current	65,800	64,577
	98,015	92,148

(a) Right of use assets

	Right of Use-Asset	
	The Group	The Company
	$'000	**$'000**
Cost		
1 January 2019 - Adoption of IFRS 16	136,413	136,413
Additions	22,414	4,432
31 December 2019	158,827	140,845
Accumulated Depreciation		
1 January 2019 - Adoption of IFRS 16	24,834	24,834
Charge for the year	41,836	29,512
31 December 2019	66,670	54,346
Net Book Value		
31 December 2019	92,157	86,499

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

30. Leases (Continued)

(b) Lease liabilties

	The Group	The Company
	Lease liabilities	Lease liabilities
	$'000	$'000
1 January 2019 - Adoption of IFRS 16	114,324	114,324
Additions	22,414	4,432
Lease payments	(47,268)	(34,186)
Interest on lease liability	7,568	6,601
Foreign exchange translation	977	977
31 December 2019	98,015	92,148

(c) Amounts *recognised in the statement of profit or loss IFRS16*

The statement of profit or loss shows the following amounts relating to right-of-use assets:

	The Group		The Company	
	2019	1 January 2019	2019	1 January 2019
	$'000	$'000	$'000	$'000
Depreciation charge of right-of-use assets				
Land and buildings	41,836	-	29,512	-
Interest expense	7,568	-	6,601	-

31. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33.33%% (16.67⅓% restricted to 50% based on remission year 5 to 10).

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Deferred income tax assets	1,359	1,023	1,359	1,023
Deferred income tax liabilities	(46,292)	(8,167)	(15,634)	(8,167)
Net liabilities	(44,933)	(7,144)	(14,275)	(7,144)

The net movement on the deferred income tax account is as follows:

General Accident Insurance Company Jamaica Limited

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(expressed in Jamaican dollars unless otherwise indicated)

31. Deferred Income Taxes (Continued)

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At the beginning of the year	(7,144)	(1,993)	(7,144)	(1,993)
Amounts restated through opening equity	-	(300)	-	(300)
Profit or loss (Note 15)	(37,789)	(4,851)	(7,131)	(4,851)
At end of year	(44,933)	(7,144)	(14,275)	(7,144)

Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2019	2018	2019	2018
Deferred income tax assets	$'000	$'000	$'000	$'000
Accrued vacation	1,359	1,023	1,359	1,023
	1,359	1,023	1,359	1,023

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accelerated depreciation	7,324	2,254	7,324	2,254
Intangible assets	30,658	-	-	-
Interest receivable	8,310	5,913	8,310	5,913
	46,292	8,167	15,634	8,167

The deferred tax movement in the profit or loss comprises the following temporary differences

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Accelerated depreciation	(5,070)	(7,486)	(5,070)	(7,486)
Intangible assets	(30,658)	-	-	-
Accrued vacation	336	705	336	705
Interest receivable	(2,397)	1,930	(2,397)	1,930
	(37,789)	(4,851)	(7,131)	(4,851)

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

32. Insurance Reserves

(a) These reserves are as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Gross -				
Unearned premiums	2,431,720	1,839,972	2,258,707	1,839,972
Claims liabilities	3,841,286	1,956,370	2,260,567	1,956,370
Unexpired risk reserve	17,292	-	-	-
Unearned commission	213,970	179,607	213,970	179,607
	6,504,268	3,975,949	4,733,244	3,975,949
Recoverable from reinsurers -				
Reinsurers' portion of unearned premiums	(1,040,631)	(851,167)	(1,040,631)	(851,167)
Reinsurers' portion of claims liabilities	(692,238)	(487,730)	(692,238)	(487,730)
	(1,732,869)	(1,338,897)	(1,732,869)	(1,338,897)
Net -				
Unearned premiums	1,391,089	988,805	1,218,076	988,805
Claims liabilities	3,149,048	1,468,640	1,568,329	1,468,640
Unexpired risk reserve	17,292	-	-	-
Unearned commission	213,970	179,607	213,970	179,607
	4,771,399	2,637,052	3,000,375	2,637,052

(b) Claims liabilities comprise:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Gross -				
Outstanding claims	2,619,872	1,590,807	1,851,690	1,590,807
IBNR	1,203,853	349,048	391,316	349,048
Unallocated loss adjustment expense	17,561	16,515	17,561	16,515
	3,841,286	1,956,370	2,260,567	1,956,370
Recoverable from reinsurers -				
Outstanding claims	505,303	338,217	505,303	338,217
IBNR	186,935	149,513	186,935	149,513
	692,238	487,730	692,238	487,730
Net -				
Outstanding claims	2,114,569	1,252,590	1,346,387	1,252,590
IBNR	1,016,918	199,535	204,381	199,535
Unallocated loss adjustment expense	17,561	16,515	17,561	16,515
	3,149,048	1,468,640	1,568,329	1,468,640

General Accident Insurance Company Jamaica Limited

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31 December 2019

(expressed in Jamaican dollars unless otherwise indicated)

32. Insurance Reserves (Continued)

An actuarial valuation was performed to value the policy and claims liabilities of the Group as at 31 December 2019 in accordance with the Insurance Act of Jamaica by the appointed actuary, Josh Worsham, FCAS, MAAA of Mid Atlantic Actuarial. The Insurance Act requires that the valuation be in accordance with accepted actuarial principles. The actuary has stated that his report conforms to the standards of practice as established by the Canadian Institute of Actuaries, with such changes as directed by the Financial Services Commission, specifically, that the valuation of some policy and claims liabilities not reflect the time value of money.

For consistency, the management also performed a valuation for the policy and claim liabilities of the subsidiary as at 31 December 2019 using the same appointed actuary.

In arriving at his valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method.

In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

In his opinion dated 30 April 2020, the actuary found that the amount of policy and claims liabilities represented in the statement of financial position at 31 December 2019 makes proper provision for the future payments under the Group's policies and meets the requirements of the Insurance Act and other appropriate regulations of Jamaica; that a proper charge on account of these liabilities has been made in profit or loss; and that there is sufficient capital available to meet the solvency standards as established by the Financial Services Commission.

The movement in claims outstanding was as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net reserves for claims outstanding at beginning of year –				
Gross reserves for claims outstanding	1,956,370	1,695,902	1,956,370	1,695,902
Reinsurance ceded	(487,730)	(292,203)	(487,730)	(292,203)
	1,468,640	1,403,699	1,468,640	1,403,699
Movement during the year –				
Acquisition of outstanding claims (Note 38)	2,418,758	-	-	-
Claims incurred, including IBNR	1,158,372	1,062,241	1,306,359	1,062,241
Claims paid	(2,230,200)	(1,217,875)	(1,549,741)	(1,217,875)
Recovery from reinsurers	339,866	220,575	343,071	220,575
Translation differences on foreign currency claims	(6,388)	-		-
	1,680,408	64,941	99,689	64,941
Net reserves for claims outstanding at end of year	3,149,048	1,468,640	1,568,329	1,468,640
Reinsurance ceded	692,238	487,730	692,238	487,730
Gross reserves for claims outstanding at end of year	3,841,286	1,956,370	2,260,567	1,956,370

General Accident Insurance Company Jamaica Limited

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32. Insurance Reserves (Continued)

Significant delays occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

(c) The movement in unearned premiums for the Group and company are as follows:

	The Group					
	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	1,839,972	(851,167)	988,805	1,369,500	(612,558)	756,942
Acquisition of subsidiary	210,135	-	210,135			
Premiums written during the year	10,727,828	(8,151,493)	2,576,335	8,735,797	(6,745,749)	1,990,048
Premiums earned during the year	(10,346,215)	7,962,029	(2,384,186)	(8,265,325)	6,507,140	(1,758,185)
	381,613	(189,464)	192,149	470,472	(238,609)	231,863
Balance at 31 December	2,431,720	(1,040,631)	1,391,089	1,839,972	(851,167)	988,805

	The Company					
	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	1,839,972	(851,167)	988,805	1,369,500	(612,558)	756,942
Premiums written during the year	10,615,009	(8,151,493)	2,463,516	8,735,797	(6,745,749)	1,990,048
Premiums earned during the year	(10,196,274)	7,962,029	(2,234,245)	(8,265,325)	6,507,140	(1,758,185)
	418,735	(189,464)	229,271	470,472	(238,609)	231,863
Balance at 31 December	2,258,707	(1,040,631)	1,218,076	1,839,972	(851,167)	988,805

General Accident Insurance Company Jamaica Limited
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32. Insurance Reserves (Continued)

The gross unearned premium reserve by class of business is as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fire, consequential loss and liability	726,224	569,450	726,224	569,450
Motor	1,600,853	1,130,310	1,427,840	1,130,310
Other	104,643	140,212	104,643	140,212
	2,431,720	1,839,972	2,258,707	1,839,972

33. Share Capital

	2019 $'000	2018 $'000
Authorised -		
1,100,000,000 Ordinary shares of no par value		
Issued and fully paid -		
1,031,250,000 Ordinary shares of no par value	470,358	470,358

34. Capital Reserves

	2019 $'000	2018 $'000
At beginning of and end of year	152,030	152,030

The capital reserves at year end represent realised surpluses.

35. Property Revaluation Reserve

This represents the unrealised surplus, net of tax, on the revaluation of real estate investment.

36. Fair Value Reserve

This represents the unrealised surplus, net of tax, on the revaluation of investments classified as Fair Value through Other Comprehensive Income (FVOCI).

General Accident Insurance Company Jamaica Limited

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37. Non-Controlling Interest

	2019 $'000	2018 $'000
Beginning of year	-	-
Acquisition of subsidiary (Note 38)	391,522	-
NCI share of Total Comprehensive Income	82,025	-
	473,547	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The total non-controlling interest at the end of the year was $473,547,000, all of which relates to Motor One Limited.

Summarised financial information on subsidiary with material non-controlling interests.

(a) Summarised Statement of Financial Position – Motor One Limited

	31 December 2019 $'000
	$'000
Assets	2,937,044
Liabilities	(1,938,266)
Net Assets	998,778

(b) Summarised Statement of Comprehensive Income - Motor One Limited

	Three months ended 31 December 2019 $'000
	$'000
Revenue	304,081
Profit before taxation	234,319
Taxation	(28,101)
Profit after tax	206,218
Other comprehensive income	(23,940)
Total Comprehensive Income	182,278
Profit after tax allocated to non-controlling interest	92,798
Total comprehensive income allocated to non-controlling interest	82,025

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37. Non-Controlling Interest (Continued)

(c) Summarised Statement of Cash Flows – Motor One Limited

	31 December 2019 $'000
Cash flows from operatating activities	
Cash used in operations	(774,569)
Income taxes	28,101
Net cash used in operating activities	(746,468)
Net cash generated from investing activities	957,695
Net cash used in financing activities	(1,215)
Net increase in cash and cash equivalents	210,012
Cash and cash equivalents at acquisition date	39,344
Exchange gains on cash and cash equivalents	(10,233)
	239,123

38. Business Combination and Asset Purchase

Acquisition of 55% interest in Motor One Limited

On 16 September 2019, the group acquired 55% of the share capital of Motor One Limited.

The acquired business contributed revenues of $304,081,000 and net profits attributable to shareholders of $130,282,000 for the year ended 31 December 2019. Had the entity been acquired at the beginning of the year, it would have contributed revenues of approximately $373,577,000 and net profits of approximately $100,541,000 of the Group for the year ended 31 December 2019.

Details of the net assets acquired, purchase consideration and negative goodwill, determined on a provisional basis, were as follows:

	Fair Values $'000
Cash and short-term investments	39,344
Due from policyholders, brokers and agents	10,449
Investment securities	2,425,304
Investment property	579,702
Property, plant and equipment	340,869
Intangible assets	193,117
Taxation payable	(8,904)
Other liabilities	(80,939)
Unearned premium	(210,135)
Insurance reserves	(2,418,758)
	870,049

General Accident Insurance Company Jamaica Limited

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38. Business Combination and Asset Purchase (Continued)

Acquisition of 55% interest in Motor One Limited (continued)

	$'000
Purchase consideration – Cash	238,074
Purchase consideration – Deferred	84,109
Purchase consideration - Contingent	26,553
NCI at acquisition (Note 37)	391,522
Net asset acquired	(870,049)
Bargain purchase	(129,791)

Cash paid	(238,074)
Cash and cash equivalent included in net assets	39,344
Net cash outflow on acquisition	(198,730)

39. Pension Scheme

Employees participate in a defined contribution pension scheme operated by a related company, T. Geddes Grant (Distributors) Limited. The scheme is open to all permanent employees, as well as the employees of certain related companies. The scheme is funded by employees' compulsory contribution of 5% of earnings and voluntary contributions up to a further 5%, as well as employer's contribution of 5% of employees' earnings. The scheme is valued triennially by independent actuaries. The results of the most recent actuarial valuation, as at 31 December 2017, indicated that the scheme was adequately funded at that date.

Pension contributions for the period totalled $12,691,000 (2018 – $8,631,000) and are included in staff costs (Note 14).

40. Contingency

The Group is involved in certain legal proceedings incidental to the normal conduct of business. Management believes that none of these legal proceedings, individually or in the aggregate, will have a material effect on the Group.

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41. Adoption of New Accounting Standard

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

As indicated in Note 2, the Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2 (i) and Note 30.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.5%.

(a) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(i) applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(ii) relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
(iii) accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
(iv) excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and;
(v) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 - Determining whether an Arrangement contains a Lease.

(b) Measurement of lease liabilities

	The Group and Company 2019 $'000
Operating lease commitments disclosed as at 31 December 2018	120,845
Discounted using the lessee's incremental borrowing rate at the date of initial application	114,324
Lease liability recognised as at 1 January 2019	114,324
Of which are:	
Current lease liabilities	34,186
Non-current lease liabilities	80,138
	114,324

General Accident Insurance Company Jamaica Limited

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41. Adoption of New Accounting Standards (Continued)

(c) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had` always been applied.

(d) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

(i) right-of-use assets – increase by $111,484,000 for the Group and company.
(ii) lease liabilities – increase by $114,324,000 and for the Group and company.

Impact of adopting IFRS 16 on Statement of financial position as at 1 January 2019

The Group and Company	31 December 2018 as previously reported $'000	Effects of IFRS 16 $'000	1 January 2019 as restated $'000
ASSETS			
Right of use assets	-	111,484	111,484
Other assets unaffected by adoption of new standards	7,062,164	-	7,062,164
Total assets	7,062,164	111,484	7,173,648
LIABILITIES			
Lease liabilities	-	114,324	114,324
Other liabilities unaffected by adoption of new standards	5,005,552	-	5,005,552
Total liabilities	5,005,552	114,324	5,119,876
EQUITY			
Share capital	470,358	-	470,358
Capital reserves	152,030	-	152,030
Property revaluation reserve	40,819	-	40,819
Fair value reserve	14,898	-	14,898
Retained earnings	1,378,507	(2,840)	1,375,667
	2,056,612	(2,840)	2,053,772
	7,062,164	111,484	7,173,648

General Accident Insurance Company Jamaica Limited

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42. Subsequent Events

(a) In February 2020, the Group incorporated General Accident Insurance Company (Barbados) Limited a newly formed entity. In March 2020, The Financial Services Commission of Barbados issued General Accident Insurance Company (Barbados) Limited a license to operate as a registered Class 2 Insurer in Barbados.

(b) Subsequent to the end of the financial year, the World Health Organization declared the Corona virus (COVID-19) to be a global pandemic. The pandemic has resulted in a significant downturn in commercial activity as there is currently no cure, and the means most recommended to manage contagion is social distancing. Reduction in economic activity will have negative global consequences. The extent and duration of the impact of COVID-19 on the global economy and the sectors in which the Group and its policyholders operate is uncertain at this time, but it has the potential to adversely affect the business.

There has not been a sufficient passage of time for the Group to quantify the impact of the foregoing on its financial results at the time of reporting.

FORM OF PROXY

" I/We ________________________________ ***(insert name)*** of ________________________________

________________________________ ***(address)*** being a shareholder(s) of the above-named Company, hereby

appoint: __________________________________ ***(proxy name)*** of ____________________________

_________________________ ***(address)*** or failing him, _____________________________________..

_____________________________ ***(alternate proxy)*** of ____________________________________

____ ***(address)***

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at ***9 am on September 10, 2020, at 58 Half Way Tree Road, Kingston 10*** and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

No. Resolution details (tick as appropriate) **ORDINARY RESOLUTIONS**	Vote for or against
1. To receive the report of the Board of Directors and the Audited Financial Statements for the financial year ended December 31, 2019.	**For** ◯ **Against** ◯
2. To authorize the Board of Directors to re-appoint PwC as the Auditors of the Company and to fix their remuneration.	**For** ◯ **Against** ◯
To re-appoint the following Directors of the Board, who have resigned by rotation in accordance with the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment. 3. (a) To re-appoint Jennifer Scott a Director of the Board of the Company.	**For** ◯ **Against** ◯
3. (b) To re-appoint Nicholas Scott as a Director of the Board of the Company.	**For** ◯ **Against** ◯
3. (c) To re-appoint Brian Jardim as a Director of the Board of the company.	**For** ◯ **Against** ◯
4.(a) To Authorise the Board of Directors to fix the remuneration of the Directors.	**For** ◯ **Against** ◯
5. To approve the aggregated amount of interim dividends declared by the Board during the financial year ended 31st December 2019, being $142,683,750.02 or 13.836 cent per ordinary share, as the final dividend for the year.	**For** ◯ **Against** ◯

Signed this day of 2020:

Signed: ____ **(signature of primary shareholder)**

Signed: ____ **(signature of joint shareholder, if any)**

Name: ____ **(print name of primary shareholder)**

Name: ____ **(print name of joint shareholder, if any)**

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