General Accident

ANNUAL REPORT 2020

SPREADING OUR WINGS

General Accident

INSURANCE COMPANY JAMAICA LTD.


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Futureproofing tomorrow.

TABLE OF CONTENTS

GENERAL ACCIDENT
AT A GLANCE

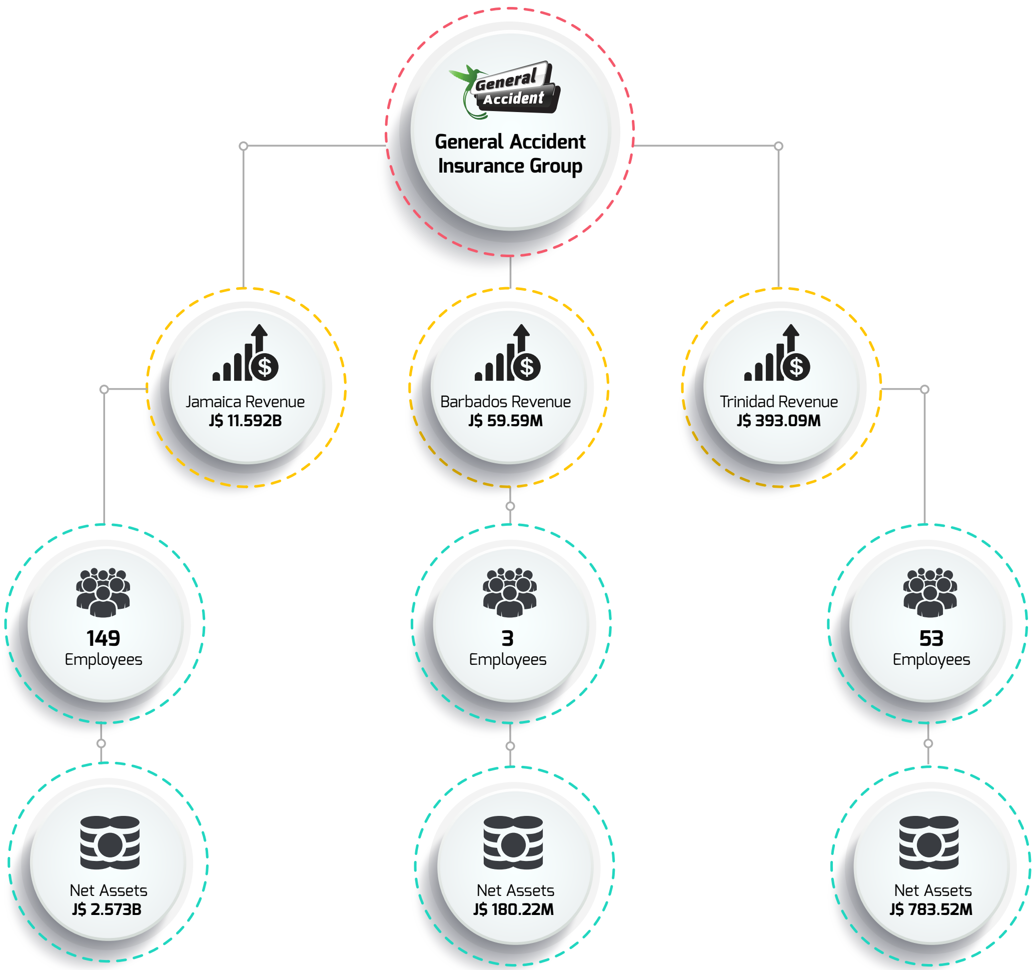
OUR **PURPOSE**

General Accident offers a wide range of innovative, affordable general insurance products to deliver financial protection and peace of mind to 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**

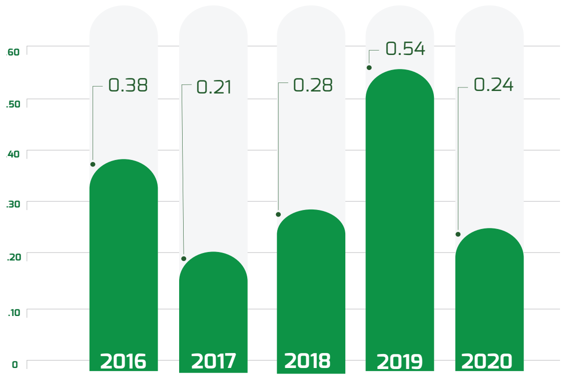
General Accident Insurance Company (GenAc) is a regional market leader in the general insurance sector contributing to Caribbean development through sound risk transfer mechanisms and excellent customer service. We build robust and long-term financial health through profitable, sustainable growth, supported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

CORPORATE **STRUCTURE**

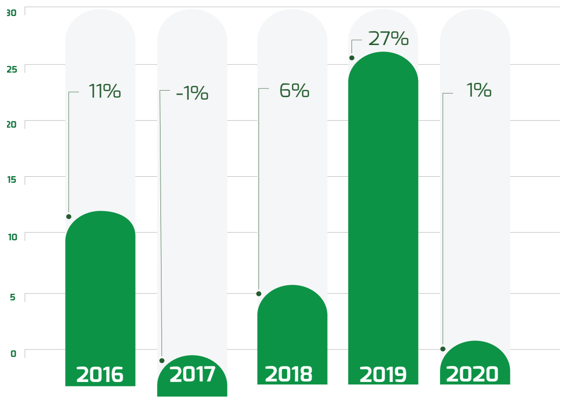


KEY FINANCIAL HIGHLIGHTS

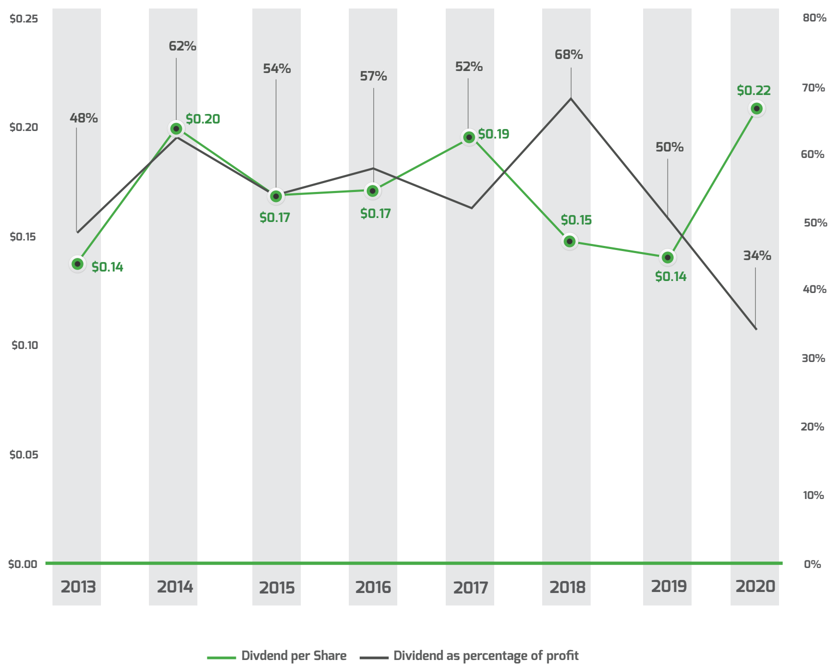
EARNINGS PER SHARE



EARNINGS PER SHARE

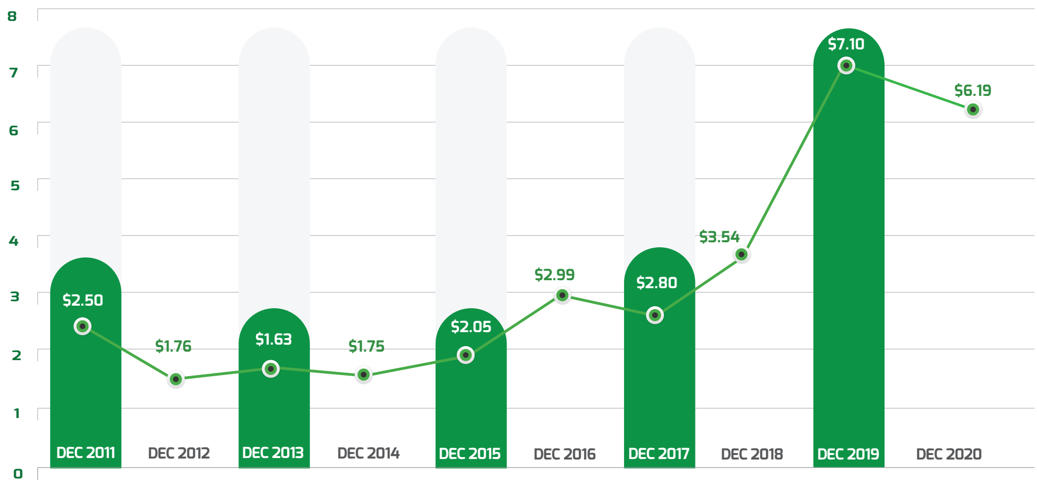


CONSISTENT SHAREHOLDER DIVIDEND

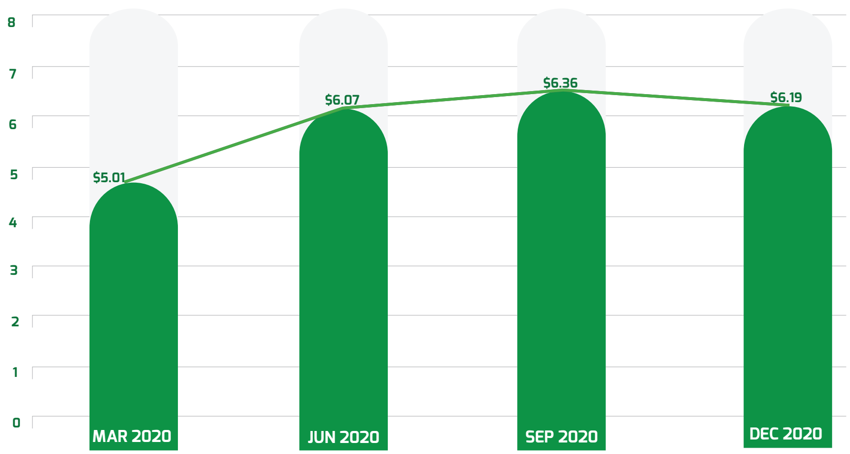


KEY FINANCIAL HIGHLIGHTS

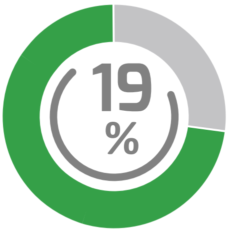
STOCK PRICE AT YEAR END



STOCK PRICES – 2020



WHO **WE ARE**



MARKET SHARE

205
EMPLOYED

60,812
POLICIES IN FORCE

3
COUNTRIES

54,000
POLICYHOLDERS

1,390
SHAREHOLDERS

WE **ARE STRONG**

11.1 Billion
in TOTAL ASSETS

12.0 Billion
in GROSS WRITTEN PREMIUM

260 Million
in PROFIT BEFORE TAX

194 Million
in NET PROFIT

1.445 Million
in UNDERWRITING PROFIT

294 Million
in INVESTMENT INCOME

10 - YEAR
STATISTICAL REVIEW

	2020	2019	2018	2017
	$'000	$'000	$'000	$'000
Employees	205	132	131	111
Gross Written Premiums	12,044,990	10,727,828	8,735,797	7,106,254
Claims Incurred	1,816,926	1,205,328	1,023,022	1,087,590
Underwriting Profit/(Loss)	1,445	442,136	174,768	-35,532
Profit Before Tax	259,536	770,154	352,569	236,077
Profit After Tax	193,812	651,558	285,370	221,236
Cash Dividends	222,668	142,684	150,047	200,001
Shareholder's Equity	2,974,866	3,003,565	2,056,612	1,937,771
Loss Ratio	66%	54%	63%	82%
Investment Return	6%	6%	5%	11%
Return On Equity	6%	32%	15%	11%
Dividend Yield On Average Equity	7%	6%	8%	10%
Net Worth Movement	-1%	27%	6%	-1%
Total Return To Shareholders	-10%	104%	32%	0%
P/E Ratio	25.8	13.1	12.6	13.3
Closing Stock Price	6.19	7.1	3.54	2.8
Dividend Payout Ratio	34%	50%	68%	52%
Market Capitalization	6,383,438	7,321,875	3,650,625	2,887,500

2016	2015	2014	2013	2012	2011	2010
$'000	$'000	$'000	$'000	$'000	$'000	$'000
91	90	78	83	77	44	69
5,649,097	6,112,355	5,072,375	4,479,755	3,788,969	3,626,395	2,203,074
746,073	696,480	678,558	646,791	540,775	420,142	426,624
45,609	114,656	101,941	58,503	117,362	161,589	68,862
404,243	303,448	319,965	323,702	285,269	1,341,478	244,775
386,879	304,418	320,078	327,914	290,537	1,284,816	213,944
175,003	172,219	203,878	140,025	100,031	90,925	95,000
1,964,420	1,775,297	1,579,382	1,456,944	1,288,850	1,140,743	1,270,502
66%	62%	63%	65%	58%	51%	62%
11%	8%	10%	14%	11%	61%	13%
22%	19%	22%	25%	25%	101%	21%
9%	10%	13%	10%	8%	8%	8%
11%	12%	8%	13%	13%	-10%	23%
54%	27%	8%	10%	-26%		
8	6.8	5.6	5.6	6.3	1.7	-
2.99	2.05	1.75	1.8	1.76	2.5	-
57%	54%	62%	48%	35%	0%	-
3,083,438	2,114,063	1,804,688	1,856,250	1,815,000	2,578,125	-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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 while meeting 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 other expansion opportunities within the Caribbean.

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.

SOLID FOUNDATION

We maintain financial strength to ensure consistent profitable growth.

INNOVATION

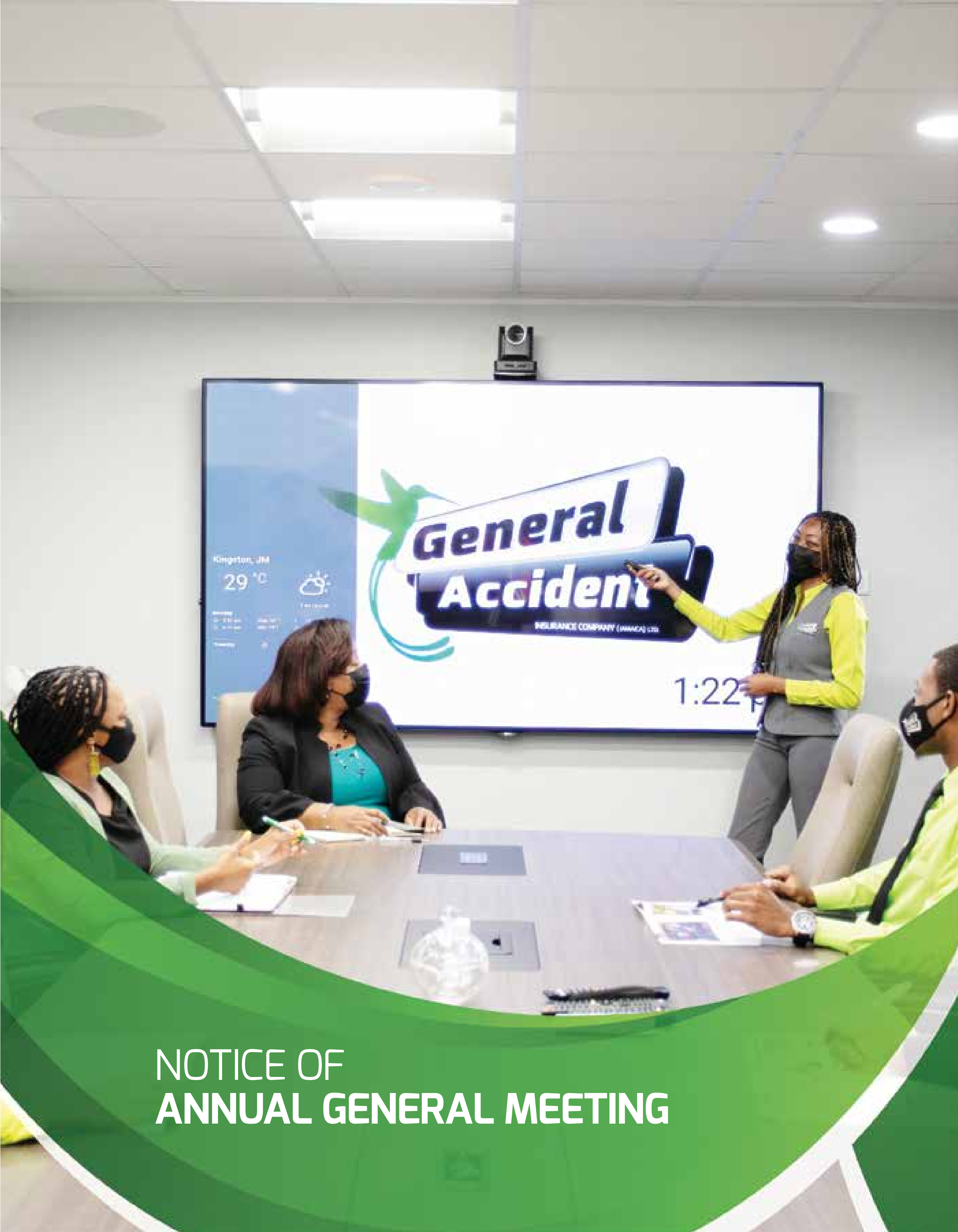
We are creative, willing to make bold decisions and challenge the status quo.

RESPONSIBILITY

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

PERFORMANCE

We strive for service that exceeds customer expectations.



NOTICE OF
ANNUAL GENERAL MEETING

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 15, 2021 at Liguanea Club, 5 Knutsford Blvd, Kingston 5, 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, 2020.

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 Gregory Foster Director of the Board of the Company.
    (b) To reappoint Matthew Lyn Director of the Board of the Company.
    (c) To reappoint Duncan Stewart 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, 2020 being $222,670,500.03 or 21.592 cents per ordinary share, as the final dividend for that year.

Dated this the 16th day of June, 2021 by Order of the Board

Geoffrey Messado
DIRECTOR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Application for

GOVERNANCE

Paul B. Scott
CHAIRMAN

CHAIRMAN'S **REPORT**

General Accident navigated the impact of the Covid 19 pandemic in 2020 while continuing to execute our strategy of building a leading regional general insurance company.

Our brand, our people and our relationships allowed General Accident to deliver outstanding, uninterrupted service to our broker partners, reinsurers and policyholders despite one of the most uncertain operating environments on record.

In fact, General Accident grew gross written premiums by 12%, produced a 15% return on equity and distributed over $220 million of dividends to our shareholders. More importantly, we cemented our position as the largest underwriter of general insurance risks in Jamaica while building our emerging operations in Trinidad and Barbados.

In 2020 our Jamaican property and motor insurance operations had another year of strong premium growth and profitability. The decline in General Accident's consolidated profits reflects our decision to invest in the organic growth of our newer regional subsidiaries. While these investments may have a short-term impact on our financial results, they create considerable value and are in the long-term best interest of General Accident. Moreover, they involve considerably less risk than growing our General Accident through large acquisitions.

The accelerated adoption of technology in our region triggered by the pandemic has validated our commitment to a regional strategy. Our presence in all three of the Caribbean's largest insurance markets diversifies our underwriting risk and creates economies of scale. However, it also better enables General Accident to invest, develop and deploy digital insurance solutions.

As we look forward our focus is on solidifying our market leadership in Jamaica, expanding our operations in Trinidad and Barbados and placing technology at the center of our operations.

Sincerely,

Paul B. Scott
CHAIRMAN


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DIRECTORS' **REPORT**

The Directors are pleased to present their report for General Accident Insurance Company (Jamaica) Limited for the financial year ended December 31, 2020.

FINANCIAL RESULTS

The Statement of Comprehensive Income for the Group shows pre-tax profits for the year of $259.5 million, taxation of $65.7 million and a net profit after tax of $193.8 million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Group 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, 2020 are: P.B. Scott, Melanie Subratie, Sharon Donaldson, Gregory Foster, Geoffrey Messado, Christopher Nakash, Jennifer Scott, Nicholas Scott, Duncan Stewart, Matthew Lyn and Brian Jardim.

The Directors to retire by rotation in accordance with the Articles of Incorporation are: Gregory Foster, Matthew Lyn and Duncan Stewart but being eligible, will offer themselves for re-election.

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 re-appointment.

DIVIDEND

A dividend of 21.592 cents per share paid on December 14, 2020, is proposed to be the final dividend in respect of the financial year ended December 31, 2020.

DIRECTORS' **PROFILES**

CHAIRMAN

PAUL B. SCOTT
(appointed November 1998)

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.

MANAGING DIRECTOR

SHARON DONALDSON
(appointed March 2008)

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**

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.

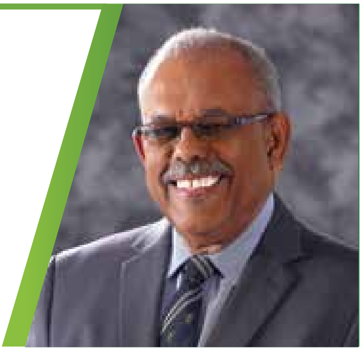
DEPUTY CHAIRMAN

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.

NON EXECUTIVE DIRECTOR

DIRECTORS' **PROFILES**

NON EXECUTIVE DIRECTOR

NICHOLAS A. SCOTT
(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.

INDEPENDENT NON EXECUTIVE DIRECTOR

DUNCAN STEWART
(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.

INDEPENDENT NON EXECUTIVE DIRECTOR

CHRISTOPHER NAKASH
(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**

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.

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.

INDEPENDENT NON EXECUTIVE DIRECTOR

CORPORATE GOVERNANCE **REPORT**

CORPORATE GOVERNANCE

The Group's Corporate Governance structure is designed to support the transparency and accountability of the people and processes in the Group as it expands its reach in the region. We believe that Corporate Governance in the Group is purpose focused and executed at a high standard, considering both local corporate governance practices and key aspects of global best practices.

The Group's corporate governance standards reflect the key tenets of responsibility, integrity, prudence, transparency and fair and equitable decision making. The members of the Board of Directors and those entrusted with administering our Corporate Governance embody diversity, experience, and proven excellence in their fields. Our Directors and Committees are aligned behind the strategic and corporate objectives set by management and are tasked with monitoring and ensuring that the efforts of all stakeholders support those objectives.

The Board is composed to promote independence. The Board is comprised of eleven (11) members, a non-executive Chairman, eight (8) non-executive directors and two (2) executive directors.

In 2020 Board meetings were held both virtually and in person throughout the year.

THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for oversight of executive remuneration packages. These packages are designed to reward performance and incentivize growth and are driven by the core organization objectives and in alignment with necessary risk considerations.

THE CONDUCT REVIEW COMMITTEE

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 Conduct Review Committee comprises of three (3) directors.

The committee meets at least three (3) times a year.

THE AUDIT COMMITTEE

The committee is responsible for providing 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 Comprises of three (3) non-executive directors and one (1) executive director.

The Audit Committee meets at least five (5) times for the year.

INVESTMENT AND LOAN COMMITTEE

The Committee is responsible for driving the Group's investment strategy and ensuring that the strategy meets all compliance requirements, inter alia, liquidity, quality, and term of investments. The committee also ensures that any material financial arrangement meets regulatory standards and fits the credit risk appetite of the Company.

The Investment and Loan Committee comprises of (3) non-executive directors and one (1) executive director.

The committee meets at least four (4) times for the year.

BOARD AND COMMITTEE MEETINGS

In 2020 Board and Committee meetings were held virtually as much as possible. The committees and members continued to fulfill their mandate to the Group.

Committee meetings are held at least four (4) times each year and more often if warranted.

LEADERSHIP
AND OPERATIONS

SENIOR LEADERSHIP **TEAM**

CEO & MANAGING DIRECTOR

SHARON DONALDSON

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.

CHIEF OPERATING OFFICER

GREGORY FOSTER

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.

CEO - TRINIDAD & TOBAGO

NATASHA PETTIER

Natasha Pettier is the Chief Executive Officer of General Accident Insurance Company Trinidad and Tobago Limited. 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.

WANDA MAYERS

GENERAL MANAGER - BARBADOS

Wanda Mayers is the General Manager of General Accident Insurance Company (Barbados) Limited. Her experience in general insurance includes customer service, marketing, reinsurance underwriting and claims. After becoming the Associate of the Chartered Insurance Institute (ACII) in the United Kingdom, she rose in the ranks at the Insurance Corporation of Barbados Limited, from Supervisor of the Reinsurance Department in 1993 to Assistant Vice President of Direct Underwriting and Customer Experience in 2015.

Her managerial experience was strengthened at Sagicor General Insurance Inc., as Vice-President for Underwriting in Barbados, ending in 2018. Myers has tutored various subjects at the Insurance Institute of Barbados and has served as Director of several companies in the public and private sector.

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.

LINDSAY GONSALVES

CHIEF FINANCIAL OFFICER - TRINIDAD & TOBAGO

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 GenacTT Insurance 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.

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

ANGELLA REYNOLDS
Underwriting Consultant

TRACEY-ANN THOMPSON
Underwriting Manager
(Property & Casualty Division)

PETAGAYE MCCOOK
Legal Services Manager

CAROL BARNETT
Claims Manager

JANILLE JARRETT
Underwriting Manager
(Motor Division)

MANAGEMENT **TEAM**

JOAN MCLEGGON
Chief Human Resource Officer

CHERYLL HENRY
Operations & Facilities Manager

DOUGLAS HAYDEN
Information Technology Manager

TANYA OAKLEY
Business Intelligence Manager

JANETTE COLE-SMITH
Finance & Compliance Manager

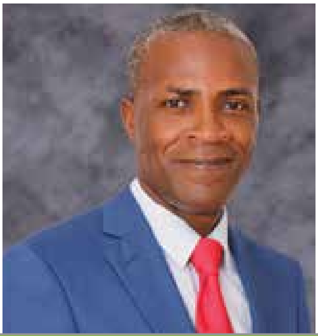
AGENT **NETWORK**

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

MARLON CREARY
Kingston

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General Accident
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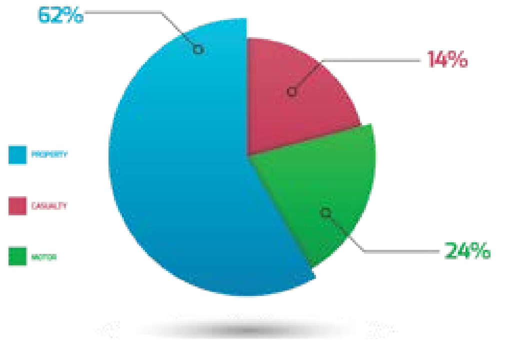
MANAGEMENT DISCUSSION **AND ANALYSIS**

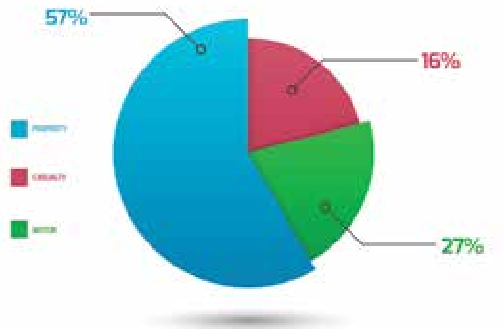
PROFITABILITY

The COVID-19 pandemic had a devastating economic and social impact on the entire Caribbean region, beginning in first quarter 2020 and continuing for the entire year. The insurance industry was not immune to this unprecedented threat and saw significant deterioration in market vibrancy, especially in those islands heavily dependent on tourism. The region was also affected by low vaccine availability and relatively high levels of vaccine hesitancy. All three islands have had to grapple with business lockdowns, layoffs, curfews, work from home orders leading to a significant economic contraction. This in turn required unplanned expenditure in extending digital networks, renovating new office space to accommodate distancing requirements and facilities for remote working.

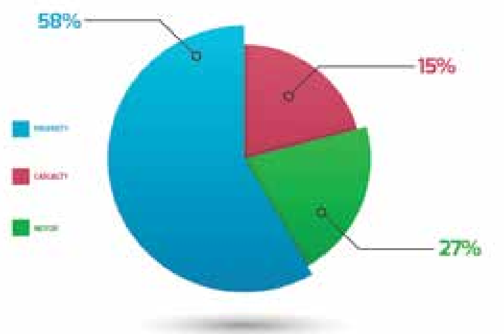
GROSS WRITTEN PREMIUM COMPOSITION 2018



GROSS WRITTEN PREMIUM COMPOSITION 2019



GROSS WRITTEN PREMIUM COMPOSITION 2020



MANAGEMENT DISCUSSION **AND ANALYSIS CON'T**

The year under review was the first year the consolidated results for the entire group included the 12-month operations of GenAcTT and the 9-month operations of GenAc Barbados. The pandemic retarded the projected progress of both companies, including the curtailment of marketing initiatives and the physical upgrade of several of our primary location which had been planned for early 2020. Despite adherence to disciplined underwriting and robust claims processing, the failure to make premium budgets, increased motor losses in Jamaica and pandemic-related expenses in all territories produced a below budget performance for the group in 2020.

The General Accident Group produced a consolidated profit before tax of $259.5 million, 34% lower than 2019. Despite the extremely challenging economic environment, the group did produce an underwriting profit of $1.4 million, compared to $442.1 million in 2019 and a net profit of $194.0 million compared to $652.0 million in the prior year, a significant reduction in profitability. It is worth noting, however, that 2019's results included one off gains on acquisition amounting to $130.0 million.

Notwithstanding COVID-19's devasting impact on regional economies, we maintained a high level of flexible customer service, expanded digital competence and avenues, and provided effective communication for customers and stakeholders.

General Accident Jamaica produced revenue of $11.6 billion, up on prior year of $10.6 billion; underwriting profit of $175.6 million down on prior year of $377.0 million; net profit of $393.4 million also fell below prior year of $445.0 million.

GenacTT produced revenue of $393.0 million and a net loss of $125.7 million in its first full year of operation. Although performance fell below budget, we are encouraged by the uptick in new business revenue. During the year we successfully navigated, the installation of a new CEO, a name change, a rebranding exercise, and the major milestone of expanding our range of insurance products beyond the traditional motor class of business. We received approval from the Central Bank of Trinidad and Tobago to write seventeen (17) new lines of business and with support from our panel of reinsurers, we welcome the opportunity to become a major general insurance provider in the region.

Genac Barbados was granted an operating licence in April 2020 and commenced operations in May 2020. The formal launch and marketing plans for the company's first year had to be postponed due to the pandemic, and the focus shifted to building a stable and balanced portfolio through broker relationships. Initial results were buoyed by group businesses along with a growing portfolio of direct personal lines business, but the sluggishness of the economy and COVID-19 operating restrictions made brand penetration difficult.

The financial year closed with revenue of $60.0 million for the eight (8) months of operation. This was well below budgeted expectations and significant start-up costs led to a loss of $34.0 million for 2020.

As a new entrant in two islands, part of our competitive advantage is the streamlined business processes resulting from the investment in digitization made in 2020. This positions us comfortably for a more efficient and cost effective 2021. We will leverage our market reach, digital capabilities, and financial strength to capitalize on opportunities to provide a full suite of insurance products to the Caribbean.

FINANCIAL PERFORMANCE HIGHLIGHTS

Genac Group

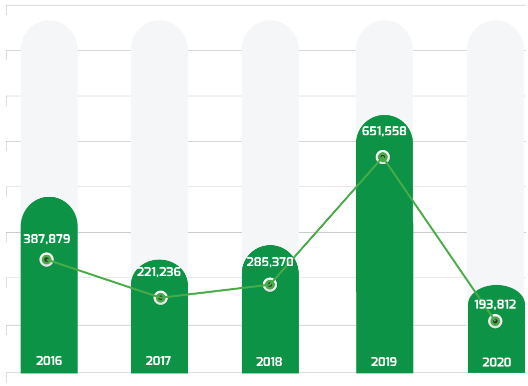
- Nineteen years of consistent premium growth
- Profit for the year of $194.0 million
- Earnings per share of $0.24
- Book value of $2.97 billion
- Annualized return on equity of 6.5%

Genac Jamaica

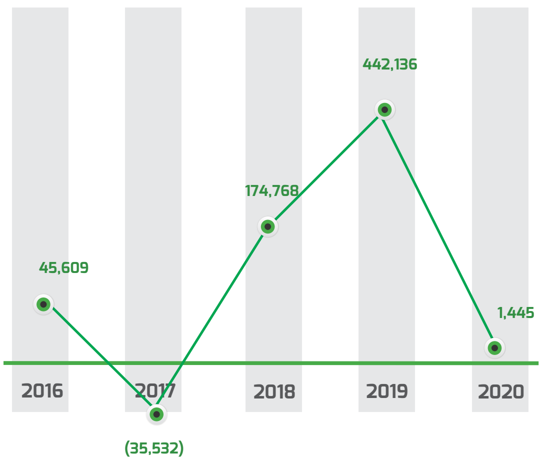
- 19 years of premium growth
- Profit for the year of $393.4 million
- Earnings per share of $0.38
- Book value of $2.57 billion
- Annualized return of 8.0%

Profit attributable to shareholders was $193.8 million in 2020. We paid dividends amounting to $222.7 million in the year under review.

NET PROFIT OVER FIVE YEARS $'000



UNDERWRITTEN PROFIT/(LOSS) OVER FIVE YEARS $'000



INVESTMENT INCOME

In contrast to the technical income, investment income increased by 28% to $294.0 million, up from $230.0 million. We are pleased that we were able to produce a return on investment (ROI) of 5.0%. During the year, the investment portfolio generated total recognized gains of $266,737 million with a loss of $27.5 million reported in Other Comprehensive Income.

FINANCIAL STRENGTH

We continue to enjoy investor confidence as although the company's market capitalization dipped below prior year market cap of $7.3 billion, nevertheless remains fairly strong at $6.46 billion. The General Accident Group is well capitalized with an equity book value of $3.0 billion, which remains reasonably stable despite the negative headwinds of 2020.

Total assets of $11.2 billion saw a marginal increase of 2%, up from $11.0 billion and Cash and Cash Equivalent were $756.5 million compared to $642.3 million in 2019.

MANAGEMENT DISCUSSION **AND ANALYSIS CON'T**

CAPITAL MANAGEMENT

The company manages its capital to maximize long term shareholder value while maintaining financial strength. We aim to meet regulatory and solvency ratios consistently. Our policy is to allocate capital to investment opportunities earning the highest risk adjusted returns, as we seek to maintain a balance between higher returns and the security of a sound capital position.

We are pleased to report that we met the regulatory capital and liquidity requirements for all entities for 2020.

Description	Benchmark	Actual
Jamaica MCT	200.80%	240.40%
Trinidad & Tobago Solvency Margin	250,000 TTD	34.1M TTD
Barbados Solvency Margin	500,000 BBD	2.03M BBD

LOOKING AHEAD

For the entire year and throughout the region, country-specific COVID-19 containment measures resulted in reduced operating hours for most companies, closure of schools, which in turn caused childcare difficulties for employees, internet access limitations and other challenges that negatively impacted our performance. International travel restrictions adversely affected tourism and other businesses, which led to reduced demand for insurance products.

At the start of 2021, we have seen a gradual recovery of Caribbean economies and we anticipate that this will lead to increased demand of our products. We remain committed to delivering our strategic objectives. We look ahead with confidence and enthusiasm as we believe we have the right approach, culture, and products to compete in a new digitized, customer-focused marketplace. We believe we will be able to achieve robust financial performance and satisfied policyholders by completing the digital transformation that is already well underway. I would personally like to extend sincere thanks to the Board of Directors for providing insight, guidance and support to the management and staff. To the hardworking staff members in all three islands, my heartfelt gratitude and appreciation to you for your commitment to the success of the company. To our brokers and insureds, thank you for the confidence you have placed in us.

We take our brand promise of excellence seriously and will continue to deliver value to our customers, employees, business partners and shareholders.

Sharon Donaldson
MANAGING DIRECTOR

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 meets at least four times a year.

CORPORATE SOCIAL **RESPONSIBILITY**

CORPORATE SOCIAL **RESPONSIBILITY**

The COVID-19 pandemic reached Jamaica's shores in March 2020, and in GenAc's 10th year as a publicly-traded company, ushering in a year of unprecedented hardship for everyone. Despite the business challenges, GenAc looked for opportunities to continue our commitment to national development through sports, education and protection of the environment, with the full support of our staff, management and Board of Directors.

Here are the highlights:

PSOJ **COVID RELIEF**

As part of the Musson Group of Companies, GenAc contributed to the Private Sector Organisation of Jamaica's (PSOJ) COVID-19 Relief Effort.

GenAc, through the Musson Group Foundation donated $1,250,000 towards the purchase of vitally needed ventilators deployed throughout the public health system.

JAMAICA CANCER SOCIETY **DONATION**

The GenAc staff made a sizable contribution to Jamaica Cancer Society in October 2020 from the sale of masks and other donations.

The handover of $95,000 was in support of prostate and breast cancers awareness programmes, promoting health and wellness for Jamaicans.

Jamaica Cancer Society's (JCS) Acting Executive Director Michael Leslie receives the donation from Colesha Mahoney.

Colesha Mahoney presents a donation to the Jamaica Cancer Society's (JCS) Fundraising and Public Relations Officer Shullian Brown.

MAISIE GREEN **LEARNING CENTRE DONATION**

GenAc continued its support of the Maisie Green Learning Centre on Grants Pen Road during the year under review. GenAc provided the early childhood development centre with a desktop computer, hand sanitiser and a refillable dispenser, thermometers, masks, reusable cups and cutlery among other items.

The GenAc team toured the facilities and inspected previous renovations including the painted classrooms, the kitchen facilities, and the newly introduced isolation room as the school seeks to comply with Ministry of Education, Youth and Information COVID-19 Safety protocols.

Maisie Green Learning Centre Principal Charmaine Bennett gratefully holds the advanced desktop computer donated by GenAc on October 1, 2020.

GenAc donated supplies of hand sanitiser, a refillable dispenser, thermometer, masks, reusable cups, and flatware to the Maisie Green Learning Centre on Grants Pen Road on October 1, 2020.

GenAc's Colesha Mahoney (left) and Kerry-Ann Turnbull (centre) present Maisie Green Learning Centre Principal Charmaine Bennett with the computer and other items donated to the school on October 1, 2020.

READ ACROSS **JAMAICA DAY**

TIn observance of the National Read Across Jamaica Day 2020, GenAc staff participated in virtual reading sessions with children.

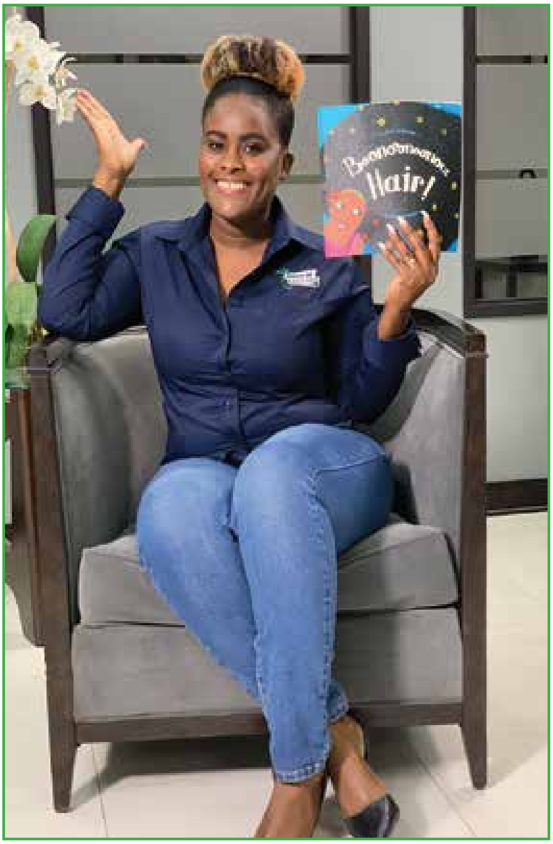
During Education Week, held under the theme "Promoting Digital Transformation and Positive Values & Attitudes – Imperatives for Redefining 21st Century Education", there were virtually readings of various Jamaican authored children's books by GenAc staff members and shared with students of the Drews Avenue Primary school.

The readings were also streamed live on GenAc's Instagram and Facebook pages.

This collection of carefully selected Caribbean stories and beautiful work highlighted local artists and illustrators for their appeal to young boys and girls.

GenAC also partnered with the Early Childhood Commission on two major reading initiatives: '**Read Across the Parish**' and '**Read Pon Di Cawna**'.

It is important that communities we support not only benefit from the financial support of General Accident but also from the skills, teamwork and dedication of our staff.



Human resources officer Kerry-Ann Turnbull shows off Boonoonoonous Hair written by Olive Senior and illustrated by Laura James.

Broker Services Representative, Chris-Ann Nunes reads Bolo the Moneky written by Jonathan Burke and illustrated by Nicholas Martin.

JAMAICA ENVIRONMENT TRUST DONATION

GenAc donated $500,000 towards the operations of the Jamaica Environment Trust (JET) on Earth Day in April 2020.

In recent years, the company has challenged its staff members to reduce their environmental impact by utilising reusable water bottles and washable lunch boxes instead of single-use plastics and Styrofoam containers, minimising office waste, and limiting the use of printers. These strategies continued in 2020 and were not only environmentally friendly but also resulted in the company reaping savings.

HONOURABLE MENTIONS

GenAc also supports the following organisations and activities:

- University of Technology Jamaica
- Jamaica Stock Exchange
- Institute of Chartered Accountants (ICAJ)
- Rotary Club of Liguanea Plains
- Insurance Association of Jamaica

EMPLOYEE **ENGAGEMENT**

The effects of the 2020 global pandemic did not dampen the enthusiasm and morale of our dedicated staff.

In the absence of physical awards and team building, the company transitioned to online lymes, virtual rewards and recognition fora, and online team challenges to ensure that this critical component of staff engagement was not lost. Team building activities were scheduled virtually to maintain social cohesion across the organization.

GenAc firmly believes that employee recognition helps to create a positive workforce culture and employee experience.

SIGMA CORPORATE RUN

Our staff were able to contribute to the Sigma Corporate Run in February 2020 through their participation. This is our sixth year supporting the Run which raised $52 million for the Savanna-La-Mar Public General Hospital, Bustamante Hospital for Children and the Clifton Boys' Home.

INTERNATIONAL WOMEN'S DAY

International Women's Day (IWD) provides GenAc with an opportunity to empower one another and recognise the hard work and accomplishments of women in the workplace. In honour of IWD female team members were serenaded and treated by our male team members.

MOTHER'S DAY

We highlighted our team members' recollections of the life-changing role as 'mother'. The enduring, and critical role of motherhood (biological and adoptive) was shared to the GenAc team for Mother's Day.

PINKTOBER

During Breast Cancer Awareness month, GenAc's social media pages highlighted the importance of self-checks as part of early detection of breast cancer.

GRAND MARKET

Our multi-talented employees were able to showcase their goods at a Grand Market held during the Christmas season.

The display at our Kingston location featured their goods of farm produce, soaps, juices, baked goods, accessories, make-up and designer bags for sale.

The company continues to encourage work life balance. To close the curtains on the Christmas season, the staff celebrated with a day of giving by donating non-perishable items, to be given to the Mustard Seed Communities.

REMOTE WORKING AND TRAINING

The COVID-19 pandemic encouraged the implementation of flexible work arrangements for all staff members including a shift system to ensure that social distancing was maintained. To facilitate the transition to remote working, GenAc provided customised training on maintaining work life balance, health and wellness.

With the implementation of flexible work arrangements GenAC also contributed to our sustainability efforts by reducing carbon emissions.

DISCLOSURE OF **SHAREHOLDINGS**

TOP 10 **SHAREHOLDERS**

AS AT DECEMBER 31, 2020

NAME	NO. OF UNITS	PERCENTAGE
Musson Jamaica Ltd.	824,999,989	80.00
Mayberry Jamaican Equities Ltd.	19,642,677	1.90
Mayberry Managed Clients Account	15,032,119	1.46
Apex Pharmacy	10,000,000	0.97
QWI Investments Ltd.	9,343,293	0.91
Lancedale Farquharson	7,836,138	0.76
PAM – Pooled Equity Fund	7,550,000	0.73
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, 2020

NAME	COMBINED HOLDINGS	PERCENTAGE
Musson Jamaica Ltd. Paul B. Scott Melanie Subratie	824,999,989	80.000
Sharon Donaldson Junior Levine	3,748,700	0.3635
Gregory Foster	350,000	0.0340
Geoffrey Messado	1,000,000	0.0970
Duncan Stewart Deborah Stewart Diane Stewart	2,475,190	0.2400
Christopher Nakash	1,698,020	0.1647
Nicholas Scott	1,980,198	0.1920
Matthew Lyn Jodi Lyn	96,500	0.0094

SENIOR LEADERSHIP AND **MANAGEMENT TEAM SHAREHOLDINGS**

AS AT DECEMBER 31, 2020

NAME	COMBINED HOLDINGS	PERCENTAGE
Cheryll Henry	159,445	0.0155
Lesley Miller Martin Miller Leslie Daley	307,233	0.0294
Jamalda Stanford	92,857	0.0090
Janille Jarrett	25,000	0.0024
Tracey-Ann Thompson	50,000	0.0048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CORPORATE **DATA**

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) 929-8451
  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) 929-8451

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

TRINIDAD

- **General Accident Insurance Company Trinidad and Tobago Limited**
  Cor. French Street & Ariapita Avenue,
  Woodbrook, Port of Spain
  Trinidad, W.I.
  Telephone: (868) 622-7292
  (868) 622 -5614
  (868) 622-8500

BARBADOS

- **General Accident Insurance Company Barbados Limited**
  Suite 8, Dome Mall,
  Warrens,
  St. Michael BB22026
  Telephone: (246) 257-3392

GENERAL ACCIDENT INSURANCE COMPANY JAMAICA LIMITED
31 December 2020

FINANCIAL **STATEMENTS**

MID ATLANTIC ACTUARIAL

3. 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, 2020 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:	2,639,020	2,642,345
Assumed unpaid claims and adjustment expenses:	0	0
Gross unpaid claims and adjustment expenses:	2,639,020	2,642,345
Ceded unpaid claims and adjustment expenses:	841,349	841,349
Other amounts to recover:	0	0
Other net liabilities:	0	0
Net unpaid claims and adjustment expenses:	1,797,671	1,800,996

Policy Liabilities (J$000)	Carried in Annual Return	Actuary's Estimate
Gross policy liabilities in connection with unearned premiums:		1,211,776
Net policy liabilities in connection with unearned premiums:		974,839
Gross unearned premiums:	2,172,550	
Net unearned premiums:	1,264,929	
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	May 11, 2021
Name of Appointed Actuary	Signature of Appointed Actuary	Date

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 2020, 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

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- 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 company statement of financial position as at 31 December 2020;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 Group is comprised of three components including two subsidiaries located in Trinidad and Tobago and Barbados. Full scope audit procedures were performed on two of these components. The audit procedures covered 97% of total assets and 99% of total revenue of the Group

In establishing the overall group audit strategy and plan, we determined the type of work that is needed to be performed at the component level by the Group engagement team and by PwC component auditors. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work of those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

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
Valuation of claims liabilities for general insurance contracts *Refer to notes 2 (r) and 33 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 \$4 billion for the Group and \$2.64 billion for the Company. This represented 49% and 41% 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. 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 2020. 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.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: • 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. • Tested the completeness, accuracy and reliability of the underlying data utilized by management, and its external actuarial experts, to support the actuarial valuation by agreeing, on sample basis, to source documentation, which included signed insurance contracts and claim submissions. • Assessed the independence, experience and objectivity of management's actuarial expert. • Evaluated the suitability of the methodologies and assumptions used in establishing claims liabilities against established actuarial practices, those commonly used in the insurance industry and underlying claims information. The results of our procedures indicated that 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.

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.

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, actions taken to eliminate threats or safeguards applied.

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
3 June 2021
Kingston, Jamaica

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Gross Premiums Written		12,044,990	10,727,828
Reinsurance ceded		(9,066,069)	(8,151,493)
Excess of loss reinsurance cost		(167,314)	(130,176)
Net premiums written		2,811,607	2,446,159
Changes in unearned premiums, net		(71,047)	(212,387)
Net Premiums Earned		2,740,560	2,233,772
Commission income		771,217	857,540
Commission expense		(465,634)	(451,857)
Claims expense	10	(1,816,926)	(1,205,328)
Management expenses	13	(1,227,772)	(991,991)
Underwriting Profit		1,445	442,136
Investment income	11	293,886	229,885
Finance charge		(14,642)	(7,568)
Other income	12	95,591	202,175
Other operating expenses	13	(116,744)	(96,474)
Profit before Taxation		259,536	770,154
Taxation	15	(65,724)	(118,596)
Net Profit for the Year		193,812	651,558
Net Profit Attributable to:			
Owners of General Accident Insurance Company Jamaica Limited		242,503	558,760
Non-controlling interests	38	(48,691)	92,798
		193,812	651,558
EARNINGS PER SHARE	16	$0.24	$0.54
Other Comprehensive Income, net of tax:			
Items that may not be subsequently reclassified to profit or loss			
Unrealised gains on FVOCI investments		(45,835)	64,330
Unrealised gains on revaluation of real estate investment		18,696	9,265
Unrealised gains on revaluation of property, plant and equipment		-	15,869
Foreign currency translation adjustments		88,863	(40,067)
Total Other Comprehensive Income		61,724	49,397
TOTAL COMPREHENSIVE INCOME		255,536	700,955
Total Comprehensive Income Attributable to:			
Owners of General Accident Insurance Company Jamaica Limited		274,673	618,930
Non-controlling interests	38	(19,137)	82,025
		255,536	700,955

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Financial Position

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and short-term investments	18	756,548	642,329
Taxation recoverable		40,401	80,468
Due from policyholders, brokers and agents		1,252,837	1,116,972
Due from reinsurers and coinsurers	19	2,302,249	2,220,132
Deferred policy acquisition cost		496,512	473,244
Other receivables	20	243,575	167,408
Due from related parties	9	22,710	11,656
Loans receivables	21	251,464	-
Lease receivables	22	79,157	-
Right of use assets	31	148,202	92,157
Investment securities	23	4,210,786	4,752,243
Investment property	25	315,048	519,216
Real estate investment	26	212,329	193,633
Property, plant and equipment	27	644,924	574,434
Intangible assets	28	193,605	196,174
Total assets		11,170,347	11,040,066
LIABILITIES			
Taxation payable		4,779	4,426
Due to reinsurers and coinsurers	29	954,618	961,524
Other liabilities	30	410,784	406,205
Due to related parties	9	-	17,130
Lease liabilities	31	162,521	98,015
Deferred tax liabilities	32	38,050	44,933
Insurance reserves	33	6,624,729	6,504,268
Total liabilities		8,195,481	8,036,501
SHAREHOLDERS' EQUITY			
Share capital	34	470,358	470,358
Capital reserves	35	146,384	152,030
Property revaluation reserve	36	77,508	58,812
Fair value reserve	37	33,320	79,112
Translation reserve		37,229	(22,037)
Retained earnings		1,811,578	1,791,743
		2,576,377	2,530,018
Non-Controlling Interest	38	398,489	473,547
Total shareholders' equity		2,974,866	3,003,565
Total liabilities and shareholders' equity		11,170,347	11,040,066

Approved by the Board of Directors on 2 June 2021 and signed on its behalf by:

Paul B. Scott — Chairman

Sharon Donaldson-Levine — Director

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise stated)

	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
As 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		-	-	-	-	-	-	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
Comprehensive income:									
Net profit for the year		-	-	-	-	-	242,503	(48,691)	193,812
Other comprehensive income		-	-	18,696	(45,792)	59,266		29,554	61,724
Total comprehensive income		-	-	18,696	(45,792)	59,266	242,503	(19,137)	255,536
Tranaction with non-controlling interest	38	-	(5,646)	-	-	-	-	(41,030)	(46,676)
Capital contribution by non-controlling interest	38	-	-	-	-	-	-	40,874	40,874
Dividends paid by subsidiary to non-contolling interest		-	-	-	-	-	-	(55,765)	(55,765)
Transactions with owners									
Dividends	17	-	-	-	-	-	(222,668)	-	(222,668)
Balance at 31 December 2020		470,358	146,384	77,508	33,320	37,229	1,811,578	398,489	2,974,866

General Accident Insurance Company Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Net profit		193,812	651,558
Adjustments for items not affecting cash:			
Depreciation	26,31	106,312	84,639
Amortisation of intangible assets	28	14,139	11,835
Amortisation of investment premium		(3,392)	(6,188)
Gains on revaluation of investment property	11	(21,811)	(19,346)
Gain on disposal of investment property	11	(33,969)	-
ECL on debt investments		(6,872)	(6,697)
Gain on disposal of property, plant and equipment and adjustment	12	(2,490)	(1,758)
Finance charge		8,428	7,568
Interest income	11	(173,233)	(148,721)
Dividend income	11	(14,299)	(18,172)
Current taxation	15	72,607	80,807
Deferred taxation	15	(6,883)	37,789
Foreign exchange (gains)/losses		(58,639)	(57,515)
Increase in deferred policy acquisition cost		(23,268)	(57,009)
Increase in insurance reserves		120,461	(100,574)
		170,903	458,216
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		(135,865)	(212,805)
Other receivables		(76,167)	(7,661)
Other liabilities		4,580	48,349
Due from related parties		(28,184)	9,582
Due from reinsurers and coinsurers, net		(89,023)	(320,587)
		(153,756)	(24,906)
Tax deducted at source		(27,765)	(27,791)
Net cash used in operating activities		(181,521)	(52,697)
Cash Flows from Investing Activities			
Investments, net		550,680	127,395
Loans receivable		(251,464)	28,964
Lease receivables		(79,157)	-
Net cash outflow from acquisition of subsidiary		(46,676)	(198,730)
Acquisition of investment property		(6,123)	(5,118)
Acquisition of property, plant and equipment	27	(151,679)	(54,904)
Acquisition of intangible asset	28	(7,006)	(3,105)
Proceeds from disposal of property, plant and equipment		52,643	1,908
Proceeds from disposal and investment property		298,758	293,377
Dividend received		14,299	18,172
Interest received		176,628	140,469
Net cash provided by investing activities		550,903	348,428
Sub-total c/f		369,382	295,731

General Accident Insurance Company Jamaica Limited
Consolidated Statement of Cash Flows (Continued)
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise stated)

	Note	2020 $'000	2019 $'000
Sub-total b/f		369,382	295,731
Cash Flows from Financing Activities			
Investment made by non-controlling interest		42,000	-
Lease payments		(59,788)	(47,268)
Dividends paid	17	(278,433)	(292,731)
Net cash used in by financing activities		(296,221)	(339,999)
Decrease in cash and cash equivalents		73,162	(44,268)
Effect of exchange rate changes on cash and cash equivalents		41,057	30,454
Cash and cash equivalents at beginning of year		642,329	656,143
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)		756,548	642,329

General Accident Insurance Company Jamaica Limited
Company Statement of Comprehensive Income
Year ended 31 December 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Gross Premiums Written		11,592,313	10,615,009
Reinsurance ceded		(9,037,477)	(8,151,493)
Excess of loss reinsurance cost		(118,083)	(121,743)
Net premiums written		2,436,753	2,341,773
Changes in unearned premiums, net		(46,853)	(225,590)
Net Premiums Earned		2,389,900	2,116,183
Commission income		765,404	857,540
Commission expense		(450,338)	(452,506)
Claims expense	10	(1,562,480)	(1,206,670)
Management expenses		(966,938)	(937,561)
Underwriting Profit		175,548	376,986
Investment income	11	278,956	174,286
Finance charge		(6,214)	(6,601)
Other income	12	90,030	66,512
Other operating expenses		(83,833)	(75,347)
Profit before Taxation		454,487	535,836
Taxation	15	(61,083)	(90,495)
Net Profit for the Year		393,404	445,341
Other Comprehensive Income, net of tax:			
Items that may not be subsequently reclassified to profit or loss			
Unrealised gains on FVOCI investments		(45,711)	64,072
Unrealised gains on revaluation of real estate investment		18,696	9,265
Total Other Comprehensive Income		(27,015)	73,337
TOTAL COMPREHENSIVE INCOME		366,389	518,678

General Accident Insurance Company Jamaica Limited
Company Statement of Financial Position
31 December 2020
(expressed in Jamaican dollars unless otherwise stated)

	Note	2020 $'000	2019 $'000
ASSETS			
Cash and short-term investments	18	452,964	403,206
Taxation recoverable		40,401	80,468
Due from policyholders, brokers and agents		1,202,804	1,115,478
Due from reinsurers and coinsurers	19	2,248,000	2,215,149
Deferred policy acquisition cost		487,003	468,651
Other receivables	20	230,694	166,072
Due from related parties	9	52,253	22,406
Lease receivable	22	79,157	-
Right of use assets	30	112,779	86,499
Investment securities	23	2,839,310	3,011,328
Investment in subsidiary	24	558,905	348,735
Investment property	25	255,938	229,800
Real estate investment	26	212,329	193,633
Property, plant and equipment	27	207,549	227,596
Intangible assets	28	10,795	12,210
Total assets		8,990,881	8,581,231
LIABILITIES			
Due to reinsurers and coinsurers	29	933,541	961,524
Other liabilities	30	333,643	350,274
Lease liabilities	31	126,779	92,148
Deferred tax liabilities	32	8,918	14,275
Insurance reserves	33	5,014,513	4,733,244
Total liabilities		6,417,394	6,151,465
SHAREHOLDERS' EQUITY			
Share capital	34	470,358	470,358
Capital reserves	35	152,030	152,030
Property revaluation reserve	36	68,780	50,084
Fair value reserve	37	33,259	78,970
Retained earnings		1,849,060	1,678,324
Total shareholders' equity		2,573,487	2,429,766
Total liabilities and shareholders' equity		8,990,881	8,581,231

Approved by the Board of Directors on 2 June 2021 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 2020

(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
As 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
Restated at 1 January 2020							
Comprehensive income:							
Net profit for the year		-	-	-	-	393,404	393,404
Other comprehensive income		-	-	18,696	(45,711)	-	(27,015)
Total comprehensive income		-	-	18,696	(45,711)	393,404	366,389
Transactions with owners							
Dividends	17	-	-	-	-	(222,668)	(222,668)
Balance at 31 December 2020		470,358	152,030	68,780	33,259	1,849,060	2,573,487

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise stated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Net profit		393,404	445,341
Adjustments for items not affecting cash:			
Depreciation	27,31	79,431	72,665
Interest expense		6,214	6,468
Amortisation of intangible assets	27	4,440	2,682
Amortisation of investment premium		187	3,327
Gains on revaluation of investment property	11	(20,015)	(18,027)
ECL on debt investmnets		-	(6,027)
Adjustment to property, plant and equipment	27	(2,933)	-
Gain on disposal of property, plant and equipment	12	(2,490)	(1,758)
Interest income	11	(111,170)	(109,568)
Dividend income	11	(117,825)	(18,076)
Current taxation	15	66,441	83,364
Deferred taxation	15	(5,357)	7,131
Foreign exchange gains		(40,092)	(29,034)
Increase in deferred policy acquisition cost		(18,352)	(52,416)
Increase in insurance reserves		281,269	757,295
		513,152	1,143,367
Changes in operating assets and liabilities:			
Due from policyholders, brokers and agents		(87,326)	(195,287)
Other receivables		(64,621)	(6,325)
Other liabilities		(16,631)	73,392
Due from related parties		(29,847)	(18,298)
Due from reinsurers and coinsurers, net		(60,834)	(315,604)
		253,893	681,245
Tax deducted at source		(26,374)	(25,870)
Net cash provided by operating activities		227,519	655,375
Cash Flows from Investing Activities			
Investments, net		118,416	(464,575)
Loans receivable		(79,157)	28,964
Acquisition of investment property		(6,124)	(5,118)
Acquisition of property, plant and equipment	27	(71,219)	(49,598)
Acquisition of intangible assets		(3,026)	(3,105)
Acquisition of subsidiary	38	-	(238,107)
Investment in subsidiary	24	(210,170)	-
Proceeds from disposal of property, plant and equipment		52,638	1,908
Dividend received		117,825	18,076
Interest received		102,535	101,316
Net cash used in investing activities		21,718	(610,239)
Sub-total c/f		249,237	45,136

General Accident Insurance Company Jamaica Limited

Company Statement of Cash Flows (Continued)

Year ended 31 December 2020

(expressed in Jamaican dollars unless otherwise stated)

	Note	2020 $'000	2019 $'000
Sub-total b/f		249,237	45,136
Cash Flows from Financing Activities			
Lease payments		(40,741)	(34,186)
Dividends paid	17	(222,668)	(292,731)
Net cash used in by financing activities		(263,409)	(326,917)
Decrease in cash and cash equivalents		(14,172)	(281,781)
Effect of exchange rate changes on cash and cash equivalents		63,930	28,844
Cash and cash equivalents at beginning of year		403,206	656,143
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 18)		452,964	403,206

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 susdiaries 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 2020 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.

- 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 has applied the guidance on materiality when preparing its financial statements.

- 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. There was no impact from the adoption of this amendment. •

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Accounting pronouncements effective in 2020 which are relevant to the Group's operations

- 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. There was no impact from the adoption of this amendment.

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 2021). 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.

- FRS 16, 'Leases' – Covid-19 related rent concessions (effective for annual periods beginning on or after 1 June 2020). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16, 'Leases' which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The Group is currently assessing the impact of this amendment.

- Amendments to IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of this amendment

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

- Amendments to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The Group will apply this amendment to future transactions.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for annual periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Group is currently assessing the impact of this amendment.

- Annual improvements to IFRSs 2018 – 2020 cycles (effective for annual periods beginning on or after 1 January 2022). These amendments include minor changes to the following standards: - IFRS 9, 'Financial instruments' - IFRS 16, 'Leases' - IFRS 1, 'First-time adoption of International Financial Reporting Standards - IAS 41, 'Agriculture. The Group is currently assessing the impact of these improvements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

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.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

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.

(expressed in Jamaican dollars unless otherwise indicated)

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 Incorporati on and place of business	Nature of business	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests%
General Accident Insurance Company (Trinidad) Limited (formerly Motor One Insurance Limited) (i)	Trinidad and Tobago	General Insurance Services	65	35
General Accident Insurance Company (Barbados) Limited (ii)	Barbados	General Insurance Services	80	20

(i) In June 2020, the company increased its shareholding in Motor One Insurance Company Limited from 55% to 65%. In October 2020, it was re-named General Accident Insurance Company (Trinidad) Limited (GENACTT).

(ii) General Accident Insurance Company (Barbados) Limited (GENACBB) was incorporated in 2019 but was not capitalised until February 2020. The company commenced trading in March 2020.

(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(s)(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.

2. **Summary of Significant Accounting Policies (Continued)**

(c) Revenue and income recognition (continued)

Rental income

Rental income is recognised on an accrual basis.

(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.

(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 (OCI).

(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.

2. Summary of Significant Accounting Policies (Continued)

(g) Financial assets (continued)

(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.

(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.

2.Summary of Significant Accounting Policies (Continued)

(g) Financial Assets (continued)

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.

(iii) 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 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 originate from the rental agreements for various office buildings.

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 liabiliites include the net present value of the following leae payments:

- i) Fixed payments (including in-sibstance fixed payments), les any lease incentives recivables
- 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 apurchse 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.

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 paymments 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.

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 & Poors 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.

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 righst are recorded at cost and represent the value of consideration paid to acquire polices 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.

2. Summary of Significant Accounting Policies (Continued)

(r) Insurance reserves

Under the Jamaican 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.

A statutory reserve is maintained in accordance with the provisions of Section 171 of the Insurance Act, 1980 of Trinidad and Tobago whereby companies are required to appropriate towards statutory reserve at least 25% of the profit of the preceding year until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums.

(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.

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.

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.

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

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, however, concentrated within Jamaica and Trinidad and Tobago.

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.

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:

	2020		2019	
	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$93,000	J$5,000	J$40,000	J$5,000
Marine, aviation and transport	US$2,000	US$125	US$750	US$125
Motor	J$10,000	J$5,000	J$10,000	J$5,000
Miscellaneous Accident –				
All Risk	J$30,000	J$2,000	J$30,000	J$2,000
Burglary	J$6,250	J$1,250	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$100,000	J$20,000	J$60,000	J$12,000
Goods in Transit	J$5,000	J$1,000	J$5,000	J$1,000
Personal Accident	J$10,000	J$2,000	J$7,500	J$1,500
Trinidad and Tobago				
Motor	TT$800	TT$800	TT$800	TT$800

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-proportional reinsurance agreements consist primarily of high attachment points.

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

ScenarioTesting:

The two major assumptions that determine reserve levels are:
- The selection of a-priori loss ratios within the Bornhuetter-Ferguson methods
- The selection of loss development factors.

These factors have been stochatistically modeled using various confidence intervals to determine the impact on the net reserves. The net reserves of $3,035,349,000 for the Group and X for th Company 1,809,197,000 (Note 33) were determined at the 50% confidence interval. Had the confidence interval increased/(decreased) by 10%, the net reserves would increase/(decrease) by 116,877,000/ ($146,095,000) for the Group and 62,771,000/(78,463,000) 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.

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

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 to
claims liability for accident years 2012 - 2020 has changed at successive year-ends, up to 2020. Updated unpaid cla
date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the devel

		2013	2013 and prior	2014	2014 And Prior	2015	20 ar pri
		$'000	$'000	$'000	$'000	$'000	$'0
2013	Paid during year	327,398	1,346,686				
	UCAE, end of year	427,007	1,310,408				
	IBNR, end of year	282,354	1,132,570				
	Ratio: excess (deficiency)						
2014	Paid during year	257,199	950,821	314,016	1,265,108		
	UCAE, end of year	314,679	1,055,745	514,158	1,569,903		
	IBNR, end of year	264,670	1,093,186	432,663	1,525,849		
	Ratio: excess (deficiency)	-17.93%	-26.88%				
2015	Paid during year	183,900	836,095	303,654	1,139,749	346,094	1,485,8
	UCAE, end of year	322,890	1,553,051	350,290	1,903,341	515,330	2,418,6
	IBNR, end of year	178,024	1,083,087	156,241	1,239,328	241,648	1,480,9
	Ratio: excess (deficiency)	-32.80%	-81.05%	14.43%	-38.33%		
2016	Paid during year	112,289	484,639	97,621	582,261	295,468	877,7
	UCAE, end of year	278,326	1,099,312	403,168	1,502,479	456,157	1,958,6
	IBNR, end of year	129,348	619,702	195,802	815,504	218,220	1,033,7
	Ratio: excess (deficiency)	-35.48%	-63.35%	-5.64%	-30.50%	-28.12%	0.76
2017	Paid during year	39,687	268,529	107,645	376,174	132,979	509,1
	UCAE, end of year	262,394	847,969	399,848	1,247,817	430,798	1,678,6
	IBNR, end of year	92,298	173,446	214,595	388,041	322,845	710,8
	Ratio: excess (deficiency)	-33.61%	-45.79%	-18.65%	-20.62%	-56.16%	3.16
2018	Paid during year	66,239	191,209	76,584	267,793	65,710	333,5
	UCAE, end of year	195,680	632,154	301,702	933,857	414,858	1,348,7
	IBNR, end of year	35,956	76,043	73,834	149,877	140,974	290,8
	Ratio: excess (deficiency)	-25.60%	-40.79%	-1.50%	11.43%	-38.71%	13.84
2019	Paid during year	87,888	304,615	194,470	499,086	249,011	748,0
	UCAE, end of year	99,144	247,145	102,272	349,416	220,240	569,6
	IBNR, end of year	6,252	15,946	35,327	51,272	84,726	135,9
	Ratio: excess (deficiency)	-20.19%	-35.04%	3.09%	-5.49%	-38.46%	18.60
2020	Paid during year	48,215	129,933	69,505	199,438	127,829	327,2
	UCAE, end of year	75,519	153,421	45,593	199,014	142,321	341,3
	IBNR, end of year	(2,074)	(21,714)	(1,057)	(22,771)	25,142	2,3
	Ratio: excess (deficiency)	22.49%	34.98%	-5.58%	4.68%	37.18%	-19.49

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

The Group										
15 nd or	2016	2016 and prior	2017	2017 and prior	2018	2018 and prior	2019	2019 and prior	2020	2020 and prior
00	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
52										
70										
76										
29	379,721	1,257,450								
36	550,051	2,508,687								
24	200,066	1,233,790								
%										
53	411,945	921,097	407,102	1,328,199						
15	424,106	2,102,720	658,944	2,761,664						
35	384,889	1,095,774	426,773	1,522,547						
%	-62.77%	-10.08%								
03	84,396	417,899	419,091	836,990	704,090	1,541,080				
14	364,568	1,713,283	403,829	2,117,111	702,263	2,819,374				
51	200,408	491,259	251,701	742,960	361653	1,104,613				
%	-41.49%	5.32%	1.02%	13.70%						
97	149,021	897,118	158,262	1,055,380	495868	1,551,248	642,092	2,193,341		
56	211,293	780,949	258,251	1,039,200	367971	1,407,171	724,954	2,132,124		
99	138,151	274,150	172,455	446,604	217,437	664,041	352,877	1,016,918		
%	-32.62%	12.06%	7.15%	21.15%	-1.63%	7.68%	-20.19%			
67	120,131	447,397	146,510	593,908	146478	740,385	621,611	1,361,996	677,161	2,039,157
35	179,586	520,920	244,074	764,994	498,845	1,113,839	498,791	1,612,630	734,770	2,347,401
71	70,651	73,022	91,988	165,010	148,783	313,793	159,783	473,577	337,154	810,773
%	35.41%	-12.43%	-2.38%	-20.26%	7.15%	-5.22%	18.77%	9.50%		

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 abi
claims liability for accident years 2012 - 2020 has changed at successive year-ends, up to 2020. Updated unpai
date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the d

		2013	2013 and prior	2014	2014 and prior	2015	2015 and prior
		$'000	$'000	$'000	$'000	$'000	$'000
2013	Paid during year	239,700	523,726				
	UCAE, end of year	291,198	672,936				
	IBNR, end of year	70,085	116,433				
	Ratio: excess (deficiency)	-	-	-	-		
2014	Paid during year	152,205	280,768	222,509	503,277		
	UCAE, end of year	190,624	504,908	322,488	827,396		
	IBNR, end of year	33,965	68,798	76,216	145,014		
	Ratio: excess (deficiency)	(2.97%)	(0.95%)	-	-	-	-
2015	Paid during year	60,574	158,937	185,354	344,291	269,589	613,880
	UCAE, end of year	139,704	357,173	207,194	564,367	334,705	899,072
	IBNR, end of year	18,455	41,388	31,594	72,982	84,310	157,292
	Ratio: excess (deficiency)	(1.37%)	(5.14%)	(6.38%)	(4.37%)	-	-
2016	Paid during year	42,773	93,342	65,100	158,442	211,295	369,737
	UCAE, end of year	100,284	243,187	148,774	391,961	190,777	582,738
	IBNR, end of year	3,047	12,378	15,338	27,716	29,963	57,679
	Ratio: excess (deficiency)	(7.25%)	(1.65%)	(9.00%)	(4.22%)	(9.96%)	(12.36%)
2017	Paid during year	19,437	77,320	60,515	137,835	102,601	240,436
	UCAE, end of year	90,733	226,290	119,584	345,874	132,225	478,099
	IBNR, end of year	3,372	15,547	4,937	20,484	17,247	37,731
	Ratio: excess (deficiency)	(0.87%)	(6.67%)	(9.23%)	(3.55%)	(10.59%)	(6.59%)
2018	Paid during year	38,401	73,650	31,282	104,932	33,231	138,163
	UCAE, end of year	48,113	134,265	77,816	212,081	77,148	289,229
	IBNR, end of year	5,880	17,193	6,979	24,172	6,642	30,814
	Ratio: excess (deficiency)	(0.40%)	(4.89%)	(6.47%)	(0.96%)	(2.84%)	(1.14%)
2019	Paid during year	11,659	31,953	42,867	74,820	22,270	97,090
	UCAE, end of year	26,182	79,556	32,278	111,834	52,473	164,307
	IBNR, end of year	2,347	4,132	607	4,739	871	5,610
	Ratio: excess (deficiency)	-1.91%	1.64%	4.22%	-3.64%	0.26%	-3.88%
2020	Paid during year	9,305	33,224	7,632	40,856	11,446	52,302
	UCAE, end of year	19,047	60,933	27,545	88,478	44,459	132,937
	IBNR, end of year	2,216	3,073	2,937	6,010	2,341	8,351
	Ratio: excess (deficiency)	-1.57%	3.02%	6.15%	-1.72%	2.06%	-1.64%

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

The Company

2016 $'000	2016 and prior $'000	2017 $'000	2017 and prior $'000	2018 $'000	2018 and prior $'000	2019 $'000	2019 and prior $'000	2020 $'000	2020 and prior $'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)	4,747	7,542	12,289	24,022	36,311	168,069	204,380		
10.92%	5.17%	-9.96%	-18.13%	-1.86%	-11.65%				
23,741	76,043	29,570	105,613	89,000	194,613	577,520	772,133	619,746	1,391,879
77,776	210,713	97,345	308,058	217,201	525,259	391,730	916,989	631,504	1,548,493
2,481	10,832	2,581	13,413	11,894	25,307	35,763	61,070	191,432	252,502
14.15%	8.66%	-10.12%	-15.40%	-1.94%	-9.08%	16.60%	11.53%		

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

The concentration of insurance risk before and after reinsurance 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 2020

	Motor	Property	Other types of risk	Total
	$Millions	$Millions	$Millions	$Millions
Gross	60,724	193,910	710,082	964,716
Net	52,222	14,440	55,454	121,589

The Group

31 December 2019

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

The Company

31 December 2020

	Motor	Property	Other types of risk	Total
	$Millions	$Millions	$Millions	$Millions
Gross	60,188	152,901	116,705	329,794
Net	52,045	14,098	45,938	74,681

31 December 2019

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

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 60%:40% Quota Share of premiums i.e 60% ceded premiums and 40% 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 Standdard & Poor's (S & P) ratings for the major reinsurers are as follows:

	A.M Best		S & P	
	2020	2019	2020	2019
Munich Reinsurance Company	A+	A+	AA-	AA-
R & V Reinsurance	A	-	AA-	AA-
Scor Reinsurarance 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:

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Property	41,186	75,527	43,512	75,527
Motor	363,917	234,623	357,388	237,828
Marine	1,442	-	1,442	-
Liability	17,623	5,382	17,623	5,382
Engineering	1,958	14,983	1,958	14,983
Miscellaneous Accidents	10,027	9,351	10,027	9,351
	438,479	339,866	431,950	343,071

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 following financial assets that are subject to expected credit loss model:
- Premium receivales
- Debt investments carried at amortised cost.
- Lease receivables

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, which uses a lifetime expected loss allowance for these assets.

To measure the expected credit losses, 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 macroeconimic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the undemployment rate of Jamaica to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors

For unemployment rate, we anticiapate a decline in unemployment resulting in better payment patterns from our broker partners.

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 tfinancial assets below also represents the Group's maximum exposure to credit risk on these assets.

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount	1,267,130	1,123,932	1,217,097	1,122,438
Loss allowance	(14,293)	(6,960)	(14,293)	(6,960)
Carrying amount	1,252,837	1,116,972	1,202,804	1,115,478

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

Loss allowance

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

	The Group and Company	
	2020	**2019**
	$'000	**$'000**
Opening loss allowance as at 1 January	6,960	4,316
Increase in allowance recognised in profit or loss during the period	7,333	2,644
Closing loss allowance as at 31 December 2020	14,293	6,960

The loss allowance as at 31 Dececmber 2020 and 31 December 2019 was determined as follows for premium receivables:

	The Group					
	2020 $'000	**Loss Allowance**	**Expected loss rate**	**2019 $'000**	**Loss Allowance**	**Expected loss rate**
Less than 45 days	625,955	87	0.013%	432,279	64	0.015%
Within 45 days to 3 months	200,033	100	0.050%	237,700	87	0.037%
Over 3 months	441,142	14,106	3.197%	453,953	6,809	1.500%
Gross amount	1,267,130	14,293		1,122,438	6,960	

	The Company					
	2020 $'000	**Loss Allowance**	**Expected loss rate**	**2019 $'000**	**Loss Allowance**	**Expected loss rate**
Less than 45 days	575,922	86	0.015%	430,785	64	0.015%
Within 45 days to 3 months	200,033	100	0.050%	237,700	87	0.037%
Over 3 months	441,142	14,106	3.197%	453,953	6,809	1.500%
Gross amount	1,217,097	14,293		1,122,438	6,960	

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

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Brokers and Insurance Companies	922,313	837,674	893,413	837,325
Direct	330,524	279,298	309,390	278,153
	1,252,837	1,116,972	1,202,803	1,115,478

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

Debt securities

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Government of Jamaica	31,716	61,414	31,716	61,414
Government of Trinidad and Tobago	1,105,017	1,494,785	-	-
Other government	122,401	57,787	122,401	57,787
Certificate of Deposits	2,308,132	2,319,166	2,050,166	2,269,740
Corporate	160,882	90,849	160,882	90,849
	3,728,148	4,168,869	2,365,165	2,479,790

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.

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 is 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 2020 reconciles to the opening loss allowance on 1 January 2020 and to the closing loss allowance as at 31 December 2020 as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Opening loss allowance as at 1 January	12,326	13,706	7,679	13,706
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)	-	(6,027)
Closing loss allowance as at 31 December	12,326	12,326	7,679	7,679

There were no ECL charge made on investments during the year.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Total loss allowance on financial assets at 31 December 2020 total $26,619,000 (investment securities, $12,326,000 and trade receivable, $14,293,000).

Sensitivity analysis

Set out below are the changes in ECL as at 31 December 2020 that would result from a reasonably possible change in the PDs used by the Group:

			Impact on ECL			
31 December 2020			**The Group**		**The Company**	
	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%	3,302	(3,302)	2,742	(2,742)
Trade receivables and other receivables	0.1% -3%	+/- 20%	2,456	(2,456)	2,456	(2,456)
Total			5,758	(5,758)	5,198	(5,198)

			Impact on ECL			
31 December 2019			**The Company**		**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)

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(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.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)`

(ii) Liqudity risk (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:

Liquidity risk management process (continued)

	Group						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'000
At 31 December 2020:							
Cash and short-term investments	620,664	135,884	-	-	-	-	756,548
Due from policyholders, brokers and agents	341,319	911,518	-	-	-	-	1,252,837
Due from reinsurers and coinsurers	562,000	689,634	1,050,615				2,302,249
Deferred policy acquisition cost	-	-	-	-	-	496,512	496,512
Other receivables	7,636	40,453	-	-	-	112,961	161,050
Loan receivable	2,920	5,839	26,277	140,146	175,183	-	350,365
Lease receivable	2,243	4,487	20,191	100,955	-		127,876
Due from related parties	-	-	-	-	-	22,710	22,710
Investment securities	181,508	437,841	1,879,999	1,220,251	79,730	436,567	4,235,896
Total financial assets	1,718,290	2,225,656	2,977,082	1,461,352	254,913	1,068,750	9,706,043
Due to reinsurers and coinsurers	535,398	419,220	-	-	-	-	954,618
Other liabilities	190,195	11,958	124,425	7,064	-	77,142	410,784
Lease liabilities	7,220	14,115	61,908	93,601	-	-	176,844
Claims liabilities	1,499,603	1,552,907	1,273,540	2,298,679	-	-	6,624,729
Total financial liabilities	2,232,416	1,998,200	1,459,873	2,399,344		77,142	8,166,975
Net Liquidity Gap	(514,126)	227,456	1,517,209	(937,992)	254,913	991,608	1,539,068
Cumulative gap	(514,126)	(286,670)	1,230,539	292,547	547,460	1,539,068	-

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)`

(ii) Liqudity risk (continued)

Liquidity risk management process (continued)

	Group						
	Within 1 Month $'000	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	No Specific Maturity $'000	Total $'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
Defered policy acquisition cost	-	-	-	-	-	473,244	473,244
Other receivables	2,246	24,937	-	-	-	133,869	161,052
Due from related parties	-	-	-	-	-	11,656	11,656
Investment securities	373,754	433,987	2,128,719	1,276,992	56,414	436,567	4,706,433
Total financial assets	2,842,215	1,375,270	2,443,601	1,553,886	56,414	1,055,336	9,326,722
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
Insurance reserves	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	1,055,336	1,330,401
Cumulative gap	(1,002,018)	(466,254)	215,487	218,651	275,065	1,330,401	-

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(ii) Liquidity risk (continued)
Liquidity risk management process (continued)

	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 2020:							
Cash and short-term investments	317,080	135,884	-	-	-		452,964
Due from policyholders, brokers and agents	575,922	626,882	-	-	-	-	1,202,804
Due from reinsurers and coinsurers	562,000	786,800	899,200	-	-	-	2,248,000
Deferred policy acquisition cost	-	-	-	-	-	487,003	487,003
Other receivables	2,246	24,937	-	-	-	75,356	102,539
Due from related parties	-	-	-	-	-	52,253	52,253
Lease receivables	2,243	4,487	20,191	100,955	-	-	127,876
Investment securities	116,448	435,841	1,635,575	197,895	20,638	432,913	2,839,310
Total financial assets	1,581,329	2,030,347	2,554,966	298,850	20,638	1,074,337	7,560,467
Due to reinsurers and coinsurers	452,779	480,762	-	-	-	-	933,541
Other liabilities	190,195	11,958	124,425	7,065	-	-	333,643
Lease liabilitis	4,925	9,764	44,175	79,111	-	-	137,976
Insurance reserves	1,253,628	1,504,354	1,253,628	1,002,903	-	-	5,014,513
Total financial liabilities	1,901,527	2,006,838	1,422,228	1,089,079	-	-	6,419,673
Net Liquidity Gap	(320,198)	23,509	1,132,738	(790,229)	20,638	1,074,337	1,140,795
Cumulative gap	(320,198)	(296,689)	836,049	45,820	66,458	1,140,795	

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(ii) Liquidity risk (continued)
Liquidity risk management process (continued)

	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
	2,751,394	1,375,270	1,685,071	476,261	22,182	1,052,677	7,362,855
Total financial assets							
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	2,83	5,706	25,841	68,079	-	-	102,479
Insurance reserves	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	-

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.

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 exposure to foreign currency exchange rate risk at 31 December:

	The Group					
	Jamaican$ J$'000	TTD J$'000	US$ J$'000	BBD J$'000	GBP J$'000	Total J$'000
At 31 December 2020:						
Financial Assets						
Cash and short term investments	195,278	93,033	317,106	151,018	113	756,548
Due from policyholders, brokers	979,035	3,388	223,769	46,644	-	1,252,836
Due from reinsurers and coinsurers	2,077,933	33,870	170,067	20,379	-	2,302,249
Deferred policy acquisition cost	496,512	-	-	-		496,512
Other receivables	150,257	4,915	-	5,878	-	161,050
Loan receivables	-	251,464	-	-	-	251,464
Lease receivables	79,157	-	-	-	-	79,157
Due from related parties	22,710	-	-	-	-	22,710
Investment securities	2,446,169	1,353,671	393,139	17,807	-	4,210,786
Total financial assets	6,447,051	1,740,341	1,104,081	241,726	113	9,533,312
Financial Liabilities						
Due to reinsurers and coinsurers	758,407	-	175,134	21,077	-	954,618
Other liabilities	328,156	71,549	5,571	5,508	-	410,784
Lease liabilities	48,873	24,374	77,906	11,368	-	162,521
Insurance reserves	4,934,789	1,565,818	79,748	44,374	-	6,624,729
Total financial liabilities	6,070,225	1,661,741	338,359	82,327	-	8,152,652
Net financial position	376,826	78,600	765,722	159,399	113	1,380,660

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

The tables below summarise the Group'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 agents	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
Insurance reserves	4,659,108	1,771,024	74,136	-	6,504,268
Total financial liabilities	5,767,364	1,848,952	369,826	-	7,987,142
Net financial position	873,828	136,946	316,868	121	1,327,763

General Accident Insurance Company Jamaica Limited

Notes to the Financial Statements

31 December 2020

(expressed in Jamaican dollars unless otherwise indicated)

4.Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

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

	The Company					
	Jamaican$ J$'000	**US$ J$'000**	**TT$ J$'000**	**BB$ J$'000**	**GBP J$'000**	**Total J$'000**
At 31 December 2020:						
Financial Assets						
Cash and short-term investments	194,572	258,279	-	-	113	452,964
Due from policyholders, brokers and agents	981,117	221,686	-	-	-	1,202,803
Due from reinsurers and coinsurers	2,077,933	170,067	-	-	-	2,248,000
Deferred policy acquisition cost	487,003	-	-	-	-	487,003
Other receivables	150,257	-	-		-	150,257
Due from related parties	22,710		17,037	12,506	-	52,253
Lease receivables	79,157	-	-		-	79,157
Investment securities	2,533,275	306,035	-	-	-	2,839,310
Total financial assets	6,526,024	956,067	17,037	12,506	113	7,511,747
Financial Liabilities						
Due to reinsurers and coinsurers	758,407	175,134	-	-	-	933,541
Lease liabilities	328,072	5,571	-	-	-	333,643
Other liabilities	48,873	77,906	-	-	-	126,779
Insurance reserves	4,934,765	79,748	-	-	-	5,014,513
Total financial liabilities	6,070,117	338,359	-	-	-	6,408,476
Net financial position	455,907	617,708	17,037	12,506	113	1,103,271

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

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

	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	-	320,274
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

The following tables indicate the currencies to which the Company had 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.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)
Foreign currency sensitivity

	The Group			
	% Change in Currency Rate 2020	Increase/ (decrease) in Pre-tax Profit 2020 $'000	% Change in Currency Rate 2019	Increase/ (decrease) in Pre-tax Profit 2019 $'000
USD – J$ Revaluation	2%	(16,367)	4%	(16,367)
USD – J$ Devaluation	6%	24,551	6%	24,551
TT – J$ Revaluation	4%	-	4%	-
TT – J$ Devaluation	6%	-	6%	-

	The Company			
	% Change in Currency Rate 2020	Increase/ (decrease) in Pre-tax Profit 2020 $'000	% Change in Currency Rate 2019	Increase/ (decrease) in Pre-tax Profit 2019 $'000
USD – J$ Revaluation	2%	(10,853)	4%	(16,367)
USD – J$ Devaluation	6%	32,560	6%	24,551

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.

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 2020:							
Cash and short term investments	620,664	135,884	-	-	-	-	756,548
Due from policyholders, brokers and agents	-	-	-	-	-	1,252,837	1,252,837
Due from reinsurers and coinsurers	-	-	-	-	-	2,302,249	2,302,249
Deferred policy acquisition costs	-	-	-	-	-	496,512	496,512
Other receivables	7,636	40,452	-		-	112,962	161,050
Loan receivables	1,453	2,932	13,620	86,008	147,451	-	251,464
Lease receivable	960	1,956	9,432	66,809	-	-	79,157
Due from related parties	-	-	-	-	-	22,710	22,710
Investment securities	234,977	757,557	1,197,855	1,232,476	58,262	729,659	4,210,786
Total financial assets	865,690	938,781	1,220,907	1,385,293	205,713	4,916,929	9,533,313
Due to reinsurers and coinsurers	-	-	-	-	-	954,618	954,618
Lease liabilities	6,543	12,761	55,815	87,402	-	-	162,521
Other liabilities	-	-	-	-	-	410,784	410,784
Insurance reserves	-	-	-	-	-	6,624,729	6,624,729
Total financial liabilities	6,543	12,761	55,815	87,402	0	7,990,131	8,152,652
Total interest repricing gap	859,147	926,020	1,165,092	1,297,891	205,713	(3,073,202)	1,380,661
Cumulative gap	859,147	1,785,167	2,950,259	4,248,150	4,453,863	1,380,661	-

	The Group						
At 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 costs						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	2071,009	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
Insurance reserves	-	-	-	-	-	6,504,268	6,504,268
Total financial liabilities	3,532	6,892	22,154	65,437	-	7,889,127	7,889,127
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	-

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 2020:							
Cash and short term investments	317,080	135,884	-	-	-	-	452,964
Due from policyholders, brokers and agents	-	-	-	-	-	1,202,804	1,202,804
Due from reinsurers and coinsurers	-	-	-	-	-	2,248,000	2,248,000
Deferred policy acquisition costs						487,003	487,003
Other receivables	2,243	4,487	20,191		-	123,336	150,257
Due from related parties	-	-	-	-	-	52,253	52,253
Lease receivables	960	1,956	9,432	66,809	-	-	79,157
Investment securities	234,977	757,557	1,119,976	245,756	13,000	468,044	2,839,310
Total financial assets	555,260	899,884	1,149,599	312,565	13,000	4,581,440	7,511,748
Due to reinsurers and coinsurers	-	-	-	-	-	933,541	933,541
Lease liabilities	4,199	8,599	39,387	74,593	-	-	126,779
Other liabilities	-	-	-	-	-	333,643	333,643
Insurance reserves	-	-	-	-	-	5,014,513	5,014,513
Total financial liabilities	4,199	8,599	39,387	74,593	-	6,281,697	6,408,475
Total interest repricing gap	551,061	891,285	1,110,212	237,972	13,000	-1,700,257	1,103,273
Cumulative gap	551,061	1,442,346	2,552,558	2,790,530	2,803,530	1,103,273	

	The Company						
At 31 December 2019:							
Cash and short-term investments	402,563	643	-	-	-	-	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 costs						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	-

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:	Increase/(decrease) in Profit before Taxation	Increase/(decrease) in Other Components of Equity	Change in Basis points:	Increase/(decrease) in Profit before Taxation	Increase/(decrease) in Other Components of Equity
2020 JMD/USD	2020 $'000	2020 $'000	2019 JMD/USD	2019 $'000	2019 $'000
-100/-100	(5,415)	-	-100/-100	(7,013)	-
100/100	5,415	-	100/100	7,013	-

The Company

Change in Basis points:	Increase/(decrease) in Profit before Taxation	Increase/(decrease) in Other Components of Equity	Change in Basis points:	Increase/(decrease) in Profit before Taxation	Increase/(decrease) in Other Components of Equity
2020 JMD/USD	2020 $'000	2020 $'000	2019 JMD/USD	2019 $'000	2019 $'000
-100/-100	(180)	-	-100/-100	(480)	-
100/100	180	-	100/100	480	-

4. Insurance and Financial Risk Management (Continued)

(c) Financial 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% (2019 - 10%) with all other variables held constant.

The Group

	Equity Securities				Pooled real estate investment	
Change in index:	Increase/ (decrease) in Profit before Taxation 2020 $'000	Increase/ (decrease) in Profit before Taxation 2019 $'000	Effect on Other Components of Equity: 2020 JMD/USD	Effect on Other Components of Equity 2019 $'000	Effect on Other Components of Equity 2020 $'000	Effect on Other Components of Equity 2019 $'000
-10% (2020 – 10%)	-	-	(43,643)	(48,519)	(21,232)	(19,363)
+10% (2020– 10%)	-	-	43,643	48,519	21,232	19,363

The Company

	Equity Securities				Pooled real estate investment	
Change in index:	Increase/ (decrease) in Profit before Taxation 2020 $'000	Increase/ (decrease) in Profit before Taxation 2019 $'000	Effect on Other Components of Equity: 2020 JMD/USD	Effect on Other Components of Equity 2019 $'000	Effect on Other Components of Equity 2020 $'000	Effect on Other Components of Equity 2019 $'000
-10% (2019 – 10%)	-	-	(43,291)	(48,167)	(21,232)	(19,363)
+10% (2019 – 10%)	-	-	43,291	48,167	21,232	19,363

(expressed in Jamaican dollars unless otherwise indicated)

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 2019, 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 2019 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 2020 and 2019 are as follows:

	2020	2019
Actual MCT ratio	240.4%	225.2%
Minimum Required MCT ratio	200.8%	200.8%

Regulations in Trinidad and Tobago

General Accident Insurance (Trinidad and Tobago) Limited (formerly 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, the company 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 company is deemed solvent by a margin of TTD 34.1 million.

Regulations in Barbados

General Accident Insurance (Barbados) Limited is regulated by The Financial Services Commission with legislative guidance from the Financial Services Act, the Insurance Act and the Exempt Insurance Act. The company is required to have a margin of solvency determined as the greater of BB$500,000 or 20% of its net written premium for the financial year. Based on the net admissible assets as at the financial year end, the company is deemed solvent by a margin of BB$2.03m.

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.

	Group			
	Level 1	Level 2	Level 3	Total balance
At 31 December 2020	$'000	$'000	$'000	$'000
Assets				
Equity securities	436,567	-	-	436,567
Investment property	-	-	315,048	315,048
Real estate investment	-	-	212,329	212,329
Total assets measured at fair value	436,567	-	527,377	963,944

	Company			
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2020				
Assets				
Equity securities	432,913	-	-	432,913
Investment property	-	-	255,938	255,938
Real estate investment	-	-	212,329	212,329
Total assets measured at fair value	432,913	-	468,267	901,180

6. Fair Value Estimation (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
At 31 December 2019				
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 $'000	Level 2 $'000	Level 3 $'000	Total balance $'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

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 and fair value through profit or loss 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.

6. Fair Value Estimation (Continued)

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 2020. The revaluation surplus has been credited to other comprehensive income.

Valauation 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.

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 size, age, condition, time of sale, quality of land and buildings and improvements. The higher the price per suare foot the higher the fair value.

Income Approach
The projected net income of the subject properties are discounted using an appropriate capitalisation rate. The most significant input to this valuation is 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 suare 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 $49,865,000 (2019 - $52,462,000 and $54,090,000) 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.

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

(a) Liabilities arising from claims made under insurance contracts (continued)

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.

(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

Futher detils about judgemnts and estimaes by the Group are set out in 4 (c)

(e) Business combinations

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

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 located in Jamaica, Trinidad and Barbados. 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) Miscellanous 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.

8. Segment Information (Continued)

The segment information provided to the board of directors for the reportable segments for the year ended 31 December 2020 is as follows:

	Group						
2020	Fire $'000	Motor $'000	Marine $'000	Liability $'000	Homeowners & Burglary $'000	Engineering & Misellaneous Accident $'000	Total $'000
Gross Premiums Written	7,027,919	3,224,116	202,416	772,467	211,559	606,513	12,044,990
Reinsurance ceded	(6,955,216)	(618,116)	(186,170)	(605,809)	(191,738)	(509,020)	(9,066,069)
Excess of loss reinsurance cost	(71,296)	(78,929)	-	(2,512)	(14,577)	-	(167,314)
Net premiums written	1,407	2,527,071	16,246	164,146	5,244	97,493	2,811,607
Changes in unearned premiums, net	(409)	(85,547)	118	9,831	(934)	5,894	(71,047)
Net Premiums Earned	998	2,441,524	16,364	173,977	4,310	103,387	2,740,560
Commission income	352,238	200,487	20,981	34,194	64,056	99,261	771,217
Commission expense	(95,141)	(282,664)	(2,767)	(21,089)	(25,742)	(38,231)	(465,634)
Claims expense	6,996	(1,724,288)	(114)	(80,327)	(542)	(18,651)	(1,816,926)
Management expenses	(17,084)	(1,114,359)	(318)	(61,256)	(5,801)	(28,954)	(1,227,772)
Segment results	248,007	(479,300)	34,146	45,499	36,281	116,812	1,445
Unallocated income -							
Investment income							259,917
Finance charge							(14,642)
Other Income							129,560
							374,835
Depreciation and amortisation							(116,744)
Profit before tax							259,536
Taxation							(65,724)
Net profit							193,812

8. Segment Information (Continued)

	Group						
2019	Fire $'000	Motor $'000	Marine $'000	Liability $'000	Homeowners & Burglary $'000	Engineering & Misellaneous 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							(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

Total capital expenditure was as follows:

	2020 $'000	2019 $'000
Property, plant and equipment	151,819	49,598
Intangible assets	7,006	3,105
	158,825	52,703

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

9. Related Party Transactions and Balances

(a) Related party transactions are as follows:

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Dividend income				
Subsidiary	-	-	103,563	-
Affiliated companies	14,261	18,172	14,262	18,076
	14,261	18,172	117,825	18,076
Interest income -				
Fellow subsidiary	6,484	6,766	6,484	6,766
Parent	5,245	419	5,245	419
	11,729	7,185	11,729	7,185
Rental and lease payments-				
Affiliated company	35,458	34,186	35,458	34,186
Premium income -				
Key management	2,269	2,797	2,269	2,797
Parent company	32,199	28,927	32,199	28,927
Fellow subsidiaries	466,615	478,578	466,615	478,578
Affiliates	20,853	75,193	20,853	75,193
	521,936	585,495	521,936	585,495
Claims expense -				
Parent company	736	1,348	736	1,348
Fellow subsidiaries	11,892	39,188	11,892	39,188
Affiliates	2,056	-	2,056	-
	14,684	40,536	14,684	40,536
Dividends declared -				
Key management	2,586	1,516	2,586	1,516
Parent company	178,134	114,148	178,134	114,148
	180,720	115,664	180,720	115,664
Key management compensation -				
Salaries and other short-term benefits	252,220	195,025	208,002	181,646
Post employment benefits	11,316	10,945	11,316	10,945
Directors emoluments				
Directors' emolumetntses (included	73,013	58,671	70,915	53,723
Directors' fees (included above)	3,128	3,755	1,030	2,100

9. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Due from related parties -				
Subsdiary	-	-	29,543	10,750
Affiliated company	22,288	11,656	22,288	11,656
	22,288	11,656	51,831	22,406
Due to related parties				
Affiliated company	-	17,130	-	-
Due from policyholders, brokers and agents -				
Fellow subsidiary	12,671	88,798	12,671	88,798
Parent company	7	7	7	7
Affilated company	29,787	37,843	29,787	37,843
	42,465	126,648	42,465	126,648
Investment securities -				
Shares in affiliated entities (Note 22)	392,235	460,909	392,235	460,909
Claims liabilities				
Parent company	15,867	4,666	15,867	4,666
Affiliated company	549	5,895	549	5,895
Fellow subsidiary	54,167	24,078	54,167	24,078
	70,583	34,639	70,583	34,639

Included in the investments of the Group are shares in related parties. At 31 December 2020, these shares represented 4.64% of the total assets (2019 – 5.37%).

Affiliates represent 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.

10. Claims Expense

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Gross claims expense	2,255,405	1,545,194	1,994,430	1,549,741
Reinsurance share of claims (Note 4(b) (d))	(438,479)	(339,866)	(431,950)	(343,071)
Net claims expense	1,816,926	1,205,328	1,562,480	1,206,670

11. Investment Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest income				
Lease receivable	4,880	-	4,880	-
Loan due from fellow subisidiary	6,484	6,766	6,484	6,766
Loan due from parent	5,245	419	5,245	419
Cash and deposits and investment securities	156,624	141,536	94,561	102,383
	173,233	148,721	111,170	109,568
Bond premium amortisation	(3,381)	6,188	(3,370)	(3,327)
	169,852	154,909	107,800	106,241
Dividend income	14,299	18,172	117,825	18,076
Gain on disposal of investment property	33,969			
Real estate investment icome	13,628	12,779	13,628	12,779
Rental income from investment property	38,117	17,982	19,688	13,136
Revaluation gains on investment property	21,811	19,346	20,015	18,027
Loss allowance reversed on investments	2,210	6,679	-	6,027
	293,886	229,885	278,956	174,286

12. Other Income

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Foreign exchange gains	80,841	57,688	82,607	57,688
Gain on disposal of property, plant and equipment	2,490	1,758	2,490	1,758
Roadside assistance	6,454	5,567	-	-
Gain on acquisition – negative goodwill recognized (Note 38)	-	129,791	-	-
Miscellaneous income	5,806	7,371	4,933	7,066
	95,591	202,175	90,030	66,512

13. Expenses by Nature

Management and other expenses by nature are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Advertising costs	80,596	68,097	75,550	67,931
Audit fees	17,255	11,918	9,800	9,000
Computer expenses	62,763	49,006	62,071	46,654
Directors fees	3,124	3,755	1,030	2,100
Depreciation and amortisation (Note (27,28,31)	120,451	96,474	83,871	75,347
ECL allowance	7,333	-	7,333	
Insurance	6,370	8,284	4,583	5,800
Other operating expenses	60,739	51,870	67,927	57,862
Professional fees	45,480	25,707	31,681	22,398
Printing and stationery	19,463	13,032	13,848	11,432
Registration fees	24,848	18,974	19,843	18,974
Rent	709	-	444	-
Repairs and maintenance	49,903	38,834	47,674	38,829
Roadside assistance	30,038	8,337	-	-
Staff costs (Note 8)	752,010	648,733	590,758	613,572
Transportation expenses	15,511	12,314	4,175	12,132
Utilities	37,923	33,130	30,183	30,877
	1,344,516	1,088,465	1,050,771	1,012,908

14. Staff Costs

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Wages and salaries	600,949	512,338	457,313	479,858
Statutory contributions	50,340	40,048	43,004	38,002
Pension costs	13,699	12,691	13,164	12,424
Other	87,022	83,656	77,277	83,288
	752,010	648,733	590,758	613,572

15. Taxation

(a) The Group'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 $66,441,000 (2019 - $83,364,000).

(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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Current income tax	72,607	85,606	66,440	83,364
Prior year over accrual	-	(4,799)	-	-
Deferred income tax (Note 29)	(6,883)	37,789	(5,357)	7,131
	65,724	118,596	61,083	90,495

(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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit before tax	259,536	770,154	454,487	535,836

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Tax calculated at applicable tax rate	114,575	256,718	151,492	178,612
Adjusted for the effects of:				
Income tax remission	(66,441)	(83,364)	(66,441)	(83,364)
Income not subject to tax	(54,551)	(44,296)	(41,193)	(1,032)
Expenses not deductible for tax	19,075	3,763	12,295	3,763
Unutilised tax losses	43,499	-	-	-
Prior year under accrual	-	(4,799)	-	-
Adjustment to prior year deferred tax	-	2,134	-	2,134
Net effect of other charges and allowances	9,567	(11,560)	(4,930)	(9,618)
	65,724	118,596	61,083	90,495

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.

	2020	2019
Net profit from continuing operations attributable to owners ($'000)	242,503	558,760
Weighted average number of ordinary shares in issue ('000)	1,031,250	1,031,250
Earnings per share ($)	0.24	0.54

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

Net profit

	2020 $'000	2019 $'000
Company	393,404	445,341
Subsidiaries	(199,592)	206,217
	193,812	651,558

Retained earnings.

	2020 $'000	2019 $'000
Company	1,849,060	1,678,324
Subsidiaries	(37,482)	113,419
	1,811,578	1,791,743

17. Dividends per Share

The dividends paid in 2020 and 2019 were as follows:

	2020 $'000	2019 $'000
Interim dividends: -		
21.59 cents per stock unit – December 2020	222,668	-
13.84 cents per stock unit – December 2019	-	142,684
	222,668	142,684

18. Cash and Cash Equivalents

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash and bank balances	500,162	527,099	317,080	287,976
Short-term deposits	256,386	115,230	135,884	115,230
	756,548	642,329	452,964	403,206

18. Cash and Cash Equivalents (Continued)

Short term deposits comprise term deposits and repurchase agreements with an average maturity of 90 days (2019 – 90 days) and include interest receivable of $245,000 (2019 – $644,000).

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

	The Group		The Company	
	2020	2019	2020	2019
	%	%	%	%
BB$	0.00		0.00	
J$	0.00	2.5	0.00	2.5
TT$		-		-
US$	2.20	-	2.20	-

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

	The Group		The Company	
	2020	2019	2020	2019
	%	%	%	%
BB$	0.5		0.5	
J$	1.0	1.0	1.0	1.0
TT$	0.0	0.0	0.0	0.0
US$	0.0	0.1	0.0	0.1
GBP	0.0	0.1	0.0	0.1

19. Due from Reinsurers and Coinsurers

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Reinsurers' portion of unearned premium	925,356	1,040,631	907,621	1,040,631
Reinsurers' portion of claims liabilities	960,838	692,238	829,802	692,238
Other amounts recoverable from reinsurers and coinsurers	416,055	487,263	510,577	482,280
	2,302,249	2,220,132	2,248,000	2,215,149

20. Other Receivables

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Prepayments	82,523	64,096	80,437	63,533
Other receivables	161,052	103,312	150,257	102,539
	243,575	167,408	230,694	166,072

21. Loans receivables

	The Group	
	2020	2019
	$'000	$'000
Mortgage loan	251,464	-
Current portion of loan receivable	18,004	-
Non-current portion.	233,460	-
	251,464	-

This is a mortgage loan secured on property located at 120 and 122 Eastern Main Road, Barataria and repayable by fixed monthly instalments over a period twelve (12) years with the following terms and conditions:

(i) Variable interest rate based on commercial banks' average lending rate as published by the Central Bank of Trinidad and Tobago with a floor of 5% adjustable at each anniversary date. The initial interest rate is 7%

(ii) Balloon repayment of capital from the assignment of monies due and payable under the share purchase agreement on the acquisition of subsidiary.

(iii) Assignment of insurance policy on property.

22. Lease receivables

	The Group and Company	
	2020	2019
	$'000	$'000
Gross investment in finance leases		
Not later than one year	23,410	-
Later than one year and not later than five year	87,787	-
	111,197	-
Less: Unearned income	(32,040)	-
	79,157	-
Net investment in finance leases may be classified as follows:		
Note later than one year	12,348	-
Later than one year and not later than five years	66,809	-
	79,157	-

23. Investment Securities

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Debt securities -				
At amortised cost:				
Government Jamaica Securities	31,716	61,414	31,717	61,414
Government of Trinidad and Tobago	1,105,017	1,494,785	-	-
Certificate of Deposits	2,209,595	2,319,166	1,951,628	2,124,872
United States Dollar Long Term Deposits	160,882	144,868	160,882	144,868
United States Dollar Corporate Bonds	98,538	90,849	98,538	90,849
Other Government Securities	122,400	57,787	122,400	57,787
	3,728,148	4,168,869	2,365,165	2,479,790
Interest receivable	46,071	59,212	41,232	49,867
Equity investments at fair-value through OCI	436,567	524,162	432,913	481,671
	4,210,786	4,752,243	2,839,310	3,011,328

23. Investment Securities (Continued)

Weighted average effective interest rate:	The Group		The Company	
	2020	2019	2020	2019
	%	%	%	%
Government of Jamaica Securities	4.11	4.11	4.11	4.11
Government of Trinidad and Tobago	5.25	5.25		-
Certificate of Deposits	3.45	3.54	3.45	3.54
United States Long Term Deposits	3.11	3.11	3.11	3.11
United States Dollar Corporate Bonds	7.00	7.10	7.00	7.10
Other Government Securities	4.43	4.43	4.43	4.43

Included in investments are Government of Jamaica Benchmark Investment Notes valued at $18,000,000 and a Certificate of Deposit for $30,000,000.00 (2019 - $48,000,000) which have been pledged with the FSC, pursuant to Section 8(1)(b) of the Insurance Regulations, 2001.

Bonds, securities, and other investments pledged with the Inspector of Financial Institutions amounted to TT$60,076,997 (2019 - TT$89,422,848)

Investments pledged with the Barbados FSC, pursuant to Exempt Insurance Act amounted to BBD $250,0000.

The Group's holdings in equity investments (2019 - quoted shares) includes investment in affiliated companies (Note 9).

24. Investment in Subsidiaries

	The Company	
	2020	2019
	$'000	$'000
General Accident Insurance (Trinidad and Tobago) Limited (formerly Motor One Insurance Company Limited) – (65% - 2019 (55%) 426,322 – (2019 - 360,374 Ordinary shares)	393,012	348,735
General Accident Insurance (Barbados) Limited 2,400,000 Ordinary shares	165,893	-
	558,905	348,735

25. Investment Property

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At 1 January	519,216	206,655	229,800	206,655
Additions	6,123	5,118	6,123	5,118
Acquisition of subsidiary	-	579,702	-	-
Disposal	(264,789)	(293,377)	-	-
Revaluation (credited to profit or loss) (Note 11)	21,811	19,346	20,015	18,027
Translation differences	32,687	1,772	-	-
At 31 December	315,048	519,216	255,938	229,800

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Rental income	38,117	17,982	19,688	13,136
Direct costs	(9,021)	-	(9,021)	-

The properties of the Group were valued at current market value as at September 2020 by Bhanmati Seecharan in Trinidad and in november 2020 by NAI Jamaica Langford and Brown in Jamaica. Both parties 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.

26. Real Estate Investment

	The Group and Company	
	2020	2019
	$'000	$'000
At 1 January	193,633	184,368
Revaluation (charged to other comprehensive income)	18,696	9,265
Closing	212,329	193,633

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 $19,688,000 (2019 - $12,779,000).

The property was last valued at current market value in December 2020 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).

27. 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 2019	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
Transfer to intangible assets		(16,353)	- -	-	(16,353)
Transfers work-in-progress	2,367	-	-	(2,367)	-
Additions	19,493	89,879	23,264	19,043	151,679
Write-off	(1,430)	(66,798)	(17,777)	-	(86,005)
Disposals	-	(203)	(106,134)	-	(106,337)
Adjustment	48	(20)	-	-	28
Translation differences	25,428	5,594	170	-	31,192
At 31 December 2020	518,693	200,997	28,405	19,043	767,138
Depreciation -					
At 1 January 2019	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
Transfer to intangible asset		(12,287)	-	-	(12,287)
Charge for the year	14,849	21,073	17,083	-	53,005
Write-off	(1,430)	(66,798)	(17,777)	-	(86,005)
Relieved on disposal	-	(203)	(55,981)	-	(56,184)
Translation differences	422	4,593	170	-	5,185
At 31 December 2020	43,004	58,958	20,252	-	122,214
Net Book Value -					
31 December 2020	475,689	142,039	8,153	19,043	644,924
31 December 2019	443,624	76,318	52,125	2,367	574,434

27. Property, Plant and Equipment (Continued)

	The Company				
	Land and Buildings	**Furniture, Fixtures & Equipment**	**Motor Vehicles**	**Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost -					
At 1 January 2019	118,729	169,053	124,260	10,327	422,369
Additions	22,440	15,402	10,254	1,502	49,598
Transfers/Reclassification (Note 28)	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
Additions	11,187	36,768	23,264	-	71,219
Disposal	-	(203)	(106,129)	-	(106,332)
Transfer	2,367	-		(2,367)	-
Write-off	(1,430)	(66,798)	(17,777)	-	(86,005)
Adjustments	48	(20)	-	-	28
At 31 December 2020	153,642	153,648	28,309	-	335,599
Depreciation -					
At 1 January 2019	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
Charge for the year	8,304	18,664	17,083	-	44,051
Disposals	-	(203)	(55,981)	-	(56,184)
Write-off	(1,430)	(66,798)	(17,777)	-	(86,005)
Adjustment	16	(2,921)	-	-	(2,905)
At 31 December 2020	44,373	63,526	20,151	-	128,050
Net Book Value -					
31 December 2020	109,269	90,122	8,158	-	207,549
31 December 2019	103,987	69,117	52,125	2,367	227,596

28. Intangible Assets

	The Group					
	Renewal Rights	Distribution Relationships	Licence	Website	Computer Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At Cost -						
At 1 January 2019	-	-	-	-	83,268	83,268
Acquisition of subsidiary	38,221	12,070	142,826	-	-	193,117
Transfers	-	-	-	9,462	-	9,462
Addtitions	-	-	-	-	3,105	3,105
At 31 December 2019	38,221	12,070	142,826	9,462	86,373	288,952
Transfers					16,353	16,353
Addition	-	-	-	-	7,006	7,006
Translation differences					1,612	1,612
At 31 December 2020	38,221	12,070	142,826	9,462	111,344	313,923
Amortisation -						
At 1 January 2019	-	-	-	-	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
Transfers	-	-	-	-	12,287	12,287
Charge for the year	7,644	1,509		2,933	2,053	14,139
Translation differences	-	-		-	1,114	1,114
At 31 December 2020	15,288	3,018	-	4,125	97,886	120,318
Net Book Value -						
31 December 2020	22,933	9,052	142,826	5,337	13,458	193,605
31 December 2019	30,577	10,561	142,826	8,270	3,940	196,174

28. Intangible Assets (Continued)

	The Company		
	Website	Computer Software	Total
	$'000	$'000	$'000
At Cost -			
At 1 January 2019	-	83,268	83,268
Transfer from work-in-progress (Note 26)	9,462	-	9,462
Additions	-	3,105	3,105
At 31 December 2019	9,462	86,373	95,835
Additions	-	3,025	3,025
At 31 December 2020	9,462	89,398	98,860
Amortisation -			
At 1 January 2019	-	80,943	80,943
Charge for the year	1,192	1,490	2,682
At 31 December 2019	1,192	82,433	83,625
Charge for the year	2,933	1,507	4,440
At 31 December 2020	4,125	83,939	88,065
Net Book Value -			
31 December 2020	5,337	5,458	10,795
31 December 2019	8,270	3,940	12,210

29. Due to Reinsurers and Coinsurers

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Local reinsurers	128,429	103,514	107,353	103,514
Overseas reinsurers	826,189	858,010	826,188	858,010
	954,618	961,524	933,541	961,524

30. Other Liabilities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Statutory contributions payable	11,074	9,726	8,561	7,064
Accrued expenses	185,466	141,571	126,973	120,044
Sales and premium tax payable	124,900	65,868	126,549	64,197
Other payables	82,280	73,378	64,496	48,341
Deferred consideration	7,064	110,628	7,064	110,628
	410,784	406,205	333,643	350,274

31. Leases

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

(a) Right of use assets

	Right of Use-Asset	
	The Group	The Company
	$'000	**$'000**
Cost		
1 January 2019	136,413	136,413
Additions	22,414	4,432
1 January 2020	158,827	140,845
Adjustment	-	(228)
Disposal (termination)	(5,148)	(5,148)
Additions	109,352	61,888
31 December 2020	263,031	197,357
Accumulated Depreciation		
1 January 2019	24,834	24,834
Charge for the year	41,836	29,512
1 January 2020	66,670	54,346
Charge for the year	53,307	35,380
Disposal(termination)	(5,148)	(5,148)
31 December 2020	114,829	84,578
Net Book Value		
31 December 2019	92,157	86,499
31 December 2020	148,202	112,779

31. Leases (Continued)

Amounts recognised in the statement of financial position

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Right-of-use assets				
Motor Vehicles	48,760	-	48,760	-
Land and buildings	99,442	92,157	64,019	86,499
	148,202	92,157	112,779	86,499
Lease liabilities				
Current	55,888	32,215	52,185	27,571
Non-current	106,633	65,800	74,594	64,577
	162,521	98,015	126,779	92,148

(b) Lease liabilties

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
1 January	98,015	114,324	92,148	114,324
Additions	109,583	22,414	62,426	4,432
Lease payments	(59,788)	(47,268)	(40,741)	(34,186)
Interest on lease liability	8,428	7,568	6,214	6,601
Foreign exchange translation	6,283	977	6,732	977
31 December	162,521	98,015	126,779	92,148

(c) Amounts *recognised in profit or loss*

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Depreciation charge of right-of-use assets				
Motor Vehicle	1,393	-	1,393	-
Land and buildings	51,914	41,836	33,987	29,512
	53,307	41,836	35,380	29,512
Interest expense	8,428	7,568	6,214	6,601

32. 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred income tax assets	3,166	1,359	3,166	1,359
Deferred income tax liabilities	(41,216)	(46,292)	(12,084)	(15,634)
Net liabilities	(38,050)	(44,933)	(8,918)	(14,275)

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

32. Deferred Income Taxes (Continued)

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
At the beginning of the year	(44,933)	(7,144)	(14,275)	(7,144)
Profit or loss (Note 15)	6,883	(37,789)	5,357	(7,131)
At end of year	(38,050)	(44,933)	8,918	(14,275)

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

	The Group		The Company	
	2020	2019	2020	2019
Deferred income tax assets	$'000	$'000	$'000	$'000
Accelerated depreciation	1,878	-	1,878	-
Accrued vacation	3,167	1,359	3,167	1,359
	5,045	1,359	5,045	1,359

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unrealised foreign exchange gains	3,779		3,779	-
Accelerated depreciation	-	7,324	-	7,324
Intangible assets	29,132	30,658	-	-
Interest receivable	10,184	8,310	10,184	8,310
	43,095	46,292	13,963	15,634

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Accelearated depreciation	9,202	(5,070)	9,202	(5,070)
Unrealised foreign exchange gains	(3,779)		(3,779)	
Intangible assets	1,526	(30,658)	-	-
Accrued vacation	1,807	336	1,807	336
Interest receivable	(1,873)	(2,397)	(1,873)	(2,397)
	6,883	(37,789)	5,357	(7,131)

33. Insurance Reserves

(a) These reserves are as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Gross -				
Unearned premiums	2,402,946	2,431,720	2,172,550	2,258,707
Claims liabilities	3,996,187	3,841,286	2,638,999	2,260,567
Unexpired risk reserve	18,976	17,292	-	-
Unearned commission	206,597	213,970	202,964	213,970
	6,624,706	6,504,268	5,014,513	4,733,244
Recoverable from reinsurers -				
Reinsurers' portion of unearned premiums	(925,356)	(1,040,631)	(907,621)	(1,040,631)
Reinsurers' portion of claims liabilities	(960,838)	(692,238)	(829,802)	(692,238)
	(1,886,194)	(1,732,869)	(1,737,423)	(1,732,869)
Net -				
Unearned premiums	1,477,590	1,391,089	1,264,929	1,218,076
Claims liabilities	3,035,349	3,149,048	1,809,197	1,568,329
Unexpired risk reserve	18,976	17,292	-	-
Unearned commission	206,597	213,970	202,964	213,970
	4,738,512	4,771,399	3,277,090	3,000,375

(b) Claims liabilities comprise:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Gross -				
Outstanding claims	2,865,813	2,619,872	2,066,896	1,851,690
IBNR	1,110,043	1,203,853	551,772	391,316
Unallocated loss adjustment expense	20,331	17,561	20,331	17,561
	3,996,187	3,841,286	2,638,999	2,260,567
Recoverable from reinsurers -				
Outstanding claims	661,568	505,303	530,532	505,303
IBNR	299,270	186,935	299,270	186,935
	960,838	692,238	829,802	692,238
Net -				
Outstanding claims	2,204,244	2,114,559	1,536,364	1,346,387
IBNR	810,773	1,016,918	252,502	204,381
Unallocated loss adjustment expense	20,331	17,561	20,331	17,561
	3,035,349	3,149,048	1,809,197	1,568,329

33. Insurance Reserves (Continued)

An actuarial valuation was performed to value the policy and claims liabilities of the Group as at 31 December 2020 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 subsidiaries as at 31 December 2020 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 8 February 2021 for GENACTT and 11 May 2021 for the Company , the actuary found that the amount of policy and claims liabilities represented in the statement of financial position at 31 December 2020 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Net reserves for claims outstanding at beginning of year –				
Gross reserves for claims outstanding	3,841,286	1,956,370	2,260,567	1,956,370
Reinsurance ceded	(692,238)	(487,730)	(692,238)	(487,730)
	3,149,048	1,468,640	1,568,329	1,468,640
Movement during the year –				
Acqusition of outstanding claims	-	2,418,758		
Claims incurred, including IBNR	1,851,057	1,158,372	1,803,348	1,306,359
Claims paid	(2,407,858)	(2,230,200)	(1,994,430)	(1,549,741)
Recovery from reinsurers	438,479	339,866	431,950	343,071
Translation differences on foreign currency claims	4,623	(6,388)		
	(113,699)	1,680,408	240,868	99,689
Net reserves for claims outstanding at end of year	3,035,349	3,149,048	1,809,197	1,568,329
Reinsurance ceded	960,838	692,238	829,802	692,238
Gross reserves for claims outstanding at end of year	3,996,187	3,841,286	2,638,999	2,260,567

33. 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

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsuranc	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	2,431,720	(1,040,631)	1,391,089	1,839,972	(851,167)	988,805
Acquisition of subsidiary	-	-	-	210,135	-	210,135
Premiums written during the year	12,044,990	(9,066,069)	2,978,921	10,727,828	(8,151,493)	2.576.335
Premiums earned during the year	(12,016,216)	8,950,794	(3,065,422)	(10,346,21 5)	7,962,029	(2,384,186)
	(28,774)	115,275	86,501	381,613	(189,464)	192,149
Balance at 31 December	2,402,946	(925,356)	1,477,590	2,431,720	(1,040,631)	1,391,089

The movement in unearned premiums for the company is as follows:

The Company

	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January	2,258,707	(1,040,631)	1,218,076	1,839,972	(851,167)	988,805
Premiums written during the year	11,592,313	(9,037,477)	2,554,836	10,615,009	(8,151,493)	2,463,516
Premiums earned during the year	11,678,470	(9,170,487)	2,507,983	10,196,274	(7,962,029)	2,234,245
	(86,157)	133,010	46,853	418,735	(189,464)	229,271
Balance at 31 December	2,172,550	(907,621)	1,264,929	2,258,707	(1,040,631)	1,218,076

33. Insurance Reserves (Continued)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Fire, consequential loss and liability	622,962	726,224	605,199	726,224
Motor	1,611,075	1,600,853	1,400,497	1,427,840
Other	168,909	104,643	166,854	104,643
	2,402,946	2,431,720	2,172,550	2,258,707

34. Share Capital

	2020	2019
	$'000	$'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

35. Capital Reserves

	2020	2019
	$'000	$'000
At beginning of and end of year	152,030	152,030

The capital reserves at year end represent realised surpluses.

36. Property Revaluation Reserve

This represents the unrealised surplus on the revaluation of pooled real estate investment.

37. Fair Value Reserve

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

38. Non-Controlling Interest

	2020 $'000	2019 $'000
Beginning of year	473,547	-
Acquisition of subsidiary (Note 39)	-	391,522
Net transactions with NCI		
Purchase of additional shares GENACTT (ii)	(41,030)	-
Investment in GENACBB (iii)	40,874	-
	(156)	-
Dividend	(55,765)	-
NCI share of total comprehensive income	(19,137)	82,025
	398,489	473,547

(i) 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.

(ii) In June 2020, the Group acquired an additional 10% of the issued shares of GENACTT for $46,676,000. Immediately prior to the purchase, the carrying value amount of the existing non-controlling interest in GENACTT was $41,030,000. The Group recognised a decrease in NCI of $41,030,000 and a decrease in equity attributable to owners of the parent of $5,646,000.

(iii) This represents the NCI's capital contribution of 20% in GENACBB.

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

General Accident Insurance Company(Trinidad) Limited (formely Motor One Limited)

(a) Summarised Statement of Financial Position

	2020 $'000	2019 $'000
Assets	2,507,000	2,937,044
Liabilities	1,725,000	1,938,266
Net Assets	783,000	998,778

(b) Summarised Statement of Comprehensive Income

	Year ended 31 December 2020 $'000	Three months ended 31 December 2019 $'000
Revenue	477,023	304,081
(Loss)/Profit before taxation	(121,424)	234,319
Taxation	(4,297)	(28,101)
(Loss)/Profit after tax	(125,721)	206,218
Other comprehensive income	78,707	(23,940)
Total Comprehensive Income	(47,014)	182,278
Total comprehensive income allocated to non-controlling interest	(14,307)	82,025

38. Non-Controlling Interest (Continued)

General Accident Insurance Company (Trinidad) Limited (formely Motor One Limited)

(c) Summarised Statement of Cash Flows

	2020 $'000	2019 $'000
Cash flows from opertating activities		
Cash generated from operations	(411,895)	(774,569)
Income taxes	(4,332)	28,101
Net cash used in operating activities	(416,227)	(746,468)
Net cash generated from investing activities	522,431	957,695
Net cash used in financing activites	**(213,714)**	**(1,215)**
Net increase in cash and cash equivalents	(107,511)	210,012
Cash and cash equivalents at acquisition date	239,120	39,344
Exchange gains on cash and cash equivalents	20,956	(10,233)
	152,566	239,123

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

General Accident Insurance Company (Barbados) Limited

(a) Summarised Statement of Financial Position

	2020 $'000 $'000
Assets	275,091
Liabilities	(94,873)
Net Assets	180,218

(b) Summarised Statement of Comprehensive Income

	Year ended 31 December 2020 $'000
Revenue	65,405
Loss before taxation	(32,311)
Taxation	(1,870)
Profit after tax	(34,181)
Other comprehensive income	10,032
Total Comprehensive Income	**(24,149)**
Total comprehensive income allocated to non-controlling interest	(4,830)

38. Non-Controlling Interest (Continued)

General Accident Insurance Company (Barbados) Limited

(c) Summarised Statement of Cash Flows

	2020 $'000
Cash flows from opertating activities	
Cash generated from operations	(7,908)
Income taxes	(1,845)
Net cash generated from operating activities	(9,753)
Net cash generated from investing activities	(54,009)
Net cash generated by financing activites	205,251
Net increase in cash and cash equivalents	141,489
Cash and cash equivalents at acquisition date	-
Exchange gains on cash and cash equivalents	8,543
	150,032

39. 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 attributables to shareholders of $130,282,000 for the year ended 31 December 2019. Had the 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 fo 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

39. Business Combination and Asset Purchase (Continued)

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

	$'000
Purchase consideration – Cash	238,074
Purchase consideration – Deferred and Contingent	110,662
NCI at acquisition	391,522
Net asset acquired	(870,049)
Bargain purchase	(129,791)

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

40. 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 $13,699,000 (2020 – $12,691,000) and are included in staff costs (Note 14).

41. 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.

42. Impact of COVID-19

The outbreak of the novel Coronavirus (COVID-19) became a pandemic in March 2020 and has adversely affected the global economy and way of life. The continuous impact of COVID-19 on the company's operations and future financial performance are reviewed periodically by the Board and Management with mitigating strategies implemented to reduce any negative effects. The pandemic and the measures to control its human impact have resulted in disruptions to the Jamaican economic activities, business operations and to the insurance industry. The company continues to review its credit and financial risks while continuing to contain costs and manage cash flows. Management has considered the consequences of COVID-19 pandemic as well as other events and conditions, and it has determined that they do not create additional material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

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 15, 2021, at Liguanea Club, 5 Knutsford Blvd, Kingston 5*** 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 accounts of the Company for the year ended December 31, 2020.	**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 Gregory Foster as a Director of the Board of the Company.	
3. (b) To re-appoint Matthew Lyn as a Director of the Board of the Company.	**For** ◯ **Against** ◯
3. (c) To re-appoint Duncan Stewart 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 2020, being $222,670,500.03 or 21.592 cents per ordinary share, as the final dividend for the year.	**For** ◯ **Against** ◯

Signed this day of 2021:

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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ANNUAL REPORT 2020

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