



2018 ANNUAL REPORT



IronRock

INSURANCE

Vision Statement

To have IronRock become the most sought-after insurer, pioneering the industry in professionalism, simplicity, efficiency and fairness.

Mission Statement

To operate a sound and financially strong insurance company, providing the best insurance solutions for our policyholders through highly trained and motivated employees, ultimately achieving superior returns for our shareholders, while upholding our core values of:

1. professionalism;
2. honesty;
3. integrity; and
4. efficiency.

Value Proposition

Simple. Fair. Safe.

We make the insuring process as seamless as possible by reducing paperwork.

We use technology to make the underwriting and claims settlement process fast and simple.

We believe in the principle of utmost good faith – we therefore trust our clients as they trust us.

We are financially strong with solid, experienced management giving our policyholders superior confidence in the protection we provide.





The 2018 financial
year was a year
of important **firsts**
in **IronRock's**
development

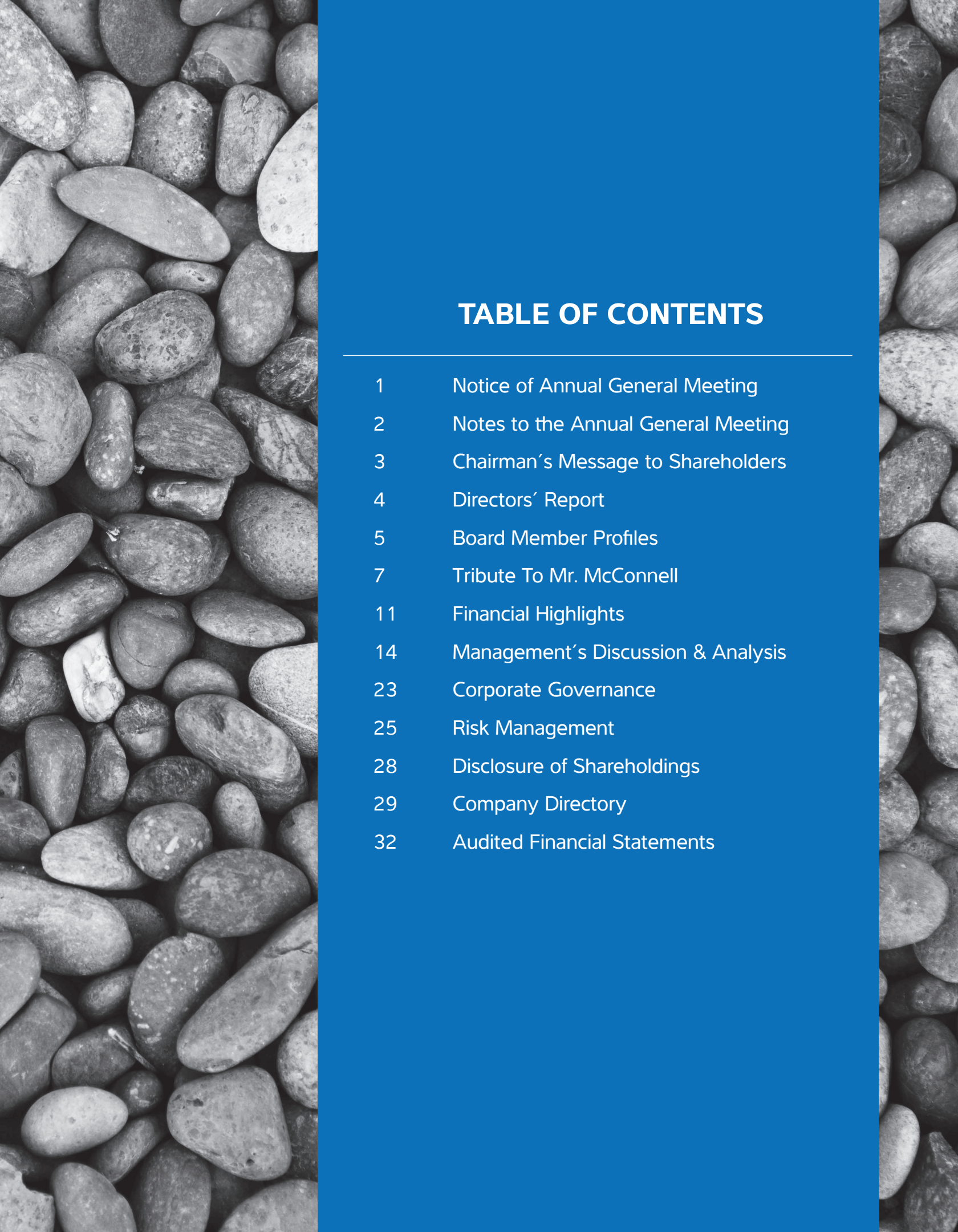


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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of IronRock Insurance Company Limited (the "Company") will be held at the Knutsford Court Hotel, 16 Chelsea Avenue, on Tuesday, June 18, 2019, starting at 3:00 p.m. to consider, and if thought fit, pass the following resolutions:

ORDINARY RESOLUTIONS

Resolution No. 1 – Receipt of Audited Accounts

"THAT the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 December 2018 be and are hereby received and adopted by the Company."

Resolution No. 2 – Retirement and Re-election of Directors

"THAT each of the following directors, who has retired by rotation in accordance with the Articles of Incorporation of the Company and being eligible, now offers himself or herself for re-election, be and is hereby re-elected:"

- a. "That Matthew Hogarth be and is hereby re-elected a Director of the Company."
- b. "That Gary Peart be and is hereby re-elected a Director of the Company."
- c. "That Jan Polack be and is hereby re-elected a Director of the Company."

Resolution No. 3 – Directors' Remuneration

"THAT the Board be and is hereby authorised to fix the remuneration of the Directors for the financial year ending 31 December 2019."

Resolution No. 4 – Re-Appointment of Auditors

"THAT KPMG Chartered accountants who have voluntarily resigned and being eligible for re-appointment be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting."

Resolution No. 5 – Remuneration of Auditors

"THAT the Board be and is hereby authorized to fix the remuneration of the auditors for the financial year ending 31 December 2019."

DATED THIS
26th day of April 2019

BY ORDER OF THE BOARD



Anthony Bell
Company Secretary
IronRock Insurance Company Limited
1b Braemar Avenue
Kingston 10, Jamaica

Notes to the Annual General Meeting

Eligibility to Vote

The Directors of the Company have determined that your eligibility to attend and vote at the AGM requires you to be a registered shareholder as at the close of business on 31 March 2019 (the "Record Date").

A list of registered shareholders who are eligible to attend and vote at the meeting will be available at the Company's registered office at 1b Braemar Avenue, Kingston 10, Jamaica during normal business hours leading up to the AGM. Shareholders may also phone (876) 656-8000 to confirm they are registered.

Proof of Identity

Shareholders (or their proxies) will be required to provide proof of their identity for the purposes of attending and voting at the AGM. Please bring identification for these purposes, including, but not limited to, a driver's license, passport or a similar official document.

Appointing a Proxy for the AGM – Individual Shareholders

As a registered shareholder as at the Record Date, you are entitled to appoint a proxy to represent you if you are not able to attend the AGM in person. A proxy does not need to be a shareholder of the Company.

If you would like to appoint a proxy, please complete the form included at the end of the Annual Report

and submit it to the Company not less than 48 hours before the AGM. In order to be considered valid, the proxy form must have affixed to it a JMD \$100 postage stamp. If the proxy is acting as attorney under a power of attorney, a certified copy of the power of attorney document should also be attached.

For joint shareholders, the proxy notice must be signed and submitted by the shareholder whose name appears first in the register of members of the Company.

If you have appointed a proxy, but circumstances change and you then decide to attend the AGM, instead of your proxy, you may do so without giving further notice to the Company.

Appointing an Authorised Corporate Representative for the AGM – Corporate Shareholders

A corporation that is a shareholder of the Company may authorise a person to act as its representative at the AGM. The representative does not need to be a shareholder of the Company. The authorisation should be provided to the Company in the form of a certified copy of the resolution of the Board, power of attorney, or otherwise, not less than 48 hours before the AGM. The authorised corporate representative is then entitled attend and vote at the AGM in the usual way.

Notes on the Proposed Resolutions for the AGM

1. Audited Financial Statements and Annual Report

This agenda item provides for the presentation of the Company's Audited Financial Statements, Director's Report and Auditor's Report for the financial year ended 31 December 2018.

It is also intended to provide shareholders with the opportunity to raise questions on the Financial Statements and Reports, and on the performance of the Company in general.

2. Retirement and Re-election of Directors

In accordance with the Articles of Incorporation of the Company, at least 1/3 of the Board of Directors, or the number nearest 1/3, must retire from office prior to each AGM. This is done in accordance with good governance practice.

Retiring directors are eligible to put themselves up for re-election at the AGM. The detailed biographies for each Director are included the Annual Report and are also found on the Company's website (ironrockjamaica.com).

3. Directors' Remuneration

The Board seeks the customary authorisation to set the remuneration of the Directors inclusive of the executive and non-executive directors. It proposes to leave Directors' remuneration unchanged from 2018: see note 18 to the Financial Statements for details.

4. Re-Appointment of Auditors

In accordance with good governance practice, the auditors of the Company resign prior to the AGM, and, being eligible, have put themselves up for re-appointment. This resolution proposes to retain KPMG as the Company's auditor, as the Board considers that their service to the Company has been exemplary over the last three (3) financial years.

5. Remuneration of Auditors

This resolution provides the Board with the authority to negotiate the external auditors' service contract and to set their pay for services to the Company in the upcoming financial year.

Chairman's Message to Shareholders



I am pleased to report that IronRock achieved profitability in 2018, continuing our track record of impressive progress.

Headlining a year of notable performances was the \$59.3m improvement in our underwriting loss which moved from \$101.3m to \$42.0m, with our total comprehensive income for the year moving from a loss of \$47.9m to a profit of \$2.4m. Gross Written Premium grew at a robust pace of 35% to \$571.8m whilst our Net Earned Premium Income increased by 136% to \$184.2m. We are delighted that Management has achieved these results without compromising our disciplined approach to underwriting, risk selection and pricing, as evidenced by the substantial improvement in our underwriting result.

We continue to invest in, and utilize, Information Technology and Systems to drive operational efficiency, improve service delivery and reduce expense ratios. Our Gross Expense Ratio continued to improve, falling to 28% and we project

further improvement in this important ratio, during the course of 2019. Importantly, automation of processes and information gathering will allow us to grow our Personal Lines insurance portfolio without compromising our operational efficiency.

We are pleased with the growth in our investment portfolio and with the returns earned, given the fact that interest rates are at record lows. Investment management

“Premium grew at a robust pace of **35%** to **\$571.8m** whilst our Net Earned Premium Income increased by **136%** to **\$184.2m**”

is an important area of our operation and our primary objective continues to be to maximize returns, within an acceptable risk tolerance.

Our reinsurance treaties have all been renewed and, in many cases, we have been able to negotiate reduced costs and wider cover. In addition, we have been

able to obtain increased capacity which will assist us to grow our portfolio in line with our projections for 2019. We believe this is clear evidence of the confidence that the reinsurance market has in our management's ability to develop and implement a strategy to underwrite a profitable portfolio. Our strong capitalisation, with shareholders' equity of \$514.7m and a MCT Ratio of 545%, and the support of some of the largest and most financially secure reinsurers in the world allows us to provide first class financial security to our policyholders.

The Jamaican economy is projected to grow in 2019, with spending on infrastructure and other construction projects as well as growth in the tourist sector, likely to provide us with growth opportunities. We anticipate that interest rates will remain at current levels for the rest of the year but there are encouraging signs that the equity markets will continue their recent gains.

Our management and employees continue to display a level of professionalism and commitment that contribute to our success and I thank them for their efforts. I also wish to thank our clients, brokers and agents for their support during the year.

A handwritten signature in black ink, appearing to read 'W. David McConnell'.

W. David McConnell
Chairman
IronRock Insurance Company Limited

Directors' Report

The Directors are pleased to submit herewith their Report together with the Audited Financial Statements of the Company for the year ended December 31, 2018.

The Directors hereby confirm that to the best of their knowledge the accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

Financial Highlights

(in thousands of Jamaican dollars)

	2018	2017
Operating Results		
Gross written premium / Revenue	571,838	424,462
Net premium	214,994	128,403
Change in Unearned Premium Reserve, UPR (net)	(30,777)	(50,395)
Claims incurred (net)	(72,387)	(46,829)
Commission (net)	6,292	2,174
Operating expenses	(160,099)	(134,735)
Underwriting loss	(41,977)	(101,382)
Other income	44,749	53,520
Net profit / (loss)	2,772	(47,862)
Shareholder equity & insurance reserves		
Cash and Investments	624,362	525,719
Shareholders' equity	514,713	512,339
Insurance contract provisions / Reserves	360,200	303,392

Dividends

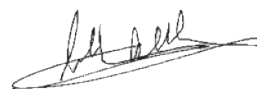
No dividends were announced or paid to shareholders of the Company in the financial year 2018.

Directors

In accordance with the Articles of Incorporation of the Company, at least 1/3 of the Board of Directors must retire from office prior to each Annual General Meeting. Directors Mathew Hogarth, Gary Peart and Jan Polack are retiring this year and, being eligible, offer themselves for re-election by the shareholders.

Auditors

The Auditors, KPMG, must also retire from office prior to each Annual General Meeting and being eligible express their willingness to continue in office in accordance with Section 154 of the Companies Act. A resolution authorising their re-appointment and another resolution authorising the Directors to fix their remuneration for the coming financial year will also be presented at the Annual General Meeting.



DATED THIS
26th day of April 2019
BY ORDER OF THE BOARD

Founded
on solid
experienced
leadership

Board Member Profiles



W. DAVID MCCONNELL
Chairman

David McConnell was appointed Chairman of IronRock in October 2018. Mr. McConnell is also Co-Managing Director and Co-Founder of Select Brands Limited. In November 2017 he was appointed Chairman of Supreme Ventures Limited where he has overseen a revitalisation of the company's operations. In May 2018, Mr. McConnell was also appointed to the Board of Directors of Scotia Group Jamaica Limited. Previously he has held the position of Managing Director of Sales and Marketing for J Wray and Nephew Limited and General Manager for their Export Division.

Mr. McConnell has an MBA in Marketing Finance from the University of Miami and a Bachelors in Marketing and International Business from Florida International University.



R. E. D. THWAITES
Managing Director

Evan Thwaites is a Chartered Insurer and an Associate of the Chartered Insurance Institute (ACII). As the Managing Director of the Company he has primary oversight for its operations and the execution of its strategic business plan.

Mr. Thwaites was educated at Wolmer's Boys' School and completed management training courses in the U.S.A., the United Kingdom and Germany for the purposes of his professional development in the insurance and reinsurance industry. He spent over 30 years with Globe Insurance Company of Jamaica Ltd. (and its predecessor entity, Globe Insurance Company of the West Indies Ltd.), prior to its acquisition by Guardian Group, where he served as Managing Director. He subsequently worked as a consultant for Grace Kennedy Financial Services Ltd. and served as a Director of Jamaica International Insurance Company Ltd., respectively, prior to forming IronRock.



WAYNE N. T. HARDIE
Finance Director

Wayne Hardie is a member of the Association of Chartered Certified Accountants (ACCA) and a past member of the Association of Accounting Technicians (AAT). As the Finance Director of the Company he has responsibility for accounting and investment operations, as well as regulatory compliance.

Mr. Hardie is a graduate of Calabar High School and received overseas training for the purposes of his professional development in the insurance industry in Canada. He spent nearly 30 years with Globe Insurance Company of Jamaica Ltd. (and its predecessor entity, Globe Insurance Company of the West Indies Ltd.), prior to its acquisition by Guardian Group, where he was Financial Controller. He subsequently joined Guardian General Insurance Company of Jamaica Limited where he was Associate Vice President, I.T., Risk and Compliance.



Anthony Bell is an independent non-executive Director of the Company and brings to the Board his experience in management gained at a senior level in many prominent local companies.

Mr. Bell is a graduate of Jamaica College and South West London College, and he has worked as an accountant and financial controller throughout his career. He served as Managing Director of J. Wray and Nephew Ltd. and Chief Financial Officer of Lascelles de Mercado group of companies for over 30 years, retiring in 2011.



Jan Polack is currently the Chief Financial Officer of Couples Resorts, where her primary focus is to oversee the financial and administrative operations and continued expansion, in which she plays an integral role.

Ms. Polack joined IronRock in January 2017 as an independent non-executive Director.

Prior to these appointments Ms. Polack served as Financial Controller at a number of companies, most recently at Caribbean Producers, and is a former Director of the Montego Bay Chamber of Commerce and Industry. Ms. Polack is a Certified Public Accountant (CPA) and holds a bachelor of Accounting from St. Leo's College, Florida.



Matthew A. Hogarth is an attorney at law, and a founder and partner of the firm MH&CO. He specialises in the areas of banking, finance, mergers and acquisitions, corporate structuring and governance, taxation, trusts, real estate and business advisory.

Mr. Hogarth is a member of the Jamaican Bar Association, the American Bar Association, the New York State Bar Association, the British Virgin Islands Bar Association, INSOL International (International Association of Restructuring, Insolvency and Bankruptcy Professionals) and the American Bankruptcy Institute.

Mr. Hogarth is a member of the Board of Directors at Carreras Limited, and Century 21/Heave-Ho Properties Limited. He is also the legal counsel for the Listed Companies Committee of the Private Sector Organisation of Jamaica.



Mr. Christopher Berry who has served as the Executive Chairman of Mayberry Investments Limited since 1993, has over thirty years' experience in the securities industry having joined Mayberry Investments Limited in 1987 and served on the Board of the Jamaica Stock Exchange from 1993 to 2016.

He has been a Non-Executive Director of LASCO Financial Services Limited since June 12, 2015 and a Director of Supreme Ventures Limited since October 23, 2017. He also serves as a Director of Apex Health Care Associates Limited and Apex Pharmacy Limited.



Mr. Gary H. Peart has been the Chief Executive Officer of Mayberry Investments Limited since 2005, and has served on its Board of Directors since 2006. He has over twenty years of experience in the Jamaican financial industry, having worked in senior positions at leading financial institutions throughout his career, gaining experience in almost every business line including Corporate Finance, Equity, Fixed Income and Treasury Management.

Mr. Peart also serves as the Deputy Chairman on the Board of the Jamaica Stock Exchange and currently serves as Treasurer of the Jamaica Securities Dealers Association. He also serves as a Director at several other well-known Jamaican institutions including; LASCO Financial Services Limited and Lasco Distributors Limited.

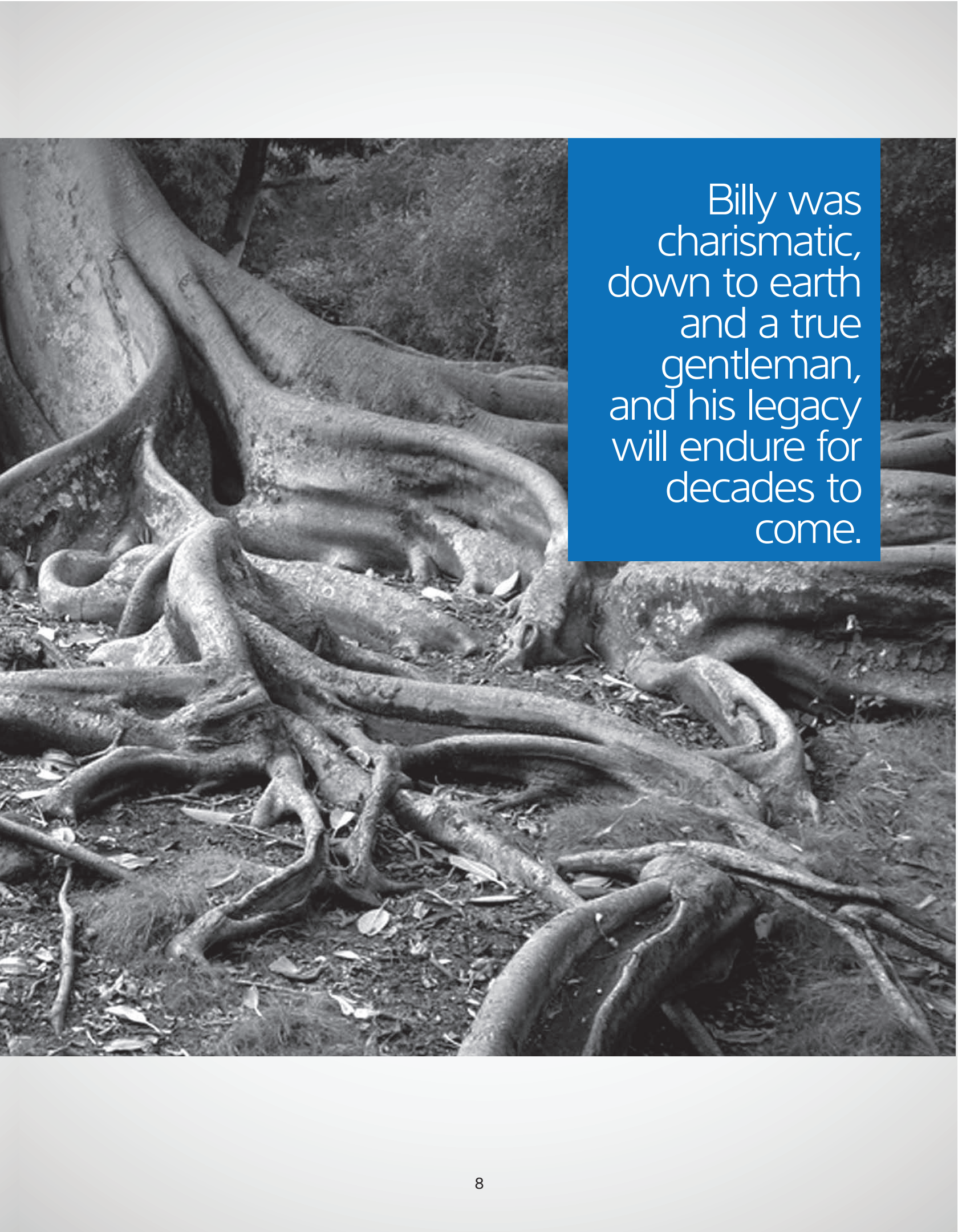
Tribute to the Hon. William “Billy” McConnell



Last year, the IronRock family was shaken by the passing of our Chairman, Mr. William “Billy” McConnell. Billy led the Board with both pride and humility, and his contribution to building our company will never be forgotten.

We will continue to honour the memory of our esteemed Chairman by upholding our core values of professionalism, integrity and honesty, which were embodied by Billy every day.

A true stalwart of the Jamaican Private Sector, Billy’s wisdom and guidance over the years have been invaluable, and his contribution to the development of the entire business community is unquestionable. He was charismatic, down to earth and a true gentleman, and his legacy will endure for decades to come.



Billy was
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Our long-term
objective is to
translate our
underwriting strategy
into **cost savings** for
our **policyholders,**
and **superior returns**
for our **shareholders.**

Financial Highlights

As at or for the year ended 31 December

(in thousands of Jamaican dollars – except for per share data, ratios and employees)

	2018	2017
Income statement data		
Gross written premium / Revenue	571,838	424,462
Underwriting loss	(41,977)	(101,382)
Net income / (loss)	2,772	(47,862)
Earnings / (loss) per share ^(a)	\$ 0.01	\$ (0.22)
Balance sheet data		
Total assets	1,011,016	937,765
Cash and Investments	624,362	525,719
Insurance contract provisions / Reserves	360,200	303,392
Shareholders' equity	514,713	512,339
Shareholders' equity per share ^(a)	\$ 2.41	\$ 2.39
Selected ratios		
Minimum Capital Test (MCT) Ratio	545%	665.9%
Investment Income Yield ^(b)	6.2%	6.3%
Premium retention ^(c)	38%	30%
Gross expense ratio ^(d)	28%	32%
Earned loss ratio ^(e)	39%	60%
Combined ratio ^(f)	123%	230%
Market data		
Closing share price ^(g)	\$ 4.90	\$ 2.85
Shares outstanding	214,000,000	214,000,000
Market capitalisation	1,048,600	609,900
Employees	13	12

(a) Calculated using the weighted average number of shares outstanding in each respective period.

(b) Calculated as investment income divided by the average of: (i) end of year total investments less investment income and (ii) total investments at the start of the year.

(c) Calculated as the ratio of the net written premium to gross written premium

(d) Calculated as the ratio of the total of operating expenses to gross written premium.

(e) Calculated as the ratio of net claims incurred to net earned premium.

(f) Calculated as the ratio of the sum of operating expenses, net commissions and net claims incurred to net earned premium.

(g) Jamaica Stock Exchange closing price for ROC as at 31/12/2018.

IronRock (ROC) - Share Price
(Closing Price)





IronRock goes Digital

IronRock Insurance electronic Services 'IRle Services'

IRle- Certificates & IRle-Cover Notes

Effective 1st April 2019 IronRock has moved from issuing motor certificates and cover notes on security paper to issuing them electronically or on plain paper.

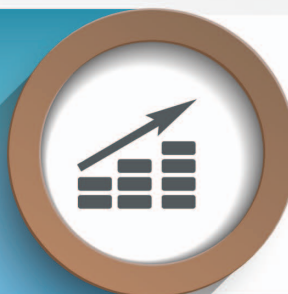
IRle Mobile Application: launched 1 May 2019 for Android and Apple – “manage your policy, submit claims evidence on the spot after an accident, get quotes, renew your policy”

- Web Policy Manager: 'Login' on our website from your mobile or computer to access documents linked to your policy, renew your policy, and submit claims or claims documents

Direct customers no longer need to visit our office to purchase or renew a policy!

- We accept scanned copies of signed proposal forms
- Certificates and Cover Notes may now be sent electronically and printed on plain paper
- All policies can be sent electronically
- Payment can be made remotely by:
 - (i) credit/debit card
 - (ii) bank transfer
 - (iii) Scotiabank's 'Pay a Bill' service

1.4% Market Share



1,851 Policies Underwritten



53 Policy Options



\$1.0 Billion
Market Capitalisation



91% Renewal Rate



333
Shareholders



13
Employees

Management's Discussion & Analysis

Rock Steady

The 2018 financial year was a year of important firsts in IronRock's development. The Company surpassed the \$1 billion mark for total assets; achieved positive cash flow from operations in every quarter; and, most importantly, we reported positive comprehensive income of \$2.4 million for the first time since operations began in 2016.

With 13 employees, we serviced over 1,000 clients and wrote over 1,800 policies, generating a total of \$572 million in gross premiums. We paid out a total of \$88 million in claim settlements with a further \$63 million built up in claims reserves.

The Company's gross expense ratio fell to 28%, just a few points behind the industry average, and our earned loss ratio fell to 39%, almost half the current industry average. Our combined ratio fell from 230% in 2017, to 123% in 2018 – moving ever closer to the 100% threshold.

Taken in isolation, each accomplishment represents a symbolic milestone in the Company's development. Together, and having all been achieved in the same year, they indicate that IronRock is well poised for continued growth and profitability.

TOTAL ASSETS AT YEAREND



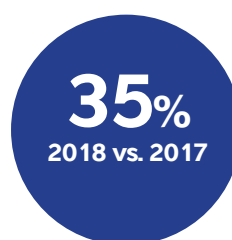
CASH FROM OPERATIONS



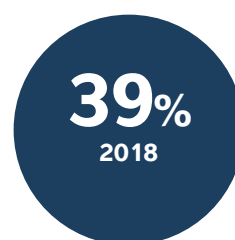
COMPREHENSIVE INCOME



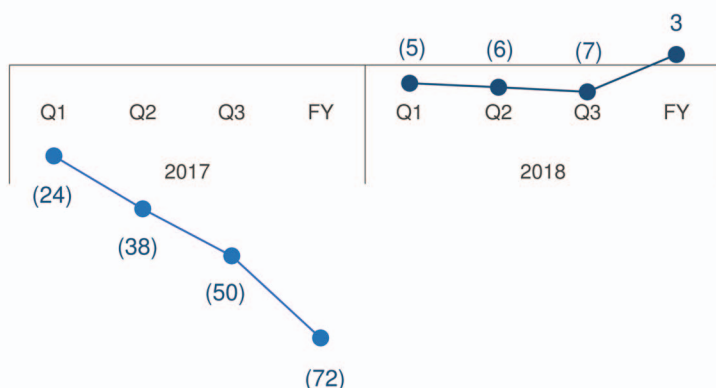
REVENUE GROWTH



EARNED LOSS RATIO

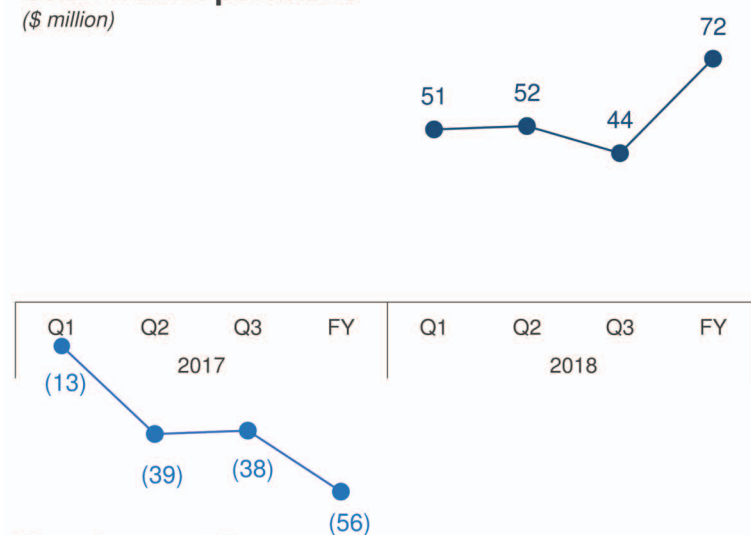


Profit / (Loss) (\$ million)



* Figures shown are year to date.
† Q1 - Q3 results are unaudited. FY results are audited.

Cash from Operations (\$ million)



* Figures shown are year to date.
† Q1 - Q3 results are unaudited. FY results are audited.

Management's Discussion & Analysis continued

Premium

In 2018 IronRock's gross written premium ("revenue") grew by 35% to \$572 million, from \$424 million in 2017. We wrote 52% more policies and serviced over 60% more client accounts.

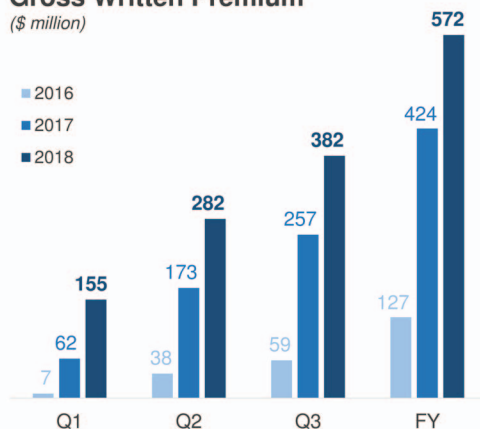
Policy growth outpaced revenue growth due to our continued focus on developing the Company's personal lines portfolio. As evidence of this, revenue generated by personal policies grew 70%, and the personal lines portfolio contributed 15% of total revenue, up from 12% in 2017.

Growth in the commercial lines segment of the portfolio was relatively lower, at 30% year-on-year, although commercial policies still contributed the majority of revenue growth in 2018. While we expect commercial accounts will continue to make up the greater part of our portfolio in the long-term, management will focus on increasing the relative size of the personal lines portfolio in order to diversify the Company's risk profile. Just as in 2016 and 2017, we wrote most of our premium in the fourth quarter – although the size of the variance has levelled off considerably. In 2017, revenue in the fourth quarter was 95% higher than its average over the first three quarters, whereas in 2018 that figure fell to 50%. Nonetheless this continues to inflate premiums receivable at year-end. At the end of the fourth quarter of 2018, premiums receivable was 40% higher than its average over the first three quarters. In the future, as IronRock's portfolio continues to grow, we expect this distortion will diminish.

Growth in net earned premium (reported as "net insurance premium revenue") once again outpaced revenue growth, increasing

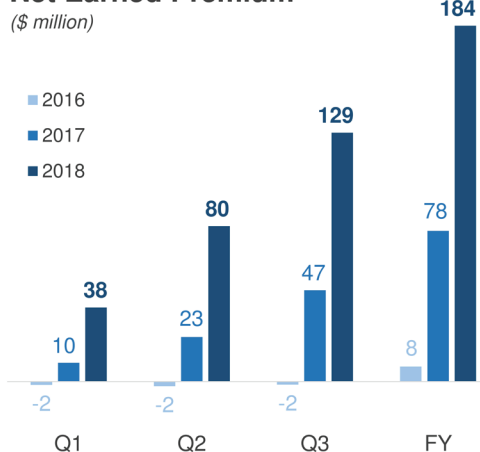
136% to \$184 million. This was primarily due to a reduction in the amount of premium ceded to our reinsurers, which resulted in a premium retention of 38% for 2018, up from 30% in 2017.

Gross Written Premium



* Figures shown are year to date.
* Q1 - Q3 results are unaudited. FY results are audited.

Net Earned Premium



* Figures shown are year to date.
* Q1 - Q3 results are unaudited. FY results are audited.

The increase in premium retention was in part due to the increase in the relative size of the motor portfolio, which is reinsured on a different basis to the property portfolio. A

further contributing factor was the increase in the Company's proportional reinsurance capacity negotiated by management for 2018. This allowed us to insure higher value risks while retaining a larger portion of each risk's premium.

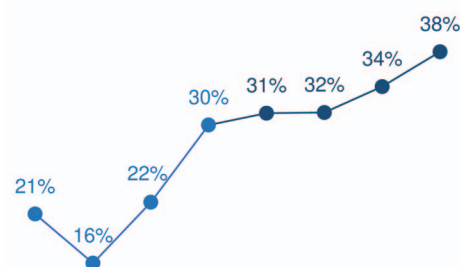
In 2019, we expect premium retention to continue to increase as management has negotiated a further improvement in the Company's proportional reinsurance capacity and we intend to maintain our focus on growing the motor portfolio.

Looking more closely at the overall portfolio's composition, the most notable development was the increase in the size of the motor portfolio where revenue grew by 74% – more than any other line of business. As a result, motor's share of total revenue jumped to 27%, from 21% in 2017, and its share of net earned premium rose to 62%, from 54%.

Motor's distinctly higher share of net earned premium underscores its importance in the portfolio as a major source of retained premium and to promote portfolio diversity.

Premium Retention

[Net Premium / Gross Written Premium]



Q1	Q2	Q3	FY	Q1	Q2	Q3	FY

* Figures shown are year to date.
* Q1 - Q3 results are unaudited. FY results are audited.

“IronRock is well poised for continued **growth** and **profitability**”

Premium (continued)

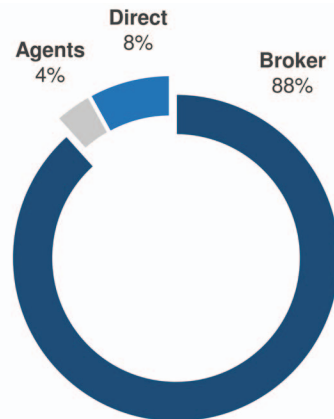
As a result of the increase in the motor portfolio, property's share was reduced to 48%, in line with management's objective to balance the portfolio.

Overall, the portfolio's spread amongst the different classes of business continued to converge with the most recently available industry averages compiled by the Insurance Association of Jamaica (“IAJ”). Despite achieving healthy growth in the motor portfolio, IronRock is still underweight relative to the industry, which reports motor contributing 45% of total gross written premium.

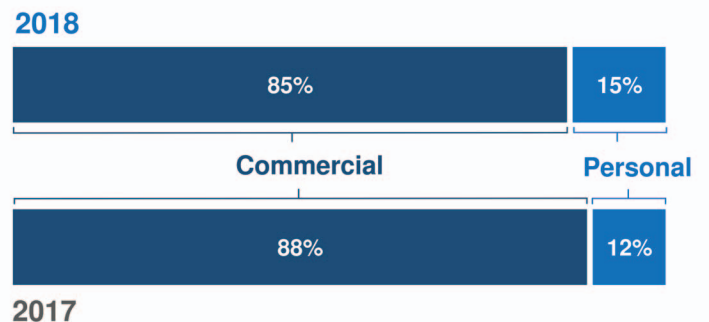
Premium sources remained relatively consistent with 2017. Notably, revenue from agents quadrupled to \$20 million, forming 4% of revenue. While direct premium was reduced to 8% of revenue, from 11% in 2017, and broker premium marginally increased to 88%, from 87%.

As we continue to target more growth, we will maintain our focus on growth in the motor portfolio, and in particular, direct motor. Historically,

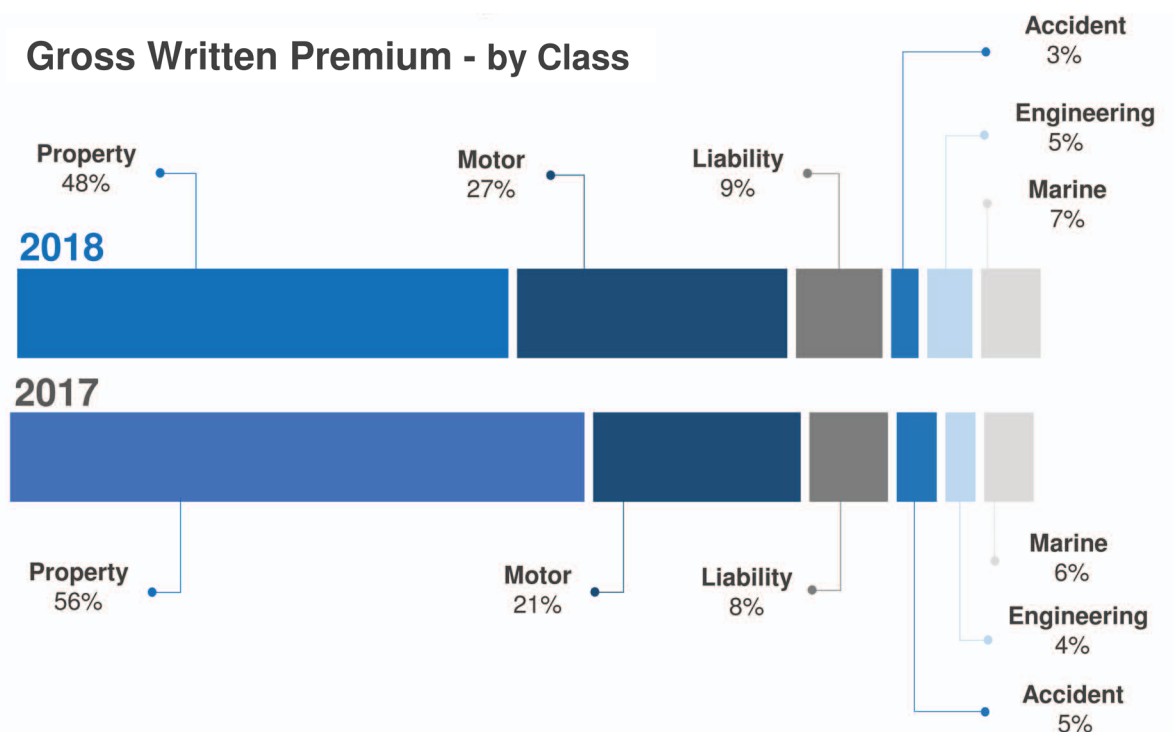
Gross Written Premium - by Source
(for the year ended 31 December 2018)



Gross Written Premium - Personal vs. Commercial



Gross Written Premium - by Class



direct motor generates higher levels of net earned premium, but is the costliest class of business to manage operationally. Management expects to be able to efficiently generate more growth through the promotion of digital platforms, such as our mobile app, which will facilitate a far less administratively burdensome process, and ultimately present lower premiums to the client.

Management's Discussion & Analysis continued

Underwriting

IronRock achieved extraordinarily low loss ratios in 2018. The portfolio's earned loss ratio for the year fell to 39%, compared with the industry's most recently reported earned loss ratio of 61%, published by the IAJ in October 2018.

In fact, IronRock outperformed the industry's earned loss ratio in every class of business except for "Other" which includes classes such as accident and marine.

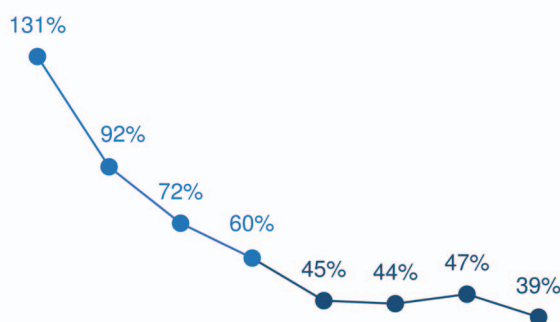
Also encouraging was the portfolio's gross loss ratio of 16%, which was less than half of the industry's most recently reported gross loss ratio of 36%. This also means that IronRock has outperformed the industry's gross loss ratio in every year since the Company began operations.

As a reference, the gross loss ratio measures gross claims incurred as a percentage of gross written premium and is useful for directly assessing the quality of an insurer's risk selection and pricing. Whereas the earned loss ratio measures net claims incurred as a percentage of net earned premium and takes into account the insurer's reinsurance program and its effectiveness in managing the portfolio's loss exposure.

The reason for the noticeable difference in the ratios, both for IronRock and the industry, is due to our market being exposed to catastrophic events. Thus, a sizeable portion of premium is ceded to property reinsurance programs that

Earned Loss Ratio

[Net Claims Incurred / Net Earned Premium]



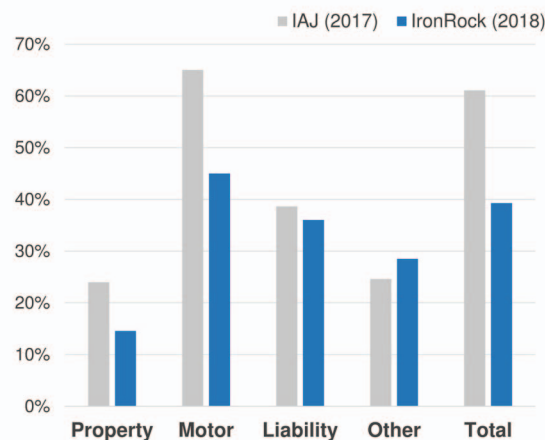
Q1	Q2	Q3	FY	Q1	Q2	Q3	FY
2017				2018			

* Figures shown are year to date.

* Q1 - Q3 results are unaudited. FY results are audited.

Earned Loss Ratio - Industry Comparison

[Net Claims Incurred / Net Earned Premium]



* 2017 IAJ Statistics are as at 31 Dec. 2017 and are the most recently available figures.

* The IAJ compiles data from its members, which, as at 31 Dec. 2017, included all operating general insurance companies registered with the FSC - with the exception of

ensure insurers have access to reinsurance capital in the event of an island-wide catastrophic event. Therefore, in years without a catastrophe event, the gross loss ratio will usually be lower than the earned loss ratio.

The fact that our portfolio's loss experience has outperformed the industry by such a large margin is evidence of management's continued adherence to prudent underwriting strategies.

The portfolio's performance in 2018 indicates that management has implemented effective risk selection and pricing strategies, all within the context of an efficient reinsurance program.

As we grow our portfolio, we will continue to focus on maintaining high underwriting standards, founded on experience-based knowledge and attention to detail.

Looking ahead to 2019, as management targets higher growth rates, and especially more growth in the motor portfolio, we expect that the portfolio will experience an uptick in the claims ratios. The trade-off is that the increased revenue will reduce expense ratios, ultimately improving the Company's combined ratio and the portfolio's overall profitability.

Our long-term objective is to translate our underwriting strategy into cost savings for our policyholders, and superior returns for our shareholders.

In future reports we will continue to disclose and discuss our performance relative to the industry to maintain the transparency we believe our shareholders deserve.

“The portfolio’s earned loss ratio for the year **fell to 39%**”

Operations

In 2018, the increase in operating expenses was outstripped by revenue growth. Therefore, despite an increase of 19% in operating expenses, the Company’s gross expense ratio fell to 28%, from 32% in 2017. We are confident that revenue will continue to grow at a much higher pace than expenses, ultimately pushing our expense ratios even lower.

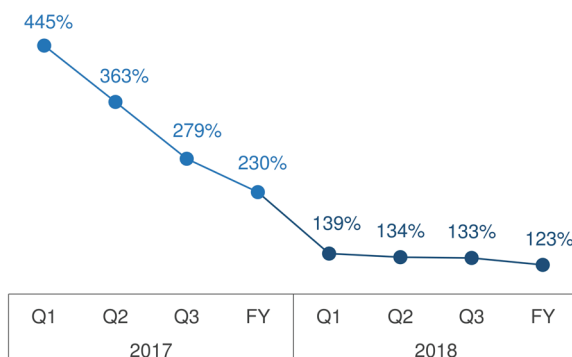
The increase in operating expenses was primarily driven by administrative costs, regulatory fees and advertising and promotion costs. Despite increased investments in our move to digital services, we managed to generate savings in computer expenses due to a review of our outsourced system arrangements, and further savings came from professional fees.

Expenses remained relatively flat in each quarter, however the expense ratios began increasing after the first quarter due to lower premium growth in the second and third quarter. Ultimately it was the spike in premium in the last quarter that helped suppress the ratio for year-end.

Generally, expense ratios will reduce as we grow our portfolio, but while we target increased growth, we are mindful of the fact that aggressive pricing or a relaxation of our underwriting standards would ultimately hurt the portfolio’s loss ratios. This could potentially wipe out any gains made in the expense ratios, and therefore management will have to strike a balance between premium quality and premium growth.

Combined Ratio

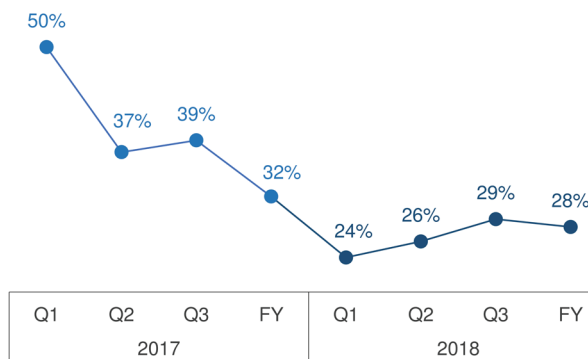
$[(\text{Operating Expenses} + \text{Net Commission} + \text{Net Insurance Claims}) / \text{Net Earned Premium}]$



* Figures shown are year to date.
* Q1 - Q3 results are unaudited. FY results are audited.

Gross Expense Ratio

$[\text{Operating Expenses} / \text{Gross Written Premium}]$



* Figures shown are year to date.
* Q1 - Q3 results are unaudited. FY results are audited.

IronRock began with only a few employees, and because of this, every process is built to minimise the administrative burden, especially in the expectation of increased volumes in the long-term. We believe this to be our major advantage in the market and the value this generates will materialise as we grow our portfolio.

Efficiency remains one of our main focuses, and in 2018 we began implementing a number of improvements to the underwriting process that we envisioned in 2017.

In the commercial market, this has primarily involved developing more direct methods of electronic data exchange with our broker partners. And in the personal lines market, our focus has been on online customer service with the anticipated launch of our mobile app, and the online account management capabilities now available through our client portal on our website.

We are particularly excited with the development of our online platforms that will make it easier for direct customers to buy, renew and manage their policies. In fact, by the end of 2019 we expect it will be unnecessary for direct customers to visit our offices to conduct routine business.

To maintain a close tie with customers in the digital sphere, we are building a personal approach to online customer service and will be launching an integrated online marketing strategy to help our clients get the most from their insurance. Our ultimate objective is to enhance our reputation for quality customer service, ease of doing business, and access to helpful technology for everyday life.

One of the most promising indicators from this year’s financial reports is the substantial fall in the combined ratio to 123%, from 230% for 2017. Our goal is to consistently achieve a combined ratio of less than 100% to assure our shareholders and policyholders of the profitability of our core underwriting operation.

Management's Discussion & Analysis continued

Capital and Investment

In 2018 IronRock earned its first profit, adding \$2.4 million to shareholder equity and reducing the negative retained earnings position accrued during the Company's initial start-up period.

Total assets grew by 8% to top \$1 billion for the first time, reflecting growth in investments net of a reduced receivable position. Insurance contract reserves grew by 19% to \$360 million, practically moving in tandem with total asset growth.

It's worth noting that insurance reserves are liabilities (not assets) and therefore the strong correlation exists as these reserves are built up in proportion to premium. The growth of the balance sheet can therefore be understood as a proportional build-up of insurance reserves in the form of investments.

At this time the Company only holds Jamaican and US dollar assets and therefore our foreign exchange position is exclusively impacted by movements in that currency pair. In 2018, foreign exchange gain added \$8 million to the bottom line, however this gain is better explained by the timing of foreign exchange transactions, than it is by the year-on-year movement in the USD buying/selling rate.

The investment revaluation reserve was negative for the year, primarily due to a shift in the Company's investment focus towards USD investments and the strengthening of the Jamaican dollar against the US dollar towards the end of the year.

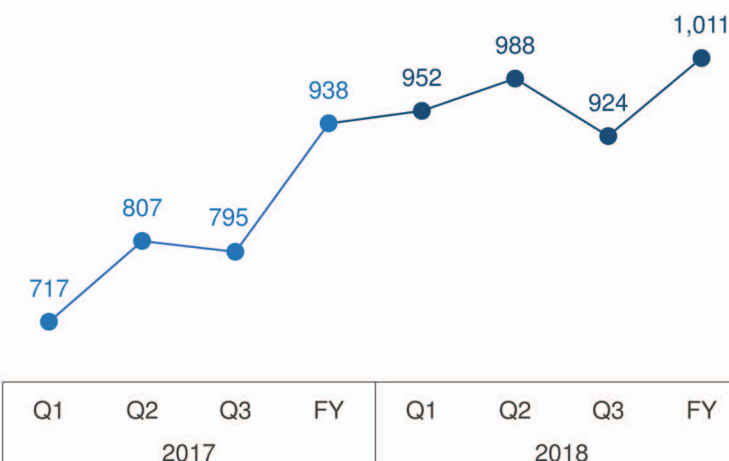
We added \$99 million to cash and investments in 2018, and investment income grew by 5% to total \$32 million for the year. Considering the steep declines in Jamaican government and corporate interest rates, management is proud to have maintained the portfolio's yield at 6.2% (2017: 6.3%).

Under existing regulation, close to half of our portfolio is required to be invested in Government of Jamaica ("GOJ") or Bank of Jamaica ("BOJ") securities. This effectively ties the portfolio's return to the performance of government securities.

In 2018, GOJ 3-month treasury bill yields were cut in half, falling from 4.2% to 2.1% by December 2018. Average yields on BOJ 30-day CD's followed suit, falling from 4.3% to 2.0% over the corresponding period.

Total Assets

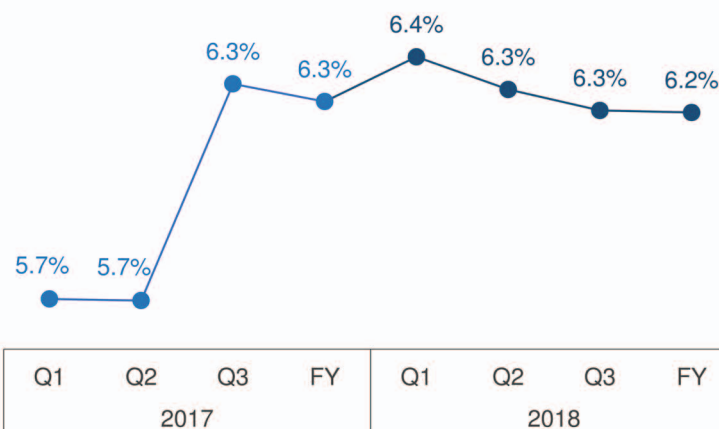
(\$ million)



* Figures shown are year to date.
† Q1 - Q3 results are unaudited. FY results are audited.

Investment Portfolio Yield

[Net Investment Income / Average of Portfolio Value at beginning and end of period - excluding Net Investment Income]



* Figures shown are year to date.
† Q1 - Q3 results are unaudited. FY results are audited.

“Total assets grew by 8% to **top \$1 billion** for the first time”

Over the same period, 12-month point-to-point inflation fell from 5.2% to 2.4%, leaving very little in the way of real returns to be earned from short-term government securities.

While no corporate bond yield indexes exist, the BOJ does track Commercial Bank ‘domestic currency weighted loan interest rates’ on Commercial Credit, which fell from 12.2% to 10.6% by December 2018. In practice, we have seen a similar nominal reduction in the interest rates on corporate debt issues – not to mention the addition of redeemable clauses and shorter durations.

Interestingly, yields on GOJ global bonds increased in 2018, most likely due to concerns in international markets over declining global growth. Nonetheless, the

contrasting yield performance has made the GOJ global bonds an attractive long-term investment option. However the signals communicated by falling prices cannot be ignored, and it should be noted that these positions typically take longer to unwind and attract higher transaction costs.

We expect rates to remain at current levels in 2019, and with high premium growth targets for the year, we anticipate continued growth in the investment portfolio to drive increased investment income.

Outlook for 2019

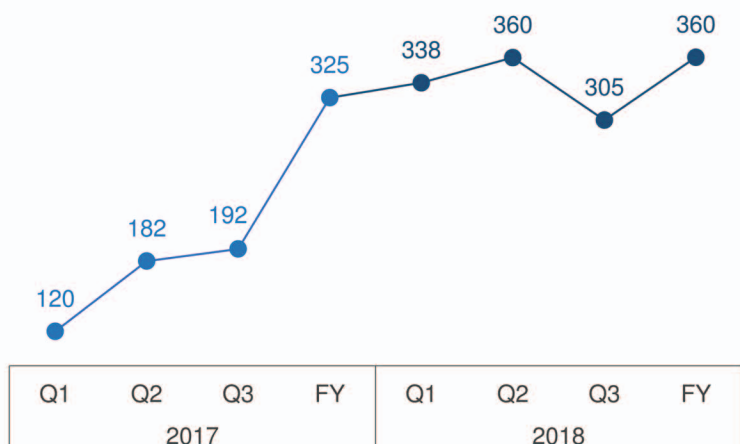
We continue to place strong emphasis on growth in 2019, most of which is likely to come from commercial accounts. We also anticipate another year of healthy growth in our motor portfolio, in light of the rapid expansion of the motor market and our positioning with some of the leading dealers in the island. We will also be expanding our network of brokers and agents and are confident this will help us to achieve our growth objectives.

We are confident in the ground work being laid for the growth of our personal lines portfolio. On April 1, 2019 IronRock moved to digital Certificates and Cover Notes, which will mean that direct clients can now buy or renew a motor policy with IronRock without having to visit our office.

We are excited to strengthen our relationships with our clients and broker partners through the launch of our digital strategies.

Insurance Contract Provisions (Reserves)

(\$ million)



* Figures shown are year to date.

† Q1 - Q3 results are unaudited. FY results are audited.





“We are excited
to strengthen **our
relationships**
with our clients
and broker
partners...”

Corporate Governance

The Board of Directors

The Board of Directors (the “Board”) is responsible for ensuring IronRock’s long-term prosperity by collectively directing the Company’s affairs, whilst meeting the appropriate interests of its stakeholders.

The Board oversees the Chief Executive Officer (the “CEO”) and other senior management in the competent and ethical operation of the Company and assures that the long-term interests of the shareholders are being served. To satisfy its duties, directors are expected to take a proactive, focused approach to their position to ensure that the Company is committed to success through the maintenance of high standards of responsibility and ethics.

Board meetings are held quarterly, with a fifth meeting usually held in March to approve Audited Financial Statements and other reports that must be filed with the Jamaica Stock Exchange (JSE) and the Financial Services Commission (FSC).

The role of the Board includes the responsibility to:

1. establish IronRock’s vision, mission and strategic goals;
2. guide the Company’s operations as well as its risk control and accountability framework;
3. appoint the Managing Director and review his or her performance;
4. determine strategic options, select those to be pursued, and decide the means to implement and support them;
5. adopt Company policies and ensure that they are effectively implemented;
6. delegate authority to management, and evaluate management performance;
7. ensure adequate resources are available

for strategic initiatives and that they are managed effectively;

8. approve future plans and review past performance; and
9. establish the values to be promoted throughout the Company and work to enhance IronRock’s public image.

Term of Office

In accordance with the Articles of Incorporation of the Company, at least 1/3 of the Board of Directors, or the number nearest 1/3, excluding the Managing Director, must retire from office prior to each Annual General Meeting. Those retiring each year shall be those who have been longest in office since their last election. Retiring directors are eligible to put themselves up for re-election at the AGM.

Size of the Board

The Board must consist of a minimum of two (2) Directors (including the Chairman). However, currently, the Company’s Articles of Incorporation do not limit the number of directors that may sit on the Board.

Corporate Governance Guidelines

The most recent version of our Corporate Governance Guidelines may be found in the investor section of our website: <https://www.ironrockjamaica.com/investor-relations/>

Governance Structure

The governance structure of the Company is designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

Ethics and Conflicts of Interest

The Board expects its directors, as well as officers and employees, to act ethically. Directors are expected to adhere to the Company’s Disclosure of Interest Policy, **Insider Trading Policy and Code of Ethics.**

Executive Directors

These are Directors who are employed by the Company and are normally responsible for aspects of the Company’s day to day operations.

The term ‘non-executive Director’ therefore describes a Director who is not employed by the Company, nor responsible for its day to day operation.

Director Independence

The PSOJ defines an Independent Director as one who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the entity and its shareholders generally.

The Company endeavors to ensure that at least 30% of the directors on the Board satisfy this definition.

As of 31 December 2018, the following Directors on the Board of IronRock were deemed to be Independent, Non-Executive Directors:

1. Matthew Hogarth;
2. Anthony Bell; and
3. Jan Polack.

“...a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.”

Chairman of the Board and Chief Executive Officer

The Board regularly evaluates whether or not the roles of Chairman of the Board and CEO should be separate and, if they are to be separate, whether the Chairman of the Board should be selected from the non-employee directors or be an employee of the Company. The Board believes these issues should be considered as part of the Board's broader oversight and succession planning process.

Board Committees

The Board currently has the following Standing Committees:

- (i) Audit Committee;
- (ii) Corporate Governance Committee
- (iii) Nomination & Compensation Committee; and
- (iv) Investment Committee.

From time to time, the Board may form new committees as it deems appropriate.

Size of Standing Committees: Every Board Committee shall consist of at least three (3) Board members.

Standing Committee Members: All of the members of the standing committees will meet the most recently effective criteria for independence established by the Jamaica Stock Exchange Junior Market Rules and the Insurance Regulations, 2001. The members of these committees also will meet the other membership criteria specified in the respective charters for these committees. At least one member of the Investment Committee will be a member of senior management.

Standing Committee Member Assignments and Rotation: The Corporate Governance & Conduct Review Committee makes recommendations to the Board concerning the structure and composition of the Board committees. The Board will designate the chair, committee members and, where applicable, alternate standing committee members, by the vote of a majority of the directors. From time to time, there will be occasions on which the Board may want to rotate standing committee members, but the Board does not believe that it should establish a formal policy of rotation.

Standing Committee Charters: Each standing committee will have its own charter. The charter will set forth the purpose, authority and responsibilities of the standing committee in addition to the qualifications for standing committee membership. IronRock's Board Committee Charters can be found in the Investor Relations section of our website: ironrockjamaica.com

Director Compensation

The Nomination & Compensation Committee reviews the form and amount of director compensation annually and recommends any changes to the Board.

Executive Directors are not paid additional compensation for their services as Directors to the Company.

Name of Director	Meeting of the Board of Directors	Committee Meetings			
		Audit	Corporate Governance	Investment	Nomination & Compensation
Hon. William McConnell	3 of 4	n/a	n/a	n/a	n/a
David McConnell	1 of 5	n/a	n/a	n/a	1 of 1
Evan Thwaites	5 of 5	3 of 5	2 of 4	4 of 5	n/a
Wayne Hardie	5 of 5	n/a	n/a	n/a	n/a
Anthony Bell	4 of 5	5 of 5	4 of 4	5 of 5	1 of 1
Matthew Hogarth	4 of 5	4 of 5	3 of 4	4 of 5	1 of 1
Christopher Berry	4 of 5	n/a	n/a	n/a	n/a
Jan Polack	1 of 5	3 of 5	2 of 4	3 of 5	n/a
Gary Peart	4 of 5	1 of 1	n/a	n/a	n/a

Risk Management

HOW IRONROCK MANAGES RISK

At IronRock we understand the term “Risk Management” to mean the continual process of identifying, analysing, prioritising, and, accepting, mitigating or avoiding the uncertainty in the decisions we make.

Insurance is founded on the concept of risk, and IronRock’s ability to manage its risk exposure will ultimately define its success as an insurance company.

Risk is prevalent throughout all of our lives. Even if we are sure something is inevitable, we cannot know the exact time it will take place, nor the exact circumstances

surrounding the event. It is therefore impossible for us to eliminate all the risks we face, and new risks will always emerge.

This is why at IronRock we understand risk management to be a continual process.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of the Company experiencing a direct or indirect loss arising from inadequate internal processes, personnel, or systems, or from external events – other than financial or compliance risks.

To control these risks, management implements processes and systems that reduce the Company’s overall exposure, while continuing to foster a dynamic and innovative workplace for our employees.

Senior managers in each department are responsible for developing and applying operational controls within their remit. It is then the responsibility of the Audit Committee to ensure each department’s compliance with the relevant internal control procedures – typically through the use of internal auditors.

The two operational risks most relevant to IronRock are discussed below.

INSURANCE RISK MANAGEMENT

Insurance is a risk management tool used by individuals and organisations to transfer their risk exposure to an insurer for a premium. The insurers themselves are therefore naturally exposed to risk.

Insurers manage their risk exposure by pooling a diverse set of risks. However, risk can still arise when an insurer determines:

- how to rate a proposed risk (*Underwriting Risk*);
- if its reinsurance treaties are adequate (*Reinsurance Risk*); and
- if its current insurance reserves are sufficient to cover future claims (*Claims Risk*).

Management’s insurance risk management approach is therefore focused on continually working to reduce IronRock’s exposure to these risks.

In particular, IronRock is committed to:

1. hiring and maintaining an experienced and competent senior management team – and a competent, efficient and diligent workforce in general;
2. underwriting a diversified portfolio of risks – consistent with IronRock’s long-term underwriting strategy;
3. working closely with our reinsurers to provide the highest standard of security to our policyholders;
4. building and maintaining sufficient insurance reserves to cover future claims; and
5. staying current on disclosures and advancements in the global insurance industry.

Information Technology (IT) Risk Management

IT risk is the risk of financial loss, disruption or damage to the reputation of the Company owing to a failure of its information technology systems.

This could arise from physical damage to IT hardware, as well

as intangible software damage due to system failures or malicious theft or corruption of internal data.

Globally, IT risks have gathered increased attention from legislators. The Government of Jamaica has already passed the Cybercrimes Act (2010) and is currently debating the Data Protection Act, which will enforce stronger statutory requirements on companies to control IT risk.

To ensure we offer our stakeholders the highest level of protection, IronRock has implemented an exhaustive IT policy which covers, among other areas of control, the following:

- (1) Acceptable Use
- (2) Backup and Security
- (3) Data Management
- (4) Security Monitoring
- (5) Incident Management
- (6) Network Configuration
- (7) Network Access Security
- (8) Mobile Devices
- (9) Passwords
- (10) Physical Security
- (11) Server Hardening
- (12) Virus Protection

“... management implements processes and systems that reduce the Company’s overall exposure, while continuing to foster a dynamic and innovative workplace for our employees.”

COMPLIANCE RISK MANAGEMENT

Compliance risk is the threat posed to a company’s operational, financial or reputational standing resulting from the violations of laws, or statutory regulations. Being an insurance company, as well as a public company, IronRock is regulated by both the Financial Services Commission (FSC) and the Jamaica Stock Exchange (JSE).

In operating under such a heavy regulatory burden, management promotes the view that these additional regulations serve as a prudent extension to our own internal controls.

IronRock actively encourages and facilitates open dialogue with our regulators, with the intention of building healthy and lasting relationships for the benefit of all our stakeholders.

FSC Regulations

The FSC states that its purpose, relating to the supervision of general insurance companies, is to protect the interests of policyholders.

Direct supervision of the insurance industry is performed by the Insurance Division of the Commission, to ensure that:

1. solvency standards for all entities ensure policyholder protection;
2. the relationships between insurers and their holding company, subsidiaries and/or associated companies are in accordance with legislation;
3. regulators have access to information; and
4. industry players practice sound corporate governance, as they owe a duty of care to their clients and claimants.

An area of key concern for the FSC and insurers alike, is the Minimum Capital Test (MCT) – intended to assess the riskiness of an insurer’s assets and policy liabilities by applying various factors and margins, ultimately comparing capital available to capital required.

As at 31 December 2018 IronRock’s MCT Ratio was 545%, compared to the FSC required ratio of 250%.

JSE Regulations

The JSE reserves the right to, in its absolute discretion, delist or suspend trading of any listed company for failure to comply with all applicable rules and guidelines – which for IronRock are set out in the publicly available JSE Junior Market Rules.

Accordingly, and to protect the interests of our shareholders, IronRock strictly adheres to the JSE Junior Market Rules regarding disclosures, reporting, insider trading, related party transactions and corporate governance.

Note – the delisting of a company does not negate the value of its issued shares or the rights of its shareholders. However, it can make the trading of its shares significantly more difficult.

FINANCIAL RISK MANAGEMENT

Financial risk is the risk of the Company incurring a financial loss that could impair its ability to earn an adequate return or finance its debt.

Changes in the global political, social and economic spheres, all significantly impact financial risk. While this section outlines the major types of financial risk IronRock is exposed to, it is important to understand that financial risk is globally systematic and

intersects with all other types of risk.

Financial risk management at IronRock is a comprehensive process that involves:

1. the Board of Directors, who establish and review the Company’s financial risk management framework;
2. the Audit Committee, who assess the adequacy and appropriateness of the risk management framework and monitor internal compliance;
3. the Managing Director and Finance Director, who together develop and implement financial risk management policies, and regularly report to the Board;
4. the Investment Committee, who establish and review controls relating to the investment of the Company’s assets; and
5. the FSC, who impose limits on how insurers can invest their capital.

Credit Risk Management

Credit risk is the risk of the Company incurring a financial loss, if a counterparty fails to make contractually required payments.

IronRock’s key areas of exposure to credit risk include:

1. debt securities;
2. premiums due from policyholders and intermediaries; and
3. payments owed from reinsurers.

Management controls the Company’s credit risk in respect of debt securities by placing limits on its exposure to any single counterparty – based on the credit rating of that counterparty. IronRock also has a policy of investing in only high quality corporate bonds and government issued debt contracts.

IronRock’s credit risk exposure to individual policy holders and intermediaries is monitored as part of the Company’s

“financial risk is globally systematic and intersects with all other types of risk”

Risk Management continued

credit control process. Analysis is regularly conducted to identify significant exposures to individual policyholders or intermediaries and the relevant action is taken to mitigate the risk posed to the Company.

In addition, all intermediaries must meet minimum financial requirements established and enforced by senior management. Our historical credit experience with intermediaries is also documented and monitored on a regular basis.

The credit worthiness of all current and prospective reinsurers is assessed directly by senior management through the review of A.M. Best and Standard & Poor's credit ratings, as well as any other publicly available information.

As a policy, IronRock only arranges contracts with reinsurers rated “A” or higher, by both A.M. Best and Standard & Poor's.

Further enquiry and vetting is performed by our reinsurance broker, Guy Carpenter, whose international presence and extensive relationships with reinsurers across the globe allow them to provide insights otherwise unavailable to the public.

We also seek to maintain diversity in our reinsurance arrangements, preferring to place contracts with reinsurers based in different markets around the world, while limiting our per risk and per event exposure to any one reinsurer.

Liquidity Risk Management

Liquidity risk is the risk that the Company will not be able to meet its short-term financial obligations, due to difficulties in converting its assets into cash.

Insurers are exposed to daily calls on their available cash resources, mainly arising from policyholder claims. Liquidity risk may arise from many potential areas, such as a duration mismatch between assets and liabilities and an unexpectedly high level of claims in a given period.

IronRock's approach to managing liquidity is to manage the maturity profile of the Company's fixed income portfolio and to ensure, as far as possible, that it maintains sufficient investments in marketable securities. This enables the Company to meet its liabilities when due, under both normal and stressful conditions – without incurring unacceptable losses or risking damage to its reputation.

Financial Market Risk Management

Financial market risk is the risk that the Company will suffer losses due to the overall performance of local or international financial markets.

IronRock is exposed to market risk on all of its financial assets. The objective of IronRock's financial market risk management strategy is therefore to manage and control exposures within acceptable parameters, while optimising the Company's investment return on risk.

IronRock's exposure to financial market risk can be understood through three major areas:

1. Equity Investment Risk;
2. Interest Rate Risk; and
3. Foreign Exchange Risk.

1. Equity Investment Risks

Equity investment risk is the financial risk involved in holding equity in a particular investment.

IronRock manages this risk by ensuring the mix of debt and equity securities in its portfolio are constantly managed and adjusted according to market expectations. The primary goal of the Company's investment strategy is to earn the maximum return at the lowest acceptable level of risk.

2. Interest Rate Risk

Interest rate risk arises primarily from IronRock's choice of debt security investments. IronRock manages its interest rate risk exposure by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest bearing financial assets are primarily represented by long-term investments, which have been contracted at fixed or floating interest rates for the duration of the term.

3. Foreign Exchange Risk

Foreign exchange risk describes the potential for the market value of financial instruments, or the value of the cash flows from such instruments, to vary due to exchange rate fluctuations.

IronRock incurs foreign currency risk on insurance and reinsurance contracts and investments that are denominated in any currency other than the Jamaican dollar. Currently, the principal foreign currency risk of the Company, are contracts and investments denominated in United States dollars.

Management controls this risk by, where possible, matching the value of its assets and liabilities denominated in a given currency, so that any movement in the exchange rate is offset, effectively hedging the Company's position.

Disclosure of Shareholdings

Shareholdings of Top Ten Shareholders

Shareholders	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
1. Granite Group Limited		109,000,000	109,000,000	50.93%
2. Mayberry Jamaican Equities Limited		42,494,271	42,494,271	19.86%
3. Mayberry Managed Client Accounts		8,347,666	8,347,666	3.90%
4. Catherine Adella Peart		7,000,000	7,000,000	3.27%
5. Sharon Harvey-Wilson	2,204,979	1,563,360	3,768,339	1.76%
Jeremy Wilson				
6. Michelle A. Myers Mayne		3,000,000	3,000,000	1.40%
7. PWL Bamboo Holdings Limited		2,786,030	2,786,030	1.37%
8. W. David McConnell		-	2,420,000	1.13%
Tania McConnell / Leah McConnell	808,000			
Tania McConnell / David McConnell	806,000			
Tania McConnell / W. David McConnell	806,000			
9. Apex Pharmacy Limited		1,989,266	1,989,266	0.93%
10. Yuan Liao		1,668,611	1,668,611	0.78%
Total			182,474,183	85.27%
Total Issued Shares			214,000,000	100.00%

Shareholdings of Directors and Senior Officers (and connected parties)

Directors	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
W. David McConnell		-	112,231,000	52.44%
Granite Group Limited	109,000,000			
St. Elizabeth Holdings Limited	811,000			
Tania McConnell	2,420,000			
Richard Evan Thwaites		1,600,000	110,600,000	51.68%
Granite Group Limited	109,000,000			
Gary Peart		-	49,494,271	23.13%
Mayberry Jamaican Equities Limited	42,494,271			
Catherine Peart	7,000,000			
Christopher Berry		-	47,269,567	22.09%
Mayberry Jamaican Equities Limited	42,494,271			
PWL Bamboo Holdings Limited	2,786,030			
Apex Pharmacy Limited	1,989,266			
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Anthony Bell		-	300,000	0.14%
Jean Bell	300,000			
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%

... IronRock's approach to managing liquidity is to manage the maturity profile of the Company's fixed income portfolio

Company Directory

BOARD OF DIRECTORS

- **W. David McConnell**, *Chairman*
- **R. E. D. Thwaites**
Managing Director
- **Wayne N. T. Hardie**
Finance Director
- **Anthony J. A. Bell, J.P.**
Independent Non-Executive Director
- **Matthew A. Hogarth**
Independent Non-Executive Director
- **Jan Polack**
Independent Non-Executive Director
- **Gary Peart**
Non-Executive Director
- **Christopher Berry**
Non-Executive Director

AUDIT COMMITTEE

Anthony J. A. Bell.
Gary Peart
Matthew Hogarth
Jan Polack

CORPORATE GOVERNANCE COMMITTEE

Anthony J. A. Bell
Jan Polack
Matthew Hogarth

INVESTMENT COMMITTEE

Anthony J. A. Bell
Matthew Hogarth
Jan Polack
R. E. D. Thwaites

COMPENSATION COMMITTEE

W. David McConnell
Anthony J. A. Bell
Matthew Hogarth

EXECUTIVE TEAM

- **R. E. D. Thwaites**
Managing Director
- **Wayne N. T. Hardie**
Finance Director
- **Christian Watt**
GM – Marketing & Production
- **Maurice Bolt**
GM – Technology & Operations

REINSURERS

Munich Re
Königinstr. 107
80802 Munich
Germany

QBE Re (Europe)
30 Fenchurch Street
London, EC3M 3BD
United Kingdom

R+V Versicherung
Raiffeisenplatz 1
Wiesbaden, 65189
Germany

**Lloyd's Underwriter
Syndicates**
1 Lime Street
London, EC3M 7HA
United Kingdom

Peak Re
Room 2107-11, ICBC Tower,
3 Garden Road, Central,
Hong Kong

**Sirius International
Insurance Group**
Suite 1202
80 Bloor Street West
Toronto M5S 2V1,
Canada

SCOR Reinsurance
701 Brickell Avenue, #1270
Miami, 33131,
USA

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INTERNAL AUDITORS

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Kingston 10, Jamaica

ACTUARY

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MAAA**
AON Risk Solutions
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Toronto, M5V 3M2
Canada

BANKERS

Scotiabank Jamaica
2 Knutsford Boulevard
Kingston 5, Jamaica

REGISTRAR

**Jamaica Central Securities
Depository**
40 Harbour Street
Kingston 4, Jamaica

BROKERS

Allied Ins Brokers
26 Belmont Road
Kingston 5, Jamaica

**Caribbean Assurance
Brokers**
94d Old Hope Road
Kingston 6, Jamaica

Jamaica Citadel Ins Brokers

36-40 Fort Street
Montego Bay, Jamaica

Marathon Ins Brokers

46 Trinidad Terrace
Kingston 5, Jamaica

Assurance Brokers Ja

1a Braemar Avenue
Kingston 10, Jamaica

CGM Gallagher Ins Brokers

27 Harbour Street
Kingston 5, Jamaica

JMMB Ins Brokers

26 Belmont Road
Kingston 5, Jamaica

MGI Ins Brokers

14 ½ Ripon Road
Kingston 5, Jamaica

Billy Craig Ins Brokers

Suite 34, New Kingston
Business Centre
Kingston 5, Jamaica

Desmond Mair Ins Brokers

59 Hope Road
Kingston 6, Jamaica

FFK Ins Brokers

28 Pawsey Place
Kingston 5, Jamaica

TFS Ins Brokers

1 Belmont Road
Kingston 5, Jamaica

SALES REPRESENTATIVES

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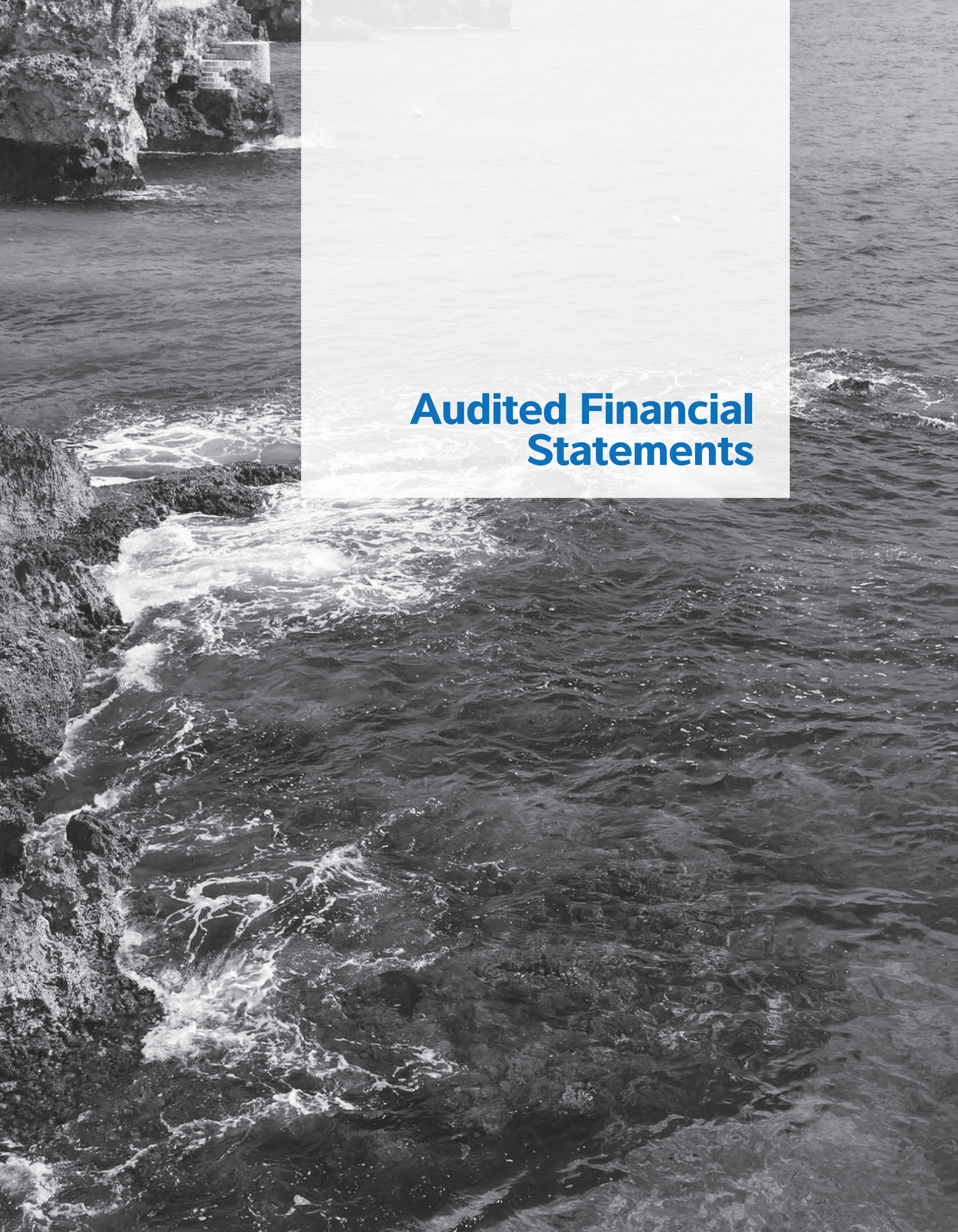
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+1 (876) 564-1964

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Mandeville, Jamaica
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REGISTERED OFFICE

**IronRock Insurance Company
Limited**
1b Braemar Avenue
Kingston 10, Jamaica
+1 (876) 946-1595
info@ironrockjamaica.com





Audited Financial Statements



2. Expression of Opinion

To the Management of IronRock Insurance Company Limited:

I have valued the insurance contract liabilities of IronRock Insurance Company Limited for its Statement of Financial Position as at 31 December 2018 and their changes in the Statement of Income for the year then ended in accordance with accepted actuarial practice including selection of appropriate assumptions and methods.

In my opinion, the amount of insurance contract liabilities makes appropriate provision for all policy obligations, and the financial statements fairly present the results of the valuation.

The results of my valuation together with amounts carried in the financial statements are the following:

Claims Liabilities	Carried in Financial Statements (JMD 000s)	Actuary's Estimate (Undiscounted) (JMD 000s)
Direct unpaid claims and adjustment expenses:	96,123	96,122
Assumed unpaid claims and adjustment expenses:	0	0
Gross unpaid claims and adjustment expenses:	96,123	96,122
Ceded unpaid claims and adjustment expenses:	32,576	32,575
Other amounts to recover:	0	0
Other net liabilities:	0	0
Net unpaid claims and adjustment expenses:	63,547	63,547
Premium Liabilities	Carried in Financial Statements (JMD 000s)	Actuary's Estimate (Undiscounted) (JMD 000s)
Gross insurance contract liabilities in connection with unearned premiums:		71,174
Net insurance contract liabilities in connection with unearned premiums:		65,552
Gross unearned premiums:	264,077	266,412
Net unearned premiums:	119,908	118,632
Premium deficiency:	0	0
Other net liabilities:	0	0
Deferred policy acquisition expenses:	34,592	
Maximum policy acquisition expenses deferrable:		79,212
Unearned Reinsurance Commissions:	26,132	

Signature:

Kevin A. Lee, FCIA FCAS MAAA
March 19, 2019



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922-6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ironrock Insurance Company Limited ("the company"), set out on pages 40 to 94, which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 was the matter addressed in our audit
<i>Estimates for outstanding claims</i> One of the key sources of estimation uncertainty is the estimates included in outstanding claims, which comprise estimates of the amount of reported losses, loss expenses, and provision for losses incurred but not reported, based on historical experience of the company. This is an area of audit focus as significant management and actuarial assumptions are used in determining outstanding claims at the end of the reporting period.	Our audit procedures included the following: • Challenging the assumptions applied by management's experts in the preparation of the annual valuation of the company's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements. • Including our own actuarial specialist to assist us in evaluating the assumptions and methodologies used by management's experts, in particular the actuarial methods used to develop the selected ultimate expected losses. • Testing the controls over the claims payments process and the case reserving process. • Assessing the adequacy of the disclosures about the degree of estimation involved in arriving at the reported balance.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Report on the Audit of the Financial Statements (Cont'd)

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 38 and 39, forms part of our auditors' report.

Report on additional matters 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 maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Nyssa Johnson.

A handwritten signature in blue ink that reads 'KPMG'.

Chartered Accountants
Kingston, Jamaica
March 22, 2019



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Appendix to the Independent Auditors' report

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

- Identify and assess the risks of material misstatement of the 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 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

Appendix to the Independent Auditors' report (Cont'd)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Statement of Financial Position

As at **31 December 2018**

(expressed in Jamaican dollars)

	Notes	2018 \$'000	2017 \$'000
Assets			
Property, plant and equipment	5	12,805	16,398
Intangible asset	6	5,118	5,760
Investments	7	434,587	280,610
Deferred acquisition costs	8	34,592	23,650
Reinsurance assets	9	176,745	190,771
Insurance and other receivables	10	142,134	166,307
Taxation recoverable		15,260	9,160
Short-term investments	11	108,317	171,351
Securities purchased under resale agreements	12	20,297	17,256
Cash and cash equivalents		61,161	56,502
		1,011,016	937,765
Liabilities and Shareholders' Equity			
Insurance and other payables	13	109,971	100,682
Insurance contract provisions	9	360,200	303,392
Deferred commission income	14	26,132	21,352
		496,303	425,426
Share capital	15	465,540	465,540
Capital reserves	16	139,340	139,340
Investment revaluation reserve		5,129	5,527
Accumulated deficit		(95,296)	(98,068)
		514,713	512,339
		1,011,016	937,765

The financial statements, on pages 40-94 were approved for issue by the Board of Directors on 22 March 2019 and signed on their behalf by:


 _____ Director
 W. David McConnell


 _____ Director
 R. Evan Thwaites

The accompanying notes form an integral part of the financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended **31 December 2018**

(expressed in Jamaican dollars)

	Notes	2018 \$'000	2017 \$'000
Gross premiums written	17, 9(b)	571,838	424,462
Change in gross provision for unearned premiums		(42,109)	(142,651)
Gross insurance premium revenue	9(b)	529,729	281,811
Written premiums ceded to reinsurers	9(b)	(356,844)	(296,059)
Reinsurers' share of change in provision for unearned premiums		11,332	92,256
Net insurance premium revenue	9(b)	184,217	78,008
Claims expenses incurred	9(a)	(93,422)	(123,144)
Reinsurers' share of claims and benefits incurred	9(a)	21,035	76,315
Net insurance claims		(72,387)	(46,829)
Commission expense	8	(60,022)	(31,456)
Commission income	14	66,314	33,630
Net commission income		6,292	2,174
Profit before operating expenses		118,122	33,353
Operating expenses	18(b)	(160,099)	(134,735)
Underwriting loss before other income		(41,977)	(101,382)
Investment income, net	19	32,218	30,740
Other Income		1,004	
Foreign exchange gain / (loss)		8,370	(1,305)
Gain on sale of investments		3,157	24,085
Profit / (loss) for the year		2,772	(47,862)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Fair value gains / (losses) on investments, being total other comprehensive income		(398)	22
Total comprehensive income / (loss) for the year		2,374	(47,840)
Earnings / (loss) per stock unit	20	1 cent	(22 cents)

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2018

(expressed in Jamaican dollars)

	Share Capital	Capital reserves	Investment revaluation reserve	Retained deficit	Total
	\$'000 (note 15)	\$'000 (note 16)	\$'000	\$'000	\$'000
Balances at December 31, 2016	465,540	139,340	5,505	(50,206)	560,179
Loss for the year	-	-	-	(47,862)	(47,862)
Other comprehensive income:					
Fair value gain on investments	-	-	22	-	22
Total comprehensive income / (loss)	-	-	22	(47,862)	(47,840)
Balances at December 31, 2017	465,540	139,340	5,527	(98,068)	512,339
Profit for the year	-	-	-	2,772	2,772
Other comprehensive income:					
Fair value loss on investments	-	-	(398)	-	(398)
Total comprehensive income / (loss)	-	-	(398)	2,772	2,374
Balances at December 31, 2018	465,540	139,340	5,129	(95,296)	514,713

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

(expressed in Jamaican dollars)

	Notes	2018 \$'000	2017 \$'000
Cash Flows from Operating Activities			
Profit / (loss) for the year		2,772	(47,862)
Adjustments for:			
Depreciation and amortisation	5,6	5,197	5,130
Write-off of property, plant and equipment		-	47
Insurance contract provisions		70,834	70,242
Interest income	19	(27,458)	(28,555)
Gain on sale of investment		(3,157)	(24,085)
		48,188	(25,083)
Changes in:			
Deferred acquisition costs		(10,942)	(13,911)
Insurance and other receivables		26,766	(119,557)
Insurance and other payables		9,289	75,263
Deferred commission income		4,780	12,020
Taxation paid		(6,100)	(6,538)
Net cash provided / (used) by operating activities		71,981	(77,806)
Cash Flows from Investing Activities			
Short term investments, net		63,034	(101,004)
Securities sold / (purchased) under resale agreements		(3,041)	13,393
Proceeds from disposal of investments		50,889	93,184
Investments, net		(202,107)	15,855
Acquisition of property, plant and equipment	5	(962)	(443)
Acquisition of intangible assets	6	-	(1,836)
Interest received		24,865	28,923
Net cash provided / (used) by investing activities		(67,322)	48,072
Net increase / (decrease) in cash and cash equivalents		4,659	(29,734)
Cash and cash equivalents at beginning of the year		56,502	86,236
Cash and Cash Equivalents at End of the Year		61,161	56,502
Comprised of:			
Cash and bank balances		61,161	56,502

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

1. Corporate structure and nature of business

Ironrock Insurance Company Limited (the company) was incorporated June 9, 2015 and is domiciled in Jamaica, with its registered office at 1b Braemar Avenue, Kingston 10. It is a 50.9% subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia. The company is listed on the Junior Market of the Jamaica Stock Exchange.

The principal activity of the company is the underwriting of general insurance business. The company commenced trading March 2016.

2. Insurance licence

The company is registered under the Insurance Act 2001 (the Act).

3. Roles of the actuary and auditors

The actuary is appointed by the Board of Directors pursuant to the Act. With respect to preparation of financial statements, the actuary carries out an actuarial valuation of management's estimate of the company's policy liabilities and reports thereon to the shareholders. Actuarially determined policy liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force, including provisions for salvage and subrogation, and future obligations on the unearned portion of insurance policies in force, including deferred policy acquisition costs. The valuation is made in accordance with accepted actuarial practice, as well as any other matter specified in any directive that may be made by regulatory authorities. The actuary, in his verification of the management information provided by the company, and which is used in the valuation, also makes use of the work of the external auditors. The actuary's report outlines the scope of his work and opinion.

The external auditors are appointed by the shareholders pursuant to the Jamaican Companies Act to conduct an independent audit of the financial statements of the company in accordance with International Standards on Auditing and to report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the company's actuarially determined policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

4. Statement of compliance, basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective during the year:

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and has not been early-adopted by the company. Those which are considered relevant to the company are as follows:

- *IFRS 9 Financial Instruments* - As an insurance company, the company has exercised the option to defer the effective date of the new standard to January 1, 2022, in line with IFRS 17 (see note 4b). The standard includes requirements for recognition and measurement, impairment, derecognition of financial instruments and general hedge accounting. The company's current analysis is that this will not have a material impact on the financial statements.
- *IFRS 16 Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases.

Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15 *Revenue from Contracts with Customers* is also adopted.

The company is assessing the impact that this standard may have on its 2019 financial statements.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective:

- IFRS 17 *Insurance Contracts*, In May 2017, the IASB issued IFRS 17, which is a comprehensive standard that establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 will replace IFRS 4: Insurance Contracts ("IFRS 4"). The measurement approach for insurance liabilities under IFRS 17 is based on the following:
 - i. A current, unbiased probability-weighted estimate of future cash flows expected to arise as the insurer fulfills the contract;
 - ii. The effect of the time value of money;
 - iii. A risk adjustment that measures the effects of uncertainty about the amount and timing of future cash flows; and
 - iv. A contractual service margin which represents the unearned profit in a contract and that is recognised in profit or loss over time as the insurance coverage is provided.

There will also be new financial statement presentation for insurance contracts and additional disclosure requirements. IFRS 17 requires the company to distinguish between groups of contracts expected to be profit-making and groups of contracts expected to be onerous.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2022 and is to be applied retrospectively to each group of insurance contracts. If full retrospective application to a group of contracts is impracticable, the modified retrospective or fair value methods may be used.

The company is assessing the impact that the amendment may have on its 2022 financial statements.

- Amendments to IFRS 9 *Financial Instruments*, effective retrospectively for annual reporting periods beginning on or after January 1, 2019 clarifies the treatment of:
 - (i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that became effective:

- Amendments to IFRS 9 *Financial Instruments* (cont'd)

- (ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

As disclosed in note 4(b), the company has exercised the option to defer the effective date of the adoption of IFRS 9 to January 1, 2022, and is assessing the impact that this amendment may have on its 2022 financial statements.

- Amendment to IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual reporting periods beginning on or after January 1, 2020, and provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The company does not expect the amendment to have a significant impact on its financial statements.

(b) Changes in accounting policies

The company has adopted the amendments to IFRS 4 and other new standards including any amendments to other standards, with an initial application date of January 1, 2018 but they do not have a material effect on the company's financial statements.

The detail, nature and effects of the changes are explained below:

- Amendments to IFRS 4 *Insurance Contracts* provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, *Financial Instruments* (effective January 1, 2018), and IFRS 17 *Insurance Contracts* (effective January 1, 2022).

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Changes in accounting policies (cont'd)

- IFRS 9 is generally effective for reporting periods beginning on or after January 1, 2018. In September 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 4 - *Insurance contracts* ("IFRS 4"), which provide optional relief to eligible insurers in respect of IFRS 9. The options permit (a) entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 – *Insurance contracts* ("IFRS 17") a temporary exemption to defer the implementation of IFRS 9, or alternatively (b) give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9. Entities that apply either of the options will be required to adopt IFRS 9 on January 1, 2022, which aligns with the effective date of IFRS 17.
- The prescribed date of the assessment under the temporary exemption provisions is December 31, 2015, however, the company commenced operations in March 2016. The company evaluated its liabilities at December 31, 2016, and concluded that the liabilities were predominantly connected with insurance. 71% of the company's liabilities at December 31, 2016 are liabilities that arose from contracts within the scope of IFRS 17 and 23% of the company's liabilities at December 31, 2016 are liabilities that arise because the company issues insurance contracts and fulfils obligations arising from insurance contracts. Additionally, the company has not previously applied any version of IFRS 9. Therefore, the company is an eligible insurer that qualifies for optional relief from the application of IFRS 9.
- As at January 1, 2018, the company has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The company will continue to apply IAS 39 – *Financial instruments: Recognition and measurement* ("IAS 39") until January 1, 2022. See Note 7 Investments for additional disclosures which enable comparison between the company and entities that applied IFRS 9 at January 1, 2018.

(c) Basis of preparation:

The financial statements are prepared under the historical cost convention, modified for the inclusion of available-for-sale investments at fair value.

These financial statements are presented in Jamaica dollars (\$), which is the functional currency of the company. The values presented in the financial statements have been rounded to the nearest thousand (\$'000) unless otherwise stated.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Going concern:

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia*, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis.

At December 31, 2018, the company had an accumulated deficit of \$95,296,000 (2017: \$98,068,000) which is broadly in line with the projections that were issued at the time of their IPO. Based on these projections, the company is expected to make losses in the first two years of operation followed by profits. The company's existing capital is sufficient to meet prudent and regulatory capital requirements during this period as evidenced by its Minimum Capital Test result of 545% (2017: 666%) as compared to the regulatory requirement of 250%. Consequently, management is of the view that the going concern basis continues to be appropriate in the preparation of the financial statements.

(e) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expense for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from receivables, for example, based on default and adverse economic conditions. Management makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(e) Use of estimates and judgements (cont'd):

(ii) Outstanding claims:

Outstanding claims comprise estimates of the amount of reported losses and loss expenses plus a provision for losses incurred but not reported based on historical experience. The loss and loss expense reserves have been estimated by the company's actuary using the company's and industry data.

Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Notes 9 and 22 contain information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts. Note 24 contains information about the risks and uncertainties associated with financial instruments.

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and include short-term deposits and other monetary investments with maturities ranging between one and three months from the reporting date. These are not subject to significant risk of change in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Short-term investments:

Short-term investments comprise fixed deposits with banks, money market securities, and loans and receivables maturing within one year. They are acquired for their earnings potential and for balancing the company's risks on its investment portfolio. Their nature, liquidity and risk are similar to those of cash and cash equivalents.

(h) Insurance and other receivables:

Insurance and other receivables are measured at amortised cost less impairment losses.

(i) Insurance and other payables:

Insurance and other payables are measured at amortised cost.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(j) Provisions:

A provision is recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

(k) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan established for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(k) Related parties (cont'd):

(b) (Cont'd):

- (viii) The entity, or any member of a group of which it is apart provides key management services of the company.

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The company has a related party relationship with its directors, parent company, and key management personnel. "Key management personnel" represents certain senior officers of the company.

(l) Investments:

Investments with fixed or determinable payments and which are not quoted in an active market are classified as loans and receivables and are initially measured at cost and subsequently at amortised cost, using the effective interest method, less impairment losses.

Available-for-sale investments are stated at fair value, except where fair value cannot be reliably determined, in which case they are stated at cost, with any movements in fair value included in investment revaluation reserve, except where there is evidence of impairment, in which event, reductions in fair value are recognised as impairment losses in profit or loss. The fair value of available-for-sale investments is based on their quoted market bid price at the reporting date. Where a quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Available-for-sale investments are recognised or derecognised by the company on the date they commit to purchase or sell the investments. Other investments are recognised or derecognised on the day they are transferred to/by the company.

(m) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied in the part will flow to the company and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Property, plant and equipment (cont'd):

Property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of such assets, at the following annual rates:

Leasehold improvements	20%
Furniture, Fixtures and equipment	10%
Computer	33%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date.

(n) Intangible assets and amortisation:

This includes computer software acquired by the company. This is measured at cost less accumulated amortisation and impairment losses. The estimated useful life of computer software is ten (10) years.

(o) Foreign currencies:

Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movements in the relevant balances.

(p) Impairment:

Objective evidence that financial assets are impaired can include default or delinquency by a customer, indications that a customer will enter bankruptcy and changes in the payment status of customers.

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Intangible assets with indefinite lives are assessed regardless of indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Impairment (cont'd):

When a decline in fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amounts:

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the assets.

Receivables with a short duration are not discounted. Impairment losses in respect of an available-for-sale investments are calculated by reference to its current fair value.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit or pool of assets to which the asset belongs.

(ii) Reversals of impairment:

Impairment losses in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

For all other assets, an impairment loss is reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to profit or loss. For available-for-sale equity securities, the reversal is recognised in other comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(q) Insurance contracts recognition and measurement

(i) Recognition and measurement

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry and comply with the provisions of the Insurance Act 2001. The underwriting results are determined after making provision for, inter alia, unearned premiums, outstanding claims, unexpired risks, deferred commission expense and deferred commission income.

Gross written premiums

Gross premiums reflect business written during the year and include adjustments to premiums written in previous years. The earned portion of premiums is recognised as revenue. Premiums are earned from the effective date of the policy.

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the reporting date which is attributable to subsequent periods and are calculated on the “three sixty-fifths” basis on the total premiums written.

Unexpired risks

Unexpired risks represent the amount set aside in addition to unearned premiums, in respect of risks to be borne by the company under contracts of insurance entered into before the end of the financial year and are actuarially determined.

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the company. The outstanding loss and loss expense reserves have been reviewed by the company’s actuary using the past loss experience of the company and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Management believes, based on the analysis completed by their actuary, that the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the reporting date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(q) Insurance contracts recognition and measurement (cont'd):

(i) Recognition and measurement (cont'd)

Deferred acquisition cost and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring premium income.

(ii) Reinsurance assets

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the accounting date which are attributable to subsequent periods are calculated substantially on the “three sixty-fifths” basis on the total premiums ceded.

In the normal course of business, the company seeks to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers (see note 22). Reinsurance ceded does not discharge the company's liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the company. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the company may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the company will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in the income statement.

(iii) Insurance receivable and insurance payable

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

(r) Revenue:

Revenue is measured based on the consideration specified in a contract with a policyholder. The company recognises revenue when it transfers control over a service to a policyholder.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(r) Revenue (cont'd):

Revenue comprises the following:

(i) Gross written premiums

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 4(q)(i).

(ii) Commission income

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 4(q)(ii)]. Profit commission in respect of reinsurance contracts is recognised on an accrual basis.

(iii) Investment income

Investment income comprises income from financial assets. Income from financial assets comprises interest and dividends and realised gains/losses on financial assets. Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

(s) Taxation:

Taxation of the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive, in which case it is also recognised in other comprehensive income.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Taxation (cont'd):

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) Employee benefits:

(i) Pension contribution

Pension plan costs are contributions by the company to approved retirement schemes. Obligations for contributions by the company to the schemes are recognised as an expense in profit or loss as they fall due.

(ii) Other employee benefits

Employees' entitlements to leave are recognised when they accrue to employees. A provision is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

(u) Securities purchased under resale agreements:

Securities purchased under resale agreements ("reverse repos") are short-term transactions whereby an entity buys securities and simultaneously agrees to resell the securities on a specified date and at a specified price. Title to the security is not actually transferred unless the counterparty fails to comply with the terms of the contract.

Reverse repos are accounted for as short-term collateralised lending, classified as loans and receivables and measured at amortised cost. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

(v) Leases:

Payment made under operating lease are recognised in profit and loss on a straight-line basis over the term of the lease.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

4. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(w) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the provision of general insurance to Jamaican consumers, operating in a single segment. As such no additional segment information is provided.

(x) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents, investments, insurance receivables, and other accounts receivable. Financial liabilities include accounts payable and insurance payables.

(y) Determination of fair value:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

5. Property, plant and equipment

	<u>Computer</u> \$'000	<u>Leasehold improvement</u> \$'000	<u>Furniture, fixtures and equipment</u> \$'000	<u>Total</u> \$'000
Cost:				
December 31, 2016	14,010	704	9,971	24,685
Additions	216	123	104	443
Write-off	-	-	(106)	(106)
December 31, 2017	14,226	827	9,969	25,022
Additions	501	-	461	962
December 31, 2018	14,727	827	10,430	25,984
Accumulated depreciation:				
December 31, 2016	2,799	133	1,042	3,974
Charge for the year	3,171	162	1,376	4,709
Write off	-	-	(59)	(59)
December 31, 2017	5,970	295	2,359	8,624
Charge for the year	3,227	197	1,131	4,555
December 31, 2018	9,197	492	3,490	13,179
Net book values:				
December 31, 2018	5,530	335	6,940	12,805
December 31, 2017	8,256	532	7,610	16,398

6. Intangible asset

	<u>Software</u> \$'000
December 31, 2016	4,589
Addition	1,836
December 31, 2017 and 2018	6,425
Amortisation:	
December 31, 2016	244
Charge for the year	421
December 31, 2017	665
Charge for the year	642
December 31, 2018	1,307
Net book value:	
December 31, 2018	5,118
December 31, 2017	5,760

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

7. Investments

	<u>2018</u> \$'000	<u>2017</u> \$'000
Available-for-sale:		
Quoted equities	84,821	14,658
Units in unit trusts	21,648	11,218
Corporate Bonds	39,753	52,698
Global Bonds – TT	28,893	31,134
Government of Jamaica – Global bonds	72,786	-
Loans and receivables:		
Corporate Bonds	55,213	40,000
Government of Jamaica securities – J\$ Bonds	100,000	100,000
Government of Jamaica securities – US\$ Certificate of Deposit	<u>31,473</u>	<u>30,902</u>
	<u>434,587</u>	<u>280,610</u>

Investments include Government of Jamaica securities and corporate bonds denominated in foreign currency aggregating US\$1,473,416 (2017: US\$928,205).

\$45,000,000 (2017: \$45,000,000) of investment represents amounts held to the order of the Financial Services Commission as required by the Insurance Act 2001.

Investments, excluding interest receivable, are due from the reporting date as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
No specific maturity	106,469	25,876
3 months to 1 year	-	35,000
1 year to 5 years	108,962	39,886
Over 5 years	<u>219,156</u>	<u>179,848</u>
	<u>434,587</u>	<u>280,610</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

7. Investments (cont'd)

The following table presents the fair value and the amount of change in the fair value of the company's financial assets as at and for the period ended December 31, 2018, showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

Financial asset	Total carrying value	SPPI financial assets		Non-SPPI financial assets	
		Fair value	Change in fair value	Fair value	Change in fair value
Investments:					
	\$'000	\$'000	\$'000	\$'000	\$'000
Quoted equities	84,821	-	-	84,821	-
Unit in unit trusts	21,648	-	-	21,648	-
Corporate bonds	94,966	103,304	8,338	-	-
Global bonds - TT	28,893	28,893	-	-	-
Government of Jamaica –					
Local bonds	131,473	165,989	34,516	-	-
– Global bonds	<u>72,786</u>	<u>72,786</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>434,587</u>	<u>370,972</u>	<u>42,854</u>	<u>106,469</u>	<u>-</u>
Short-term investments	<u>108,317</u>	<u>108,317</u>	<u>-</u>	<u>-</u>	<u>-</u>
Securities purchased under resale agreement	<u>20,297</u>	<u>20,308</u>	<u>11</u>	<u>-</u>	<u>-</u>

Credit risk

The following table presents the fair value and the amount of the change in fair value of the company's financial assets as at and for the period ended December 31, 2018, showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

Credit rating	Carrying value Amount \$'000	Fair value \$'000	% of Fair value
Bonds and debentures and short-term investments			
Ba1	28,893	28,893	6%
B3	204,259	204,259	47%
Caa1	<u>203,283</u>	<u>203,283</u>	<u>47%</u>
	<u>436,435</u>	<u>436,435</u>	<u>100%</u>
Securities purchased under resale agreement			
B3	<u>20,297</u>	<u>20,308</u>	<u>100%</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

8. Deferred acquisition costs

The analysis of the movement in deferred commission expense is as follows:

	<u>2018</u> \$'000	<u>2017</u> \$'000
Balance January 1	23,650	9,739
Commission paid during the year	70,964	45,367
Amounts recognised in income or expense during the year	(60,022)	(31,456)
Balance December 31	<u>34,592</u>	<u>23,650</u>

9. Reinsurance assets and insurance contract provisions

Analysis of movements in reinsurance assets and insurance contract provisions:

	<u>2018</u>			<u>2017</u>		
	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000
Claims outstanding	96,123	32,576	63,547	81,424	57,934	23,490
Unearned premiums	<u>264,077</u>	<u>144,169</u>	<u>119,908</u>	<u>221,968</u>	<u>132,837</u>	<u>89,131</u>
	<u>360,200</u>	<u>176,745</u>	<u>183,455</u>	<u>303,392</u>	<u>190,771</u>	<u>112,621</u>

(a) Claims outstanding:

	<u>2018</u>			<u>2017</u>		
	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000
Claims notified	49,537	38,375	11,162	2,041	520	1,521
Claims incurred but not reported	<u>31,887</u>	<u>19,559</u>	<u>12,328</u>	<u>2,737</u>	<u>614</u>	<u>2,123</u>
Balance at January 1	<u>81,424</u>	<u>57,934</u>	<u>23,490</u>	<u>4,778</u>	<u>1,134</u>	<u>3,644</u>
Claim incurred	93,422	21,035	72,387	123,144	76,315	46,829
Claims paid in year	(78,723)	(46,393)	(32,330)	(46,498)	(19,515)	(26,983)
Change in outstanding claims provision	<u>14,699</u>	(25,358)	<u>40,057</u>	<u>76,646</u>	<u>56,800</u>	<u>19,846</u>
Balance at December 31	<u>96,123</u>	<u>32,576</u>	<u>63,547</u>	<u>81,424</u>	<u>57,934</u>	<u>23,490</u>
Analysis:						
Claims notified	60,912	19,231	41,681	49,537	38,375	11,162
Claims incurred but not reported	<u>35,211</u>	<u>13,345</u>	<u>21,866</u>	<u>31,887</u>	<u>19,559</u>	<u>12,328</u>
Balance at December 31	<u>96,123</u>	<u>32,576</u>	<u>63,547</u>	<u>81,424</u>	<u>57,934</u>	<u>23,490</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

9. Reinsurance assets and insurance contract provisions (cont'd)

(b) Unearned premiums:

	<u>2018</u>			<u>2017</u>		
	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Balance at January 1	221,968	132,837	89,131	79,317	40,581	38,736
Premiums written during the year	571,838	356,844	214,994	424,462	296,059	128,403
Premiums earned during the year	(529,729)	(345,512)	(184,217)	(281,811)	(203,803)	(78,008)
Balance at December 31	<u>264,077</u>	<u>144,169</u>	<u>119,908</u>	<u>221,968</u>	<u>132,837</u>	<u>89,131</u>

(c) Gross unearned premiums are analysed as follows:

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Motor	76,506	52,459
Property	136,819	126,691
Accident	10,422	12,598
Liability	23,923	21,746
Engineering	11,426	6,327
Marine	<u>4,981</u>	<u>2,147</u>
	<u>264,077</u>	<u>221,968</u>

Process used to determine the assumptions for measuring insurance contracts:

The company adopts a consistent process in the calculation of provisions for insurance contracts. The overriding aim is to establish reserves that are expected to be at least adequate and that there is consistency from year to year. Therefore the reserves are set at a level above the actuarial “best estimate” position. However, there is a risk that, due to unforeseen circumstances, the reserves may be insufficient to meet insurance claim liabilities reported in future years on post policy periods.

The claims outstanding provision at the reporting date comprises the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses less amounts already paid. This provision is not discounted for the time value of money.

The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimates of claims already notified, where more information is available.

The outstanding claims provisions are estimated based on facts known at the date of estimation. Case estimates are generally set by skilled claims technicians, applying their experience and knowledge to the circumstances of individual claims. The ultimate cost of outstanding claims is estimated using standard actuarial claims projection techniques.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

9. Reinsurance assets and insurance contract provisions (cont'd)

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. There are reasons why this may not be the case, which, insofar as they can be identified, have been allowed for by modifying the methods. Such reasons include:

- Economic, legal, political and social trends (resulting in, for example, a difference in expected levels of inflation);
- Changes in the mix of insurance contracts written; and
- Impact of large losses

Incurred but not reported provisions and provisions for outstanding claims are initially estimated at a gross level and a separate calculation is carried out to estimate the size of reinsurance recoveries. The company purchases a range of excess of loss and other reinsurance contracts with sufficiently high retentions for only relatively few, large claims to be recoverable. The method uses gross incurred but not reported estimates and the terms and conditions of the reinsurance contracts to estimate the carrying value of the reinsurance asset. Impairment of reinsurance asset is considered separately.

10. Insurance and other receivables

	<u>2018</u> \$'000	<u>2017</u> \$'000
Accrued investment income	10,559	7,966
Premiums receivable	117,694	107,539
Prepaid expenses	-	358
Other receivables	<u>13,881</u>	<u>50,444</u>
	<u>142,134</u>	<u>166,307</u>

Information relating to credit risk management and the maturity profile of insurance receivables is outlined in more detail in note 24(a)(i) and (iii).

11. Short term investments

	<u>2018</u> \$'000	<u>2017</u> \$'000
Loans and receivable		
Corporate Bonds	58,930	-
Treasury Bill	49,387	-
Government of Jamaica Securities J\$Bond	-	161,146
Fixed Rate Bond	<u>-</u>	<u>10,205</u>
	<u>108,317</u>	<u>171,351</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

12. Securities purchased under resale agreements

The fair value of securities held as collateral for securities purchased under resale agreements as at December 31, 2018 was \$20,308,000 (2017: \$17,904,000).

13. Insurance and other payables

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Payables arising from insurance and reinsurance contracts due to other insurance companies	86,245	87,920
Other payables and accrued charges	<u>23,726</u>	<u>12,762</u>
	<u>109,971</u>	<u>100,682</u>

14. Deferred commission income

The analysis of the movement in deferred commission income is as follows:

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Balance January 1	21,352	9,332
Commission received during the year	71,094	45,650
Amounts recognised in income during the year	(66,314)	(33,630)
Balance December 31	<u>26,132</u>	<u>21,352</u>

15. Share capital

	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Authorised:		
25,000,000,000 ordinary shares of no par value		
Stated capital:		
Issued and fully paid as stock units:		
214,000,000 ordinary shares of no par value	485,824	485,824
Less: Share issue costs	(20,284)	(20,284)
	<u>465,540</u>	<u>465,540</u>

16. Capital reserves

This represents contributed capital of \$139,340,000 (2017: \$139,340,000), from parent company.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

17. Gross premiums written

	<u>2018</u> \$'000	<u>2017</u> \$'000
Motor	154,651	89,015
Property	277,937	239,585
Accident	19,581	20,205
Liability	52,602	35,508
Engineering	29,099	16,113
Marine	<u>37,968</u>	<u>24,036</u>
	<u>571,838</u>	<u>424,462</u>

18. Disclosure of expenses

Profit before taxation is stated after charging:

(a) Related party transactions :

	<u>2018</u> \$'000	<u>2017</u> \$'000
Compensation of key management personnel is as follows:		
Short term employment benefits	30,918	29,089
Pension contributions [see note 4(t)]	<u>1,654</u>	<u>1,575</u>
	<u>32,572</u>	<u>30,664</u>
Directors - Premiums	<u>26,600</u>	<u>18,724</u>

(b) Operating expenses:

Computer expense and license fees	18,692	22,241
Depreciation and amortisation	5,197	5,130
Directors' emoluments		
Fees	3,450	3,450
Remuneration	20,330	18,150
Salaries and related costs	59,012	42,456
Auditors' remuneration	5,168	3,664
Advertising and promotion	6,374	3,955
Legal and professional fees	2,951	3,180
Motor vehicle expenses	10,945	9,319
Telephone	899	925
Stationery and office supplies	3,076	2,127
Bank interest and other charges	1,031	524
Other administrative expenses	<u>22,974</u>	<u>19,614</u>
	<u>160,099</u>	<u>134,735</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

19. Investment income

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest income:		
Available-for-sale	6,873	4,496
Loans and receivables	<u>20,585</u>	<u>24,059</u>
	27,458	28,555
Dividend income	<u>4,760</u>	<u>2,185</u>
	<u>32,218</u>	<u>30,740</u>

20. Earning per share

Earning/(loss) per ordinary stock unit, is calculated by dividing the loss attributable to shareholders by the number of stock units in issue during the year.

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit/(loss) for the year	<u>2,772</u>	(<u>47,862</u>)
Number of ordinary stock unit in issue	<u>214,000</u>	<u>214,000</u>
Earning/ (loss) per share	<u>1 cent</u>	(<u>22 cents</u>)

21. Taxation

- (a) The expense is based on the profit for the year adjusted for tax purposes and is made up as follows:

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
(b) Reconciliation of effective tax rate:		
Profit/(loss) before taxation	<u>2,772</u>	(<u>47,862</u>)
Computed "expected" tax expense at 33⅓%	924	(15,954)
Difference between profit/(loss) for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	87	87
Items not allowed for tax purposes	(1,200)	1,244
Tax losses	438	13,651
Unrealised capital foreign exchange gain	(<u>249</u>)	<u>972</u>
Actual tax expense	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

21. Taxation (cont'd)

- (c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses aggregating approximately \$112,755,000 (2017: \$111,442,000) are available for set off against future taxable profits. If unutilised, these can be carried forward indefinitely, however the amount that can be utilised is restricted to 50% of chargeable income (before prior year) in any one year.
- (d) The company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective March 15, 2016. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Year 1 to 5	100%
Year 5 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions.

22. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

- (a) Overview:

The company's management of insurance risk is a critical aspect of the business. The primary insurance activity carried out by the company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such the company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by the company are as follows:

Liability insurance
Property insurance
Motor insurance

The company manages its insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The company actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

22. Insurance risk management (cont'd)

Risk management objectives and policies for mitigating insurance risk (cont'd):

(a) Overview (cont'd):

Underwriting strategy:

The company seeks to underwrite a balanced portfolio of risks at rates and terms that will produce underwriting results consistent with its long term objectives.

The board of directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objective.

Reinsurance strategy:

The company reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance includes credit risk, and the company monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The board of directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is addressed in more detail in note 24(a).

(b) Terms and conditions of general insurance contracts:

The table below provides an overview of the terms and conditions of general insurance contracts written by the company and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend.

Type of contract	Terms and conditions	Key factors affecting future cash flows
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to death, bodily injury, and damage to property.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. The majority of bodily injury claims have a relatively short tail and are settled in full within four years. In general, these contracts involve greater estimation uncertainty.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

22. Insurance risk management (cont'd)

(b) Terms and conditions of general insurance contracts (cont'd):

Type of contract	Terms and conditions	Key factors affecting future cash flows
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. The cost of repairing, rebuilding or replacement of assets and/or contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle theft. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

22. Insurance risk management (cont'd)

(c) Risk exposure and concentrations of risk:

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The company monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the company makes assumptions that costs will increase in line with the latest available financial and actuarial forecasts.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The company uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the company accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The company monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

The following table shows the company's exposure to general insurance risk (based on the carrying value of claims outstanding at the reporting date) per class of business.

	2018						
	<u>Liability</u>	<u>Property</u>	<u>Motor</u>	<u>Engineering</u>	<u>Accident</u>	<u>Marine</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	22,932	6,164	38,553	1,650	4,730	22,094	96,123
Net of reinsurance	<u>16,342</u>	<u>986</u>	<u>37,693</u>	<u>326</u>	<u>2,067</u>	<u>6,133</u>	<u>63,547</u>
	2017						
	<u>Liability</u>	<u>Property</u>	<u>Motor</u>	<u>Engineering</u>	<u>Accident</u>	<u>Marine</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	5,543	5,760	10,920	6,085	4,686	48,430	81,424
Net of reinsurance	<u>4,801</u>	<u>1,126</u>	<u>9,225</u>	<u>1,439</u>	<u>2,148</u>	<u>4,751</u>	<u>23,490</u>

(d) Claims development:

Claims development information is disclosed in order to illustrate the insurance risk inherent in the company. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses paid and more information become known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

22. Insurance risk management (cont'd)

(d) Claims development (cont'd):

	Analysis of net claims development			
	Accident year			
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Estimate of cumulative claims at end of accident year	4,042	45,786	64,256	-
-one year later	4,687	28,446	-	-
-two years later	3,175	-	-	-
Estimate of cumulative claims	3,175	28,446	64,256	95,877
Cumulative payments to date	-	(12,146)	(20,184)	(32,330)
Net outstanding claims liabilities	<u>3,175</u>	<u>16,300</u>	<u>44,072</u>	<u>63,547</u>

23. Contractual commitments

Lease commitments under operating leases December 31, are payable as follows:

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Within one year	2,448	2,670
Between one year and three years	-	2,448
	<u>2,448</u>	<u>5,118</u>

Payments made during the year ended December 31, 2018 aggregating \$2,670,746 (2017: \$2,670,746).

24. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

Risk management framework:

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's financial risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to established limits. The Chief Executive Officer and Chief Financial Officer are responsible for developing and monitoring the company's financial risk management policies. These persons report regularly to the Board on their activities. The Audit Committee oversees how management monitors compliance with the company's management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The focus of financial risk management for the company is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance contracts. The goal of the investment management process is to optimise the, risk-adjusted net of taxes investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The Management team is responsible for the asset/liability management policy of the company. This policy details the framework for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the required monitoring processes. The matching of assets and liabilities is also governed by the existing regulatory framework.

The asset/liability matching process is largely influenced by estimates of the timing of payments. These estimates are revaluated on a regular basis. There are also criteria for ensuring the matching of assets and liabilities as investment markets change.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty fails to meet its contractual obligations. The company's key areas of exposure to credit risk include:

- debt securities, and cash and cash equivalents;
- amounts due from policyholders;
- amounts due from intermediaries;
- reinsurers' share of insurance liabilities; and
- amounts due from reinsurers in respect of payments already made to policyholders.

The nature of the company's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) Management of credit risk

The company manages its credit risk in respect of debt securities by placing limits on its exposure to a single counterparty, by reference to the credit rating of the counterparty. The company has a policy of investing only in high quality corporate bonds and government issued debts.

Its exposure to individual policyholders and groups of policyholders is monitored as part of its credit control process. Financial analyses are conducted for significant exposures to individual policyholders or homogenous groups of policyholders.

All intermediaries must meet minimum requirements that are established and enforced by the company's management. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The company also operates a policy to manage its reinsurance counterparty exposures. The company assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations. The impact of reinsurer default is measured regularly and managed accordingly.

Exposure to credit risk

	2018						
	<u>AA</u>	<u>A</u>	<u>B</u>	<u>Ba1</u>	<u>B3</u>	<u>Caa1</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial assets:							
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,893</u>	<u>224,556</u>	<u>203,284</u>	<u>624,361</u>
Reinsurance assets							
(excluding unearned premiums)							
Neither past due nor impaired	<u>19,816</u>	<u>12,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,576</u>
Insurance and other receivables:							
Neither past due nor impaired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,937</u>	<u>99,937</u>
Past due but not impaired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,197</u>	<u>42,197</u>
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,134</u>	<u>142,134</u>
[note 24(a)(iii)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2017						
	<u>AA</u>	<u>A</u>	<u>B</u>	<u>Ba1</u>	<u>B3</u>	<u>Caa1</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Financial assets:							
Carrying amount	<u>-</u>	<u>-</u>	<u>148,158</u>	<u>295,183</u>	<u>27,663</u>	<u>-</u>	<u>525,718</u>
Reinsurance assets							
(excluding unearned premiums)							
Neither past due nor impaired	<u>2,189</u>	<u>54,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,934</u>
Insurance and other receivables:							
Neither past due nor impaired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,415</u>	<u>118,415</u>
Past due but not impaired	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,892</u>	<u>47,892</u>
Carrying amount	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,307</u>	<u>166,307</u>
[note 24(a)(iii)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(i) Management of credit risk (cont'd)

The carrying amounts of financial assets and cash and cash equivalents do not include any assets that are either past due or impaired.

The company has no financial assets or reinsurance assets that would have been past due or impaired, whose terms have been renegotiated.

The company does not hold any collateral as security or any credit enhancements, (such as guarantees, credit derivatives and netting arrangements that do not qualify for offset).

(ii) Concentration of credit risk for insurance and other receivables

The specific concentration of risk from counterparties where receivables for any one counterparty or group of connected counterparties is \$3 million or more at the year-end is as follows:

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Assurance Brokers Jamaica Limited	4,500	-
Mayberry Investment Limited	-	38,562
Allied Insurance Brokers Limited	11,012	-
CGM Gallagher Insurance Brokers Jamaica Limited	11,675	6,917
JMMB Insurance Brokers Limited	4,353	4,306
Billy Craig Insurance Brokers Limited	9,012	-
Fraser Fontaine & Kong Insurance Brokers Limited	6,916	-
Thwaites Finson Sharpe Insurance Brokers Limited	<u>52,662</u>	<u>66,984</u>
	<u>100,130</u>	<u>116,769</u>

(iii) Aged analysis

The company has insurance and other receivables that are past due but not fully impaired at the reporting date (as indicated by the overall credit risk exposure analysis). An aged analysis of the carrying amounts of insurance and other receivables is presented below.

	<u>2018</u>				
	<u>0 to 45</u>	<u>46 to 60</u>	<u>61-90</u>	<u>More</u>	
	<u>days</u>	<u>days</u>	<u>days</u>	<u>than 90</u>	
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Receivable arising from insurance agents and brokers	51,829	11,676	29,355	21,491	114,351
Insurance premium	1,274	643	391	1,035	3,343
Other receivables	<u>4,595</u>	<u>174</u>	<u>-</u>	<u>19,671</u>	<u>24,440</u>
Carrying amount [Note 24 (a)(i)]	<u>57,698</u>	<u>12,493</u>	<u>29,746</u>	<u>42,197</u>	<u>142,134</u>

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Aged analysis (cont'd)

	2017				
	0 to 45 days	46 to 60 days	61-90 days	More than 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivable arising from insurance agents and brokers	13,469	43,458	6,221	35,286	98,434
Insurance premium	1,758	6,493		854	9,105
Other receivables	<u>46,653</u>	<u>358</u>	<u>-</u>	<u>11,757</u>	<u>58,768</u>
Carrying amount [Note 24 (a)(i)]	<u>61,880</u>	<u>50,309</u>	<u>6,221</u>	<u>47,897</u>	<u>166,307</u>

(b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations from its financial and insurance liabilities. The company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk may arise from a number of potential areas, such as a duration mismatch between assets and liabilities and unexpectedly high levels of claims. The nature of the company's exposures to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due and in the event of reasonably foreseeable abnormal circumstances. The company also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The company is subject to an early warning ratio imposed by the Financial Services Commission (FSC). The key measure used for assessing liquidity risk is the liquid assets (as defined) to total liabilities ratio. The liquid assets to total liabilities ratio at the end of the year is 111% (2017: 144%). The FSC standard liquid assets to total liabilities ratio is 95%.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Management of liquidity risk (cont'd)

An analysis of the contractual maturities of the company's financial and insurance contract liabilities is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

		2018				
		Contractual undiscounted cash flows				
	Carrying Amount \$'000	Total cash outflow \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5-10 years \$'000
Financial liabilities:						
Insurance and other payable	<u>109,971</u>	<u>109,971</u>	<u>109,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>109,971</u>	<u>109,971</u>	<u>109,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Insurance contract liabilities:						
Claims liabilities	<u>96,123</u>	<u>96,123</u>	<u>73,191</u>	<u>22,932</u>	<u>-</u>	<u>-</u>
	<u>206,094</u>	<u>206,094</u>	<u>183,162</u>	<u>22,932</u>	<u>-</u>	<u>-</u>
		2017				
		Contractual undiscounted cash flows				
	Carrying Amount \$'000	Total cash outflow \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	5-10 years \$'000
Financial liabilities:						
Insurance and other payable	<u>100,682</u>	<u>100,682</u>	<u>100,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial liabilities	<u>100,682</u>	<u>100,682</u>	<u>100,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
Insurance contract liabilities:						
Claims liabilities	<u>81,424</u>	<u>81,424</u>	<u>81,424</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>182,106</u>	<u>182,106</u>	<u>182,106</u>	<u>-</u>	<u>-</u>	<u>-</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the company's assets, the amount of its liabilities and/or the company's income. Market risk arises in the company due to fluctuations in the value of liabilities and the value of investments held. The company is exposed to market risk on all of its financial assets.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(c) Market risk (cont'd)

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the company's exposures to market risks and its objectives, policies and processes for managing credit risk have not changed significantly from the prior period.

Management of market risk

The Investment Committee manages market risks in accordance with its asset/liability management framework. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk the company has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the company at the reporting date to each major risk are addressed below.

(i) Interest rate risk

Interest rate risk arises primarily from the company's investments. The company manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest bearing financial assets are primarily represented by long term investments, which have been contracted at fixed and floating interest rates for the duration of the term.

The nature of the company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

At the reporting date the interest profile of the company's interest-bearing financial instruments was:

	<u>Carrying amount</u>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Fixed rate instruments:		
Financial assets	<u>487,652</u>	<u>443,341</u>

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect fair value changes in profit before tax.

An increase or decrease in interest rates at the reporting date would have decreased/(increased) equity as outlined below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

<u>Sensitivity</u>	<u>Effect on Equity</u>		<u>Effect on Profit</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
December 31, 2018				
Fixed rate instruments – J\$	1%	1%	2,826	(2,826)
– US\$	1%	1%	1,977	(1,977)
December 31, 2017				
Fixed rate instruments – J\$	1%	1%	2,667	(2,667)
– US\$	1%	1%	865	(432)

(ii) Currency risk

Currency risk is the risk that the market value of or cash flows from financial instruments will vary because of exchange rate fluctuations.

The company incurs foreign currency risk primarily on insurance and reinsurance contracts and investments that are denominated in a currency other than the Jamaica dollar. Such exposure comprises the monetary assets and liabilities of the company that are not denominated in that currency. The principal foreign currency risk of the company is denominated in United States dollars (US\$).

At the reporting date, the company's exposure to foreign currency risk is as follows:

	<u>2018</u>	<u>2017</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Foreign currency assets:		
Investments	1,570	1,429
Premium receivable	429	527
Cash and cash equivalents	51	78
Interest receivable	<u>47</u>	<u>29</u>
	<u>2,097</u>	<u>2,063</u>
Foreign currency liabilities:		
Accounts payable	<u>440</u>	<u>410</u>
Net foreign currency assets	<u>1,657</u>	<u>1,653</u>

Exchange rates for the US dollar, in terms of Jamaica dollars were as follows:

At December 31, 2018:	\$127.72
At December 31, 2017:	\$125.00

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

24. Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Currency risk (cont'd)

Sensitivity analysis

A 2% (2017: 2%) strengthening of the Jamaica dollar against the United States dollar at December 31, would have increase the profit before tax for the year by \$4,172,000 (2017: \$4,133,000).

A 4% (2017: 4%) weakening of the Jamaica dollar against the United States dollar at December 31, would have increased the profit before tax for the year by \$8,344,000 (2017: \$8,265,000).

(iii) Equity price risk

Equity price risk arises from available-for-sale equity securities held by the company as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 10% (2017: 15%) increase or decrease in the bid price at the reporting date would cause an increase or an equal decrease respectively in equity of \$8,482,000 (2017: \$2,198,700).

25. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each department. The Audit Committee monitors each department to ensure compliance with the company's internal control procedures.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

26. Capital risk management

Capital risk is the risk that the company fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital test and the possible suspension or loss of its insurance license (see note 2). The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statements of financial position, are:

- (i) To comply with the capital requirements set by the regulators of the insurance industry;
- (ii) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits to other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

Capital adequacy is managed by the company's management. It is calculated by management, certified by the Appointed Actuary and reviewed by executive management, the audit committee and the board of directors. In addition, the company seeks to maintain internal capital adequacy ratios at levels higher than the regulatory requirements. To assist in evaluating the current business and strategic opportunities, the company currently uses the Minimum Capital Test (MCT) as stipulated by the insurance regulations.

The regulator requires general insurance companies to achieve a Minimum Capital Test Ratio of 250%. At December 31, 2018, the company's capital ratio was 545% (2017: 666%)

27. Fair value of financial instruments

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the company uses observable data as far as possible.

Fair values are categorized into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

27. Fair value of financial instruments (cont'd)

(b) Techniques for measuring fair value of financial instruments

<u>Type of financial instrument</u>	<u>Method of estimation of fair value</u>
Government of Jamaica securities	Discounting future cash flows of these securities at the estimated reporting date using yields published by a broker.
Government of Jamaica US\$ Global bonds	Prices of bonds at reporting date as quoted by broker/dealer, where available.
Cash equivalents, resale agreements, insurance and other receivables, insurance and other payables, reinsurance assets and insurance contract provisions.	Considered to approximate their carrying values, due to their short-term nature.
Units in unit trusts	Prices quoted by unit trust managers.
Quoted equities and unitised funds	Bid prices published by the Jamaica Stock Exchange and fund managers respectively.
Corporate bonds	Prices of bonds at reporting date as quoted by broker/dealer where available.
Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on exchanges.	
Level 2 – 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). This includes financial assets with fair values based on broker quotes and investments in funds with fair values obtained via fund managers.	
Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.	

There were no transfers between levels during the year.

Notes to the Financial Statements

For the year ended **31 December 2018**

(expressed in Jamaican dollars unless otherwise stated)

27. Fair value of financial instruments (cont'd)

(c) Accounting classification and fair values

The tables below analyses financial instruments carried at fair value (which are classified as available for sale) and those not carried at fair value (which are classified as loans and receivables) but for which fair value has been disclosed.

The fair value of certain short-term financial instruments such as cash and cash equivalents securities under resale agreement, premiums and other receivables was determined to approximate their carrying value and are not disclosed in the tables below.

	Carrying amount \$'000	Fair value			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
		2018			
Available for sale financial assets:					
Units in unit trusts	21,648	-	21,648	-	21,648
Other bonds	141,432	-	141,432	-	141,432
Quoted equities	<u>84,821</u>	<u>84,821</u>	<u>-</u>	<u>-</u>	<u>84,821</u>
	<u>247,901</u>	<u>84,821</u>	<u>163,080</u>	<u>-</u>	<u>247,901</u>
		2017			
Available for sale financial assets:					
Units in unit trusts	11,218	-	11,218	-	11,218
Other bonds	83,832	-	83,832	-	83,832
Quoted equities	<u>14,658</u>	<u>14,658</u>	<u>-</u>	<u>-</u>	<u>14,658</u>
	<u>109,708</u>	<u>14,658</u>	<u>95,050</u>	<u>-</u>	<u>109,708</u>

PROXY FORM

IronRock Insurance Company Limited
1b Braemar Avenue
Kingston 10, Saint Andrew
Jamaica

Place \$100 Stamp here

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to vote on his/her behalf. A Proxy need not be a member. A suitable form of Proxy is below.

The Proxy must be signed and deposited, duly stamped, at the registered office of IronRock Insurance Company Limited at 1b Braemar Avenue, Kingston 10, Saint Andrew, Jamaica, not less than forty-eight (48) hours prior to the Annual General Meeting of the Company.

I/We, _____
(Name(s) of Shareholder(s))

of, _____
(Address(es) of Shareholder(s))

in the parish of _____, being a member(s) of IronRock Insurance Company Limited
hereby appoint, _____
(Name of Proxy)

of, _____
(Address of Proxy)

or failing him, _____
(Name of Alternative Proxy)

of, _____
(Address of Alternative Proxy)

as my Proxy/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 10, on June 18, 2019 at 3:00 p.m., and at any adjournment thereof.

This form is to be used IN FAVOUR of resolutions numbered _____.

This form is to be used AGAINST resolutions numbered _____.

Signed this _____ day of _____ 2019.

Signature(s) of Shareholder(s)

