



2020 Q3: QUARTERLY REPORT

1. Report to Stockholders
2. Unaudited Financial Statements
3. Notes to the Financial Statements
4. Top 10 Shareholders

**Unaudited Financial Statements
as at**

30 September 2020



1 Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited ("IronRock") for the quarter ended 30 September 2020.

Managing Director's Report

During the financial quarter ended 30 September 2020, the number of COVID-19 cases and deaths in Jamaica began to rise at an unprecedented rate. The primary effect on our operations has been a slow down in our revenue growth. Our experience is that brokers and their clients have been less willing to re-broke large commercial programs, as most parties prefer in-person meetings with new insurers - but these meetings are now associated with the risk of COVID-19 exposure.

We have therefore renewed our focus on building and maintaining a profitable direct client portfolio. We have launched several new motor insurance products and the early response from the market has been promising. Client engagement on our digital platforms has also continued to grow, with our September 2020 showing the highest level of online client engagement ever. Looking ahead we are excited to build a truly modern insurance service for the digital age.

We have had a lot of rain this hurricane season and a few loud storms (and yes, we have paid some Lightning claims), but luckily no hurricanes yet. However the effect of the damage being dealt to the Gulf coast of the United States is likely to mean that pressure from Reinsurers on regional insurers will continue at least into 2021. We expect property rates to continue to increase next year in response to this pressure.

In response to the uncertainty caused by the pandemic, and also the onset of the hurricane season, we adjusted our investment strategy to increase our liquidity and reduce risk. The effect of this has been reduced yields. As hurricane season winds to a close and the Jamaican economy adjusts to the pandemic, we have looked to move our investments to longer term, higher yielding debt instruments. The value of our equity portfolio remains depressed with little recovery since the initial shock to the markets of COVID-19 back in March 2020. We do not expect much of a recovery in the Jamaican equity market for the rest of the year, but intend to build on the income side of the portfolio.

Financial Review

We ended our third quarter with an Underwriting Loss of \$18.7 million and Other Income of \$23.2 million, which resulted in a Profit for the quarter of \$4.6 million. Gross Premium Written for the quarter increased by 16%, Net Claims reduced by 37%, and Net Commissions grew by \$6.1 million. These gains were offset by increased cessions to our proportional reinsurance treaties and a modest increase in Operating Expenses.

Investment Income fell marginally below the prior year's quarter, as management prioritised liquidity over returns as mentioned previously. However we made gains of \$6.6 million on the Sale of Investments and saw a significant increase in FX Gains.

Year-to-date, Gross Premium Written is up 27%, Net Claims are down 24% and Net Commissions are up \$10.8 million. We have reduced our Underwriting Loss to \$64.1 million, down from \$67.7 million in 2019. However, Other Income has declined due to a significant reduction in Gains on the Sale of Investments, which is a direct consequence of the effect of COVID -19 on local and international financial markets. This resulted in an increased Loss for the 9-months to 30 September 2020 of \$13 million, versus a Loss of \$9.6 million for the same period in 2019. Shareholder Equity has remained flat from our previous quarter's results, as the quarter's Profit was offset by a decline in the value of our Investment Portfolio.

We thank our staff who continue to meet the challenges of our very changed work environment, and our clients and brokers for their continued support.



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 30 September 2020

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Unaudited 9 months ended		Audited
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Dec-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross premium written	181,226	156,058	603,210	474,610	701,418
Proportional reinsurance	(135,733)	(96,796)	(445,643)	(284,078)	(413,407)
Excess of loss reinsurance	(11,201)	(11,882)	(33,327)	(35,619)	(42,170)
Net premium	34,292	47,380	124,240	154,914	245,841
Unearned premium adjustment, net	12,510	9,925	20,395	3,741	(23,966)
Net earned premium	46,802	57,305	144,635	158,654	221,875
Commission earned	28,962	19,882	74,855	50,653	86,251
Commission incurred	(23,787)	(20,822)	(67,745)	(54,324)	(75,249)
Claims, net	(27,737)	(44,122)	(78,620)	(103,799)	(133,434)
Operating expenses	(42,899)	(42,250)	(137,193)	(118,872)	(163,616)
Underwriting profit / (loss)	(18,659)	(30,007)	(64,068)	(67,688)	(64,173)
Other income					
Investment income	9,598	10,145	30,862	28,157	38,709
Miscellaneous income	127	(21)	156	18	32
Gain / (loss) on sale of investment	6,584	19,300	8,106	24,879	27,569
Foreign exchange gain / (loss)	6,919	2,183	11,909	5,019	2,877
Total other income	23,228	31,607	51,033	58,073	69,187
Profit / (Loss) before taxation	4,569	1,600	(13,035)	(9,615)	5,014
Taxation	-	-	-	-	-
Net profit / (loss) for period	4,569	1,600	(13,035)	(9,615)	5,014
Profit / (Loss) per stock unit	\$ 0.02	\$ 0.01	\$ (0.06)	\$ (0.04)	\$ 0.02

2.2 Statement of Financial Position

As at 30 September 2020

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Sep-20	30-Sep-19	31-Dec-19
	\$'000	\$'000	\$'000
ASSETS			
Cash and cash equivalents	39,524	56,103	104,139
Investments	492,267	623,416	672,918
Insurance and other receivables	151,916	121,335	161,834
Reinsurance assets	382,975	197,289	223,983
Taxation recoverable	26,155	19,676	20,433
Short-term investments	30,000	40,000	30,000
Securities purchased under resale agreements	171,327	-	-
Property plant and equipment	15,458	16,620	18,927
Intangible assets	4,047	4,636	4,475
Deferred acquisition costs	43,149	34,877	36,502
	1,356,818	1,113,952	1,273,211
LIABILITIES AND SHAREHOLDER EQUITY			
Insurance and other payables	211,290	106,726	183,557
Insurance contract provisions	597,347	432,271	499,129
Finance Lease Obligation	1,228	-	5,215
Deferred commission income	51,610	35,227	35,930
Total Liabilities	861,475	574,224	723,831
Shareholders' equity	495,343	539,728	549,380
	1,356,818	1,113,952	1,273,211



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 September 2020

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Investment revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balances as at 31 December 2018	465,540	139,340	5,129	(95,296)	514,713
Net profit / (loss) for the period	-	-	-	(9,615)	(9,615)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	34,630	-	34,630
Balances as at 30 September 2019	465,540	139,340	39,759	(104,910)	539,728
Balances as at 31 December 2019	465,540	139,340	34,782	(90,281)	549,380
Net profit / (loss) for the period	-	-	-	-	-
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	(41,001)	-	(41,001)
Balances as at 30 September 2020	465,540	139,340	(6,220)	(103,317)	495,343

2.4 Statement of Cash Flows

For the Period ended 30 September 2020

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Sep-20	30-Sep-19	31-Dec-19
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(13,035)	(9,615)	5,014
Depreciation	7,183	7,874	10,176
Lease interest expense	-	-	513
Write-off property, plant and equipment	-	-	10
Loss / (Gain) on disposal of fixed assets	(120)	-	-
Loss / (Gain) on sale of investment	(8,106)	(24,879)	(27,569)
Increase / (Decrease) in insurance funds	(60,774)	51,527	91,691
Taxation	-	-	-
Interest income	(30,862)	(28,157)	(33,083)
	(105,714)	(3,250)	46,752
Decrease / (Increase) in current assets:			
Insurance and other receivables	4,009	17,717	(18,975)
Deferred policy acquisition costs	(6,647)	(285)	(1,910)
Taxation recoverable	(5,722)	(4,416)	(5,173)
	(8,360)	13,016	(26,058)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	27,733	(3,244)	73,586
Unearned Commission	15,680	9,095	9,798
	43,413	5,851	83,384
Net cash provided by / (used in) operating activities	(70,661)	15,617	104,078
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Short-term Investments, net	-	68,317	78,317
Securities under resale agreements	(171,327)	20,297	20,297
Investments, net	(52,568)	(206,821)	(273,629)
Fixed assets	(3,714)	(11,689)	(5,563)
Intangibles	428	481	-
Proceeds on sale of fixed assets	120	-	-
Proceeds on sale of investments	200,323	77,501	92,520
Interest received	36,771	31,239	32,358
Net cash provided by / (used in) investing activities	10,033	(20,675)	(55,700)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Lease liability, net	(3,987)	-	(5,400)
Net cash provided by / (used in) financing activities	(3,987)	-	(5,400)
Net increase / (decrease) in cash and cash equivalents	(64,615)	(5,058)	42,978
Opening cash and cash equivalents	104,139	61,161	61,161
Closing cash and cash equivalents	39,524	56,103	104,139

3. Notes to the Unaudited Financial Statements

For the period ended 30 September 2020

1. Identification

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. The principal activity of the Company is the underwriting of general insurance business. The Company is a subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange in March 2016.

2. Insurance licence

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

3. Basis of preparation

The financial statements are prepared on the historical cost basis. The unaudited financial results for the current period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Statements.

4. Significant Accounting Policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements.

5. Earnings per share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue over that period.

4. Disclosure of Shareholdings

As at 30 September 2020

Top Ten Shareholders

	<i>Connected Parties</i>	Shares Held	Combined Holdings	% of Issued Shares
1.	Granite Group Limited	109,000,000	109,000,000	50.93%
2.	Mayberry Jamaican Equities Limited	37,770,042	37,770,042	17.65%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	6,969,707	6,969,707	3.26%
5.	Sigma Global Venture	4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson	1,563,360	3,768,339	1.76%
	<i>Jeremy Wilson</i>	2,204,979		
7.	Michelle A. Myers Mayne	3,000,000	3,000,000	1.40%
8.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	1.37%
9.	W. David McConnell	2,420,000	2,420,000	1.13%
10.	Apex Pharmacy	1,989,266	1,989,266	0.93%
	Total		178,841,448	83.57%
	Total Issued Shares		214,000,000	100.00%

Directors & Senior Officers

	<i>Connected Parties</i>	Shares Held	Combined Holdings	% of Issued Shares
Directors				
W. David McConnell		2,420,000	112,231,000	52.44%
	<i>Granite Group Limited</i>	109,000,000		
	<i>St. Elizabeth Holdings Limited</i>	811,000		
R. Evan Thwaites		1,700,000	110,700,000	51.73%
	<i>Granite Group Limited</i>	109,000,000		
Gary Peart		-	44,770,042	20.92%
	<i>Mayberry Jamaican Equities Limited</i>	37,770,042		
	<i>Catherine Peart</i>	7,000,000		
Christopher Berry		-	42,683,402	19.95%
	<i>Mayberry Jamaican Equities Limited</i>	37,770,042		
	<i>PWL Bamboo Holdings Limited</i>	2,924,094		
	<i>Apex Pharmacy Limited</i>	1,989,266		
Wayne N. Hardie		1,025,727	1,025,727	0.48%
Christian Tavares-Finson		666,000	666,000	0.31%
Anthony Bell		-	300,000	0.14%
	<i>Jean Bell</i>	300,000		
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%



"Take advantage of every opportunity;
where there is none, make it for yourself."

- Marcus Garvey