



2020 Q4: QUARTERLY REPORT

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**Unaudited Financial Statements
as at**

31 December 2020



1. Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited ("IronRock") for the quarter and year ended 31 December 2020.

Managing Director's Report

The COVID-19 pandemic continued to negatively affect social and economic conditions in Jamaica during the fourth-quarter of 2020. Hopefully, the recently developed vaccines will be deployed quickly, both globally and in Jamaica, so that we may see the gradual reopening of the country in 2021. In the meantime, we will continue to monitor developments closely and adapt our operations as required.

During the quarter we continued to introduce new motor products and we maintained our emphasis on increasing and improving client engagement through our digital platforms. For the third quarter in a row, Online transaction volume grew significantly, along with the value of these transactions.

This being the final quarter of IronRock's financial year, we were able to calculate and recognise profit commissions from our various reinsurance treaties. These commissions are tied to the performance of our portfolio, and are therefore a indication that we have upheld a high underwriting standard we have upheld, while continuing to grow revenue by 19%. Because we can only calculate profit commissions after the financial year is complete, they tend to inflate our Underwriting result for the last quarter of the year - as you will see in the following reports.

Our Investment Income continues to be affected by economic and market conditions, which have kept global debt yields relatively low, despite the arguably higher systemic risk present in most markets. With the continued uncertainty caused by the pandemic, we will be maintaining our conservative approach to investment risk.

Financial Review

In the fourth-quarter, IronRock generated an Underwriting Profit of \$39.4 million. Compared with the fourth-quarter of 2019 this is a significantly improved result, primarily driven by increased Net Commissions, which rose to \$48.0m, and reduced Net Claims, which fell to \$8.2 million.

Gross Written Premium (GWP) was flat at \$233.8 million and Net Earned Premium reduced to \$48.4 million, due to increased reinsurance cessions. Operating Expenses increased to \$48.9 million and Other Income slid to \$9.3 million. This resulted in a Net Profit for the quarter of \$48.6 million.

On a full year basis, GWP increased by 19%, and given the difficult economic conditions caused by the pandemic, we are pleased with this outcome. Net Claims fell by 35% to \$86.8 million and Net Commissions increased by \$44.1 million, mainly due to the effects of additional reinsurance placements. After Operating Expenses of \$186.1 million, we recorded an Underwriting Loss of \$24.7 million - much improved from the Underwriting Loss of \$64.2 million recorded in 2019.

Other Income amounted to \$60.3 million, with the major contributor being Investment Income of \$40.2 million, followed by Foreign Exchange Gains of \$11.8 million and Gains on the Sale of Investments of \$8.1 million. Thus, for the year ended 31 December 2020, IronRock generated a Net Profit of \$35.6 million, an increase of \$30.6 million from 2019 and resulting in Earnings Per Share (EPS) of \$0.17 for 2020, up from \$0.02 in 2019.

We thank our staff, our clients and brokers for their continued support during these challenging times.



R. Evan Thwaites
Managing Director

2.1 Statement of Comprehensive Income

For the Period ended 31 December 2020

(expressed in Jamaican dollars)

	Unaudited	Audited	Unaudited Year	Audited Year
	3 months ended	3 months ended	ended	ended
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	\$'000	\$'000	\$'000	\$'000
Gross written premium	233,761	226,808	836,971	701,418
Proportional reinsurance	(157,536)	(129,329)	(603,179)	(413,407)
Excess of loss reinsurance	(10,767)	(6,551)	(44,093)	(42,170)
Net written premium	65,458	90,928	189,698	245,841
Unearned premium adjustment, net	(17,041)	(27,707)	3,354	(23,966)
Net earned premium	48,417	63,222	193,052	221,875
Commission earned	73,841	35,598	148,696	86,251
Commission incurred	(25,844)	(20,925)	(93,588)	(75,249)
Claims, net	(8,165)	(29,634)	(86,785)	(133,434)
Operating expenses	(48,874)	(44,742)	(186,067)	(163,616)
Underwriting profit / (loss)	39,376	3,519	(24,693)	(64,173)
Other income				
Investment income	9,344	10,552	40,206	38,709
Miscellaneous income	5	4	161	32
Gain / (loss) on sale of investment	-	2,690	8,106	27,569
Foreign exchange gain / (loss)	(89)	(2,142)	11,820	2,877
Total other income	9,260	11,103	60,292	69,187
Profit / (Loss) before taxation	48,636	14,622	35,600	5,014
Taxation	-	-	-	-
Net profit / (loss) for period	48,636	14,622	35,600	5,014
Profit / (Loss) per stock unit	\$ 0.23	\$ 0.07	\$ 0.17	\$ 0.02

2.2 Statement of Financial Position

As at 31 December 2020

(expressed in Jamaican dollars)

	Unaudited 31-Dec-20	Audited 31-Dec-19
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	33,151	104,139
Investments	565,306	672,918
Insurance and other receivables	215,878	161,834
Reinsurance assets	339,074	223,983
Taxation recoverable	26,643	20,433
Short-term investments	30,000	30,000
Securities purchased under resale agreements	94,764	-
Property plant and equipment	11,795	18,927
Intangible assets	3,833	4,475
Deferred acquisition costs	40,437	36,502
	1,360,881	1,273,211
LIABILITIES AND SHAREHOLDER EQUITY		
Insurance and other payables	210,991	183,557
Insurance contract provisions	547,850	499,129
Finance Lease Obligation	-	5,215
Deferred commission income	47,293	35,930
Total Liabilities	806,134	723,831
Shareholders' equity	554,747	549,380
	1,360,881	1,273,211



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 31 December 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	-	-	-	5,014	5,014
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	29,653	-	29,653
Balances as at 31 December 2019	465,540	139,340	34,782	(90,282)	549,380
Balances as at 31 December 2019	465,540	139,340	34,782	(90,282)	549,380
Net profit / (loss) for the period	-	-	-	35,600	35,600
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	(30,233)	-	(30,233)
Balances as at 31 December 2020	465,540	139,340	4,549	(54,682)	554,747

2.4 Statement of Cash Flows

For the Period ended 31 December 2020
(expressed in Jamaican dollars)

	Unaudited 31-Dec-20	Audited 31-Dec-19
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) after taxation	35,600	5,014
Depreciation	10,935	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	(8,105)	(27,569)
Increase / (Decrease) in insurance funds	(66,370)	91,691
Taxation	-	-
Interest income	(40,206)	(33,083)
	<u>(68,266)</u>	<u>46,752</u>
Decrease / (Increase) in current assets:		
Insurance and other receivables	(56,874)	(18,975)
Deferred policy acquisition costs	(3,935)	(1,910)
Taxation recoverable	(6,210)	(5,173)
	<u>(67,019)</u>	<u>(26,058)</u>
Increase / (Decrease) in current liabilities:		
Insurance and other payables	27,434	73,586
Unearned Commission	11,363	9,798
	<u>38,797</u>	<u>83,384</u>
Net cash provided by / (used in) operating activities	<u>(96,488)</u>	<u>104,078</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease / (Increase) in:		
Short-term Investments, net	-	78,317
Securities under resale agreements	(94,764)	20,297
Investments, net	(114,839)	(273,629)
Fixed assets	(3,803)	(5,563)
Intangibles	642	-
Proceeds on sale of fixed assets	120	-
Proceeds on sale of investments	200,323	92,520
Interest received	43,036	32,358
Net cash provided by / (used in) investing activities	<u>30,715</u>	<u>(55,700)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in:		
Lease liability, net	(5,215)	(5,400)
Net cash provided by / (used in) financing activities	<u>(5,215)</u>	<u>(5,400)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(70,988)</u>	<u>42,978</u>
Opening cash and cash equivalents	104,139	61,161
Closing cash and cash equivalents	<u>33,151</u>	<u>104,139</u>

3. Notes to the Unaudited Financial Statements

For the period ended 31 December 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 31 December 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%

A photograph of a stone arch bridge spanning a clear, shallow river. The water is so clear that the riverbed, covered in smooth, mossy rocks, is visible. The bridge is made of weathered stone and is surrounded by dense, green tropical vegetation. The scene is peaceful and natural.

"We steer the boat,
we don't alter the river."

- J. Earp