



2021 Q1: QUARTERLY REPORT

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**Unaudited Financial Statements
as at**

31 March 2021



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 March 2021.

Managing Director's Report

Throughout the first quarter of 2021 we have seen COVID-19 vaccination programs rolled out gradually around the world, and evidence suggests they are helping to reduce new cases and deaths. We expect Jamaica's vaccination program to continue into 2022, and believe the government will be slow to ease lockdowns and restrictions over the course of this year. Our hope is that economic activity gradually recovers alongside the return to normalcy.

During the quarter we launched a new motor product called Pay As You Drive (PAYD), which uses a device from Guardsman Group to assess your driving behaviour and give you premium refunds for good driving scores. It's called Telematics Insurance, and IronRock is the first insurer in Jamaica to offer it. We see this as a first step in the inevitable progression towards smarter, data driven insurance.

Given the importance of online client engagement, we will be implementing further improvements to our online client account platform in the next quarter, which we expect will improve client experience and reduce our administrative involvement throughout the policy period. Interest has grown in our new motor products, which are aimed at low risk target markets, and we believe this momentum will continue in the coming quarters. Our strategy is to both drive revenue, from new business, while also improving the risk profile of our motor portfolio.

The investment environment continues to be tricky. Locally, equity markets are mixed, with the JSE Index falling marginally and the Junior Market Index rising by 12.5%. Yields remain low despite the fact that a few bonds are in technical or actual default. Globally, yields are near all time lows, equity markets are near all time highs and global money supply is at an all time high. We believe the next twelve months will be a volatile one for markets everywhere, as investors attempt to reconcile conflicting information.

Financial Review

IronRock generated an Underwriting Loss of \$10.9 million. This was a considerable improvement on the first quarter of 2020, and was primarily driven by top line growth, expense control, increased commissions earned and lower net claims.

Relative to the first quarter of 2020, Gross Written Premium increased by 11% to \$198.7 million, and given the strain that is starting to show in Jamaica's economy, we are pleased with this result. Net Earned Premium reduced marginally to \$48.5 million, and Net Commissions turned positive, increasing by 4.4 million to 3.2 million. Net Claims fell by 33% to \$18.5 million and, despite the growth in our operations over the last year, Operating Expenses were marginally lower at \$44.1 million. Other Income fell to \$15.4 million from \$20.2 million in 2020, with the difference mostly explained by a gain on sale of investment in 2020 of \$3.9 million.

Thus, for the quarter ended 31 March 2021, IronRock generated a Net Profit of \$4.5 million, an increase of \$7.3 million from the first quarter of 2020. Unrealised gains were marginally up by \$1 million, and consequently, Shareholder Equity has increased to \$572.7 million, from the year-ended 31 December 2020.

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 March 2021

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Audited Year ended
	31-Mar-21	31-Mar-20	31-Dec-20
	\$'000	\$'000	\$'000
Gross written premium	198,650	178,670	836,971
Proportional reinsurance	(142,377)	(115,700)	(603,179)
Excess of loss reinsurance	(13,435)	(11,098)	(44,093)
Net written premium	42,838	51,873	189,698
Unearned premium adjustment, net	5,653	(1,077)	3,354
Net earned premium	48,491	50,796	193,052
Commission earned	27,979	19,560	148,696
Commission incurred	(24,758)	(20,732)	(93,588)
Claims, net	(18,509)	(27,620)	(89,556)
Operating expenses	(44,131)	(45,059)	(186,067)
Underwriting profit / (loss)	(10,928)	(23,055)	(27,463)
Other income			
Investment income	9,666	11,505	40,205
Miscellaneous income	7	3	41
Gain / (loss) on sale of investment	-	3,912	8,106
Gain / (loss) on sale of fixed assets	-	-	120
Foreign exchange gain / (loss)	5,716	4,826	11,820
Total other income	15,390	20,246	60,292
Profit / (Loss) before taxation	4,462	(2,809)	32,829
Deferred Taxation	-	-	15,124
Net profit / (loss) for period	4,462	(2,809)	47,953
Profit / (Loss) per stock unit	\$ 0.02	\$ (0.01)	\$ 0.22

2.2 Statement of Financial Position

As at 31 March 2021

(expressed in Jamaican dollars)

	Unaudited		Audited
	31-Mar-21	31-Mar-20	31-Dec-20
	\$'000	\$'000	\$'000
ASSETS			
Property plant and equipment	15,870	17,189	11,795
Intangible assets	3,672	4,314	3,833
Deferred taxation	15,124	-	15,124
Investments	604,042	659,926	565,306
Deferred acquisition costs	41,972	37,711	40,437
Reinsurance assets	386,676	298,079	362,532
Insurance and other receivables	181,816	118,424	217,507
Taxation recoverable	28,839	20,841	26,643
Due from related party	2,984	-	-
Short-term investments	34,317	30,000	30,000
Securities purchased under resale agreements	70,181	-	94,764
Cash and cash equivalents	64,363	38,678	31,581
	1,449,856	1,225,162	1,399,522
LIABILITIES AND SHAREHOLDER EQUITY			
Insurance and other payables	213,826	184,550	211,050
Insurance contract provisions	610,571	513,117	574,078
Finance Lease Obligation	4,439	4,249	-
Deferred commission income	48,392	42,178	47,293
Total Liabilities	877,228	744,094	832,421
Shareholders' equity	572,628	481,068	567,101
	1,449,856	1,225,162	1,399,522



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 31 March 2021

(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 2019	465,540	139,340	34,781	(90,281)	549,380
Net profit / (loss) for the period	-	-	-	(2,809)	(2,809)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	(65,503)	-	(65,503)
Balances as at 31 March 2020	465,540	139,340	(30,722)	(93,090)	481,068
Balances as at 31 December 2020	465,540	139,340	4,549	(42,328)	567,101
Net profit / (loss) for the period	-	-	-	4,462	4,462
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	1,065	-	1,065
Balances as at 31 March 2021	465,540	139,340	5,614	(37,866)	572,628

2.4 Statement of Cash Flows

For the Period ended 31 March 2021

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Audited Year ended
	31-Mar-21	31-Mar-20	31-Dec-20
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	4,462	(2,809)	47,953
Depreciation	2,524	892	10,453
Lease interest expense	-	-	185
Deferred taxation	-	-	(15,124)
Loss / (Gain) on disposal of fixed assets	-	-	(120)
Loss / (Gain) on sale of investment	-	3,912	(8,106)
Increase / (Decrease) in insurance funds	12,348	(60,108)	(63,600)
Taxation	-	-	-
Interest income	(9,666)	(11,504)	(40,206)
	9,668	(69,616)	(68,564)
Decrease / (Increase) in current assets:			
Insurance and other receivables	33,391	42,877	(58,503)
Due from related party	(2,984)	-	-
Deferred policy acquisition costs	(1,535)	(1,209)	(3,935)
Taxation paid	(2,196)	(408)	(6,210)
	26,676	41,260	(68,648)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	2,776	993	27,493
Unearned Commission	1,099	6,248	11,363
	3,875	7,241	38,856
Net cash provided by / (used in) operating activities	40,219	(21,115)	(98,356)
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Short-term Investments, net	(4,317)	-	-
Securities (purchased) / sold under resale agreements	24,583	-	(94,764)
Investments, net	(37,671)	(56,424)	(114,838)
Disposal / (Acquisition) of property, plant and equipment	(6,599)	846	(2,679)
Intangibles	161	161	-
Proceeds on sale of fixed assets	-	-	120
Proceeds on sale of investments	-	-	200,323
Interest received	11,967	12,037	43,036
Net cash provided by / (used in) investing activities	(11,876)	(43,380)	31,198
	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Lease liability, net	4,439	(966)	(5,400)
Net cash provided by / (used in) financing activities	4,439	(966)	(5,400)
Net increase / (decrease) in cash and cash equivalents	32,782	(65,461)	(72,558)
Opening cash and cash equivalents	31,581	104,139	104,139
Closing cash and cash equivalents	64,363	38,678	31,581

3. Notes to the Unaudited Financial Statements

For the period ended 31 March 2021

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 March 2021

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	38,641,569	38,641,569	18.06%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	6,935,937	6,935,937	3.24%
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>	<i>2,204,979</i>		
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		179,679,205	83.96%
	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>	<i>109,000,000</i>		
	<i>St. Elizabeth Holdings Limited</i>	<i>811,000</i>		
R. Evan Thwaites		1,700,000	110,700,000	51.73%
	<i>Granite Group Limited</i>	<i>109,000,000</i>		
Gary Peart		-	45,641,569	21.33%
	<i>Mayberry Jamaican Equities Limited</i>	<i>38,641,569</i>		
	<i>Catherine Peart</i>	<i>7,000,000</i>		
Christopher Berry		-	43,554,929	20.35%
	<i>Mayberry Jamaican Equities Limited</i>	<i>38,641,569</i>		
	<i>PWL Bamboo Holdings Limited</i>	<i>2,924,094</i>		
	<i>Apex Pharmacy Limited</i>	<i>1,989,266</i>		
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>	<i>300,000</i>		
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%

"Tyranny of the OR, versus
the genius of the AND."

- J. Collins

