



2021 Q3: QUARTERLY REPORT

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**Unaudited Financial Statements
as at**

30 September 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 30 September 2021.

Managing Director's Report

The third quarter saw continued price competition in the property and motor markets, however by the end of the quarter the market began showing signs that pricing was beginning to stabilise. Despite the soft market conditions, we acquired a number of new corporate accounts at risk adjusted pricing levels well above market levels and we maintained growth in our retail direct client portfolio.

Earlier in the year we introduced Motor products targeted at, and with coverage and rating tailored to, specific market segments, with the added bonus of the introduction of a range of installment plans for premium payment. The take up has been excellent and we are particularly pleased that the majority of the engagement by our clients has taken place through our digital platforms, on the web and through our mobile application. Additionally, the upgrade of our eCommerce payment portal now allows clients to set up periodic recurring payments which has made it easier for our clients to manage their payment plans and improved our internal efficiency significantly. Based on participation rates, that have exceeded our projections, it is obvious that these innovations have been welcomed by our direct clients and auger well for increased growth in that portfolio.

We are delighted that the accident frequency and loss ratios of these products are significantly lower than those of our standard Motor policies, thus confirming that our risk assessment strategy is correct and offering us opportunities for profitable growth in the future.

During the quarter we began investing in a strategic overhaul of the Company's IT infrastructure aimed at improving efficiencies of our internal processes, allow for a more robust response to disaster events and complement our transition to a fluid Work From Home protocol. These and other changes will also put us in good stead for the introduction of planned technology roll-outs which will allow for new and more customer centric ways of delivering service to our valued clients.

Financial Review

For the Third Quarter

Gross written premium ("GWP") grew 16%, or \$28 million, compared with the same quarter last year. Both Claims (net) and Commissions (net) were flat, while Operating expenses grew 26% due to major upgrades to the Company's IT infrastructure. The resulting Underwriting loss of \$28 million was offset by a 17% increase in Investment income to \$11 million, Gain on investment sales of \$2 million and a Foreign exchange gain of \$9 million, which altogether resulted in a Net loss of \$6 million.

Year-to-date

GWP growth during the third quarter offset the reduction in GWP in the previous quarter, resulting in marginal growth in year-to-date GWP of \$621 million, 3% above the same period in 2020. Proportional reinsurance ceded remained at about 70% of GWP, while the cost of Excess of Loss reinsurance is 21% higher than in 2020. Commissions (net) have almost doubled to \$13 million, from \$7 million for the same period in 2020, while Claims (net) are down by 11%, and Operating expenses are up by 5%. Ultimately the Company's Underwriting loss improved to \$59 million, from a loss of \$64 million for the same period in 2020. Other income was flat, with a higher Foreign exchange gain being offset by a lower Gain on sale of investments. Consequently, IronRock generated a Net loss of \$9 million for the nine months ended 30 September 2021, an improvement of \$4 million when compared to the prior period.

We thank our staff, 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 2021

(expressed in Jamaican dollars)

	Unaudited 3 months ended		Unaudited 9 months ended		Audited Year ended
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Dec-20
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross written premium	209,399	181,226	620,536	603,210	836,971
Proportional reinsurance	(150,839)	(135,733)	(452,448)	(445,643)	(603,179)
Excess of loss reinsurance	(13,433)	(11,201)	(40,339)	(33,327)	(44,093)
Net written premium	45,127	34,291	127,748	124,240	189,698
Unearned premium adjustment, net	3,576	12,510	14,461	20,395	3,354
Net earned premium	48,704	46,802	142,209	144,635	193,052
Commission earned	30,036	28,962	88,559	74,855	148,696
Commission incurred	(24,817)	(23,787)	(75,532)	(67,745)	(93,588)
Claims, net	(27,791)	(27,737)	(70,096)	(78,620)	(89,556)
Operating expenses	(54,062)	(42,899)	(144,323)	(137,193)	(186,067)
Underwriting profit / (loss)	(27,931)	(18,659)	(59,184)	(64,068)	(27,463)
Other income					
Investment income	11,249	9,598	31,776	30,862	40,205
Miscellaneous income	2	7	11	156	41
Gain / (loss) on sale of investments	1,871	6,584	2,950	8,106	8,106
Gain / (loss) on sale of fixed assets	-	120	-	-	120
Foreign exchange gain / (loss)	8,765	6,919	15,597	11,909	11,820
Total other income	21,887	23,228	50,334	51,033	60,292
Profit / (Loss) before taxation	(6,043)	4,569	(8,850)	(13,035)	32,829
Deferred Taxation	-	-	-	-	15,124
Net profit / (loss) for period	(6,043)	4,569	(8,850)	(13,035)	47,953
Profit / (Loss) per stock unit	\$ (0.03)	\$ 0.02	\$ (0.04)	\$ (0.06)	\$ 0.22

2.2 Statement of Financial Position

As at 30 September 2021

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Sep-21	30-Sep-20	31-Dec-20
	\$'000	\$'000	\$'000
ASSETS			
Property plant and equipment	22,252	15,458	11,795
Intangible assets	3,404	4,047	3,833
Deferred taxation	15,124	-	15,124
Investments	710,369	492,267	565,306
Deferred acquisition costs	46,364	43,149	40,437
Reinsurance assets	366,791	382,975	362,532
Insurance and other receivables	205,709	151,916	217,507
Taxation recoverable	31,853	26,155	26,643
Due from related party	2,984	-	-
Short-term investments	20,000	30,000	30,000
Securities purchased under resale agreements	-	171,327	94,764
Cash and cash equivalents	10,098	39,524	31,581
	1,434,948	1,356,818	1,399,522
LIABILITIES AND SHAREHOLDER EQUITY			
	-	-	-
Insurance and other payables	227,810	211,290	211,050
Insurance contract provisions	592,017	597,347	574,078
Finance Lease Obligation	1,249	1,228	-
Deferred commission income	55,001	51,610	47,293
Total Liabilities	876,077	861,475	832,421
Shareholders' equity	558,870	495,343	567,101
	1,434,947	1,356,818	1,399,522



R. Evan Thwaites
Managing Director



Wayne Hardie
Finance Director

2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 September 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	-	-	-	(13,035)	(13,035)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	(41,002)	-	(41,002)
Balances as at 30 September 2020	465,540	139,340	(6,220)	(103,317)	495,343
Balances as at 31 December 2020	465,540	139,340	4,549	(42,328)	567,101
Net profit / (loss) for the period	-	-	-	(8,850)	(8,850)
Other comprehensive income:					
Fair value gain / (loss) on investments	-	-	620	-	620
Balances as at 30 September 2021	465,540	139,340	5,169	(51,178)	558,870

2.4 Statement of Cash Flows

For the Period ended 30 September 2021

(expressed in Jamaican dollars)

	Unaudited 9 months ended		Audited Year ended
	30-Sep-21	30-Sep-20	31-Dec-20
	\$'000	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) after taxation	(8,850)	(13,035)	47,953
Depreciation	6,488	7,183	10,453
Lease interest expense	-	-	185
Deferred taxation	-	-	(15,124)
Loss / (Gain) on disposal of fixed assets	-	(120)	(120)
Loss / (Gain) on sale of investment	(2,950)	(8,106)	(8,106)
Increase / (Decrease) in insurance funds	13,680	(60,774)	(63,600)
Taxation	-	-	-
Interest income	(31,776)	(30,862)	(40,206)
	(23,408)	(105,714)	(68,564)
Decrease / (Increase) in current assets:			
Insurance and other receivables	11,739	4,009	(58,503)
Due from related party	(2,984)	-	-
Deferred policy acquisition costs	(5,927)	(6,647)	(3,935)
Taxation paid	(5,210)	(5,722)	(6,210)
	(2,382)	(8,360)	(68,648)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	16,818	27,733	27,493
Unearned Commission	7,708	15,680	11,363
	24,526	43,413	38,856
Net cash provided by / (used in) operating activities	(1,264)	(70,661)	(98,356)
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease / (Increase) in:			
Short-term Investments, net	10,000	-	-
Securities (purchased) / sold under resale agreements	94,764	(171,327)	(94,764)
Investments, net	(202,564)	(52,568)	(114,838)
Disposal / (Acquisition) of fixed assets	(16,945)	(3,714)	(2,679)
Intangibles	429	428	-
Proceeds on sale of fixed assets	-	120	120
Proceeds on sale of investments	61,072	200,323	200,323
Interest received	31,776	36,771	43,036
Net cash provided by / (used in) investing activities	(21,468)	10,033	31,198
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in:			
Lease liability, net	1,249	(3,987)	(5,400)
Net cash provided by / (used in) financing activities	1,249	(3,987)	(5,400)
Net increase / (decrease) in cash and cash equivalents	(21,483)	(64,615)	(72,558)
Opening cash and cash equivalents	31,581	104,139	104,139
Closing cash and cash equivalents	10,098	39,524	31,581

3. Notes to the Unaudited Financial Statements

For the period ended 30 September 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 30 September 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	39,723,721	39,723,721	18.56%
3.	Catherine Adella Peart	7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts	6,635,907	6,635,907	3.10%
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		180,461,327	84.33%
	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		-	46,723,721	21.83%
	<i>Mayberry Jamaican Equities Limited</i>	<i>39,723,721</i>		
	<i>Catherine Peart</i>	<i>7,000,000</i>		
Christopher Berry		-	44,637,081	20.86%
	<i>Mayberry Jamaican Equities Limited</i>	<i>39,723,721</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%

"It is impossible for a man to learn
what he thinks he already knows."

- Epictetus

