IronRock INSURANCE

ANNUAL REPORT 2022

OUR VISION

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

OUR MISSION

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
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.

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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 **AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston** on **Tuesday, 12th of September 2023** 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 2022 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 David McConnell be and is hereby re-elected a Director of the Company."
b. "That Raymond Therrien be and is hereby re-elected a Director of the Company."
c. "That Janene Shaw be and is hereby re-elected a Director of the Company."

Resolution No. 3 – Directors' Remuneration

"THAT the Board be and is hereby authorized to fix the remuneration of the Directors for the financial year ending 31 December 2023."

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 2023."

DATED THIS
30th day of April 2023
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 2023 (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

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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 to 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 2022.

It also provides shareholders with the opportunity to ask questions about the Financial Statements and Reports, and about 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 offer themselves for re-election at the AGM. The detailed biography of each Director is included in the Annual Report and can also be found on the Company's website (www.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.

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 on IronRock's performance and progress during 2022.

The last of the COVID restrictions were lifted in April 2022, allowing the Jamaican economy to benefit from increased economic activity as life finally returned to normal. Despite the lifting of restrictions, IronRock is continuing to benefit from client use of our digital channels, which has improved our productivity and efficiency, while the increased functionality provides our clients with ease and convenience when conducting business. We will continue to invest in our digital channels as they provide a virtuous circle of benefits to both our clients and to ourselves.

The lifting of the restrictions allowed IronRock's team to continue and enhance their in person marketing to our brokers and clients and I am pleased to advise that the revenue growth that I referred to last year gathered pace in 2022, with Gross Written Premium growing robustly to $1.1 billion, an increase of 25% when compared to 2021. Net Commissions also increased, growing by 33% to total $95 million. Operating Expenses, which were negatively affected by the relatively high inflation rate, increased to $211 million, an increase of 12% while Net Claims increased by less than 5%, to $95 million. Despite these improvements, our Actuarial Reserves increased by $23 million in response to the higher levels of inflation, and thus our underwriting loss increased to $41 million from a loss of $18 million in the previous year.

Although Other Income fell by 9% to $72 million we are pleased with the performance of our investment portfolio which increased by 16% to $848 million. The reduction is due entirely to the reduction in Foreign Exchange gains which fell from $25 million in 2021 to $4 million in 2022. I am pleased to report that our Investment Income grew by over 20% to $54 million, and our Investment portfolio also generated realised gains of $10 million. IronRock ended the year with cash and investments of $885 million, up from $800 million in 2021. Based on the average size of our investment portfolio the effective yield for 2022 was 8.1%.

As a result of the increase in our Underwriting Loss and the reduction in Other Income, IronRock generated an after-tax profit of $28.2 million in 2022, down from $53.7 in 2021.

During the year, our Management worked diligently with our advisors to implement new International Accounting Standards, particularly IFRS 17. These new standards will have a profound effect on the way in which Insurance Companies account for their business and in the presentation of their financial statements. I am pleased to report that we expect to be compliant when the standards are adopted on January 1, 2023.

Another major issue that we were forced to confront during the year was the significant reduction in reinsurance capacity in the Property market. Signs began to emerge by mid-year that, in response to climate change which has increased the frequency and severity of weather events, particularly tropical windstorms and hurricanes, reinsurers were reducing their exposure to property catastrophe risks and demanding a significantly higher premium. In response, rates began to increase in the local market in the latter half of the year and there is every likelihood that rates will increase further in the new year. We expect 2023 to be a challenging year for the property insurance market and are confident that IronRock is well placed to benefit from these changes.

I wish to thank our management and staff for their commitment and professionalism during the course of a very difficult year. I also acknowledge and thank our clients, brokers and agents for their support throughout the year.

W. David McConnell
Chairman
IronRock Insurance Company Limited

DIRECTOR'S 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, 2022.

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)	**2022**	**2021**
Operating Results		
Gross written premium	1,104,254	881,209
Net premium	168,264	194,449
Change in Unearned Premium Reserve, UPR (net)	1,850	(4,171)
Claims incurred (net)	(95,351)	(91,074)
Commission (net)	95,406	71,556
Operating expenses	(211,437)	(188,781)
Underwriting loss	(41,268)	(18,021)
Other income	71,793	78,865
Taxation	(2,375)	(7,132)
Net profit	28,150	53,712
Shareholder equity & insurance reserves		
Cash and Investments	885,511	800,287
Shareholders' equity	644,986	619,645
Insurance contract provisions / Reserves	867,669	647,546

Dividends

No dividends were announced or paid to shareholders of the Company in the financial year 2022.

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 David McConnell, Raymond Therrien and Janene Shaw 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
30th day of April 2023
BY ORDER OF THE BOARD

Anthony Bell
Company Secretary
IronRock Insurance Company Limited

BOARD OF DIRECTORS

CHAIRMAN

David McConnell

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. Mr. McConnell was also appointed to the Board of Directors of Scotia Group Jamaica Limited in May 2018 . 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.

WAYNE
Hardie

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 Limited (and its predecessor entity, Globe Insurance Company of the West Indies Limited), 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

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 Limited and Chief Financial Officer of Lascelles de Mercado group of companies for over 30 years, retiring in 2011.

JAN
Polack

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.

GARY
Peart

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.

BOARD OF DIRECTORS

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 Limited (and its predecessor entity, Globe Insurance Company of the West Indies Limited), prior to its acquisition by Guardian Group, where he served as Managing Director. He subsequently worked as a consultant for Grace Kennedy Financial Services Limited and served as a Director of Jamaica International Insurance Company Limited, prior to forming IronRock.

MANAGING DIRECTOR

R.E.D. Thwaites

CHRISTOPHER
Berry

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

JANENE
Shaw

Janene Shaw joined IronRock's Board of Directors in May 2021 as an independent non-executive Director.
Ms. Shaw is a qualified Chartered Accountant with over 25 years' experience and a proven track record in financial management, accounting and auditing.
Prior to joining the Board of IronRock, Ms. Shaw was the Finance of Director of Carreras from where she was responsible for the Strategic Financial Management of the Company and also acted as Company Secretary. Prior to that, Ms. Shaw was employed at J. Wray & Nephew Limited / Lascelles deMercado & Co. Limited where she held various senior finance positions being General Manager, Finance & Administration - JWN Agricultural Division, Group Financial Officer and Accounting and Treasury Director.

CHRISTIAN
Tavares-Finson

Christian Tavares-Finson joined IronRock on the 1st of January 2020 as a non-executive Director. Mr. Tavares-Finson is a prominent Attorney-at-law.

A graduate of McMasters University, he attended Norman Manley Law School and was admitted to the Jamaican Bar Association in 2009. In 2017 he was appointed as a Notary Public for the Parish of Kingston and St Andrew. He sits on several boards, including the Board of the Kingston Free Zone, and is passionate about charity work and his involvement in the 4Y's Foundation is testament to this.

Mr. Tavares-Finson was appointed Honorary Consul of the Kingdom of Netherlands in Jamaica in 2017 and serves as Justice of the Peace.

RAYMOND
Therrien

Raymond (Ray) Therrien joined IronRock on the 1st of January 2020 as an independent non-executive Director.

Mr. Therrien has been an executive Director of Fontana Limited for the past 18 years, and is the Chief Operations Officer of the company. At Fontana, Mr. Therrien oversees all aspects of Finance and the day to day operations of the organization, with key areas of focus being the pharmacy department and logistics for all overseas purchasing.

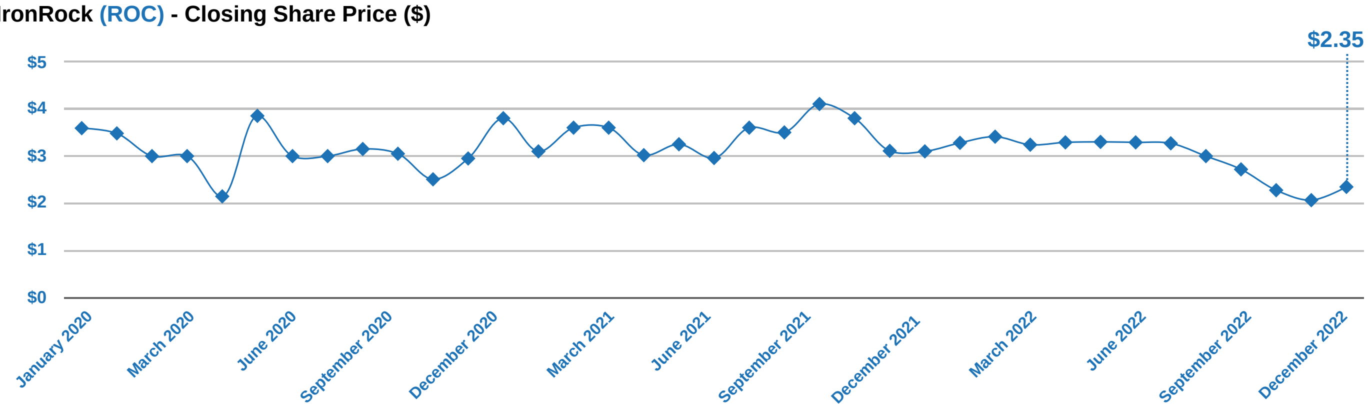
Prior to working at Fontana, Ray held senior sales and marketing roles for some of Canada's largest pharmaceutical companies - including Sanofi Aventis and Roche. Mr. Therrien holds a BSc in Mathematics from McMaster University, Hamilton, Canada.

FINANCIAL HIGHLIGHTS

As at or for the year ended 31 December (in thousands of Jamaican dollars – except for per share data, share units, ratios and employees)	2022	2021
Income statement data		
Gross premiums written	1,104,254	881,209
Underwriting loss before other income	(41,268)	(18,021)
Profit for the year	28,150	53,712
Earnings per stock unit	$ 0.13	$ 0.25
Balance sheet data		
Total assets	1,887,055	1,547,410
Cash and Investments	885,511	800,287
Insurance contract provisions / Reserves	867,669	647,546
Shareholders' equity	644,986	619,645
Shareholders' equity per share	$3.01	$ 2.90
Selected ratios		
Minimum Capital Test (MCT) Ratio	271%	282%
Investment income yield (a)	8.1%	6.0%
Premium retention (b)	15%	22%
Gross expense ratio (c)	19%	21%
Net commission earned ratio (d)	56%	38%
Earned loss ratio (e)	56%	48%
Combined ratio (f)	124%	109%
Market data		
Closing share price (g)	$ 2.35	$ 3.80
Shares outstanding	214,000,000	214,000,000
Market capitalisation	502,900	813,200
Employees	15	15

(a) Calculated as Investment income (net) divided by the average of: (i) end of year total investments less Investment income and (ii) total investments at the start of the year.
(b) Calculated as Gross premiums written less Written premiums ceded to reinsurers divided by Gross premiums written.
(c) Calculated as Operating expenses divided by Gross premiums written.
(d) Calculated as Net commission income divided by Net insurance premium revenue.
(e) Calculated as Net insurance claims divided by Net insurance premium revenue.
(f) Calculated as the sum of Operating expenses, Net insurance claims and Net commission income, divided by Net insurance premium revenue.
(g) Jamaica Stock Exchange Close Price for ROC as at 30 December 2022.

IronRock (ROC) - Closing Share Price ($)



MANAGEMENT'S
DISCUSSION & ANALYSIS

IronRock INSURANCE

IronRock INSURANCE

MD&A

INTRODUCTION

As the economy fully opened up following the easing of Covid-19 restrictions, the consequent increase in economic activity resulted in a fair amount of organic growth in our property portfolio. This growth was primarily through sum insured increases driven by increased stock levels, expanding infrastructure and increased business interruption cover for our commercial property clients. We also saw significant increases in our engineering portfolio, driven by the continued growth in the construction market for infrastructure, commercial complexes, and residential projects.

While these macroeconomic factors redounded well for our organic growth, the 1st quarter of the year was plagued with the softening of property rates and intense competition for new business. By the end of the 2nd quarter the reinsurance market began exerting their influence over the local market to push property rates back up, resulting in rates starting to rise by 5% - 10%. Significant pressure from the reinsurance market continued for the remainder of the year, and signals of reducing capacity continued to push property rates up, resulting in increases of 15% - 20% by the end of the year.

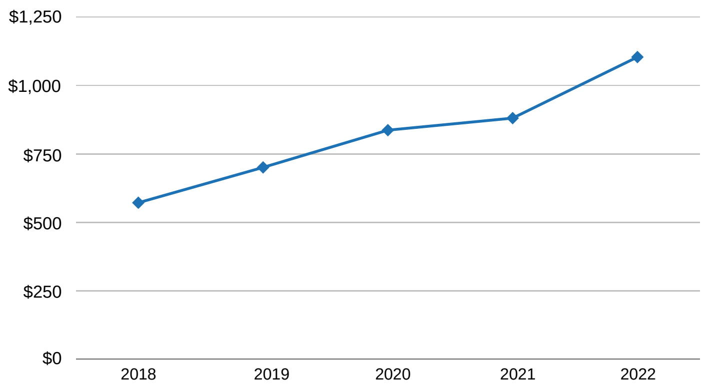
PREMIUM

The property rate increases late in the year, along with the organic growth of our existing portfolio resulted in 29% growth of our Property & Engineering Portfolio and 25% growth overall, bringing our Gross Premium Written (GPW) over the $1 billion milestone to $1.1 billion. Management is also pleased to have significantly outpaced the Compound Annual Growth Rate (CAGR) of the industry for the last 4 years, with all classes performing better than the industry averages.

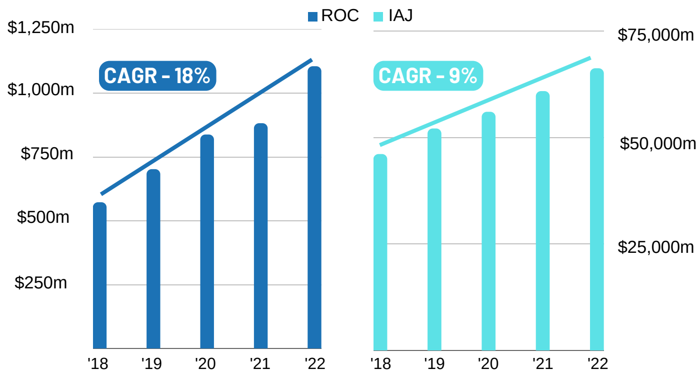
Despite the challenges with ratings in the property segment of the market, the support from our intermediaries did not wane in 2022 as they accounted for 87% of our GWP, with our top 5 producers each growing an average of 35% YOY. The remaining 13% of our GWP comes from our Direct Lines which continued to show strong growth in GWP at 23%, surpassing the $100m milestone without the need for any additional human resources, as more and more of our customers continue to adopt our online platforms.

25% Growth brings our GPW over the **$1 BILLION** milestone

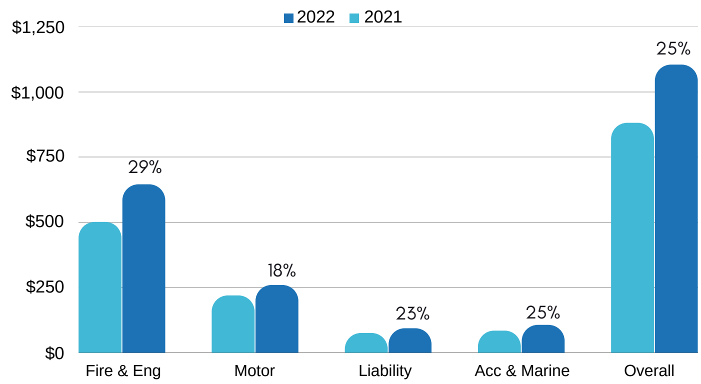
GROSS PREMIUM GROWTH ($ MILLIONS)



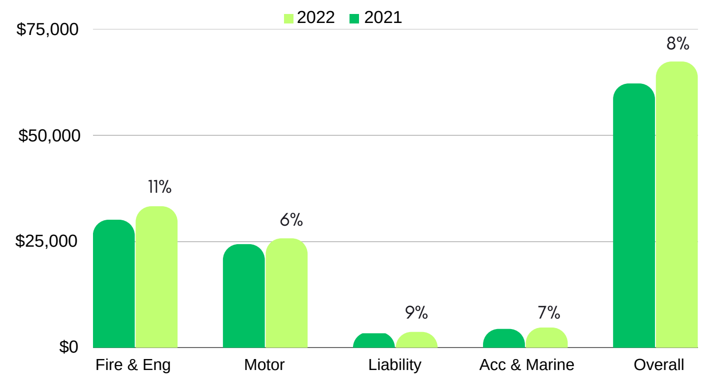
COMPOUND ANNUAL GROWTH RATE (2018-2022)



IRONROCK GWP GROWTH BY CLASS ($ MILLIONS)



INDUSTRY GWP GROWTH BY CLASS ($ MILLIONS)

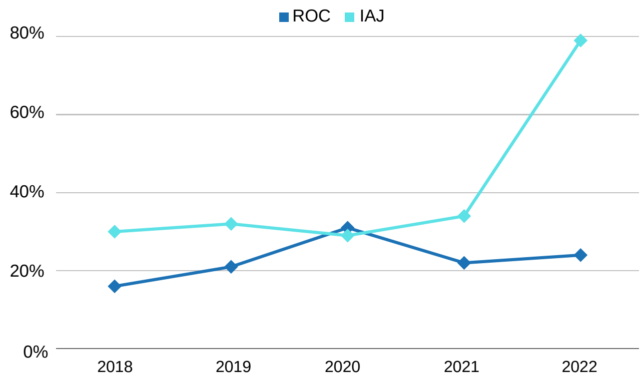


UNDERWRITING

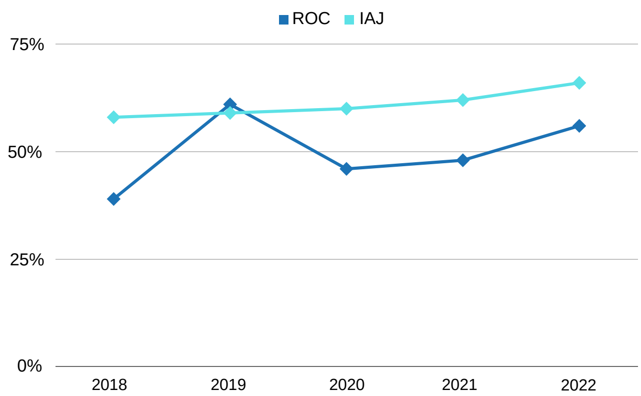
Even though our growth in GWP has enabled us to increase our market share by about 15% to 1.64%, the company continued to be faced with various reinsurance challenges, such as rising catastrophe costs and reduced capacity, both of which affect our final underwriting result. Additionally, we experienced a significant uptick in motor claims which also had an outsized impact on the company's underwriting performance. The lifting of the Covid-19 restrictions and the resultant opening up of the economy meant that many more drivers were travelling on the road once again. This caused a dramatic increase in the frequency of motor claims when compared to 2021; and the severity of the losses has also increased due several factors such as inflation, shipping delays for parts, and the actual seriousness of the accidents themselves.

Our Earned Loss Ratio ("ELR") increased to 56%, from 48% in 2021, and our Written Loss Ratio ("WLR") increased marginally from 22% in 2021 to 24% at the end of 2022. Increasing claims costs and higher levels of inflation were the main drivers of this movement, as well as the main factors influencing our annual actuarial review. The actuarial valuation resulted in an increase of $23 million in our insurance reserves, pushing our underwriting loss to $41 million versus a loss of $18 million in the previous year. As a result, IronRock generated an after-tax profit of $28.2 million in 2022, down from $53.7 in 2021.

WRITTEN LOSS RATIO



EARNED LOSS RATIO

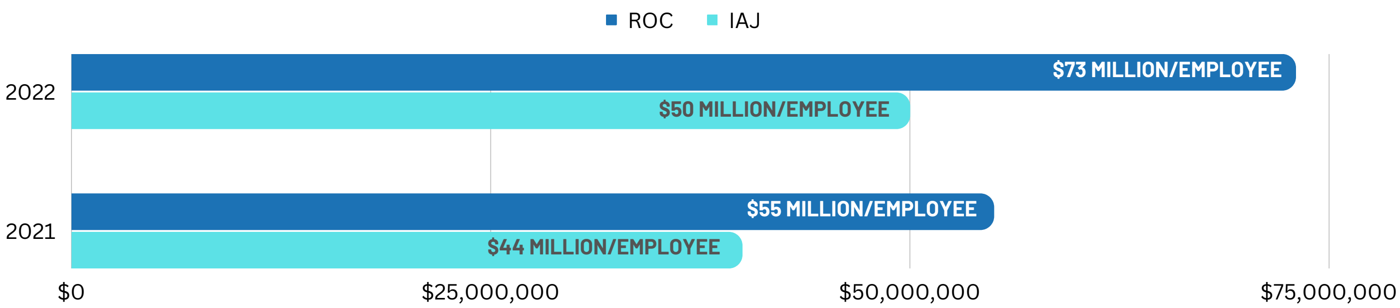


The industry average in respect of both metrics (ERL – 66%; WLR – 79%) shows that the increasing claims cost, and the impact of inflation, has also had an effect on the entire industry. This is particularly illustrated by the more than doubling of the Industry Average Written Loss Ratio for the year ending 2022. Management is therefore pleased that the staff have maintained the company's prudent underwriting standards in the continued development of a quality portfolio, which is highlighted by IronRock outperforming these industry averages.

OPERATIONS

IronRock now ranks **2ND** in productivity

PRODUCTIVITY GROWTH



MD&A

There has been an overall improvement in the productivity of the industry, having grown total staff numbers by approximately 5% for the corresponding 8% industry growth in GWP for 2022. This means that the productivity of the industry has increased from an average of $44M/employee to $50M/employee.

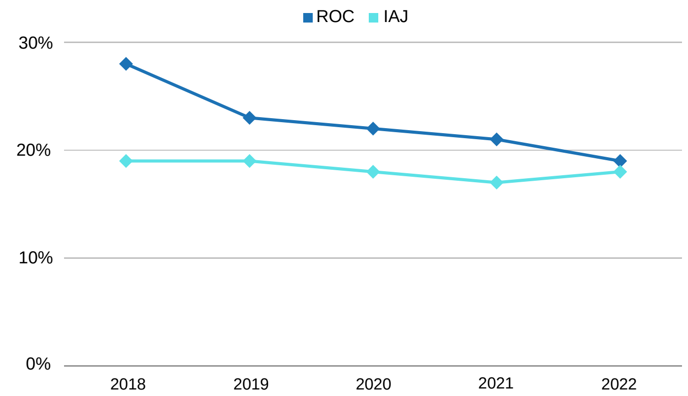
As IronRock did not add any new staff members in 2022, we have improved our productivity ranking from 4th to 2nd in the market, as we currently generate $73M/employee (previously $55M/employee). Not only does this improvement highlight the continued benefit of our focus on technological innovations which in turns drives efficiency, it also reconfirms our potential for scale without significant increases in fixed expenses.

"IFRS 17 & IFRS 9

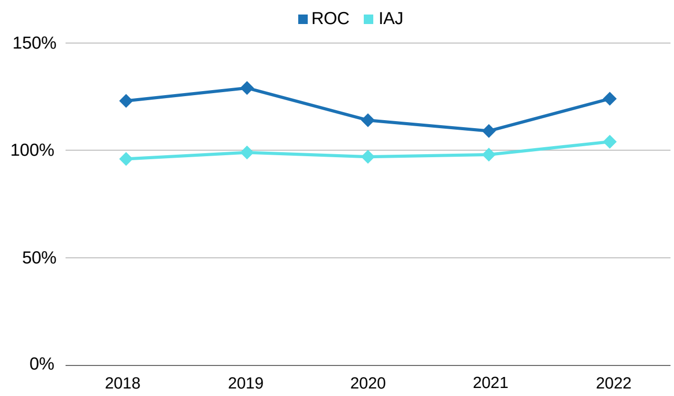
will provide stakeholders with a more comprehensive understanding of their financial position and performance."

Management has also spent considerable time during this past year working with our audit partners, KPMG, for the implementation of IFRS 17 and IFRS 9. The implementation of IFRS 17 and IFRS 9 will significantly impact the financial statements of general insurance companies. IFRS 17, the new standard for insurance contracts, introduces a comprehensive framework that requires insurers to provide more detailed and transparent information about their insurance obligations and performance. This will lead to changes in the recognition, measurement, and presentation of insurance contracts, including the introduction of new metrics such as the contractual service margin (CSM), which represents the unearned profit that an entity expects to earn as it provides services. Additionally, IFRS 9, the standard for financial instruments, will require insurers to reassess their classification and measurement of financial assets and liabilities, leading to potential changes in impairment calculations. Overall, these new standards will enhance the comparability and accuracy of financial reporting for insurance companies, providing stakeholders with a more comprehensive understanding of their financial position and performance.

GROSS EXPENSE RATIO



COMBINED RATIO



We note that the preparation for our transition to the new accounting standards has driven an increase in our Professional Fees and Audit Fees, and combined with the relatively high inflation in 2022, we have seen our Operating Expenses increase by 12% to $211 million.

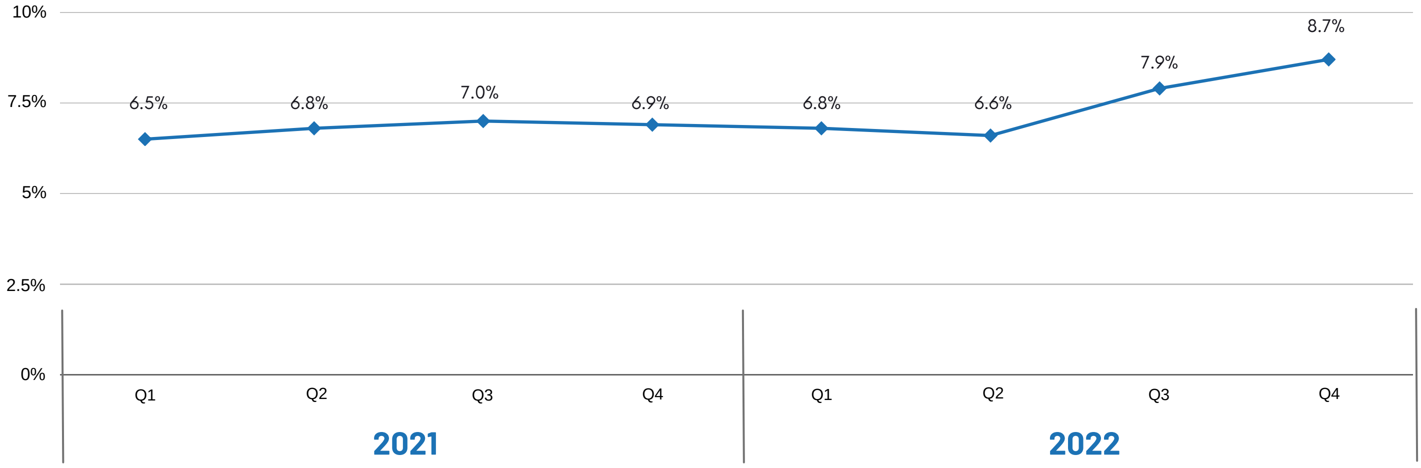
Notwithstanding this increase in operating expenses, our Gross expense ratio at the end of 2022 reduced to 19% (vs. 21% in 2021) as a result of our growth in GWP. Additionally, the increase in Operating Expenses was offset by a 33% increase in our Net Commission which grew by $23 million to $95 million.

CAPITAL & INVESTMENTS

Management is pleased with the performance of the company's investment portfolio, as investments are a significant pillar in the profitability of an insurance company. IronRock ended the year with cash and investments of $885 million, up from $800 million in 2021; with our investment portfolio increasing by 16% to $848 million and generating realised gains of $10 million.

Investment Income grew by 22% to $54 million while there was a reduction in Other Income by 9% to $72 million. Management notes that the reduction is due entirely to the reduction in Foreign Exchange gains which fell from $25 million in 2021 to $4 million in 2022. Based on the average size of our investment portfolio the effective yield for 2022 was 8.1%.

INVESTMENT INCOME YIELD



OUTLOOK FOR 2023

A reduction in the reinsurance capacity available to the Jamaican market for 2023 has caused the rates in the Property market to harden significantly. Average property rates for the year have been increasing and are likely to continue increasing in excess of 50%. We at IronRock are not immune from the dramatic changes in the property market and will have to manage our portfolio carefully in the coming year.

Given the inevitable increase in our client's insurance costs we anticipate increased pressure on receivables and management will focus on this aspect of our operations carefully.

The industry has been suffering losses in the Motor segment for a number of years and we are finally beginning to see signs of a market response through the raising of motor insurance rates. Reinsurers have signalled their concern that elevated rates of inflation will result in an increase in the cost of Motor & Liability claims and indications are that reinsurance costs will increase. We anticipate that motor rates could increase by more than 10% in 2023. In general terms, we expect these anticipated changes in market conditions to redound to the company's overall benefit, given that the Property & Motor segments represent 80% of the premium written in the Jamaican insurance market.

ESG

IronRock
INSURANCE

ENVIRONMENTAL, SOCIAL & GOVERNANCE

At IronRock, we are committed to ensuring that our company operates in a socially responsible and environmentally sustainable manner; a commitment that is reflected in our decisions and actions across all areas of the business. Our approach to ESG is based on the principles of environmental and social responsibility as well as good corporate governance:

- Environmental responsibility involves reducing our carbon footprint, conserving natural resources, and mitigating the impact of our operations on the environment;
- Social responsibility involves supporting our employees, customers, and communities, and promoting diversity, equity, and inclusion;
- Corporate Governance involves maintaining high ethical standards, promoting transparency and accountability, and ensuring that we comply with all applicable laws and regulations.

Our ESG policy is important for several reasons. Firstly, it allows us to align our business operations with the values and expectations of our stakeholders, including our shareholders, customers, and employees. Secondly, it helps us to identify and manage risks and opportunities related to ESG factors, such as climate change, social inequality, and regulatory compliance. Finally, it enables us to contribute to a sustainable future for Jamaica and the wider global community.

Climate change is a critical issue that has significant implications for the insurance industry in Jamaica and around the world. As an insurer, we understand that climate change can increase the frequency and severity of natural disasters, such as hurricanes, floods, and droughts. These events can have a devastating impact on our customers and communities, as well as on our business operations. Therefore, we are committed to implementing strategies and practices that help us to mitigate the impact of climate change on ourbusiness and our stakeholders.

Sustainability is also a key priority for us. We believe that sustainable business practices are essential for long-term success and resilience. We are committed to reducing our environmental impact by implementing energy-efficient technologies, reducing waste, and conserving natural resources. We also believe in promoting sustainability in our supply chain and working with Reinsurers who have also implemented sustainability policies.

Corporate social responsibility is another important aspect of our ESG policy. We recognize that our success is not only measured by financial performance, but also by our contribution to society. Therefore, we are committed to investing in our communities, supporting charitable causes, and promoting employee volunteerism. We also believe in promoting diversity, equity, and inclusion, and creating a workplace culture that is welcoming and supportive for all employees.

ENVIRONMENTAL & SUSTAINABILITY

Jamaica Inn Foundation & White River Fish Sanctuary

IronRock is proud to support both the Jamaica Inn Foundation and the White River Fish Sanctuary (WRFS) in their initiatives towards environmental conservation. Both entities aim to make a positive impact on local communities by focusing on education and awareness for environmental issues. The sanctuary, in particular, plays a crucial role in preserving marine biodiversity, protecting important coral reefs, and promoting sustainable fishing practices, which are vital for the long-term health and resilience of Jamaica's coastal ecosystems.

By supporting these entities, IronRock demonstrates its commitment to environmental responsibility, social well-being, and sustainable livelihoods. Through our support, we aim to foster educational opportunities, protect the environment, ultimately creating a better future for the Jamaican society as a whole.

Solar System Installation and Impact

Last year marked the 4th year in the 5-year payback of IronRock's investment in a solar system for our office, which is a significant step towards enhancing sustainability practices and reducing our carbon footprint. The adoption of solar energy demonstrates our commitment to clean and renewable energy sources. By utilizing solar power, IronRock not only reduces its reliance on traditional energy grids but also significantly decreases greenhouse gas emissions associated with fossil fuel-based electricity generation.

The adoption of a solar system by IronRock aligns with our sustainability practices and demonstrates our commitment to reducing our carbon footprint. By utilizing clean and renewable energy, we actively contribute to mitigating climate change, reducing greenhouse gas emissions, and improving air quality. This investment not only benefits our company but also serves as an inspiration for others to embrace sustainable practices and work towards a more environmentally conscious future.

IronRock INSURANCE

SOCIAL

We believe that our social responsibility starts from the inside, with our employees. A strong and dedicated work force that is supported by their management will drive productivity, deliver excellent service to our customers, and ultimately provide greater returns for our shareholders. This is why the company's recruiting policy has always focused on selecting individuals who view insurance as a career and therefore deliver on one of our primary core values – professionalism.

Additionally, Management is proud to highlight that the company has retained its full Remote Work Policy, despite the discontinuation of Covid-19 restrictions. Remote Work provides flexibility, allowing employees to work from the comfort of their own homes, eliminating long commutes and enhancing work-life balance. Remote work promotes productivity as it eliminates office distractions and offers a personalized work environment, enabling employees to focus and deliver high-quality results. The absence of daily commuting not only reduces stress levels but also contributes to a greener environment by minimizing carbon emissions. We believe that our Remote Work policy boosts employee satisfaction, retention, and overall well-being, resulting in a more engaged and motivated workforce.

As we look outwards, IronRock is conscious of the need for corporations to support social initiatives, ranging from health care to early childhood development to sports. We will continue to play our part in the development of our nation through our support of various initiatives in these areas. Last year, we demonstrated our commitment by proudly supporting:

The Issa Foundation

Through our donations and sponsorship of their annual Couples Resorts Golf Tournament, we assisted them in raising funds towards the donation of a fully equipped, air-conditioned Computer Lab at the Three Hills Primary School in St. Mary.

ISSA TRUST FOUNDATION
ENRICHING LIVES IN JAMAICA

The Heart Foundation of Jamaica

Sponsorship of the annual Vic Higgs Golf Tournament helps to support the Foundation's island-wide screening programme, and the continued promotion of heart health in Jamaica.

Sports Development

We were associate sponsors of the following tournaments:

- Jamaica Skeet Club Shooting Tournament
- Mayberry All Island Swim Meet
- Tornadoes Swim Meet

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 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. approve 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 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 Investors section of our website:
www.ironrockjamaica.com

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 2022, the following Directors on the Board of IronRock were deemed to be Independent, Non-Executive Directors:

1. Anthony Bell;
2. Jan Polack;
3. Ray Therrien; and
4. Janene Shaw.

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 & Conduct Review 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. The Charters for IronRock's Board Committees can be found in the 'About Us' section of our website: www.ironrockjamaica.com

Director Compensation

The Nomination & Compensation Committee reviews the form and amount of compensation for both directors and members of senior management 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
David McConnell	**5 of 5**	N/A	N/A	N/A	**1 of 1**
Evan Thwaites	**5 of 5**	N/A	N/A	**4 of 4**	N/A
Wayne Hardie	**5 of 5**	N/A	N/A	N/A	N/A
Anthony Bell	**5 of 5**	**4 of 5**	**3 of 3**	**3 of 4**	**1 of 1**
Christopher Berry	**1 of 5**	N/A	N/A	N/A	N/A
Gary Peart	**2 of 5**	**4 of 5**	N/A	N/A	N/A
Jan Polack	**5 of 5**	**5 of 5**	**3 of 3**	**3 of 4**	N/A
Raymond Therrien	**4 of 5**	**2 of 5**	**2 of 3**	N/A	**1 of 1**
Christian Tavares-Finson	**2 of 5**	N/A	N/A	N/A	**1 of 1**
Janene Shaw	**4 of 5**	**4 of 5**	N/A	**3 of 4**	N/A

IronRock INSURANCE

RISK MANAGEMENT

How IronRock Manages Risk

At IronRock we understand the term "Risk Management" to mean the continual process of identifying, analyzing, prioritizing, 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 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 refers to the various uncertainties and hazards that a company may encounter during its day-to-day operations. These risks can result in direct or indirect losses, caused by inadequate internal processes, personnel, or systems, or by external events (excluding financial or compliance risks).

To manage these risks, the management team implements processes and systems that minimize the company's overall exposure, while still maintaining a dynamic and innovative workplace for employees. The senior managers of each department are responsible for establishing and implementing operational controls within their areas of responsibility. The Audit Committee is then tasked with ensuring that each department complies with the relevant internal control procedures, typically through the use of internal auditors.

In the context of IronRock, there are two operational risks that are particularly relevant, which are discussed below.

Insurance Risk Management

Individuals and organizations use insurance as a risk management tool to transfer their risk exposure to an insurer in exchange for a premium. However, insurers themselves are exposed to risk.

To manage their risk exposure, insurers pool a diverse set of risks. However, risks can still arise when an insurer determines how to rate a proposed risk (Underwriting Risk), whether its reinsurance treaties are adequate (Reinsurance Risk), and whether its current insurance reserves are sufficient to cover future claims (Claims Risk).

IronRock's insurance risk management approach focuses on reducing its exposure to these risks continually. This involves hiring and maintaining an experienced and competent senior management team, as well as a diligent and efficient workforce.

IronRock also underwrites a diversified portfolio of risks consistent with its long-term underwriting strategy, works closely with its reinsurers to provide the highest standard of security to policyholders, and builds and maintains sufficient insurance reserves to cover future claims. In addition, IronRock stays up-to-date on disclosures and advancements in the global insurance industry.

Information Technology (IT) Risk Management

IT risk refers to the potential threats that can impact a company's business data, critical systems, and processes, leading to financial loss, disruption, or damage to the company's reputation. These risks can stem from physical damage to IT hardware or intangible damage to software due to system failures or malicious activities such as theft or corruption of internal data.

IT risks have received increased attention from legislators globally, and the Government of Jamaica has passed the Cybercrimes Act (2010) and recently enacted the Data Protection Act (2020), which imposes stronger statutory requirements on companies to control IT risks. To ensure the highest level of protection for its stakeholders, IronRock has implemented a comprehensive IT policy that covers various areas of control, including:

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

Compliance Risk Management

Compliance risk refers to the potential threat to a company's operational, financial, or reputational standing resulting from violations of laws or statutory regulations.

As a publicly traded insurance company, IronRock is subject to regulations by both the Financial Services Commission (FSC) and the Jamaica Stock Exchange (JSE). The company operates under a heavy regulatory burden, and management views these regulations as a prudent extension of their own internal controls.

IronRock actively encourages and facilitates open dialogue with regulators to build healthy and lasting relationships for the benefit of all stakeholders. The company believes that fostering strong relationships with regulators will help it comply with regulations, reduce compliance risk, and ultimately enhance its reputation as a responsible corporate citizen.

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 2022 IronRock's MCT Ratio was 271%, compared to the FSC required ratio of 175%.

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 asses 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..

RISK MANAGEMENT

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 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 – 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 – 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 – 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

		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		41,538,445	41,538,445	19.41%
3.	Catherine Adella Peart		7,000,000	7,000,000	3.27%
4.	Mayberry Managed Client Accounts		5,949,345	5,949,345	2.78%
5.	Sigma Global Venture		4,000,000	4,000,000	1.87%
6.	Sharon Harvey-Wilson		1,563,360	3,768,339	1.76%
	Jeremy Wilson	2,204,979			
7.	PWL Bamboo Holdings Limited		2,924,094	2,924,094	1.37%
8.	W. David McConnell		2,420,000	2,420,000	1.13%
	Tania McConnell & Leah McConnell	808,000			
	Tania McConnell & David McConnell	806,000			
	Tania McConnell & William McConnell	806,000			
9.	Michelle A. Myers Mayne		2,000,000	2,000,000	0.93%
10.	Apex Pharmacy Limited		1,989,266	1,989,266	0.93%
	Total			180,589,489	84.39%
	Total Issued Shares			214,000,000	100.00%

Shareholdings of Directors and Senior Officers (and connected parties)

	Connected Parties	Shares Held	Combined Holdings	% of Issued Shares
Directors				
W. David McConnell		2,420,000	112,231,000	52.44%
Granite Group Limited	109,000,000			
St. Elizabeth Holdings Limited	811,000			
Richard Evan David Thwaites		1,700,000	110,700,000	51.73%
Granite Group Limited	109,000,000			
Gary Peart		-	46,583,721	21.77%
Mayberry Jamaican Equities Limited	41,538,445			
Catherine Peart	7,000,000			
Christopher Berry		-	46,451,805	21.71%
Mayberry Jamaican Equities Limited	41,538,445			
PWL Bamboo Holdings Limited	2,924,094			
Apex Pharmacy Limited	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%
Jean Bell	300,000			
Raymond Therrien		-	-	-
Janene Shaw		-	-	-
Jan Polack		-	-	-
Senior Officers				
Yvonne Daley		250,000	250,000	0.12%
Maurice Bolt		200,000	200,000	0.09%

CORPORATE DIRECTORY

REGISTERED OFFICE

IronRock Insurance Co. Limited
1b Braemar Avenue
Kingston 10, Jamaica
+1 (876) 946-1595
www.ironrockjamaica.com

EXECUTIVE TEAM

R. E. D. Thwaites
Managing Director

Wayne N. T. Hardie
Finance Director

Maurice Bolt
GM - Technology & Operations

Christian Watt
GM - Marketing & Production

REINSURANCE BROKER

AON Reinsurance Canada ULC
20 Bay Street
Suite 2300
Toronto, Ontario
Canada

INDEPENDENT AUDITORS

KPMG
The Victoria Mutual Building
6 Duke Street
Kingston 1, Jamaica

INTERNAL AUDITORS

Smith and Associates
16 Hope Road
Kingston 10, Jamaica

ACTUARY

Kevin A. Lee, FCIA, FCAS, MAAA
AON Risk Solutions
225 King Street West,
Toronto, M5V 3M2
Canada

BOARD OF DIRECTORS

W. David McConnell
Chair

R. E. D. Thwaites
Managing Director

Wayne N. T. Hardie
Finance Director

Anthony J. A. Bell, J.P.
Independent Non-Executive Director

Jan Polack
Independent Non-Executive Director

Gary H. Peart
Non-Executive Director

Christopher W. Berry
Non-Executive Director

Raymond Therrien
Independent Non-Executive Director

Christian Tavares-Finson
Non-Executive Director

Janene Shaw
Independent Non-Executive Director

Audit Committee

Anthony Bell, Chair
Jan Polack
Gary Peart
Ray Therrien
Janene Shaw

Corporate Governance Committee

Anthony Bell, Chair
Jan Polack
Ray Therrien

Investment Committee

Anthony Bell, Chair
Jan Polack
R. E. D. Thwaites
Janene Shaw

Nomination & Compensation Committee

Ray Therrien, Chair
Anthony Bell
Christian Tavares-Finson

PRIMARY REINSURERS

R+V Versicherung
Raiffeisenplatz 1
Wiesbaden, 65189
Germany

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

Munich Re
Königinstr. 107
80802 Munich
Germany

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

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

QBE Reinsurance
30 Fenchurch Street
London, EC3M 3BD
United Kingdom

Sirius America Ins Company
Suite 1202
80 Bloor Street West
Toronto, M5S 2V1,
Canada

CCR Re
150 York Street, Suite 1010
Toronto, M5H 3S5,
Canada

Echo Re
Brandschenkestrasse 18-20
8001 Zürich
Switzerland

BROKERS

Allied Ins Brokers
26 Belmont Road
Kingston 5, Jamaica

Assurance Brokers Ja
1a Braemar Avenue
Kingston 10, Jamaica

BCMG Ins Brokers
17 Seaview Avenue
Kingston 6, Jamaica

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

Desmond Mair Ins Brokers
59 Hope Road
Kingston 6, Jamaica

FFK Ins Brokers
28 Pawsey Place
Kingston 5, Jamaica

Gallagher Ins Brokers Ja
7-9 Harbour Street
Kingston 5, Jamaica

Jamaica Citadel Ins Brokers
36-40 Fort Street
Montego Bay, Jamaica

JMMB Ins Brokers
8 Dominica Drive
Kingston 5, Jamaica

Marathon Ins Brokers
46 Trinidad Terrace
Kingston 5, Jamaica

NPG Ins Brokers
27 Tobago Ave
Kingston 5, Jamaica

Pinnacle Ins Brokers
7 Merrick Ave
Kingston 10, Jamaica

Spectrum Ins Brokers
7 ½ Haining Road
Kingston 10, Jamaica

TFS Ins Brokers
6 Trinidad Terrace
Kingston 5, Jamaica

FINANCIAL STATEMENTS

IronRock INSURANCE

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Chartered Accountants
P.O. Box 436
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Jamaica, W.I.
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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 33 to 80 which comprise the statement of financial position as at December 31, 2022, 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 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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) 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 International Code of Ethics for Professional Accountants including International Independence Standards (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 Matter

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
Estimates for Insurance Contract Provisions Included in the company's Insurance contract provision is an actuarially determined estimate for claims incurred but not reported as at December 31, 2022. This is an area of audit focus as the determination of this estimate required significant judgement primarily in respect of key assumptions made and actuarial methodologies applied in the preparation of the estimate [See notes 4(p)(i),10].	We engaged our own actuarial specialist to assist us in performing our procedures in this area. Our procedures included: **Methodology choice** • Assessing the appropriateness of methodology and assumptions and consistency of their application and comparing the methodology used against industry standard actuarial practice. • Assessing the methodology adopted for calculating the claims outstanding liabilities as at December 31, 2022 by reference to the requirements of the accounting standard and actuarial market practice and assessing the impact of current year changes in the methodology on the calculation of the claims outstanding liabilities. • Comparing changes in the methodology and assumptions to our expectations derived from market experience and; • Evaluating the analysis of movements in claims outstanding liabilities during the year, including considerations of whether the movements in reserves during the year, including consideration of whether the movements were in line with methodology and assumptions adopted.

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 Matter (cont'd)

Key Audit Matter	How was the matter addressed in our audit
Estimates for Insurance Contract Provisions (cont'd)	**Design and implementation** • Testing the design and implementation of controls over the valuation process for claims outstanding liabilities. **Assessing Transparency** • Assessing the adequacy of the disclosures in relation to the degree of estimation involved in determining claims outstanding liabilities. **Our results** • The valuation and disclosures of claims outstanding liabilities were reasonable. (2021: reasonable)

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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

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

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 Standards 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.

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 31 and 32 forms part of our auditors' report.

KPMG

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
IRONROCK INSURANCE COMPANY LIMITED

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 Rajan Trehan.

KPMG

Chartered Accountants
Kingston, Jamaica

March 31, 2023

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.

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, actions taken to eliminate threats or safeguards applied.

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.

IRONROCK INSURANCE COMPANY LIMITED

Statement of Financial Position
December 31, 2022

	Notes	2022	2021
		$'000	$'000
ASSETS			
Property, plant and equipment	5	18,717	20,485
Intangible asset	6	2,548	3,190
Deferred taxation	7	6,318	7,992
Investments	8	466,303	634,850
Deferred acquisition costs	9	54,265	46,849
Reinsurance assets	10	613,207	408,323
Due from related party	11	2,984	2,984
Insurance and other receivables	12	263,602	224,334
Taxation recoverable		39,903	32,966
Short-term investments	13	186,804	80,525
Securities purchased under resale agreements	14	90,000	15,275
Cash and cash equivalents		142,404	69,637
		1,887,055	1,547,410
LIABILITIES AND SHAREHOLDERS' EQUITY			
Insurance and other payables	15	305,017	224,917
Insurance contract provisions	10	867,669	647,546
Deferred commission income	16	69,383	55,302
		1,242,069	927,765
Share capital	17	465,540	465,540
Capital reserves	18	139,340	139,340
Investment revaluation reserve		572	3,381
Accumulated profit/(loss)		39,534	11,384
		644,986	619,645
		1,887,055	1,547,410

The financial statements, on pages 8 to 55 were approved for issue by the Board of Directors on March 31, 2023 and signed on their behalf by:

Thwaits

____________________ Director
R. Evan Thwaites

____________________ Director
W. David McConnell

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

IRONROCK INSURANCE COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2022

	Notes	2022	2021
		$'000	$'000
Gross premiums written	10(b),19	1,104,254	881,209
Change in gross provision for unearned premiums		(112,359)	(43,113)
Gross insurance premium revenue	10(b)	991,895	838,096
Written premiums ceded to reinsurers	10(b)	(935,990)	(686,760)
Reinsurers' share of change in provision for unearned premiums		114,209	38,942
Net insurance premium revenue	10(b)	170,114	190,278
Claims expenses incurred	10(a)	(262,221)	(189,603)
Reinsurers' share of claims and benefits incurred	10(a)	166,870	98,529
Net insurance claims		(95,351)	(91,074)
Commission expense	9	(118,003)	(101,630)
Commission income	16	213,409	173,186
Net commission income		95,406	71,556
Profit before operating expenses		170,169	170,760
Operating expenses	20(b)	(211,437)	(188,781)
Underwriting loss before other income		(41,268)	(18,021)
Investment income, net	21	53,892	43,869
Other income		3,372	13
Foreign exchange gain		4,162	25,131
Gain on sale of investments		10,367	9,852
Profit before taxation		30,525	60,844
Taxation	23	(2,375)	(7,132)
Profit for the year		28,150	53,712
Other comprehensive income			
Items that may be reclassified to profit or loss			
Fair value losses on investments, being total other comprehensive income		(2,809)	(1,168)
Total comprehensive income for the year		25,341	52,544
Earnings per stock unit			
Based on stock units in issue	22	13 cents	25 cents

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

Statement of Changes in Shareholders' Equity
Year ended December 31, 2022

	Share capital $'000 (note 17)	Capital reserves $'000 (note 18)	Investment revaluation reserve $'000	Accumulated profit/(loss) $'000	Total $'000
Balances at December 31, 2020	465,540	139,340	4,549	(42,328)	567,101
Profit for the year	-	-	-	53,712	53,712
Other comprehensive loss:					
Fair value losses on investments	-	-	(1,168)	-	(1,168)
Total comprehensive (loss)/income	-	-	(1,168)	53,712	52,544
Balances at December 31, 2021	465,540	139,340	3,381	11,384	619,645
Profit for the year	-	-	-	28,150	28,150
Other comprehensive loss:					
Fair value losses on investments	-	-	(2,809)	-	(2,809)
Total comprehensive (loss)/income	-	-	(2,809)	28,150	25,341
Balances at December 31, 2022	465,540	139,340	572	39,534	644,986

Statement of Cash Flows
Year ended December 31, 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		28,150	53,712
Adjustments for:			
Depreciation and amortisation	5,6	5,232	4,035
Deferred taxation	7	1,674	7,132
Insurance contract provisions		220,123	73,468
Reinsurance asset		(204,884)	(45,792)
Interest and dividend income	21	(53,886)	(43,869)
Taxation	23	701	-
Gain on sale of investments		(10,367)	(9,852)
		(13,257)	38,834
Changes in:			
Deferred acquisition costs		(7,416)	(6,412)
Insurance and other receivables and accrued interest		(36,712)	(6,589)
Due from related party		-	(2,984)
Insurance and other payables		80,100	13,867
Deferred commission income		14,081	8,009
Taxation paid		(7,638)	(6,323)
Net cash provided by operating activities		29,158	38,402
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of short term investments		80,275	30,000
Acquisition of short term investments		(186,554)	(80,525)
Proceeds from disposal of investments		263,001	113,976
Acquisition of investments		(86,896)	(174,836)
Acquisition of property, plant and equipment	5	(2,822)	(12,082)
Proceeds from disposal of resale agreements		291,306	462,152
Acquisition of resale agreements		(366,030)	(382,663)
Interest and dividend received		51,330	43,632
Net cash provided/(used) by investing activities		43,610	(346)
Net increase in cash and cash equivalents		72,768	38,056
Cash and cash equivalents at beginning of the year		69,637	31,581
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		142,405	69,637

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

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 made by regulatory authorities. The actuary's report outlines the scope of his work and opinion. An actuarial evaluation is prepared annually.

The external auditors are appointed by the shareholders pursuant to the Jamaican Companies Act to conduct an independent and objective audit of the financial statements of the company in accordance with International Standards on Auditing and 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.

Certain new and amended standards and interpretations came into effect during the current financial year, none of which had any impact on these financial statements.

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 not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations which were in issue but 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:

The Company will apply IFRS 17 *Insurance Contracts* and IFRS 9 *Financial Instruments* for the first time on January 1, 2023. These standards will bring significant changes to the accounting for insurance and reinsurance contracts and financial instruments.

Estimated impact of the adoption of IFRS 17 and IFRS 9

The Company is not in a position to disclose known or reasonably estimable information relevant to assessing the possible financial impact that the application of IFRS 17 and IFRS 9 will have on its financial statements in the period of initial application when the 2022 financial statements were authorised for issuance. The adoption of IFRS 17 and IFRS 9 are expected to impact January 1, 2023, and restated 2022 figures, as the Company is continuing to refine the new accounting processes and internal processes and controls required for applying IFRS 17 and IFRS 9. The new accounting policies, assumptions, judgements, and estimation techniques employed are subject to change until the Company finalises its first financial statements that include the date of initial application.

IFRS 17 *Insurance Contracts*

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

Identifying contracts in the scope of IFRS 17

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts.

When identifying contracts in the scope of IFRS 17, in some cases the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether non-insurance components have to be separated and accounted for under another standard. For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.

Level of aggregation

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts.

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 not yet effective (cont'd):

Level of aggregation (cont'd)

Under IFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of contracts, each comprising contracts subject to similar risks and managed together. Contracts in different product lines are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by year of issue) and each annual cohort into three groups:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts may be added. Groups of reinsurance contracts are established such that each group may comprise of a single contract.

Compared with IFRS 4, the level of aggregation under IFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

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 not yet effective (cont'd):

Contract boundaries (cont'd)

Reinsurance contracts

For reinsurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Company is currently in the process of assessing the contract boundary for its insurance contracts and reinsurance contracts.

Measurement

IFRS 17 introduces three measurement models based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin. The premium allocation approach (PAA) is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. The Company will apply the PAA to contracts that are automatically eligible and will test all the remining contracts for PAA eligibility.

Presentation and disclosure

IFRS 17 will significantly change how insurance contracts and reinsurance contracts are presented and disclosed in the Company's financial statements.

Under IFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

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 not yet effective (cont'd):

Presentation and disclosure (continued)

Under IFRS 17, amounts recognised in the statement of profit or loss are disaggregated into

(a) an insurance service result, comprising insurance revenue and insurance service expenses; and
(b) insurance finance income or expenses.

Amounts from reinsurance contracts will be presented separately. The separate presentation of underwriting and financial results under IFRS 17 and IFRS 9 will provide added transparency about the sources of profits and quality of earnings.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the Company will:

- identify, recognise and measure each group of insurance contracts and reinsurance contracts as if IFRS 17 had always been applied;
- identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that they will not be tested for recoverability before 1 January 2022;
- derecognise previously reported balances that would not have existed if IFRS 17 had always been applied (including some deferred acquisition costs); and
- recognise any resulting net difference in equity.

• The company is required to adopt IFRS 9 *Financial Instruments* from January 1, 2023. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on its preliminary assessment, the company does not believe that the new classification requirements will have a material impact on its accounting for accounts receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. However, the company is still in the process of its assessment and the final impact is not yet known.

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 not yet effective (cont'd):

- The company is required to adopt IFRS 9 *Financial Instruments* (cont'd)

  IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

  Under IFRS 9, loss allowances will be measured on either of the following bases:

  - 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

  - Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

  Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

  The company believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS 9 impairment model. However, the company is still in the process of determining the likely financial impact on its financial statements.

  IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The company's assessment included an analysis to identify data gaps against current processes and the company is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

  Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

  - The company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognized in retained earnings and reserves as a January 1, 2023.

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 not yet effective (cont'd):

- The company is required to adopt IFRS 9 *Financial Instruments* (cont'd)

  Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows (cont'd):

  - The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:
    a) The determination of the business model within which a financial asset is held.
    b) The designation and revocation of previous designations of certain financial assets as measured at FVTPL.
    c) The designation of certain investments in equity investments not held for trading as at FVOCI.

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a company can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The company is assessing the impact that the amendments will have on its 2023 financial statements.

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 not yet effective (cont'd):

- Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures.

  The key amendments to IAS 1 include:

  - requiring companies to disclose their *material* accounting policies rather than their *significant* accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments are consistent with the refined definition of material:

  "Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

  The company is assessing the impact that the amendment will have on its 2023 financial statements.

- Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

  The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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 not yet effective (cont'd):

- Amendments to IAS 12 *Income Taxes* (cont'd)

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

  For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

  The company is assessing the impact that the amendment will have on its 2023 financial statements.

(b) 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.

(c) 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, 2022, the company had accumulated profits of $39,534,000 (2021: $11,384,000), which is broadly in line with the projections. 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 271% (2021: 282%) as compared to the regulatory requirement of 175% (2021: 250%). Consequently, management is of the view that the going concern basis continues to be appropriate in the preparation of the financial statements.

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

(d) 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.

(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 10 and 24 contain information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts. Note 25 contains information about the risks and uncertainties associated with financial instruments.

(e) 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 date of acquisition (i.e original maturity). 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.

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

(f) 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.

(g) Insurance and other receivables:

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

(h) Insurance and other payables:

Insurance and other payables are measured at amortised cost.

(i) 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.

(j) 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.

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

(j) Related parties (cont'd):

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

(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).

(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.

(k) 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.

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

(l) 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.

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.

(m) 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.

(n) 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.

(o) 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.

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

(o) Impairment (cont'd):

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.

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.

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

(p) 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 represents insurance contract provisions on the statement of financial position, which 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.

Deferred acquisition cost and deferred commission income

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

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

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

(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 24). 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 statement of profit or loss and other comprehensive income.

(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.

(iv) Temporary exemption to defer the implementation of IFRS 9 *Financial Instruments*

The company has applied the temporary exemption to defer the implementation of IFRS 9, *Financial Instruments*, as its activities met the requirements to demonstrate that their predominant activity is issuing insurance contracts within the scope of IFRS 17 *Insurance Contracts*.

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. 94% of the company's liabilities at December 31, 2016 are liabilities that arose from contracts within the scope of IFRS 17. 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 December 31, 2022, there has been no change in the company's activities.

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

(q) 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.

Revenue comprises the following:

(i) Gross written premiums

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 4(p)(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(p)(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/unrealised 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.

(r) 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.

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

(r) 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.

(s) 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.

(t) 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.

(u) 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.

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

(v) 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, securities purchased under resale agreements, insurance receivables, and other accounts receivable (excluding prepayments), reinsurance assets (excluding unearned premium reserves) and due from related party. Financial liabilities include Insurance and other payable and insurance contracts provision (excluding unearned premium reserves).

(w) 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.

5. Property, plant and equipment

	Building $'000	Computer $'000	Leasehold improvement $'000	Furniture, fixtures and equipment $'000	Total $'000
Cost:					
December 31, 2020	10,102	17,254	827	15,281	43,464
Additions	-	12,082	-	-	12,082
Disposal	(10,102)	-	-	-	(10,102)
December 31, 2021	-	29,336	827	15,281	45,444
Additions	-	2,822	-	-	2,822
December 31, 2022	-	32,158	827	15,281	48,266
Accumulated depreciation:					
December 31, 2020	10,102	14,152	827	6,588	31,699
Charge for the year	-	2,109	-	1,283	3,392
Disposal	(10,102)	-	-	-	(10,102)
December 31, 2021	-	16,261	827	7,871	24,959
Charge for the year	-	3,766	-	824	4,590
December 31, 2022	-	20,027	827	8,695	29,549
Net book values:					
December 31, 2022	-	12,131	-	6,586	18,717
December 31, 2021	-	13,075	-	7,410	20,485

6. Intangible asset

	Software $'000
Cost:	
December 31, 2021 and 2022	6,425
Amortisation:	
December 31, 2020	2,592
Charge for the year	643
December 31, 2021	3,235
Charge for the year	642
December 31, 2022	3,877
Net book value:	
December 31, 2022	2,548
December 31, 2021	3,190

7. Deferred taxation

Deferred income taxes are calculated using a principal tax rate of 16.67% (33⅓% restricted to 50% based on remission years 5 to 10).

Deferred tax asset is attributable to the following:

	December 31, 2020 $'000	Recognised in income $'000 (note 23)	December 31, 2021 $'000	Recognised in income $'000 (note 23)	December 31, 2022 $'000
Property plant and equipment	(109)	(245)	(354)	(330)	(684)
Insurance and other receivables	(1,409)	330	(1,079)	(325)	(1,404)
Unrealised foreign exchange gains	-	(171)	(171)	(318)	(489)
Tax losses	16,642	(7,046)	9,596	(701)	8,895
	15,124	(7,132)	7,992	(1,674)	6,318

8. Investments

	2022 $'000	2021 $'000
Available-for-sale:		
Quoted equities	112,310	123,507
Units in unit trusts	984	13,272
Corporate Bonds – TT$	49,323	57,117
Loans and receivables:		
Corporate Bonds – J$	105,342	155,135
Corporate Bonds – US$	68,811	117,753
Government of Jamaica securities – J$ Bonds	129,533	129,878
Government of Jamaica securities – US$ Certificate of Deposit	-	38,188
	466,303	634,850

8. Investments (cont'd)

Investments include Government of Jamaica securities and corporate bonds denominated in foreign currency aggregating US$1,336,000 (2021: US$1,395,000).

A Jamaica dollar Government of Jamaica bond of $45,000,000 (2021: $45,000,000) is 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:

	2022 $'000	2021 $'000
No specific maturity	113,294	136,778
1 year to 5 years	220,584	421,775
Over 5 years	132,425	76,297
	466,303	634,850

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 year ended December 31, 2022 and December 31, 2021, 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"):

	December 31, 2022				
Financial asset	Total carrying value	SPPI financial assets		Non-SPPI financial assets	
Investments:		Fair value	Change in fair value	Fair value	Change in fair value
	$'000	$'000	$'000	$'000	$'000
Quoted equities	112,310	-	-	112,310	(11,202)
Unit in unit trusts	984	-	-	984	(323)
Corporate bonds	174,153	171,709	-	-	-
Global bonds - TT	49,323	49,323	-	-	-
Government of Jamaica – Local bonds	129,533	136,270	-	-	-
	466,303	357,302	-	113,294	(11,525)
Short-term investments	186,804	186,804	-	-	-

8. Investments (cont'd)

Financial asset	Total carrying value	SPPI financial assets		Non-SPPI financial assets	
	December 31, 2021				
Investments:		Fair value	Change in fair value	Fair value	Change in fair value
	$'000	$'000	$'000	$'000	$'000
Quoted equities	123,507	-	-	123,507	4,478
Unit in unit trusts	13,272	-	-	13,272	1,307
Corporate bonds	330,005	273,526	-	-	-
Government of Jamaica – Local bonds	168,066	195,916	(1,121)	-	-
	634,850	469,442	(1,121)	136,779	5,785
Short-term investments	80,525	80,525	-	-	-

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 year ended December 31, 2022 and December 31, 2021, 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	December 31, 2022		
	Carrying value Amount	Fair value	% of Fair value
	$'000	$'000	
Bonds and debentures and short-term investments			
Ba2	79,316	79,316	15%
B2	415,508	422,245	77%
B3	44,989	44,989	8%
	539,813	546,550	100%

Credit rating	December 31, 2021		
	Carrying value Amount	Fair value	% of Fair value
	$'000	$'000	
Bonds and debentures and short-term investments			
Ba2	87,667	87,667	14%
B2	445,103	472,953	78%
B3	45,826	45,826	8%
	578,596	606,446	100%

9. Deferred acquisition costs

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

	2022 $'000	2021 $'000
Balance January 1	46,849	40,437
Commission paid during the year	125,419	108,042
Amounts recognised in income or expense during the year	(118,003)	(101,630)
Balance December 31	54,265	46,849

10. Reinsurance assets and insurance contract provisions

Analysis of movements in reinsurance assets and insurance contract provisions:

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Claims outstanding	347,003	199,481	147,522	239,239	116,908	122,331
Unearned premiums	520,666	413,726	106,940	408,307	291,415	116,892
	867,669	613,207	254,462	647,546	408,323	239,223

(a) Claims outstanding:

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Claims notified	120,048	53,641	66,407	126,186	63,234	62,952
Claims incurred but not reported	119,191	63,267	55,924	82,698	38,928	43,770
Balance at January 1	239,239	116,908	122,331	208,884	102,162	106,722
Claim incurred	262,221	166,870	95,351	189,603	98,529	91,074
Claims paid in year	(154,457)	(101,064)	(53,393)	(159,248)	(83,783)	(75,465)
Portfolio transfer	-	16,767	(16,767)	-	-	-
Change in outstanding claims provision	107,764	82,573	25,191	30,355	14,746	15,609
Balance at December 31	347,003	199,481	147,522	239,239	116,908	122,331
Analysis:						
Claims notified	161,738	101,899	59,839	120,048	53,641	66,407
Claims incurred but not reported	185,265	97,582	87,683	119,191	63,267	55,924
Balance at December 31	347,003	199,481	147,522	239,239	116,908	122,331

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

(b) Unearned premiums:

	2022			2021		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balance at January 1	408,307	291,415	116,892	365,194	260,370	104,824
Portfolio transfer	-	8,102	(8,102)	-	(7,897)	7,897
Premiums written during the year	1,104,254	935,990	168,264	881,209	686,760	194,449
Premiums earned during the year	(991,895)	(821,781)	(170,114)	(838,096)	(647,818)	(190,278)
Balance at December 31	520,666	413,726	106,940	408,307	291,415	116,892

(c) Gross unearned premiums are analysed as follows:

	2022 $'000	2021 $'000
Motor	124,801	104,341
Property	295,488	226,891
Accident	17,111	13,648
Liability	41,277	34,501
Engineering	34,485	21,500
Marine	7,504	7,426
	520,666	408,307

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.

10. 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.

11. Due from related party

This balance is due from Granite Group Limited. The amount is unsecured and payable on demand. Other terms are to be determined. There was no other transaction with Granite Group Limited during the year.

12. Insurance and other receivables

	2022 $'000	2021 $'000
Accrued investment income	11,247	8,691
Premiums receivable	249,650	213,830
Other receivables	2,705	1,813
	263,602	224,334

Information relating to credit risk management and the aging analysis of insurance receivables is outlined in more detail in note 25(a)(i) and (iii). Insurance and other receivables includes $31,138,000 (2021: 18,575,000) owed from related parties in the normal course of business.

13. Short term investments

	2022 $'000	2021 $'000
Loans and receivables:		
USD Bonds	82,604	15,275
JMD Bonds	104,200	65,250
	186,804	80,525

14. Securities purchased under resale agreements

The fair value of securities held as collateral for securities purchased under resale agreements as at December 31, 2022 was $93,901,000 (2021: $15,275,000).

15. Insurance and other payables

	2022 $'000	2021 $'000
Payables arising from insurance and reinsurance contracts due to other insurance companies	269,775	199,146
Other payables and accrued charges	35,242	25,771
	305,017	224,917

16. Deferred commission income

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

	2022 $'000	2021 $'000
Balance January 1	55,302	47,293
Commission received during the year	223,062	181,195
Portfolio transfer	4,428	-
Amounts recognised in income during the year	(213,409)	(173,186)
Balance December 31	69,383	55,302

17. Share capital

	2022 $'000	2021 $'000
Authorised:		
25,000,000,000 ordinary shares of no par value		
Stated capital:		
Issued and fully paid as stock units:		
214,000,000 (2021: 214,000,000) ordinary shares of no par value	485,824	485,824
Less: Share issue costs	(20,284)	(20,284)
	465,540	465,540

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

18. Capital reserves

This represents contributed capital of $139,340,000 (2021: $139,340,000), from parent company.

19. Gross premiums written

	2022 $'000	2021 $'000
Motor	259,536	219,596
Property	561,911	442,266
Accident	37,483	27,541
Liability	93,273	75,718
Engineering	83,467	58,832
Marine	68,584	57,256
	1,104,254	881,209

20. Disclosure of expenses

Profit before taxation is stated after charging:

(a) Related party transactions :

	2022 $'000	2021 $'000
Compensation of key management personnel is as follows:		
Short term employment benefits	46,637	41,771
Pension contributions [see note 4(s)]	2,360	2,200
	48,997	43,971
Directors - Premiums	59,195	53,295
- Claims paid	72	1,827

(b) Operating expenses:

	2022 $'000	2021 $'000
Computer expense and license fees	21,746	23,480
Depreciation – property, plant and equipment	4,590	3,392
Amortisation	642	643
Directors' emoluments		
Fees	4,625	-
Remuneration	31,824	28,639
Salaries and related costs	75,736	68,907
Auditors' remuneration	11,233	5,608
Advertising and promotion	4,569	11,626
Legal and professional fees	5,983	3,255
Motor vehicle expenses	12,344	10,396
Telephone	1,406	1,114
Stationery and office supplies	2,828	1,825
Occupancy costs	6,600	6,000
Bank interest and other charges	2,486	1,837
Insurance act fees	8,195	6,950
Other administrative expenses	16,630	15,109
	211,437	188,781

21. Investment income

	2022 $'000	2021 $'000
Interest income:		
Available-for-sale	3,709	1,650
Loans and receivables	43,073	36,475
	46,782	38,125
Dividend income	7,110	5,744
	53,892	43,869

22. Earnings per share

Earning per ordinary stock unit, is calculated by dividing the profit attributable to shareholders by the number of stock units in issue during the year. The basic earnings per ordinary stock unit and diluted earnings per ordinary stock unit are the same as there are no dilutive potential shares.

	2022 $'000	2021 $'000
Profit for the year	28,150	53,712
Number of ordinary stock unit in issue (‘000)	214,000	214,000
Earnings per share	13 cents	25 cents

23. Taxation

(a) The charge for taxation is based on profit for the year adjusted for tax purposes and comprises the following:

	2022 $’000	2021 $’000
(i) Current taxation:		
Income tax at 16.67% [note 23(d)]	701	-
(ii) Deferred taxation:		
Origination and reversal of temporary differences (note 7)	1,674	7,132
	2,375	7,132

23. Taxation (cont'd)

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

	2022 $'000	2021 $'000
Reconciliation of effective tax rate:		
Profit before taxation	30,525	60,844
Computed "expected" tax expense at 16.67 % [note 23(d)]	5,089	10,143
Difference between profit for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	107	442
Items not allowed for tax purposes	(3,359)	(1,286)
Tax losses	-	(376)
Capital foreign exchange loss/(gain)	1,047	(1,791)
Dividend	(509)	-
Actual tax expense	2,375	7,132

(c) Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses aggregating approximately $53,358,000 (2021: $57,564,000) 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 tax rate applicable to the company is 33⅓%. However, due to the 50% remission, a tax rate of 16.67% is applied.

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

24. 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.

24. 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 25(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.

24. 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.

24. 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.

	2022				
	Liability $'000	Property $'000	Motor $'000	Other $'000	Total $'000
Gross	78,184	29,814	216,971	22,034	347,003
Net of reinsurance	33,898	3,520	104,870	5,234	147,522

	2021				
	Liability $'000	Property $'000	Motor $'000	Other $'000	Total $'000
Gross	62,268	30,567	121,948	24,456	239,239
Net of reinsurance	32,544	4,059	77,190	8,538	122,331

(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.

24. Insurance risk management (cont'd)

(e) Claims development (cont'd):

	Analysis of net claims development accident year					
	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	Total $'000
Estimate of cumulative claims at end of accident year	84,927	127,965	102,088	87,326	87,677	-
- one year later	88,637	98,693	95,561	87,237	-	-
- two years later	68,835	99,645	87,863	-	-	-
- three years later	68,996	102,866	-	-	-	-
- four years later	73,749	-	-	-	-	-
Estimate of cumulative claims	73,749	102,866	87,863	87,237	87,677	439,392
Cumulative payments to date	(63,702)	(83,840)	(70,465)	(53,842)	(20,021)	(291,870)
Net outstanding claims liabilities	10,047	19,026	17,398	33,395	67,656	147,522

25. Financial risk management

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

Credit risk
Liquidity risk
Market risk

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.

25. Financial risk management (cont'd)

Risk management framework (cont'd):

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;
- insurance receivables;
- 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.

(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.

25. Financial risk management (cont'd)

(a) Credit risk (cont'd)

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

Exposure to credit risk

	2022							
	AA	A	B	Ba1	B3	Caa1	Not rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:								
Carrying amount	-	-	79,316	415,508	44,989	-	345,697	885,510
Reinsurance assets (excluding unearned premiums)								
Neither past due nor impaired	185,580	13,741	160	-	-	-	-	199,481
Insurance and other receivables:								
Neither past due nor impaired	-	-	-	-	-	-	199,266	199,266
Past due but not impaired	-	-	-	-	-	-	64,336	64,336
Carrying amount [note 25(a)(iii)]	-	-	-	-	-	-	263,602	263,602
Due to related party	-	-	-	-	-	-	2,984	2,984

	2021							
	AA	A	Ba2	B2	B3	Caa1	Not rated	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets:								
Carrying amount	-	-	87,667	445,103	45,826	-	221,691	800,287
Reinsurance assets (excluding unearned premiums) neither past due nor impaired	83,885	24,975	8,048	-	-	-	-	116,908
Insurance and other receivables:								
Neither past due nor impaired								
Past due but not impaired	-	-	-	-	-		158,986	158,986
Carrying amount	-	-	-	-	-	-	65,348	65,348
[note 25(a)(iii)]	-	-	-	-	-	-	224,334	224,334
Due to related party	-	-	-	-	-	-	2,984	2,984

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).

25. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(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:

	2022 $'000	2021 $'000
Assurance Brokers Jamaica Limited	13,142	4,690
Allied Insurance Brokers Limited	11,274	14,267
CGM Gallagher Insurance Brokers Jamaica Limited	6,083	13,146
IIBRe	5,193	-
JMMB Insurance Brokers Limited	-	3,776
Marathon Insurance Brokers	15,204	-
BCMG Insurance Brokers Limited	61,207	39,463
Fraser Fontaine & Kong Insurance Brokers Limited	8,641	3,879
Pinnacle Insurance Brokers Limited	3,889	-
Thwaites Finson Sharpe Insurance Brokers Limited	56,875	57,237
	181,508	136,458

(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.

	2022				
	0 to 45 days $'000	46 to 60 days $'000	61-90 days $'000	More than 90 days $'000	Total $'000
Receivable arising from insurance agents and brokers	98,779	15,871	37,730	63,352	215,732
Insurance premium	27,363	3,793	1,776	986	33,918
Other receivables	-	-	13,952	-	13,952
Carrying amount [Note 25(a)(i)]	126,142	19,664	53,458	64,338	263,602

25. Financial risk management (cont'd)

(a) Credit risk (cont'd)

(iii) Aged analysis (cont'd)

	2021				
	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	67,554	24,052	36,179	60,720	188,505
Insurance premium	10,197	9,170	1,330	4,628	25,325
Other receivables	-	-	10,504	-	10,504
Carrying amount [Note 25(a)(i)]	77,751	33,222	48,013	65,348	224,334

(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 108% (2021: 94%). The FSC standard liquid assets to total liabilities ratio is 95%.

25. 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.

	2022					
	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	305,017	305,017	305,017	-	-	-
Total financial liabilities	305,017	305,017	305,017	-	-	-
Insurance contract liabilities	347,003	347,003	178,759	142,785	25,445	14
	652,020	652,020	483,776	142,785	25,445	14

	2021					
	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	224,917	224,917	224,917	-	-	-
Total financial liabilities	224,917	224,917	224,917	-	-	-
Insurance contract liabilities	239,239	239,239	138,576	90,764	9,899	-
	464,156	464,156	363,493	90,764	9,899	-

(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.

25. 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:

	Carrying amount	
	2022	2021
	$'000	$'000
Fixed rate instruments:		
Financial assets	644,814	578,596

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 2021.

25. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity	Effect on Equity		Effect on Equity	
	Increase	Decrease	Increase	Decrease
			$'000	$'000
December 31, 2022				
Fixed rate instruments – J$	1%	0.5%	4,390	(2,195)
– US$	1%	0.5%	2,036	(1,018)
December 31, 2021				
Fixed rate instruments – J$	3%	0.5%	11,820	(1,970)
– US$	1%	1%	3,041	(3,041)

(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:

	2022	2021
Foreign currency assets:	US$'000	US$'000
Investments	1,388	1,679
Premium receivable	640	545
Cash and cash equivalents	110	109
Interest receivable	22	19
	2,160	2,352
Foreign currency liabilities:		
Insurance and other payables	347	396
Net foreign currency assets	1,813	1,956

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

At December 31, 2022: $149.63
At December 31, 2021: $152.75

25. Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Currency risk (cont'd)

Sensitivity analysis

A 4% (2021: 2%) strengthening of the Jamaica dollar against the United States dollar at December 31, would have decreased the profit before tax for the year by $10,875,000 (2021: $5,976,000).

A 1% (2021: 8%) weakening of the Jamaica dollar against the United States dollar at December 31, would have increased the profit before tax for the year by $2,719,000 (2021: $23,902,000).

(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 6% (2021: 5%) increase in the bid price at the reporting date would cause an increase in equity of $6,738,518 (2021: $6,175,000).

A 6% (2021: 5%) decrease in the bid price at the reporting date would cause a decrease in equity of $6,738,518 (2021: $6,175,000).

26. 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 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.

27. 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 175% (2021: 250%). At December 31, 2022, the company's capital ratio was 271% (2021: 282%).

28. 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:

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

(b) Techniques for measuring fair value of financial instruments

Type of financial instrument	Method of estimation of fair value
Government of Jamaica securities and corporate bonds	Discounting future cash flows of these securities at the estimated reporting date using yields published by a broker.
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, insurance contract provisions and due from related party.	Considered to approximate their carrying values.
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.

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.

28. 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.

	2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000
Available for sale financial assets:					
Units in unit trusts	984	-	984	-	984
Global Bonds – TT	49,323	-	49,323	-	49,323
Quoted equities	112,310	112,310	-	-	112,310
Loans & receivables:					
Securities purchased under resale agreements	90,000	-	90,000	-	90,000
Corporate bonds	174,153	-	171,709	-	171,709
GOJ Bonds	129,533	-	136,270	-	136,270
	556,303	112,310	448,286	-	560,596
Short-term investments	186,804	-	186,804	-	186,804

	2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000
Available for sale financial assets:					
Units in unit trusts	13,272	-	13,272	-	13,272
Corporate bonds	57,117	-	57,117	-	57,117
Quoted equities	123,507	123,507	-	-	123,507
Loans & receivables:					
Securities purchased under resale agreements	15,275	-	15,275	-	15,275
Corporate bonds	272,888	-	273,526	-	273,526
GOJ Bonds	168,066	-	195,916	-	195,916
	650,125	123,507	555,106	-	678,613
Short-term investments	80,525	-	80,525	-	80,525

PROXY FORM

Place $100 Stamp here

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

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 **AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston** on **Tuesday, 12th of September 2023** starting 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 ____________ 2023.

____

Signatures(s) of Shareholder(s)