

# **IronRock Insurance Company Limited**

**Financial Statements  
31 December 2025**

# IronRock Insurance Company Limited

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## 2. Expression of Opinion

To the Shareholders of IronRock Insurance Company Limited:

I have valued the policy liabilities of IronRock Insurance Company Limited for its financial statements prepared in accordance with International Financial Standards for the year ended 31 December 2025.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice and the financial statements fairly present the results of the valuation.

The results of my valuation together with amounts carried in the financial statements are the following:

	Carried in Financial Statements (\$000s)	Actuary's Estimate (\$000s)	The Complement not under the Responsibility of the Actuary (\$000s)	Total Insurance Contract Liabilities Based on Actuary's Estimate (\$000s)	Difference (%)
Gross Insurance Contract Liabilities	2,493,084	2,493,088	0	2,493,088	0.0%
Net Insurance Contract Liabilities	372,760	324,248	0	324,248	15.0%
Ceded Insurance Contract Liabilities	2,120,324	2,168,840	0	2,168,840	-2.2%

Signature:

Signed by:

*Suzanne Black*

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Suzanne Black, FCIA, FCAS

Aon Global Risk Consulting

March 20, 2026



# Independent auditor's report

To the Members of IronRock Insurance Company Limited

## Report on the audit of the financial statements

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of IronRock Insurance Company Limited (the Company) as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and with the requirements of the Jamaican Companies Act.

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in stockholders' equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### 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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, P.O. Box 372, Kingston, Jamaica  
T: (876) 922 6230, F: (876) 922 7581

## **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## **Our audit approach**

### **Audit scope**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 our audit addressed the key audit matter
<p><b>Valuation of insurance contract liabilities</b></p> <p>Refer to notes 4(c), 11 and 20 to the financial statements for disclosures of related accounting policies and balances.</p> <p>As at 31 December 2025, total insurance contract liabilities amounted to \$3.5 billion. Insurance contract liabilities are determined in accordance with IFRS 17 - Insurance Contracts. The Company is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a portion of the claims provision relates to incurred but not reported (IBNR) claims. Management uses qualified external actuaries to assist in determining the valuation of insurance liabilities to which management apply a discount and risk adjustment factor for non-financial risk.</p> <p>The cost of capital method was used to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk.</p> <p>The bottom-up approach was used to derive the discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free yield was derived using government bond rates available in the market denominated in the same currency as the product being measured.</p> <p>We considered this a key audit matter due to the complexity in actuarial methods and the significant management judgement applied to the discount rate and risk adjustment factor.</p>	<p>Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures amongst others:</p> <ul style="list-style-type: none"><li>• Evaluated the accounting policies for any significant changes.</li><li>• Updated our understanding of management's end to end process and controls supporting the determination of insurance contract liabilities</li><li>• Tested, on a sample basis, the completeness, accuracy and reliability of the insurance contracts and related claims to underlying source documents as it pertained to premiums, unearned premiums, claims outstanding and claims paid.</li><li>• Assessed the independence, experience and objectivity of management's actuarial experts.</li><li>• Evaluated the suitability of the methodology used by management's actuary in determining insurance contract liabilities against established actuarial practice and our knowledge and experience.</li><li>• Performed a methodology and assumptions assessment of management's determination of discount rates and risk adjustment in the actuarial valuation considering market data, and Company specific facts.</li><li>• Evaluated and tested the reasonableness of the claims settlement pattern by inspecting historical information and sensitised the outputs to evaluate for management bias.</li><li>• Compared the loss development pattern, which is used to discount the reserves, to the claims settlement pattern and recalculated the discount rate applied to the insurance contract liability.</li></ul>

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## **Other information**

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's 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.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of 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.

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## **Auditor's responsibilities 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 auditor's 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 auditor's 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 auditor's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's 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.


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## **Report on other legal and regulatory requirements**

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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Gail Moore.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

Chartered Accountants

Kingston, Jamaica

1 April 2026

# IronRock Insurance Company Limited

## Statement of Financial Position

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2025 \$'000	2024 \$'000
<b>ASSETS</b>			
Property, plant and equipment	6	58,697	16,199
Right of use asset	8	195,958	-
Intangible asset		887	1,930
Investment securities	7	804,990	931,217
Reinsurance contract assets	11	2,120,324	438,644
Other assets	10	40,595	23,308
Taxation recoverable		57,352	41,710
Cash and cash equivalents	9	1,304,177	237,652
<b>Total assets</b>		<b>4,582,980</b>	<b>1,690,660</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Insurance contract liabilities	11	3,528,417	810,768
Lease liabilities	8	206,234	-
Other liabilities	12	58,960	63,773
Deferred income tax liabilities	13	7,586	4,641
<b>Total liabilities</b>		<b>3,801,197</b>	<b>879,182</b>
<b>Stockholders' equity</b>			
Share capital	14	465,540	465,540
Capital and other reserves	15	139,738	137,722
Retained earnings		176,505	208,216
<b>Total stockholders' equity</b>		<b>781,783</b>	<b>811,478</b>
<b>Total liabilities and stockholders' equity</b>		<b>4,582,980</b>	<b>1,690,660</b>

Approved for issue by the Board of Directors on 30 March 2026 and signed on its behalf by:



W. D. McConnell

Chairman



Christian Watt

Director

# IronRock Insurance Company Limited

## Statement of Comprehensive Income

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2025 \$'000	2024 \$'000
Insurance revenue	11	2,136,291	1,754,804
Insurance service expenses	11,17	(1,108,969)	(678,020)
Net expenses from reinsurance contracts held	11	<u>(931,143)</u>	<u>(926,179)</u>
<b>Insurance service result</b>		<u>96,179</u>	<u>150,605</u>
Interest revenue	16	81,192	79,701
Other investment revenue, net	16	22,849	29,566
Reversal of impairment on financial assets, net		<u>(1,396)</u>	<u>(4,970)</u>
<b>Net investment income</b>		102,645	104,297
Finance expenses from insurance contracts issued	17	78,567	10,682
Finance income from reinsurance contracts held		(74,226)	(7,027)
<b>Net insurance finance expenses</b>		4,341	3,655
Other income		3,580	9,516
Finance charge		(17,286)	-
Other operating expenses	17	<u>(198,965)</u>	<u>(174,790)</u>
<b>Net other expenses</b>		<u>(212,671)</u>	<u>(165,274)</u>
<b>(Loss)/Profit before Taxation</b>		(9,506)	93,283
Taxation	18	<u>(2,945)</u>	<u>(12,573)</u>
<b>Net (Loss)/Profit for the Year</b>		<u>(12,451)</u>	<u>80,710</u>
<b>Other Comprehensive Income:</b>			
<i>Item that may be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income, net of taxes		<u>2,016</u>	<u>3,825</u>
<b>Total Comprehensive Income for the Year</b>		<u>(10,435)</u>	<u>84,535</u>
<b>Earnings per Stock Unit</b>	19	<u>\$(0.06)</u>	<u>\$0.38</u>

# IronRock Insurance Company Limited

Statement of Changes in Stockholders' Equity

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital and other Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2024</b>	465,540	133,897	148,906	748,343
Profit for the year	-	-	80,710	80,710
Other comprehensive income	-	3,825	-	3,825
Total comprehensive income	-	3,825	80,710	84,535
Transaction with owners:				
Dividends (Note 14)	-	-	(21,400)	(21,400)
<b>Balance at 31 December 2024</b>	465,540	137,722	208,216	811,478
Loss for the year	-	-	(12,451)	(12,451)
Other comprehensive income	-	2,016	-	2,016
Total comprehensive income	-	2,016	(12,451)	(10,435)
Transaction with owners:				
Dividends (Note 14)	-	-	(19,260)	(19,260)
<b>Balances at 31 December 2025</b>	465,540	139,738	176,505	781,783

# IronRock Insurance Company Limited

## Statement of Cash Flows

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2025 \$'000	2024 \$'000
<b>Cash Flows from Operating Activities</b>			
(Loss)/ Profit for the year		(12,451)	80,710
Adjustments for:			
Depreciation and amortisation		31,227	6,303
Taxation	18	2,945	12,573
Net impairment on financial assets		1,396	4,970
Fair value gains on financial assets at FVTPL		(9,782)	(11,818)
Interest and dividend income	16	(93,339)	(89,851)
Loss on disposal of property, plant and equipment		1,178	-
Interest on lease liability		17,286	-
Gain on disposal of investment assets		(920)	(7,598)
		<u>(62,460)</u>	<u>(4,711)</u>
<b>Changes in operating assets and liabilities:</b>			
Insurance contract liabilities		2,717,649	33,723
Other assets		(25,599)	29,519
Reinsurance contract assets		(1,681,680)	(11,865)
Other liabilities		(4,813)	26,402
Cash generated from operations		<u>1,005,557</u>	<u>77,779</u>
Taxation paid		<u>(15,642)</u>	<u>(11,581)</u>
Net cash provided by operating activities		<u>989,915</u>	<u>61,487</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of investment securities		(155,278)	(470,706)
Disposal of investment securities		305,234	188,309
Acquisition of property, plant and equipment	6	(13,875)	(5,812)
Acquisition of leasehold improvements	6	(40,712)	-
Proceeds from disposal of property, plant and equipment		2,500	-
Dividend received	16	12,147	10,150
Interest received		<u>77,097</u>	<u>79,701</u>
Net cash provided by/(used in) investing activities		<u>187,113</u>	<u>(198,358)</u>
<b>Cash Flows from Financing Activities</b>			
Lease payments	8	(28,783)	-
Ordinary dividend paid	14	<u>(19,260)</u>	<u>(21,400)</u>
Net cash used in financing activities		<u>(48,043)</u>	<u>(21,400)</u>
Net increase/(decrease) in cash and cash equivalents		1,066,525	(158,271)
Cash and cash equivalents at beginning of the year		<u>237,652</u>	<u>395,923</u>
<b>Cash and cash equivalents at end of the year</b>	<b>9</b>	<u><u>1,304,177</u></u>	<u><u>237,652</u></u>

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

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## 1. Corporate Structure and Nature of Business

IronRock Insurance Company Limited (the company) was incorporated 9 June 2015 and is domiciled in Jamaica, with its registered office and place of business 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.

In April 2025, the company changed its place of business to 33½ Hope Road, Kingston 10.

The principal activity of the company is the underwriting of general insurance business. The company commenced trading March 2016.

The financial statements were authorised for issue by the Directors on 30 March 2026. The Directors have the power to amend and reissue the financial statements.

## 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 reinsurance contract assets and insurance contract liabilities and reports thereon to the stockholders. Actuarially determined reinsurance contract assets or insurance contract liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force. 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 stockholders 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 stockholders. 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 reinsurance contract assets and insurance contract liabilities. The auditors' report outlines the scope of their audit and their opinion.

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

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## 4. Summary of Material Accounting Policies

### (a) Basis of preparation

The financial statements are prepared in accordance with IFRS Accounting Standards, and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Jamaican Companies Act. The financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

### ***Going Concern***

The preparation of the financial statements in accordance with IFRS Accounting Standards assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia*, that the statements of financial position and comprehensive income 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.

### ***Standards, interpretations and amendments to existing standards effective for the year ended 31 December 2025***

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new interpretations and amendments and has concluded that none were relevant to its operations.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

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## 4. Summary of Material Accounting Policies (Continued)

### (a) Basis of preparation (continued)

***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company***

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective and which the company will adopt in future financial years. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

**Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments, (effective for annual periods beginning on or after 1 January 2026).** These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The company is currently assessing the impact of these standards on the financial statements.

**Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 - Disclosures about Uncertainties in the Financial Statements (effective for annual periods beginning on or after 1 January 2027).** This document sets out amendments to the guidance accompanying several IFRS Accounting Standards, including IFRS 18 Presentation and Disclosure in Financial Statements and IAS 1 Presentation of Financial Statements. These amendments add to that guidance examples that illustrate how an entity applies the requirements in the Standards to report the effects of uncertainties in its financial statements. The company is currently assessing the impact of this standard on the financial statements.

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

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## 4. Summary of Material Accounting Policies (Continued)

### (a) Basis of preparation (continued)

**IFRS 18, 'Presentation and Disclosure in Financial Statements'**, (effective for annual periods beginning on or after 1 January 2027). This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals.
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

**Annual improvements to IFRS – Volume 11, (effective for annual periods beginning on or after 1 January 2026)**. Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2025 amendments are to the following standards:

- IFRS 1 First-time Adoption of relevant International Financial Reporting Standards.
- IFRS 9 Financial Instruments.
- IAS 7 Statement of Cash Flows.

The company is currently assessing the impact of these amendments and new standard on the financial statements.

There are no other IFRS Accounting Standards interpretations that are not yet effective that would be expected to have a material impact on the company.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Summary of Material Accounting Policies (Continued)

#### (b) Foreign currency translation

(i) Presentation and functional currency

The presentation currency of the company is the Jamaican dollar. The company's functional currency is the Jamaican dollar and reflects the primary economic environment in which it operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the company's functional currency, Jamaican dollars, at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year-end exchange rates are recognised in profit or loss.

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.

Translation differences resulting from changes in the amortised cost of foreign currency denominated monetary assets classified at amortised cost or FVOCI are recognised in profit or loss. Other changes in the fair value of these assets are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit or loss as part of the fair value gain 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.

#### (c) Insurance contracts

##### **Classification**

Insurance contracts are contracts under which the company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The company uses judgment to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. All of the company's insurance contracts transfer significant insurance risk. The company does not issue insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17's requirements. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary. Reinsurance contracts held may contain non-distinct investment components and such amounts are not presented as part of the company's revenue or insurance service expenses. In the normal course of business, the company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. The company measures insurance contracts issued, and reinsurance contracts held applying the Premium Allocation Approach ("PAA").

# IronRock Insurance Company Limited

## Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Summary of Material Accounting Policies (Continued)

#### (c) Insurance contracts (continued)

##### Unit of account

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. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- (i) contracts that are onerous at initial recognition.
- (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The company uses judgment to determine at what level of granularity the company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment. The company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- (i) contracts for which there is a net gain at initial recognition.
- (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- (iii) remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements at the line of business level. The company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

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## 4. Summary of Material Accounting Policies (Continued)

### (c) Insurance contracts (continued)

#### Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period.
- the date when the first payment from the policyholder is due or received, if there is no due date; and
- when the company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - i. the beginning of the coverage period; and
  - ii. the initial recognition of any underlying insurance contract.
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held.

Unless the company entered the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised. Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohort's restriction. Composition of the groups is not reassessed in subsequent periods. An insurance contract is derecognised when it is:

- extinguished; or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the company because of an agreement with the counterparties or due to a change in regulations, the company treats changes in cash flows caused by the modification as an adjustment to the Liability for Remaining Coverage ("LRC"), unless the conditions for the derecognition of the original contract are met.

The company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the company would have concluded that the modified contract:
  - i. is not within the scope of IFRS 17.
  - ii. results in different separable components.
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts.
- b. the modification means that the contract no longer meets the eligibility criteria for that approach.

# IronRock Insurance Company Limited

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## 4. Summary of Material Accounting Policies (Continued)

### (c) Insurance contracts (continued)

#### Recognition and derecognition (continued)

When an insurance contract is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss: a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment; b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

#### Fulfillment cash flows and contract boundary

The fulfillment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimates of future cash flows:

- a. is based on a probability-weighted mean of the full range of possible outcomes.
- b. is determined from the perspective of the company, provided that the estimates are consistent with observable market prices for market variables; and
- c. reflects conditions existing at the measurement date.

The company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts. The company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a. the company has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 4. Summary of Material Accounting Policies (Continued)

#### (c) Insurance contracts (continued)

##### **Fulfillment cash flows and contract boundary (continued)**

In assessing the practical ability to reprice, risks transferred from the policyholder to the company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the company that exist during the reporting period in which the company is compelled to pay amounts to the reinsurer or in which the company has a substantive right to receive insurance contract services from the reinsurer.

The company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- a. to that group; and
- b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the company could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised, and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

Before a group of insurance contracts is recognised, the company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 4. Summary of Material Accounting Policies (Continued)

### (c) Insurance contracts (continued)

#### Measurements

The company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the General Measurement Model (“GMM”) based on qualitative assessment. For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For insurance contracts issued, on initial recognition, the company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the Liability for Incurred Claims (“LIC”), comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b. decreased for insurance acquisition cash flows paid in the period.
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, on initial recognition, the company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a. increased for ceding premiums paid in the period.
- b. increased for broker fees paid in the period; and
- c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 4. Summary of Material Accounting Policies (Continued)

#### (c) Insurance contracts (continued)

##### Measurements (continued)

The company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

An explicit for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the company fulfills insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the company to the reinsurer.

The company adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the company increases the carrying amount of the LRC to the amounts of the FCF with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognised as insurance service expenses.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts. Where applicable, changes in the loss recovery component are recognised as net income from reinsurance contracts held.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 4. Summary of Material Accounting Policies (Continued)

#### (c) Insurance contracts (continued)

##### **Insurance service result from insurance contracts issued**

The company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the effect of financial risk) allocated to the period. Insurance service expenses include the following:

- a. incurred claims and benefits, reduced by loss component allocations.
- b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition.
- c. insurance acquisition cash flows amortisation.
- d. changes that relate to past service – changes in the FCF relating to the LIC; and
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- f. insurance acquisition cash flows assets impairment.

Amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of comprehensive income.

##### **Insurance service result from reinsurance contracts held**

The company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses.
- b. incurred claims recovery, reduced by loss-recovery component allocations.
- c. other incurred directly attributable expenses.
- d. changes that relate to past service – changes in the FCF relating to incurred claims recovery.
- e. effect of changes in the risk of reinsurers' non-performance; and
- f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Some reinsurance contracts held contain non-distinct investment components which do not relate to the provision of insurance services; therefore, such amounts are not presented as part of the company's revenue or insurance service expenses.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the company expects to pay in exchange for those services. Broker fees are included within reinsurance expenses. The company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

# IronRock Insurance Company Limited

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## 4. Summary of Material Accounting Policies (Continued)

### (c) Insurance contracts (continued)

#### Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

The company chooses not to apply the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The company does not disaggregate changes in the risk adjustment for nonfinancial risk between insurance service result and insurance finance income or expenses.

### (d) Financial instruments

#### Summary of measurement categories

The company classifies its financial instruments into the following categories:

Type of financial instruments	Classification	Reason
Cash accounts	Amortised cost	SPPI, hold to collect business model
Securities purchased under resale agreements	Amortised cost	SPPI, hold to collect business model
Certificates of deposit	Amortised cost	SPPI, hold to collect business model
Quoted equities and preference shares	Fair value through profit and loss (FVTPL)	Mandatory
Unquoted preference shares	Fair value through profit and loss (FVTPL)	Portfolio managed at fair value
Government of Jamaica Securities	Amortised cost	SPPI, hold to collect business model
Unit trust	Fair value through profit and loss (FVTPL)	Portfolio managed at fair value
Corporate bonds	Amortised cost	SPPI, hold to collect business model
Treasury bills	Amortised cost	SPPI, hold to collect business model
Global bonds	Fair value through OCI (FVOCI)	SPPI, hold to collect and sell business model
Other financial assets	Amortised cost	Mandatory
Other financial liabilities	Amortised cost	Mandatory

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 4. Summary of Material Accounting Policies (Continued)

#### (d) Financial instruments (continued)

##### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, the date on which the company commits to purchasing or selling the asset).

At initial recognition, the company measures a financial asset or financial liability at its fair value, plus or minus (in the case of a financial asset or financial liability not at FVTPL) transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

##### *Classification and subsequent measurement*

The company classifies its financial assets into the following measurement categories:

- (i) Amortised cost
- (ii) FVOCI; or
- (iii) FVTPL

##### *Debt instruments*

Debt instruments are instruments that meet the definition of financial liability from the issuer's perspective, such as government and corporate bonds. The classification and subsequent measurement of debt instruments depend on:

- the company's business model for managing the asset.
- the cash flow characteristics of the asset (represented by SPPI).

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:

*Amortised cost* - Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below.

Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

# IronRock Insurance Company Limited

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### 4. Summary of Material Accounting Policies (Continued)

#### (d) Financial instruments (continued)

##### *Classification and subsequent measurement (continued)*

##### *Debt instruments (continued)*

*FVOCI* - Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's AC, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net investment income. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

*FVTPL* - Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the statement of comprehensive income within net gains on FVTPL investments in the period in which it arises.

The company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

##### *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). Examples of equity instruments include basic ordinary shares. The company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Other investment revenue' in the statement of comprehensive income.

Dividend income is recognised when the right to receive payment is established.

##### *Impairment*

The company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# IronRock Insurance Company Limited

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## 4. Summary of Material Accounting Policies (Continued)

### (d) Financial instruments (continued)

#### *Impairment (continued)*

##### Measuring ECL

The company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The company considers debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2' financial instruments.

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

#### *Application of the Simplified Approach*

For receivables from agents, brokers and policy holders and intercompany receivables, the company applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECL for these receivables.

# IronRock Insurance Company Limited

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## 4. Summary of Material Accounting Policies (Continued)

### (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.

### (f) 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:

Furniture, fixtures and equipment	10%
Computer	33%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date.

### (g) Leases

*As a lessee*

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the company.

The right-of-use assets are presented in a separate line on the statement of financial position.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate.
- amounts expected to be payable by the company under residual value guarantees.
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 4. Summary of Material Accounting Policies (Continued)

### (g) Leases (continued)

*As a lessee (continued)*

The lease payments are discounted using the company's incremental borrowing rate. The incremental borrowing rate at 1 January and 31 December 2025 was 8%.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments. The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs; and
- restoration costs.

Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation period for the right-of-use assets is over the lease term of the property.

### (h) Provisions

A provision is recognised when the company has a legal or constructive obligation because 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.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 4. Summary of Material Accounting Policies (Continued)

### (i) 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.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company can 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.

### (j) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

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 does not track assets per line of business as these are managed on a combined basis, however insurance liabilities, income and expenses are tracked based on the line of business (See Note 26). The company does not track the other expenses and assets by segment.

### (k) Comparative information

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

# IronRock Insurance Company Limited

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## 5. Critical Accounting Judgements and Key Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has made no judgements which it believes present a significant risk of material misstatement to the amounts recognised in the financial statements.

### (b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### ***Estimates of claims liabilities***

The cost of outstanding claims is estimated using various standard actuarial claims projection techniques, such as the Loss Development Method and Bornheutter-Ferguson methods. These techniques are based on the assumption that a company's past claims development experience can be used to predict future claims development and, consequently, the ultimate claims costs. They extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of previous years and expected loss ratios. Historical claims development is primarily analysed by accident years but can also be further examined by geographical area, significant business lines, and claim types. Large claims are typically addressed separately, either by being reserved at the face value of loss adjuster estimates or projected independently to reflect their future development. Generally, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgment is applied to assess the extent to which past trends may not apply in the future, in order to estimate the ultimate cost of claims that represent the probability-weighted expected value outcome from the range of possible outcomes, considering all uncertainties involved.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

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## 5. Critical Accounting Judgements and Key Estimation Uncertainty (Continued)

### (b) Key sources of estimation uncertainty (continued)

#### *Estimates of claims liabilities (continued)*

##### *Impact of Hurricane Melissa*

The estimation of insurance contract liabilities as at 31 December 2025 is subject to significant judgement due to the impact of Hurricane Melissa, which resulted in a material increase in claims across the company's property and related portfolios. The company recognised additional insurance contract liabilities of approximately \$1.5 billion, representing management's best estimate of the ultimate cost of hurricane-related claims incurred during the year.

Significant estimation uncertainty arises from the inherent complexity of catastrophe claims, including the volume and timing of claims notifications, the extent of property damage, settlement patterns, and the assessment of Incurred But Not Reported (IBNR) claims. These estimates are based on information available at the reporting date, including loss adjuster reports, preliminary claims data, historical claims development experience and management judgement, and may be subject to change as claims continue to develop.

The measurement of the related reinsurance recoverable also involves judgement, particularly in estimating the timing and quantum of recoveries under the company's catastrophe and excess-of-loss reinsurance arrangements. While the company received advances from reinsurers to support liquidity and claims settlement, the ultimate recoverable amounts remain subject to final claims agreement and settlement processes.

Actual claims experience and reinsurance recoveries may differ from estimates used in determining the insurance contract liabilities and reinsurance contract assets, and such differences could result in material adjustments to the financial statements in future periods.

#### ***Insurance contracts***

Refer to Note 20 for the measurement of insurance and reinsurance contracts including the determination of techniques for estimating risk adjustments for non-financial risk.

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

## 6. Property, Plant and Equipment

	Computers \$'000	Leasehold Improvements \$'000	Furniture, Fixtures & Computer Equipment \$'000	Work in Progress \$'000	Total \$'000
Cost -					
31 December 2023	33,343	827	15,583	-	49,753
Additions	4,049	-	179	1,584	5,812
31 December 2024	37,392	827	15,762	1,584	55,565
Additions	1,070	40,712	7,930	4,875	54,587
Disposals	(10,924)	(663)	(8,568)	-	(20,155)
31 December 2025	27,538	40,876	15,124	6,459	89,997
Depreciation -					
31 December 2023	23,803	827	9,475	-	34,105
Disposals					
Charge for the year	4,402	-	859	-	5,261
31 December 2024	28,205	827	10,334	-	39,366
Disposals	(10,924)	(663)	(4,890)	-	(16,477)
Charge for the year	4,957	2,465	989	-	8,411
31 December 2025	22,238	2,629	6,433	-	31,300
Net Book Value -					
31 December 2025	5,300	38,247	8,691	6,459	58,697
31 December 2024	9,187	-	5,428	1,584	16,199

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 7. Investment Securities

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amortised cost</b>		
Corporate bonds	270,281	434,817
Treasury bills	33,641	38,808
Government of Jamaica bonds	170,287	169,588
	<u>474,209</u>	<u>643,213</u>
Less: Impairment allowance	(6,212)	(7,181)
	<u>467,997</u>	<u>636,032</u>
<b>Fair value through other comprehensive income (FVOCI)</b>		
Corporate bonds	<u>170,555</u>	<u>145,904</u>
<b>Fair value through profit or loss (FVTPL)</b>		
Quoted equity securities	76,439	62,665
Quoted preference shares	62,217	59,070
Unquoted preference shares	26,858	26,609
Unit trust	924	937
	<u>166,438</u>	<u>149,281</u>
	<u>804,990</u>	<u>931,217</u>

A Jamaica dollar Government of Jamaica bond of \$45,000,000 (2024 - \$45,000,000) is held to the order of the Financial Services Commission as required by the Insurance Act 2001.

Investment securities are due from the reporting date as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
No specific maturity	166,438	149,281
Within 1 year	365,462	227,346
1 year to 5 years	225,701	508,172
Over 5 years	47,389	46,418
	<u>804,990</u>	<u>931,217</u>

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

## 8. Lease

The statement of financial position shows the following amounts relating to right of use asset and lease liabilities:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use asset		
Property	195,958	-
Lease liabilities		
Current	12,962	-
Non-current	193,272	-
	<u>206,234</u>	<u>-</u>

The movement of right of use asset is as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Right of use asset at the beginning of the year	-	-
Addition during the year	217,731	-
Depreciation	(21,773)	-
Right of use asset at the end of the year	<u>195,958</u>	<u>-</u>

The movement of lease liabilities is as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities at the beginning of the year	-	-
Addition during the year	217,731	-
Cash flows - financing	(28,783)	-
Interest expense	17,286	-
Lease liabilities at the end of the year	<u>206,234</u>	<u>-</u>

# IronRock Insurance Company Limited

## Notes to the Financial Statements

**31 December 2025**

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### 8. Leases (Continued)

The company entered into a lease arrangement during the year for its head office building, which is used for administrative and operational purposes. The lease has a non-cancellable term of five years and includes one renewal option.

In determining the lease term, management considered whether it is reasonably certain that the renewal option will be exercised, in accordance with IFRS 16. The renewal option has been included in the lease term where management concluded that exercise of the option is reasonably certain.

The company is contractually obligated to make lease payments for the entire non-cancellable term, and there are no termination options that would reduce the lease term or related lease liability

### 9. Cash and Cash Equivalents

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	25,382	27,046
Short term corporate bond	19,363	-
Certificates of deposit	206,000	60,000
Securities purchased under agreements to resell	1,053,432	150,606
	<u>1,304,177</u>	<u>237,652</u>

Securities purchased under agreements to resell are collateralised by high-quality securities, and the company retains the right to liquidate the collateral in the event of counterparty default. The carrying amounts of cash and cash equivalents approximate their fair values due to their short-term nature. The increase in this balance arose from the cash advances received from reinsurers. The classification of these advances within reinsurance contracts held is presented in Note 11.

### 10. Other Assets

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued investment income	18,903	14,808
Investment proceeds receivable	8,312	-
Other receivables	13,380	8,500
	<u>40,595</u>	<u>23,308</u>

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 11. Insurance and Reinsurance Contracts

### *Reconciliation of the Insurance Contract Liabilities and Reinsurance Contract Assets*

The following tables present reconciliations of insurance contract liabilities and reinsurance contract assets, excluding insurance acquisition cash flows assets and other pre-recognition cash flow.

#### *Insurance contract liabilities*

	2025			Total \$'000
	LRC	LIC		
	Excluding loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$'000	\$'000	\$'000	
<b>Insurance contract liabilities – 1 January 2025</b>	254,218	510,678	45,872	810,768
<b>Changes in the statement of comprehensive income</b>				
Insurance revenue	(2,136,291)	-	-	(2,136,291)
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable costs	-	617,699	133,851	751,551
Insurance acquisition cash flows	357,420	-	-	357,420
	357,420	617,699	133,851	1,108,971
<b>Insurance service results</b>	<b>(1,778,871)</b>	<b>617,699</b>	<b>133,851</b>	<b>(1,027,320)</b>
Net finance expense from insurance contracts	-	(78,567)	-	(78,567)
<b>Total changes in the statement of comprehensive income</b>	<b>(1,778,871)</b>	<b>539,132</b>	<b>133,851</b>	<b>(1,105,887)</b>
<b>Cash flows</b>				
Premiums received	2,307,208	-	-	2,307,208
Claims and other insurance service expenses paid	-	873,323	-	873,323
Unutilised cash advance	1,035,333	-	-	1,035,333
Insurance acquisition cash flows	(392,328)	-	-	(392,328)
<b>Total cash flows</b>	<b>2,950,213</b>	<b>873,323</b>	<b>-</b>	<b>3,823,536</b>
<b>Insurance contract liabilities – 31 December 2025</b>	<b>1,425,561</b>	<b>1,923,133</b>	<b>179,723</b>	<b>3,528,417</b>

The difference between the actuarial opinion and the insurance contract liabilities recognised in the statement of financial position arises solely from the classification of a cash advance within the Liability for Remaining Coverage ("LRC"). The cash advance does not affect the measurement or valuation of insurance contract liabilities. The difference is therefore one of presentation and classification only.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

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## 11. Insurance and Reinsurance Contracts (Continued)

### *Reconciliation of the Insurance Contract Liabilities and Reinsurance Contract Assets (Continued)*

*Insurance contract liabilities (continued)*

	2024			Total \$'000
	LRC	LIC		
	Excluding loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$'000	\$'000	\$'000	
<b>Insurance contract liabilities – 1 January 2024</b>	343,431	397,179	36,435	777,045
<b>Changes in the statement of comprehensive income</b>				
Insurance revenue	(1,754,804)	-	-	(1,754,804)
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable costs	-	386,869	9,437	396,306
Insurance acquisition cash flows	281,714	-	-	281,714
	<b>281,714</b>	<b>386,869</b>	<b>9,437</b>	<b>678,020</b>
<b>Insurance service results</b>	<b>(1,473,090)</b>	<b>386,869</b>	<b>9,437</b>	<b>(1,076,784)</b>
Net finance expense from insurance contracts	-	(10,682)	-	(10,682)
<b>Total changes in the statement of comprehensive income</b>	<b>(1,473,090)</b>	<b>376,187</b>	<b>9,437</b>	<b>(1,087,466)</b>
<b>Cash flows</b>				
Premiums received	1,663,067	-	-	1,663,067
Claims and other insurance service expenses paid	-	(262,688)	-	(262,688)
Insurance acquisition cash flows	(279,190)	-	-	(279,190)
<b>Total cash flows</b>	<b>1,383,877</b>	<b>(262,688)</b>	<b>-</b>	<b>1,121,189</b>
<b>Insurance contract liabilities – 31 December 2024</b>	<b>254,218</b>	<b>510,678</b>	<b>45,872</b>	<b>810,768</b>

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

## 11. Insurance and Reinsurance Contracts (Continued)

### Reconciliation of the Insurance Contract Liabilities and Reinsurance Contract Assets (Continued)

#### Reinsurance assets

	2025			Total \$'000
	ARC	AIC		
	Excluding loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$'000	\$'000	\$'000	
<b>Reinsurance assets – 1 January 2025</b>	(57,674)	467,215	29,103	438,644
<b>Changes in the statement of comprehensive income</b>				
Allocation of reinsurance premiums	(1,841,155)	-	-	(1,841,155)
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	404,356	167,458	-	571,814
Adjustments to assets for incurred claims	-	206,504	-	206,504
Effect of changes in non-performance risk of reinsurers	-	-	131,694	131,694
<b>Net expenses from reinsurance contracts</b>	<b>(1,436,799)</b>	<b>373,962</b>	<b>131,694</b>	<b>(931,143)</b>
Net finance income from reinsurance contracts	-	(74,226)	-	(74,226)
<b>Total changes in the statement of comprehensive income</b>	<b>(1,436,799)</b>	<b>299,736</b>	<b>131,694</b>	<b>(1,005,369)</b>
<b>Cash flows</b>				
Premiums paid	2,023,803	-	-	2,023,803
Amounts received (commission)	(450,332)	1,113,578	-	663,246
<b>Total cash flows</b>	<b>1,573,471</b>	<b>78,245</b>	<b>-</b>	<b>1,651,716</b>
<b>Reinsurance assets – 31 December 2025</b>	<b>78,998</b>	<b>845,196</b>	<b>160,797</b>	<b>1,084,991</b>

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

## 11. Insurance and Reinsurance Contracts (Continued)

### Reconciliation of the Insurance Contract Liabilities and Reinsurance Contract Assets (Continued)

Reinsurance assets (continued)

	2024			Total \$'000
	ARC	AIC		
	Excluding loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	\$'000	\$'000	\$'000	
<b>Reinsurance assets – 1 January 2024</b>	(79,501)	483,144	23,136	426,779
<b>Changes in the statement of comprehensive income</b>				
Allocation of reinsurance premiums	(1,486,999)	-	-	(1,486,999)
<b>Amounts recoverable from reinsurers</b>				
Recoveries of incurred claims and other insurance service expenses	344,457	127,591	-	472,048
Adjustments to assets for incurred claims	-	82,805	-	82,805
Effect of changes in non-performance risk of reinsurers	-	-	5,967	5,967
<b>Net expenses from reinsurance contracts</b>	<b>(1,142,542)</b>	<b>210,396</b>	<b>5,967</b>	<b>(926,179)</b>
Net finance income from reinsurance contracts	-	(7,027)	-	(7,027)
<b>Total changes in the statement of comprehensive income</b>	<b>(1,142,542)</b>	<b>203,369</b>	<b>5,967</b>	<b>(933,206)</b>
<b>Cash flows</b>				
Premiums paid	1,516,231	-	-	1,516,231
Amounts received (commission)	(351,862)	(219,298)	-	(571,160)
<b>Total cash flows</b>	<b>1,164,369</b>	<b>(219,298)</b>	<b>-</b>	<b>945,071</b>
<b>Reinsurance assets – 31 December 2024</b>	<b>(57,674)</b>	<b>467,215</b>	<b>29,103</b>	<b>438,644</b>

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

## 11. Insurance and Reinsurance Contracts (Continued)

### *Assets for Insurance Acquisition Cash Flows*

	<b>\$'000</b>
Balance as at 1 January 2024	114,185
Amounts derecognised and included in the measurement of insurance contracts	22,038
<b>Balances at 31 December 2024</b>	<b>136,223</b>
Amounts derecognised and included in the measurement of insurance contracts	36,153
<b>Balances at 31 December 2025</b>	<b>172,376</b>

*Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows:*

	<b>\$'000</b>
<b>Balances at 31 December 2024</b>	
Presented in insurance contract liabilities	136,223
<b>Balances at 31 December 2025</b>	
Presented in insurance contract liabilities	172,376

Insurance acquisition cashflows will be derecognised in the next financial year. Insurance acquisition cashflows are included in the liability for remaining coverage.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

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## 12. Other Liabilities

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued expenses	45,039	50,937
Other liabilities	13,921	12,836
	<u>58,960</u>	<u>63,773</u>

## 13. Deferred Tax Liabilities

Deferred income taxes are calculated using a principal tax rate of 16.67% (33⅓% restricted to 50% based on remission years 5 to 10). There are no significant temporary differences in the current or prior year.

## 14. Share Capital

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Authorised:		
25,000,000,000 ordinary shares of no-par value		
Issued and fully paid as stock units:		
214,000,000 (2024 - 214,000,000) ordinary shares of no-par value	<u>465,540</u>	<u>465,540</u>

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.

Dividends of \$19,260,000 (2024 - \$21,400,000) represent a dividend per stock unit of \$0.09 (2024 - \$0.10).

## 15. Capital and Other Reserves

### *Capital reserves*

This represents contributed capital of \$139,340,000 (2024 - \$139,340,000) from the parent company.

### *Other reserves*

This represents the unrealised gains and losses on investment assets, net of deferred taxation classified as FVOCI. The reserves at 31 December 2025 was \$398,000 (31 December 2024 – (\$1,618,000)).

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 16. Investment Income

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest revenue -		
Debt securities at amortised cost	75,108	69,790
Debt securities at FVOCI	6,084	9,911
	<u>81,192</u>	<u>79,701</u>
Other investment revenue, net -		
Dividend income	12,147	10,150
Unrealised gain on investment	9,782	11,818
Gain on sale of investment	920	7,598
	<u>22,849</u>	<u>29,566</u>

### 17. Disclosure of Expenses

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Claims and benefits	603,955	324,981
Salaries and employee benefits	196,136	170,649
Directors' remuneration	4,225	4,540
Professional fees	34,478	26,457
Commissions	222,992	184,992
Depreciation and amortisation	31,227	6,303
Occupancy expenses (including rent and maintenance)	1,662	6,642
Information technology	35,515	38,930
Inspections and investigations	7,832	7,819
Audit fees - Current year	17,384	16,000
Prior year	-	25,571
Motor vehicle expenses	18,450	15,981
Other expenses	59,140	37,824
Sub-total	<u>1,232,996</u>	<u>866,689</u>
Amounts attributed to insurance acquisition cash flows -		
Amortisation of insurance acquisition cash flows	(3,629)	(24,561)
Total	<u>1,229,367</u>	<u>842,128</u>
Represented by:		
Insurance service expenses	1,108,969	678,020
Finance expenses from insurance contracts issued	(78,567)	(10,682)
Other operating expenses	198,965	174,790
Total	<u>1,229,367</u>	<u>842,128</u>

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 18. Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock exchange, effective 15 March 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 5 to 10          50%

However, due to the 50% remission, a tax rate of 16.67% is applied. The tax rate applicable to the company after this 2025 is 33⅓%.

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

The charge for taxation is based on loss for the year, adjusted for tax purposes, and comprises the following:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Current taxation		
Income tax at 16.67%	-	11,439
Deferred taxation:		
Origination and reversal of temporary differences	2,945	1,134
	<u>2,945</u>	<u>12,573</u>

Reconciliation of tax expense and the accounting loss:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/Profit before taxation	<u>(9,506)</u>	<u>93,283</u>
Tax calculated using a tax rate of 16.67%	(1,584)	15,550
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed for tax purposes	723	795
Capital foreign exchange (gain)/ loss not allowed for tax purposes	-	(2,997)
Income not subject to tax	(708)	(246)
Other	4,514	(529)
Actual tax expense	<u>2,945</u>	<u>12,573</u>

Tax losses available to the company at 31 December 2025 for set-off against future taxable profits amount to approximately \$22,682,000 (2024 - Nil).

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31 December 2025

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### 19. Earnings per Stock Unit

Earnings per ordinary stock unit, is calculated by dividing the profit/loss attributable to stockholders 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.

	2025	2024
Net (loss)/profit attributable to stockholders (\$'000)	(12,451)	80,710
Number of ordinary stock units in issue ('000)	214,000	214,000
Earnings per stock unit	<u>\$ (0.06)</u>	<u>\$ 0.38</u>

### 20. Insurance Risk Management

#### Risk management objectives and policies for mitigating insurance risk

##### 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 individuals 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.

Hurricane Melissa impacted multiple areas of the financial statements, including increased insurance service expenses, insurance contract liabilities, and corresponding reinsurance contract assets. To support liquidity and facilitate timely settlement of claims, the company received advance payments from reinsurers, which are reflected in cash and cash equivalents and liability for remaining coverage as at year end.

##### 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 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 21.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

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## 20. Insurance Risk Management (Continued)

### Risk management objectives and policies for mitigating insurance risk (continued)

#### *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 corporate contracts to cover employees or external agents. The main liability exposures are in relation to death, bodily injury, and damage to property.	<p>The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions.</p> <p>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.</p>
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.	<p>The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property.</p> <p>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.</p> <p>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.</p>

# IronRock Insurance Company Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 20. Insurance Risk Management (Continued)

### Risk management objectives and policies for mitigating insurance risk (continued)

#### *Terms and conditions of general insurance contracts (continued)*

Type of contract	Terms and conditions	Key factors affecting future cash flows
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.

#### ***Risk exposure and concentration 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.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 20. Insurance Risk Management (Continued)

**Risk management objectives and policies for mitigating insurance risk (continued)**

***Risk exposure and concentrations of risk (continued)***

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.

	<b>2025</b>				
	<b>Liability</b>	<b>Property</b>	<b>Motor</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross	104,540	1,589,559	366,142	43,808	2,104,049
Net of reinsurance	47,733	35,287	151,795	5,496	240,311

	<b>2024</b>				
	<b>Liability</b>	<b>Property</b>	<b>Motor</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Gross	147,036	81,450	296,524	31,541	556,551
Net of reinsurance	56,352	13,204	137,235	5,565	212,356

### ***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.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 20. Insurance Risk Management (Continued)

#### Risk management objectives and policies for mitigating insurance risk (continued)

##### Claims development (continued)

	Analysis of net claims development accident year					Total \$'000
	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	
Estimate of cumulative claims at end of accident year	191,043	256,858	279,945	334,725	2,138,190	
- one year later	186,578	271,804	254,004	305,030	-	
- two years later	194,860	254,763	219,028	-	-	
- three years later	206,155	231,398	-	-	-	
- four years later	868,338	-	-	-	-	
Estimate of cumulative claims	868,338	231,398	219,028	305,030	2,138,190	3,761,984
Cumulative payments to date	(824,386)	(203,969)	(172,534)	(162,685)	(347,559)	(1,711,133)
Gross undiscounted outstanding claims liability	43,952	27,429	46,494	142,345	1,790,631	2,050,851
Ceded claims liability	(24,174)	(15,265)	(27,218)	(88,243)	(1,652,381)	(1,807,281)
Net undiscounted claims liabilities	19,778	12,164	19,276	54,102	138,250	243,570
Discounting	(1,681)	(1,142)	(2,101)	(6,193)	(11,068)	(22,185)
Risk adjustment	1,809	1,106	1,750	4,787	9,474	18,926
Net outstanding claims liability	19,906	12,128	18,925	52,696	136,656	240,311

##### Fulfilment cash flows

Fulfilment cash flows comprise:

- Estimates of future cash flows.
- Fulfilment cash flows are not discounted as they are expected to be paid in one year or less from the date claims are incurred.
- A risk adjustment for non-financial risk.

The company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighed by the estimated probability that outcome derives an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the company will use stochastic modelling techniques to estimate the expected present value, however currently there are no significant interdependencies.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 20. Insurance Risk Management (Continued)

### Risk management objectives and policies for mitigating insurance risk (continued)

#### *Fulfilment cash flows (continued)*

##### **Estimates of future cash flows**

In estimating future cash flow, the company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historic data about claims and other experiences, updated to reflect current expectations of future events.

The estimate for future cash flow reflects the company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the company considers current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge present obligation or create new obligations under existing contracts are not considered until the change in legislation is substantively enacted. The point estimates have an inherent impact of inflation.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

- Administration costs; and
- Recurring commissions payable on instalment premiums receivable within the contract boundary.

##### **Discount rates**

The bottom-up approach was used to derive the discount rates. All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The company generally determines the risk free-rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The company used the risk-free rates provided by FSC Jamaica with a credit rating of BB- (2024: FSC Jamaica credit rating of BB-) (2022: Bloomberg rates as at 31 March 2024 with a credit rating of B+).

# IronRock Insurance Company Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 20. Insurance Risk Management (Continued)

### Risk management objectives and policies for mitigating insurance risk (continued)

#### *Fulfilment cash flows (continued)*

#### *Discount rates (continued)*

The table below sets out the yield curves used to discount the cash flows of insurance contracts for major currencies.

The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only to significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

	2025			2024		
	1 year	5 years	10 years	1 year	5 years	10 years
General insurance (issued and reinsurance held)	5.77%	7.30%	7.75%	5.74%	7.12%	8.28%

#### *Risk adjustments for non-financial risk*

To determine the risk adjustments for non-financial risks for reinsurance contracts, the company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Applying a cost of capital technique, the company will determine the risk adjustment for non-financial risk by applying a cost of capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital will be determined by estimating the probability distribution of the present value of future cash flows from the contracts at each future reporting date and calculating the capital that the company would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a confidence level. The cost of capital rate represents the additional reward that investors would require for exposure to the non-financial risk.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 20. Insurance Risk Management (continued)

### Risk management objectives and policies for mitigating insurance risk (continued)

#### Sensitivity analysis

The table below analyses how the profit or loss and equity would have increased (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents sensitivity both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	<b>2025</b>			
	<b>Profit or loss</b>		<b>Equity</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Ultimate claims (5% increase)	(100,918)	(10,391)	(100,918)	(10,391)
Ultimate claims (5% decrease)	100,918	10,391	100,918	10,391
	<b>2024</b>			
	<b>Profit or loss</b>		<b>Equity</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Ultimate claims (5% increase)	(26,541)	(9,278)	(26,541)	(9,278)
Ultimate claims (5% decrease)	26,541	9,278	26,541	9,278

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 21. 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 Finance Director 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.

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.

#### **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:

- Investment assets (excluding equity securities)
- Cash and cash equivalents.
- Preference shares.
- Reinsurers' share of insurance liabilities.
- Amounts due from reinsurers in respect of payments already made to policyholders; and
- Other assets.

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.

# IronRock Insurance Company Limited

Notes to the Financial Statements

**31 December 2025**

(expressed in Jamaican dollars unless otherwise indicated)

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## 21. Financial Risk Management (Continued)

### **Credit risk (continued)**

The company's catastrophe exposures are mitigated through a diversified reinsurance programme comprising proportional, catastrophe excess of loss, motor and casualty excess of loss, and facultative reinsurance. All participating reinsurers are high-credit-quality international counterparties, and management has concluded that no material allowance for expected credit losses on hurricane-related reinsurance recoverable is required as at 31 December 2025.

### ***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 limits its exposure to credit risk associated with investment assets by investing mainly in liquid securities with counterparties that have high credit quality and Government of Jamaica securities.

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.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 21. Financial Risk Management (Continued)

### Credit risk (continued)

#### Management of credit risk (continued)

#### Credit quality

	2025							Total
	AA	A	B	BBB	BB-	BBB-	Not rated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets:</b>								
Investment securities	23,930	82,167	29,809	-	365,818	126,856	9,972	638,552
Cash and cash equivalents	-	-	-	-	1,258,894	-	45,283	1,304,177
	23,930	82,167	29,809	-	1,624,712	126,856	55,255	1,942,729
Neither past due nor impaired:								
Reinsurance contract assets	322,746	678,062	-	-	-	-	84,183	1,084,991
Other assets	-	-	-	-	8,086	-	32,509	40,595
	2024							Total
	AA	A	B	BBB	BB-	BBB-	Not rated	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial assets:</b>								
Investment securities	-	126,485	31,165	9,933	539,883	74,470	-	781,936
Cash and cash equivalents	-	-	-	-	210,448	-	27,204	237,652
	-	126,485	31,165	9,933	750,331	74,470	27,204	1,019,588
Neither past due nor impaired:								
Reinsurance contract assets	-	438,644	-	-	-	-	-	438,644
Other assets	-	-	-	-	-	-	23,309	23,309

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 21. Financial Risk Management (Continued)

### Credit risk (continued)

#### *Management of credit risk*

The carrying amounts of financial assets do not include any assets that are either past due or impaired or 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).

The credit quality of Government and corporate bonds was based on Standard and Poor's and Moody's ratings.

Cash and cash equivalents are held with banks and other financial institutions counterparties with A and BB- ratings.

#### *Credit exposure of investments*

The company's maximum exposure to credit risk in respect of its investments is limited to the carrying amounts recognised in the statement of financial position, as the company does not hold any collateral or other credit enhancements that would increase its exposure beyond the recorded balances.

At the reporting date, the company had no significant concentrations of credit risk, and management considers the credit risk associated with the investment portfolio to be low, based on the credit quality of counterparties and issuers

#### *Impairment*

In applying the company's expected credit loss model, there were no material impairment allowances on financial assets in the current or prior year.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 21. Financial Risk Management (Continued)

#### 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.

#### *Financial liabilities and insurance liabilities cash flows*

The tables below present the undiscounted cash flows of the company's financial liabilities as well as the company's insurance liabilities at the statement of financial position date, based on contractual repayment obligations:

	<b>0 to 12 Months</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At December 2025</b>				
Other liabilities	58,960	-	-	58,960
Lease liabilities	29,273	134,654	132,159	296,086
Insurance contract liabilities	2,904,731	616,592	7,094	3,528,417
	<u>2,992,964</u>	<u>751,246</u>	<u>139,253</u>	<u>3,883,463</u>
<b>At December 2024</b>				
Other liabilities	63,773	-	-	63,773
Insurance contract liabilities	529,356	276,849	6,647	812,852
	<u>593,129</u>	<u>276,849</u>	<u>6,647</u>	<u>876,625</u>

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates, 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.

# IronRock Insurance Company Limited

Notes to the Financial Statements

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## 21. Financial Risk Management (Continued)

### Market risk (continued)

#### Management of market risk

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.

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 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:

	<b>Carrying Amount</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment securities	645,214	789,867
Securities purchased under resale agreements	1,053,432	150,606
Certificates of deposit	206,000	60,000
Short term corporate bonds	19,363	-
Cash accounts	4	11,894
	<u>1,924,013</u>	<u>1,012,367</u>

#### *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 (loss)/profit before tax.

The company holds global bonds and a corporate bond classified at FVOCI which totalled \$170,555,000 as of 31 December 2025 (2024 - \$145,904,000). A reasonable change in interest rates at the reporting date, holding all other variables constant, would not have a material impact on equity in the current or prior period.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### 21. Financial Risk Management (Continued)

#### Market risk (continued)

##### (ii) Currency risk

Currency risk is the risk that the market value of our 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\$). The company has foreign currency exposure in the underwriting of policies and the settlement of claims and reinsurance denominated in foreign currency. The company have financial assets in currency similar to those we have to settle. The company manages its exposure to an acceptable level by purchasing or selling assets.

At 31 December 2025, the company's exposure to foreign currency risk is a net foreign currency asset of US\$8,157,000 (2024 – US\$1,571,000). Management considers a 1.5% depreciation and a 1% appreciation of the Jamaican dollar to be reasonably possible at the reporting date. A depreciation would result in a decrease of J\$19,332,000 in loss before taxation due to the company's net US\$ asset position, while an appreciation would result in an increase in loss before taxation of J\$12,897,000. A reasonable change in the exchange rate in the prior year would not have a material impact on the company financial results.

##### (iii) Equity and preference share price risk

Equity and preference share price risk arises from 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.

The company's exposure to price risk is represented by the total carrying value of its quoted equity and preference shares of \$165,514,000 (2024 - \$148,344,000). These investments are classified as FVTPL and changes in the closing bid price would be recorded in profit or loss. A reasonable change in the closing bid price would have not a material impact on the company's financial results.

### 22. 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.

# IronRock Insurance Company Limited

## Notes to the Financial Statements

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### **23. 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 primary measure used to assess capital adequacy is the minimum capital test (MCT) which is used by the FSC to determine the solvency of the company.

The regulator requires general insurance companies to achieve a MCT Ratio of 150% (2024 - 150%). At 31 December 2025, the company's MCT ratio was 166% (2024 - 302%).

Under Section 15(1) of the Insurance Act, 2001, the FSC may cancel the registration of a general insurance company if it is considered to be insolvent.

### **24. Fair Value of Financial Instruments**

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 categorised 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:

# IronRock Insurance Company Limited

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## 24. Fair Value of Financial Instruments (Continued)

### Techniques for measuring fair value of financial instruments

- 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.

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 and cash equivalents, reinsurance contract assets, insurance contract liabilities and other assets.	Considered to approximate their carrying values.
Units in unit trusts	Prices quoted by unit trust managers.
Quoted equities and preference shares	Bid prices published by the Jamaica Stock Exchange.
Unquoted preference shares	Price from fund managers.

There were no transfers between levels during the year.

The fair value of the investment securities classified at amortised cost in Note 7 was not materially different from their carrying value.

# IronRock Insurance Company Limited

Notes to the Financial Statements

31 December 2025

(expressed in Jamaican dollars unless otherwise indicated)

## 24. Fair value of Financial Instruments (Continued)

### *Fair value hierarchy*

This company has classified its financial instruments, recognised at fair value, into the three levels described above in the table below:

	<b>2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value through profit or loss:</b>				
Units in unit trusts	-	924	-	924
Quoted equities	54,495	21,944	-	76,439
Preference shares	62,217	-	26,858	89,075
<b>Fair value through OCI:</b>				
Corporate bonds	114,132	56,423	-	170,555
	<u>230,844</u>	<u>79,291</u>	<u>26,858</u>	<u>336,993</u>
	<b>2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value through profit or loss:</b>				
Units in unit trusts	-	937	-	937
Quoted equities	62,655	-	-	62,655
Preference shares	59,070	-	26,609	85,679
<b>Fair value through OCI:</b>				
Corporate bonds	90,435	55,469	-	145,904
	<u>212,160</u>	<u>56,406</u>	<u>26,609</u>	<u>295,175</u>

The preference shares classified as level 3 were acquired during the current year. There is no significant difference between the acquisition cost and the fair value as of 31 December 2025.

