



## **2020 Q2: QUARTERLY REPORT**

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**Unaudited Financial Statements  
as at**

**30 June 2020**



# 1 Report to Stockholders

The Directors take pleasure in presenting the unaudited financial statements of IronRock Insurance Company Limited ("IronRock") for the quarter ended 30 June 2020.

## Coronavirus Pandemic COVID-19

During the financial quarter ended 30 June 2020, our operations continued to be affected by the impact of the COVID-19 pandemic on the economic and social fabric of our society. The most noticeable adverse effect has been on our revenue growth rate, which has tapered off from the strong momentum built in the first quarter.

There have been some positive impacts, mainly brought on by changes in the way we do business. Client engagement through our digital platforms has grown significantly, and we expect this effect to persist. Going forward, this should help us efficiently grow our direct client portfolio. Additionally, the Work From Home ("WFH") model that we implemented during the government mandated lock-downs proved to be so effective, that we have now incorporated WFH into our normal operations.

Jamaica continues to record additional cases of COVID-19 and the number of cases worldwide continue to increase rapidly, particularly in the USA. It is therefore still too early to forecast, with any certainty, the ultimate effect the pandemic will have on our operations and the insurance industry as a whole.

## QUARTER REVIEW

We ended the quarter with an Underwriting Loss of \$22.4 million and Other Income of \$7.6 million, which resulted in a Loss for the quarter of \$14.8 million. Gross premium increased by 23% and our Claims cost reduced by 29%, however these gains were offset by increased Commissions Incurred and an increase in Operating Expenses.

Investment Income increased marginally over the prior year's quarter, however we incurred a loss of \$2.4 million on the Sale of Investments versus a gain of \$5.6 million in the prior year and saw a significant reduction in FX Gains.

## YEAR-TO-DATE REVIEW

### Statement of Comprehensive Income

Given the adverse effect that the pandemic has had on the economy, we are pleased to have achieved an increase of 32% in Gross premium from the end of 2019, which now amounts to \$422.0 million year-to-date. Due to changes to our reinsurance program, our Net Earned Premium has fallen marginally to \$97.8 million, but this reduction was offset by a 31% increase in Commission Earned. Net Claims of \$50.9 million shows considerable improvement from \$59.7 million in 2019, however Operating Expenses have increased to \$94.3 million up from \$76.6 million in 2019. The net effect was an increase in our Underwriting Loss to \$45.4 million, from \$37.7 million in 2019.

Other Income increased to \$27.8 million versus \$26.4 million in 2019, and our year-to-date Loss is \$17.6 million compared to a loss of \$11.2 million in 2019.

### Statement of Financial Position

Total Assets have increased by 16% since the end of 2019 and now amount to \$1.47 billion, with most of the growth due to an increase in Reinsurance Assets, as a result of changes to our reinsurance program. Shareholder Equity increased by \$14.7 million from the quarter ended 31 March 2020, and now totals \$495.8 million, compared with \$549.4 million at the end of 2019.

We thank our staff who continue to meet the challenges of our very changed work environment, and our clients and brokers for their support.




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R. Evan Thwaites  
**Managing Director**

## 2.1 Statement of Comprehensive Income

For the Period ended 30 June 2020

(expressed in Jamaican dollars)

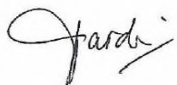
	Unaudited 3 months ended		Unaudited 6 months ended		Audited
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19	31-Dec-19
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross premium written</b>	<b>243,314</b>	<b>197,768</b>	<b>421,984</b>	<b>318,551</b>	<b>701,418</b>
Proportional reinsurance	(194,210)	(128,219)	(309,910)	(187,282)	(413,407)
Excess of loss reinsurance	(11,027)	(11,872)	(22,125)	(23,737)	(42,170)
<b>Net premium</b>	<b>38,077</b>	<b>57,677</b>	<b>89,949</b>	<b>107,532</b>	<b>245,841</b>
Unearned premium adjustment, net	8,961	(4,045)	7,885	(6,184)	(23,966)
<b>Net earned premium</b>	<b>47,038</b>	<b>53,632</b>	<b>97,833</b>	<b>101,348</b>	<b>221,875</b>
Commission earned	26,333	16,267	45,893	30,771	86,251
Commission incurred	(23,225)	(15,970)	(43,957)	(33,501)	(75,249)
Claims, net	(23,263)	(32,646)	(50,883)	(59,677)	(133,434)
Operating expenses	(49,236)	(41,472)	(94,295)	(76,622)	(163,616)
<b>Underwriting profit / (loss)</b>	<b>(22,354)</b>	<b>(20,188)</b>	<b>(45,409)</b>	<b>(37,681)</b>	<b>(64,173)</b>
<b>Other income</b>					
Investment income	9,759	9,560	21,263	18,013	38,709
Miscellaneous income	25	2	29	16	32
Gain / (loss) on sale of investment	(2,390)	5,579	1,522	5,579	27,569
Foreign exchange gain / (loss)	163	3,547	4,990	2,836	2,877
<b>Total other income</b>	<b>7,558</b>	<b>18,688</b>	<b>27,804</b>	<b>26,445</b>	<b>69,187</b>
<b>Profit / (Loss) before taxation</b>	<b>(14,796)</b>	<b>(1,500)</b>	<b>(17,605)</b>	<b>(11,236)</b>	<b>5,014</b>
Taxation	-	-	-	-	-
<b>Net profit / (loss) for period</b>	<b>(14,796)</b>	<b>(1,500)</b>	<b>(17,605)</b>	<b>(11,236)</b>	<b>5,014</b>
<b>Profit / (Loss) per stock unit</b>	<b>\$ (0.07)</b>	<b>\$ (0.01)</b>	<b>\$ (0.08)</b>	<b>\$ (0.05)</b>	<b>\$ 0.02</b>

## 2.2 Statement of Financial Position

As at 30 June 2020

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Jun-20	30-Jun-19	31-Dec-19
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash and cash equivalents	61,157	47,550	104,139
Investments	539,258	612,406	672,918
Insurance and other receivables	296,044	163,331	161,834
Reinsurance assets	367,169	198,608	223,983
Taxation recoverable	24,042	18,036	20,433
Short-term investments	10,000	10,000	30,000
Securities purchased under resale agreements	112,724	-	-
Property plant and equipment	14,737	18,462	18,927
Intangible assets	4,154	4,796	4,475
Deferred acquisition costs	42,954	34,624	36,502
	<b>1,472,239</b>	<b>1,107,813</b>	<b>1,273,211</b>
<b>LIABILITIES AND SHAREHOLDER EQUITY</b>			
Insurance and other payables	336,750	120,167	183,557
Insurance contract provisions	585,555	417,994	499,129
Finance Lease Obligation	2,765	-	5,215
Deferred commission income	51,327	33,010	35,930
Total insurance funds	976,397	571,171	723,831
Shareholders' equity	495,842	536,642	549,380
	<b>1,472,239</b>	<b>1,107,813</b>	<b>1,273,211</b>



Wayne Hardie  
Finance Director



R. Evan Thwaites  
Managing Director

## 2.3 Statement of Changes in Shareholders' Equity

For the Period ended 30 June 2020

(expressed in Jamaican dollars)

	Ordinary share capital	Capital reserve	Investment revaluation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances as at 31 December 2018</b>	<b>465,540</b>	<b>139,340</b>	<b>5,129</b>	<b>(95,296)</b>	<b>514,713</b>
Net profit / (loss) for the period	-	-	-	(11,236)	(11,236)
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	33,166	-	33,166
<b>Balances as at 30 June 2019</b>	<b>465,540</b>	<b>139,340</b>	<b>38,295</b>	<b>(106,532)</b>	<b>536,642</b>
<b>Balances as at 31 December 2019</b>	<b>465,540</b>	<b>139,340</b>	<b>34,782</b>	<b>(90,281)</b>	<b>549,380</b>
Net profit / (loss) for the period	-	-	-	-	-
Other comprehensive income:					-
Fair value gain / (loss) on investments	-	-	(35,933)	-	(35,933)
<b>Balances as at 30 June 2020</b>	<b>465,540</b>	<b>139,340</b>	<b>(1,152)</b>	<b>(107,887)</b>	<b>495,842</b>

## 2.4 Statement of Cash Flows

For the Period ended 30 June 2020

(expressed in Jamaican dollars)

	Unaudited		Audited
	30-Jun-20	30-Jun-19	31-Dec-19
	\$'000	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) after taxation	(17,605)	(11,236)	5,014
Depreciation	5,354	5,253	10,176
Lease interest expense	-	-	513
Write-off property, plant and equipment	-	-	10
Loss / (Gain) on sale of investment	(1,522)	(5,579)	(27,569)
Increase / (Decrease) in insurance funds	(56,760)	35,931	91,691
Taxation	-	-	-
Interest income	(21,263)	(18,013)	(33,083)
	(91,796)	6,356	46,752
Decrease / (Increase) in current assets:			
Insurance and other receivables	(137,332)	(13,715)	(18,975)
Deferred policy acquisition costs	(6,452)	(32)	(1,910)
Taxation recoverable	(3,609)	(2,776)	(5,173)
	(147,393)	(16,523)	(26,058)
Increase / (Decrease) in current liabilities:			
Insurance and other payables	153,193	3,174	73,586
Unearned Commission	15,397	6,878	9,798
	168,590	10,052	83,384
<b>Net cash provided by / (used in) operating activities</b>	<b>(70,599)</b>	<b>(115)</b>	<b>104,078</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Decrease / (Increase) in:			
Short-term Investments, net	20,000	98,317	78,317
Securities under resale agreements	(112,724)	20,297	20,297
Investments, net	(31,317)	(155,327)	(273,629)
Fixed assets	(1,164)	(10,910)	(5,563)
Intangibles	321	321	-
Proceeds on sale of investments	130,566	16,252	92,520
Interest received	24,385	17,554	32,358
<b>Net cash provided by / (used in) investing activities</b>	<b>30,067</b>	<b>(13,496)</b>	<b>(55,700)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase / (Decrease) in:			
Lease liability, net	(2,450)	-	(5,400)
<b>Net cash provided by / (used in) financing activities</b>	<b>(2,450)</b>	<b>-</b>	<b>(5,400)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(42,982)</b>	<b>(13,611)</b>	<b>42,978</b>
Opening cash and cash equivalents	104,139	61,161	61,161
<b>Closing cash and cash equivalents</b>	<b>61,157</b>	<b>47,550</b>	<b>104,139</b>

### 3. Notes to the Unaudited Financial Statements

For the period ended 30 June 2020

#### 1. Identification

IronRock Insurance Company Limited (the Company) was incorporated June 9, 2015 and is domiciled in Jamaica, with its registered office at 1b Braemar Avenue, Kingston 10. The principal activity of the Company is the underwriting of general insurance business. The Company is a subsidiary of Granite Group Limited, a company incorporated and domiciled in St. Lucia.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange in March 2016.

#### 2. Insurance licence

The company is registered under the Insurance Act 2001 (Act).

#### 3. Basis of preparation

The financial statements are prepared on the historical cost basis. The unaudited financial results for the current period have been prepared in accordance with International Accounting Standard 34 – Interim Financial Statements.

#### 4. Significant Accounting Policies

The same accounting policies and methods of computations are followed in the interim financial statements as compared with the most recent annual audited financial statements.

#### 5. Earnings per share

Earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue over that period.

## 4. Disclosure of Shareholdings

As at 30 June 2020

### Top Ten Shareholders

	<i>Connected Parties</i>	<b>Shares Held</b>	<b>Combined Holdings</b>	<b>% of Issued Shares</b>
1.	Granite Group Limited	109,000,000	109,000,000	<b>50.93%</b>
2.	Mayberry Jamaican Equities Limited	37,523,971	37,523,971	<b>17.53%</b>
3.	Mayberry Managed Client Accounts	7,247,286	7,247,286	<b>3.39%</b>
4.	Catherine Adella Peart	7,000,000	7,000,000	<b>3.27%</b>
5.	Sigma Global Venture	4,000,000	4,000,000	<b>1.87%</b>
6.	Sharon Harvey-Wilson	1,563,360	3,768,339	<b>1.76%</b>
	<i>Jeremy Wilson</i>	2,204,979		
7.	Michelle A. Myers Mayne	3,000,000	3,000,000	<b>1.40%</b>
8.	PWL Bamboo Holdings Limited	2,924,094	2,924,094	<b>1.37%</b>
9.	W. David McConnell	2,420,000	2,420,000	<b>1.13%</b>
10.	Apex Pharmacy	1,989,266	1,989,266	<b>0.93%</b>
	<b>Total</b>		<b>178,872,956</b>	<b>83.59%</b>
	<b>Total Issued Shares</b>		<b>214,000,000</b>	<b>100.00%</b>

### Directors & Senior Officers

	<i>Connected Parties</i>	<b>Shares Held</b>	<b>Combined Holdings</b>	<b>% of Issued Shares</b>
<b>Directors</b>				
W. David McConnell		2,420,000	112,231,000	<b>52.44%</b>
	<i>Granite Group Limited</i>	109,000,000		
	<i>St. Elizabeth Holdings Limited</i>	811,000		
R. Evan Thwaites		1,600,000	110,600,000	<b>51.68%</b>
	<i>Granite Group Limited</i>	109,000,000		
Gary Peart		-	44,523,971	<b>20.81%</b>
	<i>Mayberry Jamaican Equities Limited</i>	37,523,971		
	<i>Catherine Peart</i>	7,000,000		
Christopher Berry		-	42,437,331	<b>19.83%</b>
	<i>Mayberry Jamaican Equities Limited</i>	37,523,971		
	<i>PWL Bamboo Holdings Limited</i>	2,924,094		
	<i>Apex Pharmacy Limited</i>	1,989,266		
Wayne N. Hardie		1,025,727	1,025,727	<b>0.48%</b>
Christian Tavares-Finson		666,000	666,000	<b>0.31%</b>
Anthony Bell		-	300,000	<b>0.14%</b>
	<i>Jean Bell</i>	300,000		
<b>Senior Officers</b>				
Yvonne Daley		250,000	250,000	<b>0.12%</b>
Maurice Bolt		200,000	200,000	<b>0.09%</b>





"If you don't want it to rain,  
always carry an umbrella."

- Andrzej Majewski