

MASSY UNITED INSURANCE LTD. (JAMAICA BRANCH)
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(expressed In Jamaica Dollars)

ACTUARIAL REPORT

I have examined the financial condition and valued the claims liabilities for Massy United Insurance Company Ltd. (Jamaica Branch) for its Balance Sheet as at 31 December 2020 and the corresponding change in the claims liabilities in the statement of operations for the year then ended. I meet the appropriate qualification standards and am familiar with the valuation and solvency requirements applicable to general insurance companies in Jamaica. I have relied upon PricewaterhouseCoopers for the substantial accuracy of the records and information concerning other liabilities, as certified in the attached statement.

In my opinion:

The methods and procedures used in the verification of the data are sufficient and reliable and fulfill acceptable standards of care;

The valuation of claims liabilities has been made in accordance with generally accepted actuarial practice with such changes as determined and directions made by the Commission;

The methods and assumptions used to calculate the claims liabilities are appropriate to the circumstances of the company and of the said claims;

The amount of net claims liabilities represented in the balance sheet of Massy United Insurance Company Ltd. (Jamaica Branch) makes proper provision for the future payments under the company's policies and meet the requirements of the Insurance Act and other appropriate regulations of Jamaica;

A proper charge on account of these claims liabilities has been made in the statement of operations;

There is sufficient capital available to meet the solvency standards as established by the Commission.

Kevin A. Lee  May 14, 2021

Name of Appointed Actuary Signature of Appointed Actuary Date



Independent auditor's report on the summary financial Statements

To the Members of Massy United Insurance Ltd. (Jamaica Branch)

Our opinion

In our opinion, the accompanying summary financial statements of Massy United Insurance Ltd. (Jamaica Branch) (the Branch) are consistent, in all material respects, with the audited financial statements, in accordance with Practice Statement 2016 - 1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

The summary financial statements

The Branch's summary financial statements derived from the audited financial statements for the year ended 31 December 2020 comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the related notes to the summary financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 17 May 2021.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements in accordance with Practice Statement 2016 -1, Summary Financial Statements, issued by the Institute of Chartered Accountants of Jamaica.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.



Chartered Accountants
 Kingston, Jamaica
 31 May 2021

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
 T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm


L.A. McKnight B.L., Scott B.J., Denning G.A., Reece P.A., Williams R.S., Nathan C.I., Bell-Wisdom G.K., Moore T.N., Smith DaSilva K.D., Powell

Massy United Insurance Ltd. (Jamaica Branch)
Statement of Financial Position
December 31, 2020

(expressed in thousands of Jamaica dollars)

	2020	2019
	\$	\$
Assets		
Cash and cash equivalents	113,277	64,173
Fixed deposits	192,916	48,623
Accounts receivable	157,123	145,910
Reinsurance assets	753,132	446,327
Right-of-use assets	10,891	-
Property and equipment	2,073	1,657
Deferred commission expense	40,405	25,687
Total assets	1,269,817	732,377
Liabilities		
Accounts payable	151,200	23,510
General insurance liabilities	787,493	518,961
Lease liabilities	11,536	-
Deferred reinsurance commission income	19,570	28,221
Total liabilities	969,799	570,692
Head office account		
Head office	200,000	150,945
Retained earnings	100,018	10,740
	300,018	161,685
Total liabilities and head office account	1,269,817	732,377

Approved by the Board of Directors on 17th May, 2021

 Director

Massy United Insurance Ltd. (Jamaica Branch)
Statement of Comprehensive Income
For the year ended December 31, 2020

(expressed in thousands of Jamaica dollars)

	2020	2019
	\$	\$
Revenue		
Gross premium earned	1,215,380	351,456
Reinsurance premium ceded	(1,020,038)	(305,669)
Net premiums earned	195,342	45,787
Losses recoverable from reinsurers	3,612	7,969
Reinsurance commission	139,746	28,904
Investment income	4,388	3,243
Other income	4,492	959
	347,580	86,862
Expenses		
Losses and loss expenses	22,871	13,070
Policy acquisition costs	52,829	17,670
General and administrative expenses	143,664	45,382
	219,364	76,122
Income before taxation	128,216	10,740
Taxation	(38,664)	-
Total comprehensive income for the year	89,552	10,740

MASSY UNITED INSURANCE LTD. (JAMAICA BRANCH) FINANCIAL STATEMENTS DECEMBER 31, 2020

(expressed In Jamaica Dollars)

Massy United Insurance Ltd. (Jamaica Branch) Statement of Changes in Head Office Account For the year ended December 31, 2020

(expressed in thousands of Jamaica dollars)

	Head office account	Retained earnings	Total
	\$	\$	\$
Balance as of December 31, 2018	-	-	-
Total comprehensive income for the year	-	10,740	10,740
Transfers from head office - (net)	150,945	-	150,945
Balance as of December 31, 2019 - as previously stated	150,945	10,740	161,685
IFRS 16 initial application adjustment	-	(274)	(274)
Balance as of January 1, 2020 - restated	150,945	10,466	161,411
Total comprehensive income for the year	-	89,552	89,552
Transfers from head office - (net)	49,055	-	49,055
Balance as of December 31, 2020	200,000	100,018	300,018

Massy United Insurance Ltd. (Jamaica Branch) Statement of Cash Flows For the year ended December 31, 2020

(expressed in thousands of Jamaica dollars)

	2020 \$	2019 \$
Cash flows from operating activities		
Income before taxation	128,216	10,740
Adjustment for:		
Depreciation	6,723	973
Investment income	(4,388)	(3,243)
Operating income before working capital changes	130,551	8,470
Increase in accounts receivable	(11,213)	(145,912)
Increase in reinsurance assets	(306,805)	(446,327)
(Increase)/decrease in deferred acquisition costs	(23,369)	2,534
Increase in accounts payable	127,690	23,510
Increase in general insurance liabilities	268,532	518,963
Cash provided by/(used in) operating activities	185,386	(38,762)
Income taxes paid	(38,664)	-
Net cash provided by/(used in) operating activities	146,722	(38,762)
Cash flows from financing activities		
Purchase of fixed assets	(1,143)	(2,630)
Net change in short-term deposits	(139,905)	(45,380)
Net cash flows used in investing activities	(141,048)	(48,010)
Cash flows from financing activities		
Transfers from head office, net	49,055	150,945
Principal repayments on lease liabilities	(5,625)	-
Net cash flows provided by financing activities	43,430	150,945
Net increase in cash and cash equivalents	49,104	64,173
Cash and cash equivalents - beginning of year	64,173	-
Cash and cash equivalents - end of year	113,277	64,173

Massy United Insurance Ltd. (Jamaica Branch) Notes to Financial Statements December 31, 2020

(expressed in thousands of Jamaica dollars)

GENERAL INFORMATION

Massy United Insurance Ltd. ("the Company") is incorporated under the laws of Barbados and is a subsidiary of Massy (Barbados) Ltd. The ultimate parent of the Company is Massy Holdings Ltd., a company incorporated in Trinidad and Tobago. The Company's registered office is located at Massy Dome, Warrens, St. Michael. It is registered as an external insurer under the Insurance Act of Jamaica as an overseas company under the Companies Act of Jamaica.

The Company was advised of approval of its license to operate as an insurer on December 5, 2018 and thence full operations of the Jamaica Branch commenced. The license is effective from November 1, 2018. The Company acts as a primary insurer for property, motor, liability and marine. The financial statements cover the Jamaica Branch of the Company.

Massy United Insurance Ltd. (Jamaica Branch) Notes to Financial Statements December 31, 2020

(expressed in thousands of Jamaica dollars)

GOVERNANCE FRAMEWORK

The primary objective of the Branch's risk and financial management framework is to protect the shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognizes the critical importance of having efficient and effective risk management systems in place.

The framework provides a basis for identification of risk and its interpretation, align underwriting and reinsurance strategy to corporate goals, and limit structure to ensure the appropriate quality and diversification of assets through its investment policy guidelines.

Massy United Insurance Ltd. (Jamaica Branch) Notes to Financial Statements December 31, 2020

(expressed in thousands of Jamaica dollars)

CAPITAL MANAGEMENT FRAMEWORK

The Branch's objectives when managing its capital (head office account and retained earnings) are:

- To safeguard the Branch's ability to continue as a going concern so that it can continue to provide returns to the Head Office and benefits for other stakeholders;
- To comply with the capital requirements set by the regulators of the insurance market within which it operates; and
- To maintain a strong capital base to support the development of its business.

	2020	2019
Actual MCT ratio	672.17%	579%
Minimum required MCT ratio	250%	250%

Massy United Insurance Ltd. (Jamaica Branch) Notes to Financial Statements December 31, 2020

(expressed in thousands of Jamaica dollars)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary financial statements have been extracted from the audited Massy United Insurance Ltd. (Jamaica Branch) financial statements and were prepared in accordance with the guidelines for abridged financial statements issued by the Jamaica Financial Services Commission. The financial statements for Massy United Insurance Ltd. (Jamaica Branch) were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The summary financials do not contain the full note disclosures to the branch financial statements. These financial statements can be viewed in full on the Company's website www.massy united insurance.com.

The Branch financial statements were audited by PricewaterhouseCoopers Jamaica and they issued an unmodified opinion dated May 17, 2021.