KEY INSURANCE COMPANY LIMITED

ANNUAL REPORT
2023

Resilience & Revival

Key's Transformation Journey

CONTENTS

BUILDING OUR FOUNDATION

Company Overview

Mission

Key Insurance is committed to protecting its policyholders by providing quality products, excellent service, and security of assets, through constant product and technological improvement by highly motivated and competent staff.

Vision

Servicing Your Needs - To satisfy our customers by providing the best possible insurance protection of assets in Jamaica.

Core Values

Key Insurance has embraced the GraceKennedy Group's core values of honesty, integrity, and trust which now form the pillars for the Company's continued growth and success.

About Us

Serving the Jamaican community since 1982, Key Insurance offers Motor and Non-Motor insurance solutions through a dedicated team of agents, brokers and with a network of six branches. Licensed by the Financial Services Commission, the Company caters to the evolving needs of its customers with products such as Public/Private Comprehensive, Third-Party, and Public Passenger Vehicle Insurance, alongside Commercial/Personal Property, General Accident, Liability, and Travel Insurance.

Key Insurance is recognized for its competitive rates, making it a leader in affordable general insurance solutions in Jamaica.

A Journey of Transformation

Key Insurance began trading on the Junior Market of the Jamaica Stock Exchange (JSE) in March 2016. In March 2020, GraceKennedy Limited, a leading Jamaican conglomerate, acquired a majority stake in the Company and it was promoted to the JSE's Main Market.

The acquisition marked a turning point for Key Insurance as GraceKennedy's involvement extended beyond just a financial investment. Following the acquisition, Key Insurance implemented a series of initiatives focused on strengthening its corporate governance framework. This included establishing a robust Board of Directors with diverse expertise, enhancing internal controls and risk management practices, and fostering a culture of transparency and accountability. These strong governance standards provided a solid framework for the Company's turnaround. With a commitment to ethical and responsible leadership, Key Insurance was able to leverage GraceKennedy's expertise and resources. Capital reserves were bolstered, operational efficiency improved, and the Company transitioned from a loss-making position to profitability.

As the Company celebrates over four decades of service, it remains dedicated to providing exceptional value to its customers and shareholders. With a commitment to strong governance, the provision of innovative products and accessible service, Key Insurance is well-positioned for continued success in the years to come as its journey of transformation continues.

Corporate Data

Directors

1. Don Wehby, Chairman
2. Linval Freeman
3. Herma McRae
4. Ashley-Ann Foster-Horne
5. Kareem Tomlinson
6. Sandra Masterton
7. Rochelle Cameron
8. Heather Goldson
9. Kerry-Ann Heavens McGill
10. Nichole Case

Company Secretary

Kerry-Ann Heavens McGill

General Manager

Tammara Glaves-Hucey

Auditors

PricewaterhouseCoopers
Scotiabank Centre, Duke Street
Kingston, Jamaica

Bankers

- First Global Bank Limited
- Sagicor Bank Jamaica Limited
- National Commercial Bank Limited

Registrar

Jamaica Central Securities
Depository Limited
40 Harbour Street Kingston

Website:

Keyinsurancejm.com

Registered Office:

6C Half Way Tree Road
Kingston 5

Shareholdings

as at December 31, 2023

Shareholdings of Directors	Units	Direct	Connected Parties	%
Donald Wehby	-	-	-	-
Linval Freeman	-	-	-	-
Kareem Tomlinson	-	-	-	-
Rochelle Cameron	-	-	-	-
Herma McRae	-	-	-	-
Sandra Masterton	86,304	-	86,304	0.0154
Nichole Case	-	-	-	-
Heather Goldson	-	-	-	-
Ashley-Ann Foster Horne	-	-	-	-
Kerry-Ann Heavens McGill	-	-	-	-

Ten Largest Shareholders	Units	Direc	Connected Parties	%
GraceKennedy Financial Group Limited	409,801,767	409,801,767	-	73.2674
JMMB Fund Managers Ltd. T1 – Equities Fund	43,089,690	43,089,690	-	7.7039
JMMBSL Available For Sale	36,846,000	36,846,000	-	6.5876
Worldnet Traders Group (St. Lucia) Limited	33,370,240	33,370,240	-	5.9662
MF&G Asset Management Ltd. – Jamaica Investments Fund	3,157,012	3,157,012	-	0.5644
Sagicor Select Funds Limited – (Class B' Shares) Financial	2,743,705	2,743,705	-	0.4905
Marathon Insurance Brokers Ltd	1,897,465	1,897,465	-	0.3392
Odale Mulgrave	1,657,600	1,455,000	202,600	0.2964
Karl P. Wright	1,518,000	1,518,000	-	0.2714
Amoy Virgo	1,155,688	1,155,688	-	0.2066

Shareholdings of Senior Managers	Units	Direct	Connected Parties	%
Carlene Isaacs	5,000	5,000	-	0.00089
Tammara Glaves-Hucey	-	-	-	-

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of **KEY INSURANCE COMPANY LIMITED** (hereinafter referred to as "the Company") will be held at 42-56 Harbour Street Kingston Jamaica and electronically via an online platform which can be accessed via our website at www.keyinsurancejm.com on **Wednesday, June 26, 2024, at 2:00 p.m.** for the following purposes:

ORDINARY BUSINESS

RESOLUTION NO. 1

1. To receive the report of the Board of Directors and the Audited Financial Statements for the year ended 31 December 2023 circulated herewith.

To consider and (if thought fit) pass the following resolution: -
"THAT the Audited Financial Statements for the year ended 31 December 2023 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

RESOLUTION NO. 2

2. To elect Directors

Article 97 of the Company's Articles of Incorporation provides that at every Annual General Meeting one-third of the directors for the time being or, if their number is not three (3) or a multiple of three (3), the number nearest one-third, shall retire from office. The Directors retiring under this Article are Mr. Kareem Tomlinson, Ms. Rochelle Cameron, and Mrs. Sandra Masterton.

To consider and (if thought fit) pass the following resolution: -

I. "THAT Mr. Kareem Tomlinson who retires by rotation in accordance with Article 97 of the Company's Articles of Incorporation and being eligible, offers himself for re-appointment be hereby re-appointed."

II. "THAT Ms. Rochelle Cameron who retires by rotation in accordance with Article 97 of the Company's Articles of Incorporation and being eligible, offers herself for re-appointment be hereby re-appointed."

III. "THAT Ms. Sandra Masterton, who retires by rotation in accordance with Article 97 of the Company's Articles of Incorporation and being eligible, offers herself for re-appointment be hereby re-appointed."

RESOLUTION NO. 3

3. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors

To consider and (if thought fit) pass the following resolutions: -
"THAT PricewaterhouseCoopers, Chartered Accountants, having signified their willingness to serve, continue in the office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

RESOLUTION NO. 4

4. To fix the fees of the Directors

To consider and (if thought fit) pass the following resolution: -

I. *"THAT the amount shown in the Accounts of the Company for the year ended 31 December 2023 as fees of the Directors for their services as Directors be and is hereby approved."*

II. *"THAT the Corporate Governance Nomination & Compensation Committee of the Board of Directors is authorized until the conclusion of the next Annual General Meeting to fix the fees of the Directors."*

By Order of the Board

Kerry-Ann Heavens McGill
Corporate Secretary

Instructions Accompanying the Notice for Virtual Attendance:

1. Shareholders will be able to register for the Annual General Meeting using their JCSD number via the Company's website at ***https://keyinsurancejm.com/dashboards/annual_general_meeting_2024.*** The registration process must be completed in order to gain admission to the meeting.

2. Any shareholder entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote on his/her behalf. Such proxies need not be shareholders of the Company. Instruments appointing proxies (a specimen of which has been circulated along with the Company's Annual Report) must include the proxy holder's Taxpayer Registration Number and should be deposited with the Corporate Secretary of the Company at 6c Half Way Tree Road, Kingston 5, not less than 48 hours prior to the meeting.

3. The Proxy Form may also be downloaded from ***www.jamstockex.com*** or ***www.keyinsurancejm.com***

LEADING WITH PURPOSE

Message from The Chairman

Don Wehby

Dear Shareholders,

As we reflect on a transformative year at Key Insurance Company Limited, I am filled with immense pride in what we have achieved together. Our theme for the year, "Resilience & Revival: Key's Transformation Journey," encapsulates the spirit and dedication that defined our Company throughout 2023.

The Jamaican insurance market continued to navigate a challenging economic landscape in 2023. Globally, high inflation and geopolitical conflicts introduced uncertainties that impacted financial markets. In Jamaica, rising inflation continued to limit consumer purchasing power and disposable income, affecting the demand for insurance products. The increasing threat of the impact of climate change has also reduced the reinsurance capacity for the Caribbean, resulting in much higher reinsurance rates.

In the face of these challenges, the unwavering commitment and agility of the Key Insurance team shone through. With targeted marketing initiatives, service enhancements, and strategic partnerships, we remained steadfast in our pursuit of sustained growth and innovation, consumer centricity, operational efficiency, and a performance-driven culture.

I am pleased to report a remarkable 16% increase in insurance revenue and a commendable 7% increase in pre-tax profits over the previous year. These achievements were underpinned by significant growth in our non-motor portfolio, expanding by an impressive 29%, alongside a noteworthy 12% growth in our motor segment.

The adoption of IFRS 17, Insurance Contracts starting January 1, 2023, has brought significant changes to our accounting for insurance and reinsurance contracts. The adoption of these new standards enhances the transparency and comparability of Key Insurance's financial reporting.

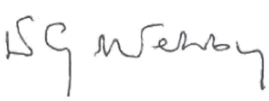
Our dedication to good corporate governance was acknowledged with a prestigious second-place award in the PSOJ/JSE Corporate Governance category at the Jamaica Stock Exchange Best Practice Awards in December. This acknowledgment is a powerful testament to our commitment to excellence and integrity in every aspect of our operations.

These milestones would not have been possible without the dedication of our team members and the invaluable support of our stakeholders. On behalf of the Board, I extend heartfelt gratitude to our team, customers, agents, brokers, service providers, and shareholders for your continued support on our transformative journey.

Looking ahead to 2024, Key Insurance reaffirms our commitment to navigating the dynamic market landscape with resilience. Our strategic focus on digital transformation, claims management, expanding market share, and enhancing employee engagement remain central to our strategy.

Key Insurance is steadfast in its mission to be the "people's insurer", ensuring the peace of mind of those we serve. As we embrace the opportunities and challenges of the coming year, we draw strength from our "ultimate turnaround" and commitment to excellence and innovation.

Together, we will continue to unlock the potential for further growth.



Directors' Report

Year Ended 31 December 2023

The Directors are pleased to present their report for the year ended **31 December 2023** and submit herewith the financial position for Key Insurance Company Limited as at that date.

Operating Results	$000
Insurance Revenue	2,503,105
Profit Before Taxation	77,261
Net Profit After Tax Attributable to Stockholders	41,942

Dividends

No dividends were declared or paid during 2023.

Directors

The Directors as at 31 December 2023 were as follows:

1. Don Wehby (Chairman)
2. Rochelle Cameron
3. Linval Freeman
4. Herma McRae
5. Ashley-Ann Foster Horne
6. Heather Goldson
7. Kareem Tomlinson
8. Sandra Masterton
9. Kerry-Ann Heavens McGill
10. Nichole Case

Retiring Directors

The Directors retiring from office by rotation pursuant to Article 97 of the Company's Articles of Incorporation are Mr. Kareem Tomlinson, Ms. Rochelle Cameron, and Mrs. Sandra Masterton, being eligible, offer themselves for re- election.

Auditors

Messrs. PricewaterhouseCoopers, the present Auditors, have signified their willingness to continue in office pursuant to the Companies Act, 2004.

The Directors wish to recognize the dedication and hard work of our management and staff, whose contributions have been instrumental in achieving significant milestones in 2023.

By Order of the Board
Don Wehby
Chairman

Board of Directors

DON WEHBY
Board Chairman
Non-Executive

Don Wehby was appointed Group Chief Executive Officer of GraceKennedy Limited on July 1, 2011. Prior to this appointment, he held the position of Group Chief Operating Officer from 5 October 2009.

He joined GraceKennedy Limited in 1995 as Group Finance Manager and was appointed Deputy Finance Director in 1997. In that same year, he was appointed to the Board of Directors. In September 2007, he resigned from his positions and the Board of Directors to serve for two years as Government Senator and Minister without Portfolio in the Ministry of Finance and the Public Service. Following his two-year stint in public service, he was reappointed to the Board of Directors of GraceKennedy Limited in October 2009.

A Fellow Chartered Accountant, Don Wehby holds a BSc (Hons) and a Master of Science in Accounting from the University of the West Indies. He also completed an Advanced Management College certificate course at Stanford University.

ROCHELLE CAMERON
Senior Independent Director
Non-Executive/ Independent

An attorney-at-law with 25 years at the Jamaican Bar. Rochelle Cameron's professional experience spans the public and private sectors. She is a former Crown Counsel with the Office of the Director of Public Prosecutions in Jamaica and served as Vice President of Legal and Regulatory Flow Caribbean and Company Secretary for Flow Jamaica where she was acting Chief Executive Officer on various occasions. In addition, to her Legal Senior Leadership roles she has also led Human Resources and Public Relations teams.

She is the founder and CEO of Prescient Consulting Services Limited, a firm which supports organizations with the development and execution of impactful business, legal, people and communications strategies. Rochelle is also the co-founder of Ready to Emerge Limited an organization focused on personal and professional development.

Rochelle holds a Master of Business Administration in International Business, from the Mona School of Business and Management, and is a former lecturer at the institution. Rochelle is a John Maxwell certified Coach, DISC Behavioural Analysis Trainer and Speaker.

LINVAL FREEMAN
Non-Executive/ Independent

Linval Freeman is a Fellow of the Institute of Chartered Accountants of Jamaica (FCA) and of the Association of Chartered Certified Accountants (FCCA); and is a Justice of the Peace for St. Andrew.

Linval served as Director and Assurance Partner at Ernst & Young, Jamaica Office, (EY) between 2003 and 2018. During his tenure he was responsible for the establishment of the Business Advisory Service Line and the growth and development of the Assurance Service Line. He retired from EY on 31 July 2018. Prior to joining EY, he served as Director of Audit Services at PricewaterhouseCoopers.

Linval also currently serves as Chairman for the Boards of Sygnus Credit Investments Limited and the National Housing Trust. Other current and past directorships include the Boards of Canopy Insurance Limited, Sygnus Real Estate Finance Limited, Sygnus Deneb Limited, Harmonisation Limited; Public Accountancy Board and the Council of University of Technology (2016-2022).

He is a member and Past President of the Rotary Club of Kingston and a Past President of Jaycees (JCI) of Jamaica.

KERRY-ANN HEAVENS MCGILL

Non-Executive

Kerry-Ann Heavens McGill is currently the Chief Legal Counsel & Company Secretary for GraceKennedy Financial Group Limited. She joined the GraceKennedy Group in 2017 as a part of its Legal & Corporate Secretarial Department. Prior to this she worked as an Associate in the Commercial Department at one of Jamaica's leading law firms. She has 14 years' experience specializing in debt financing, financial regulation, securities and mergers & acquisitions.

Kerry-Ann, a Chevening Scholar, holds a Master of Corporate Law from the University of Cambridge, Certificate of Legal Education from the Norman Manley Law School, Bachelor of Laws (Hons) and BSc International Relations and Public Sector Management (Hons), University of the West Indies.

KAREEM TOMLINSON

Non-Executive

Kareem Tomlinson currently serves as the Managing Director of GK Investments Limited, where he has oversight for GraceKennedy Group's investments business line. Prior to joining GraceKennedy, Kareem spent over 15 years with the JMMB Group where he served in various capacities and amassed wide-ranging experience in areas such as private equity, investment banking, portfolio management, mergers & acquisitions, risk management, accounting and customer service before ultimately demitting office as the General Manager of JMMB Securities Limited.

Kareem holds a B.Sc. in Mathematics and Economics from the University of the West Indies, Mona and has attained the prestigious Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) designations which have equipped him with strong technical and analytical skills. He has attended various professional training courses in venture capital, credit risk management, equity and fixed income products.

Kareem is a founding director of the CFA Society Jamaica and a distinguished past president of the Kiwanis Club of Liguanea.

HERMA MCRAE

Non-Executive/ Independent

Herma McRae is an Attorney-at-Law and a former banker. Her professional career began in banking at the National Commercial Bank Jamaica Limited where she worked for over thirty years.

Subsequent to her tenure at the bank, Herma pursued her lifelong desire to study law and was called to the Jamaican Bar in 2008. Thereafter, she served as Crown Counsel in the Commercial Affairs Division of the Attorney General's Chambers (AGC) in Jamaica. In 2012, she left the AGC to start a civil practice specializing in commercial law.

Herma holds a Legal Education Certificate from the Norman Manley Law School, LLB from the University of London, BSc Management Studies, an MBA in Finance from the University of the West Indies and ACIB from the Institute of Bankers (London).

Herma is a Director of First Global Bank Limited and chairs its Credit Committee. She contributes to nation building through service on the Legislative Review Committee of the Jamaica International Financial Services Authority (JIFSA) and a member of the Women's Leadership Initiative (WLI).

HEATHER GOLDSON

Non-Executive/ Independent

Heather Goldson is an experienced Marketing Executive with a proven track record of success in the banking and telecoms industries. She is experienced in areas such as Marketing Management, Customer Service, Advertising, Strategic Planning, and Marketing Strategy.

She holds multiple roles in the Supreme Ventures Group including Deputy CMO – Shared Services at Supreme Ventures Limited (SVL). Prior to joining SVL, Heather held various roles including Regional Marketing Director at Scotiabank; SVP Marketing & Products at Scotiabank; and Marketing Director at Digicel Jamaica.

Heather holds a Bachelor of Business Administration (BBA) focused in International Business and Management from Florida International University - College of Business.

SANDRA MASTERTON

Non-Executive/ Independent

Sandra Masterton started her insurance career in 1988, post Hurricane Gilbert. She is a Senior General Insurance Professional with over 31 years' experience in Claims, Underwriting, and Reinsurance. She achieved the designation Fellow of the Insurance Institute of Canada in May 1999, with a major in Underwriting from the University of Toronto, Canada. Directly following, she completed six months of training with the Munich Reinsurance Company of Canada in Treaty and Facultative Reinsurance.

Sandra served as the Managing Director of Key Insurance Company Limited from 2011 to March 2020 and now continues to serve the Company as a member of the Board of Directors.

ASHLEY-ANN FOSTER-HORNE

Non-Executive/Independent

Ashley-Ann Foster Horne is an Attorney-at-Law. She serves as the Managing Director of Arc Properties and Arc Construction, where her leadership and strategic insight are pivotal in driving the companies forward. Holding a Master of Laws from the University of Cambridge and a Master of Professional Studies in Supply Chain Management from Georgetown, she brings a valuable set of skills to her roles. Essential for the companies' development and revenue enhancement, Ashley-Ann leads on strategic real estate acquisitions, dispositions, and development, with heavy emphasis on nurturing portfolio growth, revenue generation and profitability . Her grasp of project management is vital in construction oversight and stakeholder management, thereby ensuring that projects adhere to high standards and are delivered efficiently, demonstrating the companies' commitment to quality.

Ashley-Ann excels at leading diverse teams, fostering collaboration and achieving shared goals. Her leadership is instrumental to Arc's financial and operational success.

NICHOLE CASE

Non-Executive

Nichole brings over two decades of distinguished experience in Information Technology. She is currently the Chief Information Officer for the GraceKennedy Financial Group Limited, previously serving as the Senior Vice President of Technology at First Global Bank and as Assistant General Manager of Channel Delivery at the National Commercial Bank.

Nichole holds a BSc in Computer Science (Hons) and an MBA in Banking and Finance with distinction, from the University of the West Indies and is also a certified Project Management Professional.

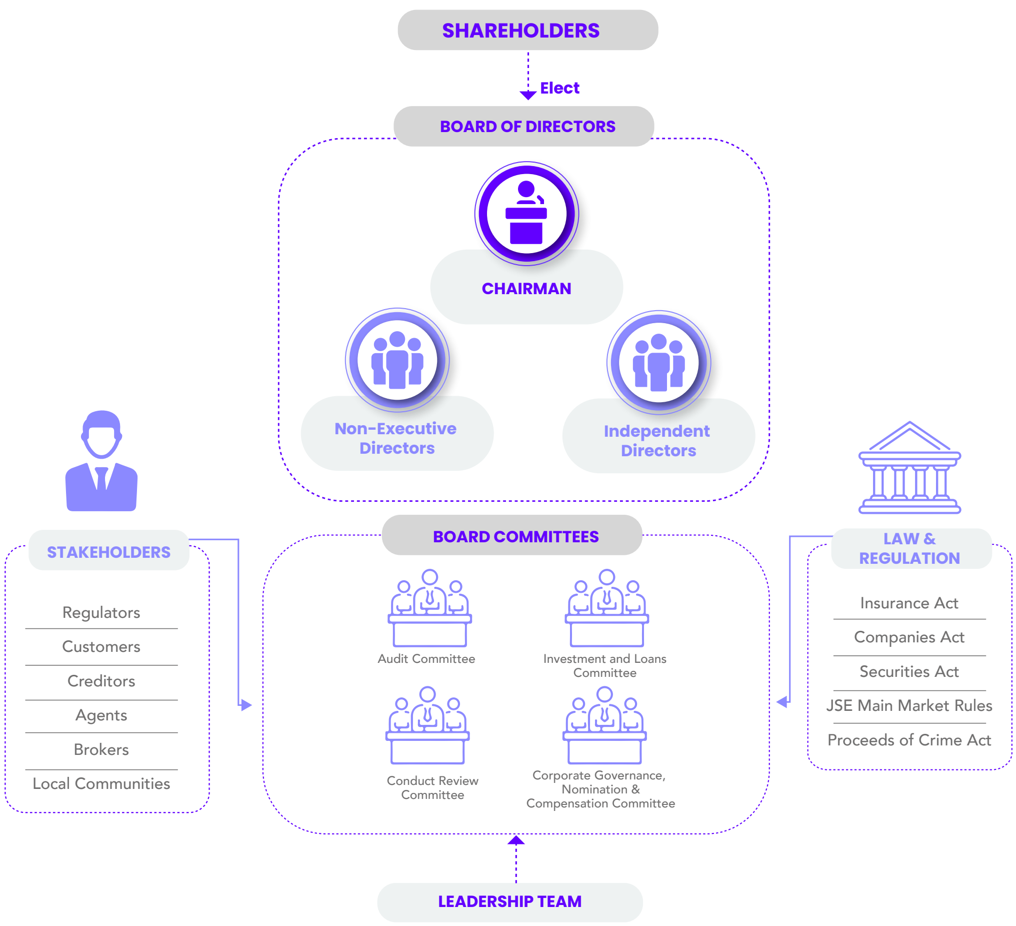
Nichole's leadership extends beyond her profession to sports administration. She has held key positions in Jamaica's Badminton Association and became the first female Honorary Treasurer of the Jamaica Olympic Association. In 2018, she became the first Jamaican on an International Olympic Committee Commission. She currently serves on the IOC Revenues and Commercial Partnerships Commission, where she continues to influence strategic initiatives and shape the future of global sports governance.

Corporate Governance:
Leading with Commitment and Trust

Strong corporate governance is the cornerstone of our operations at Key Insurance Company Limited (the "Company"/ "Key Insurance"). Our robust framework ensures ethical and transparent decision-making that protects the interests of all stakeholders.

We are committed to adhering to the highest standards, following the principles outlined in the Company's Corporate Governance Code, the Jamaica Stock Exchange Main Market Rules, and incorporating international best practices.

This report details our corporate governance structure, which is visualized in the accompanying diagram. Accountability runs deep at Key Insurance. Shareholders elect the Board of Directors, who ultimately oversee the Company's performance and resource stewardship. The General Manager leads day-to-day operations, reporting directly to the Board and ensuring alignment with their strategic vision and delegated authority. Furthermore, specialized Board sub-committees delve into specific areas, providing in-depth analysis and recommendations to the full Board. This comprehensive approach fosters trust and empowers us to deliver exceptional value to all our stakeholders.



The Board

The Board of Directors of Key Insurance is committed to acting in the best interests of the Company and its shareholders. The Board's mission is to:

- Provide strategic oversight and guidance to the Company's management team.
- Ensure the Company operates in a legal, ethical, and sustainable manner.
- Safeguard the Company's assets and ensure financial reporting accuracy.
- Maximize long-term shareholder value.
- Foster effective communication with all stakeholders.

Specific Responsibilities

· Chairman:
As Chairman, Don Wehby, provides leadership to the Board ensuring its smooth functioning and effectiveness. He ensures effective communication, guiding discussions towards a shared understanding and well considered decisions. The Chairman serves as the voice of the Board to external stakeholders.

▪ Senior Independent Director:
In instances where the Chairman is not an Independent Non-Executive Director, the Company's Corporate Governance Code recommends the appointment of a Senior Independent Director. Rochelle Cameron was appointed from the pool of independent non-executive directors to serve in this capacity. She plays a vital role in fostering a constructive and objective environment within the boardroom. She serves as a trusted advisor to the Chairman, providing a valuable independent perspective on matters under discussion.

▪ Company Secretary

The Board appoints and removes the Company Secretary. Kerry-Ann Heavens McGill currently holds this position. As the Board's official representative, she ensures adherence to corporate governance procedures and maintains Board records. The Company Secretary plays a critical role in guaranteeing the Company's compliance with applicable legislation and regulations.

▪ Board Members
The Board fosters informed collective decisions through diverse perspectives and independent oversight from its members. Each director holds a fiduciary duty, which means they are legally obligated to act in the Company's best interests with honesty and good faith. This duty includes exercising careful judgment, diligence, and skill while considering the well-being of shareholders, employees, and the community.

Selection and Composition of the Board

The Board composition reflects Key Insurance's commitment to a balanced and qualified leadership team. The process for selecting new directors considers factors such as:

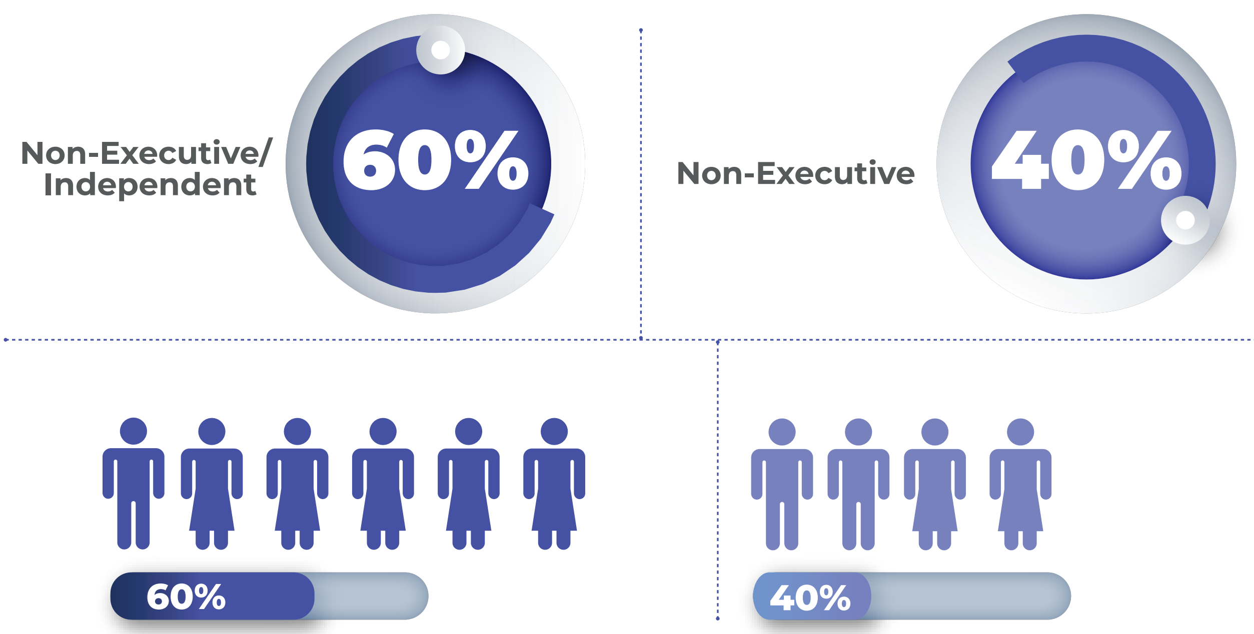
▪ **Skills and experience:** Seeking individuals with relevant financial, insurance, business or any other expertise relevant to the operations of the Company and the execution of the strategic objectives.

▪ **Diversity:** Aiming for a Board with a balanced representation of genders, backgrounds, and skills.

▪ **Independence:** Maintaining a majority of independent non-executive directors who are free from conflicts of interest.

Table Showing Directors' Expertise

Directors	Expertise
Don Wehby	Accounting, Finance
Herma McCrae	Banking, Finance, Legal
Linval Freeman	Accounting, Finance
Kareem Tomlinson	Banking, Finance, Financial risk
Sandra Masterton	Insurance
Rochelle Cameron	Legal, Corporate Governance, Human Resources
Heather Goldson	Marketing, Advertising, Customer Service, Strategic Planning
Kerry-Ann Heavens McGill	Legal, Corporate Governance, Regulatory Compliance
Ashley-Ann Foster Horne	Legal, Real Estate Development
Nichole Case	IT Governance & Risk Management Digital Transformation



Size & Independence of the Board

Key Insurance prioritizes a well-balanced Board of Directors for effective decision-making. As per best practices, the Board comprises of a majority of non-executive/ independent directors. Currently, the Board consists of ten (10) directors. Six (6) of these directors are classified as "non-executive/independent".

This composition fosters a diverse and objective environment within the boardroom, leading to well-informed decisions in the best interests of the Company and its stakeholders.

The Board considers several factors to determine the independence of a director. A director is generally considered not independent if they meet any of the following criteria:

- **Recent Employment:** They have been employed by Key Insurance or any of its affiliates within the past three years.
- **Material Business Relationship:** They currently have, or had within the last three years, a significant business relationship with the company. This could include being a partner, shareholder, director, or senior employee of an entity that has such a relationship with Key Insurance.
- **Additional Compensation:** They receive or have received additional compensation from Key Insurance beyond their standard director's fees within the past three years. This also includes participation in performance-based pay schemes.
- **Close Family Ties:** Their spouse, child, or dependent is currently employed as an advisor, director, or senior employee of Key Insurance.
- **Significant Shareholder Representation:** They represent a shareholder with a significant ownership stake in Key Insurance

Board Meetings

The Board meets at least four times per year to review the Company's performance, discuss strategic matters, and make key decisions. To ensure effective planning and participation, the Company Secretary typically circulates a calendar of board meeting dates to all directors at the beginning of each financial year.

To promote efficient and focused board meetings, Key Insurance follows a structured approach to agenda development and information distribution. At the beginning of each year, a standing agenda is proposed. This serves as a foundation for the agenda for each subsequent board meeting, ensuring recurring or salient topics are addressed. The Chairman and Company Secretary collaborate to finalize the agenda for each meeting. This final agenda considers the standing agenda, current priorities, and any suggestions submitted by board members.

To facilitate informed decision-making, information vital to the Board's understanding of the business is distributed at least seven (7) days in advance of the meeting. This allows directors to come prepared to engage in discussions.

Meetings typically cover the following:

- **Operational Review:** Discussing current business performance and management reports for the period tracked against the relevant key performance indicator (KPI).
- **Strategy and Operating Plan:** Reviewing and updating strategic plans and annual operating plans.
- **Board Committee Reports:** Receiving updates and recommendations from the various Board committees.
- **Risk and Compliance Updates:** The Risk & Compliance update is a proactive and informative tool to keep the Board apprised of potential issues and the Company's efforts to mitigate them.

KEY BOARD ATTENDANCE REPORT FOR 2023

Director	Non-executive (NE) or Independent (I)	Attendance
Donald Wehby	NE	4/4
Rochelle Cameron	NE/I	4/4
Herma McRae	NE/I	4/4
Kareem Tomlinson	NE	3/4
Linval Freeman	NE/I	3/4
Heather Goldson	NE/I	4/4
Ashley-Ann Foster Horne	NE/I	4/4
Sandra Masterton	NE/I	2/4
Nichole Case	NE	3/4
Kerry-Ann Heavens McGill	NE	4/4

Disclosure of Conflict of Interest

All directors have a duty to disclose any actual or perceived conflict of interest to the Board. The Company maintains a clear policy outlining circumstances where a conflict may arise and procedures for managing such conflicts.

To ensure transparency and avoid conflicts of interest, all directors are required to disclose any potential conflicts at the beginning of every board or committee meeting. These disclosures (if any) are documented in the minutes of the meeting. If a conflict is identified, the director with the potential conflict is expected to recuse themselves from the relevant discussions and decisions to maintain objectivity.

A **conflict of interest** occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace.

Related Party Transactions

Key Insurance has adopted the definition of "Related Party" outlined in Regulation 82(1) & (2) of the Insurance Regulations. This ensures a comprehensive approach to identifying transactions involving parties with a connection to the Company.

All transactions involving related parties undergo a thorough review process overseen by the Conduct Review Committee. This committee, comprised of independent directors with relevant expertise, meticulously examines these transactions to ensure they are conducted at fair market value, are commercially reasonable, and do not disadvantage the Company or its shareholders.

The Conduct Review Committee's scrutiny prioritizes fairness and transparency in all related party transactions. This commitment safeguards the Company's best interests and fosters trust with our stakeholders. This robust approach mitigates potential conflicts of interest and ensures all transactions are conducted ethically and with the utmost transparency.

A **related-party** transaction is an arrangement between two parties that have a pre-existing business relationship.

Trading in Securities

Key Insurance is committed to maintaining the highest ethical standards and ensuring a fair and transparent marketplace for all investors. We recognize the importance of preventing insider trading, which undermines public trust and market integrity.

To achieve this, the Company has an established Insider Trading Policy. This policy clearly outlines the restrictions placed on directors, officers, and employees regarding the purchase and sale of the Company's securities. It specifically prohibits directors and officers from trading in the Company's securities while in possession of unpublished price-sensitive information. This includes information that is not yet publicly known but could significantly impact the stock price if made public (e.g., upcoming earnings reports, major acquisitions, product developments).

Furthermore, the policy outlines restricted trading periods that apply before the release of the Company's financial results. During these designated periods, directors, officers, and certain employees are restricted from buying or selling the Company's stock. This helps to mitigate the risk of trading on the basis of non-public information.

Board Compensation

The Board's compensation structure is designed to attract, retain, and motivate talented directors while aligning their interests with those of shareholders. It reflects the significant time commitment and responsibilities entrusted to our directors. Directors receive a base annual retainer to acknowledge their ongoing commitment and service as well as attendance fees for committee meetings.
The Company is committed to transparency in director compensation. It is important to note that directors who are connected to the GraceKennedy Group do not receive any form of remuneration for their service on the Board. This ensures independent decision-making and avoids potential conflicts of interest.

Table Showing Directors Remuneration in 2023

	2023
1.Annual Retainer payable to Directors	$ 552,187.13 per annum
2.Additional Retainer Committee Chair	$ 66,262.46 per annum
3.Attendance fee for Committee Meetings	$22,087.60 per meeting

Director Induction and Training

New directors undergo a comprehensive induction program to familiarize them with the Company's operations, governance practices, and regulatory environment.

Key Insurance is committed to fostering a culture of continuous learning for all directors. The Company offers ongoing training and development opportunities such as regular briefings and presentations from industry experts on emerging trends, regulatory changes, and market developments. The Directors also participate in benchmarking sessions analysing the competitive landscape of the insurance industry to gain insights into best practices.

Table showing Directors' Training in 2023

Date	Topics	Presenters
4-Oct-23	**The We Care Report - Environmental, Social, and Governance at GraceKennedy**	Ms. Ali Matalon - CorpCare Founder & CEO Mr. Zachary Weller - CorpCare Chief Operating Officer Mrs. Suzanne Nam - Head of Corporate Communications, GraceKennedy
6-Jun-23	**An Overview of Jamaica's Companies (Amendment) Act 2023 - What a Company's directors and other officers need to know!** **Role of the Board- IT Implementation & Managing IT Risk;**	Mrs. Melisha Walters Gordon - Secretariat & Legal, GraceKennedy Ms. Christine Brick - Info Tech Research Group
7-Feb-23	**Front of Package Labelling (FOPL) & Nutrient Profile** **Programmes – Implications for all GraceKennedy Markets;** **GK's ESG Journey**	Mrs. Karen Pierre - Innovation Unit, GraceKennedy Mr. Ryan Brandenburg - Nasdaq

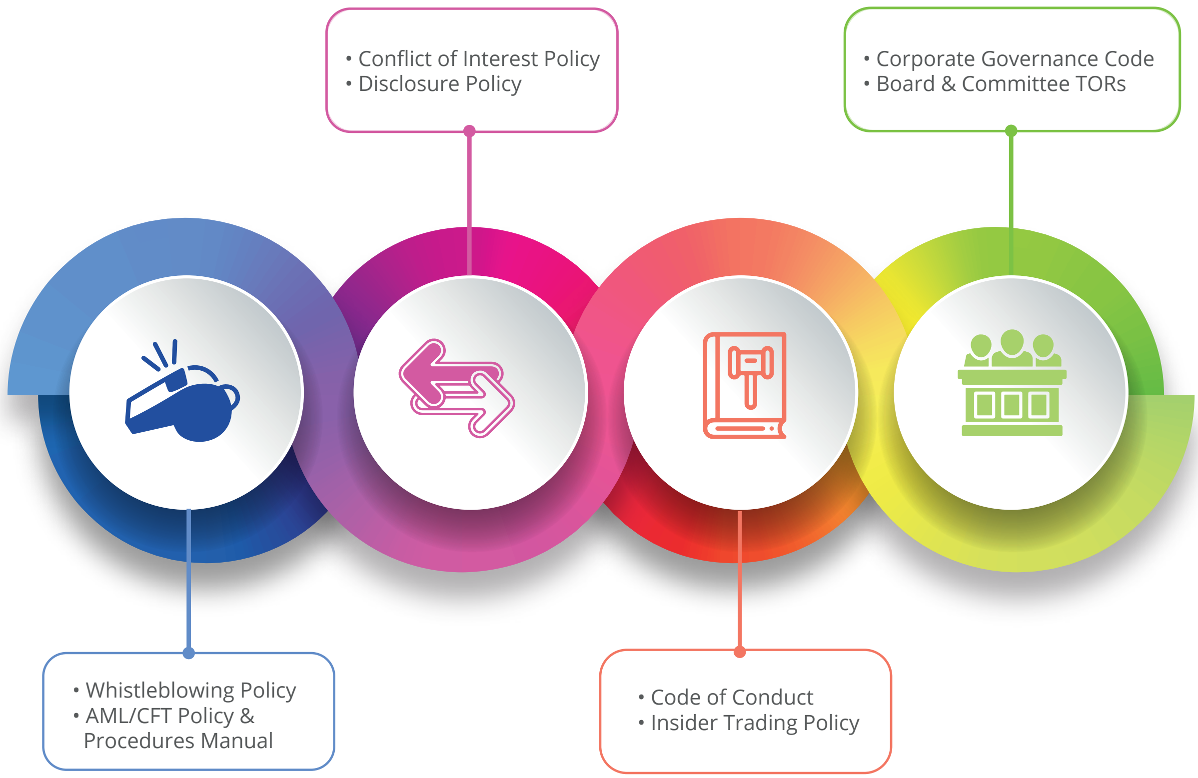
Code of Conduct

The Company has adopted the GraceKennedy's Code of Conduct (the Code). By adopting the Code, Key Insurance benefits from the collective experience and ethical framework established by a leading regional conglomerate. This alignment ensures consistency in our approach to business ethics across the entire organization.

The Code outlines the principles and behaviours expected of all directors, officers, and employees. It emphasizes the core values that guide our decision-making and interactions. The Company is committed to fostering a culture of integrity and ethical conduct at all levels of the organization. Regular training programs and open communication channels ensure that everyone at Key Insurance understands their obligations under the Code and feels empowered to raise any concerns.

Policies

The Board prioritizes strong corporate governance by implementing clear policies that support informed decision-making and a well-defined structure for roles and responsibilities. Recognizing the benefits of shared expertise, Key Insurance has adopted many of its parent company, GraceKennedy's existing policies, fostering a cohesive approach to business operations.



Annual General Meetings and Ongoing Communication with Shareholders

Key Insurance prioritizes open communication with its shareholders. An Annual General Meeting (AGM) is held at least once each year to provide a platform for shareholder engagement and feedback.

The agenda for the AGM is carefully structured to allow shareholders to actively participate. This includes opportunities to pose questions, offer input, and receive answers from the Board and management. Following the AGM, the Board usually convenes for a debrief session. During this discussion, shareholder concerns and views are carefully considered to identify areas for improvement and potential actions to address their feedback. Minutes of the AGM are promptly uploaded to the Company's website.

The Company also ensures timely communication to the market on any relevant or material corporate decision thereby fostering transparency and informed shareholder participation. By fostering an open dialogue and taking shareholders' feedback seriously, Key Insurance builds trust and strengthens relationships with its investor community.

Highlights from **Key Insurance's 2023 Annual General Meetings**

Highlights from the **Jamaica Stock Exchange's Best Practices Awards**

Key Insurance first runner-up for the PSOJ/JSE Corporate Governance Award

Governance in Action:
Committee Reports

Board Committees

The Board has established the following committees to assist with its oversight responsibilities:

- ***Audit Committee:*** Provides oversight of the Company's financial reporting, internal controls, and external audit process. It also oversees the Company's risk management framework and ensures the identification, assessment, mitigation, and monitoring of key risks.

- ***Corporate Governance, Nomination & Compensation Committee (CGNC):*** Recommends qualified candidates for Board positions, oversees the Board evaluation process, and reviews the Company's corporate governance practices.

- ***The Investment and Loans Committee:*** Plays a crucial role in managing the Company's financial assets. It ensures that the Company engages in responsible investment practices through a combination of regulatory compliance, risk management and transaction oversight.

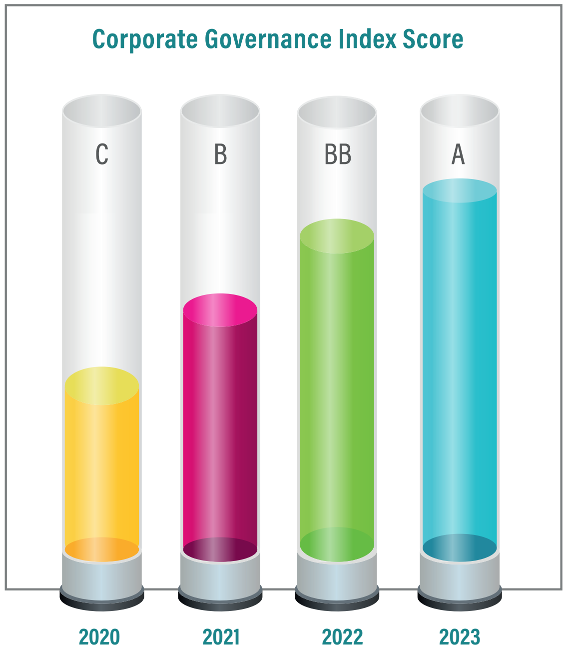
- ***Conduct Review Committee:*** Is responsible for identifying, reviewing, and approving transactions between the company and any related parties (e.g., directors, significant shareholders, subsidiaries). This helps mitigate potential conflicts of interest.

Corporate Governance Nominations and Compensation Committee Report

The Corporate Governance Nominations and Compensation Committee (the "Committee"/ "CGNC") is committed to upholding the highest standards of corporate governance at Key Insurance and continues to play a critical role in ensuring a strong and effective Board of Directors.

The Committee's responsibilities include:

- Ensure the Board's compliance with best practices in corporate governance.
- Review, recommend, and approve the appointment of directors.
- Facilitate annual reviews of the Board's and individual directors' performance.
- Oversee the development and implementation of the succession plan for senior managers.



Rating	AA	A	BB	B	CC	C	NR
Rating Score	90-100	80-89	70-79	60-69	50-59	40-49	Not Rated

2023 Highlights

The Committee is pleased to present the following summary of its activities and achievements for 2023.

- ***Commitment to Strong Governance Pays Off***
  The tireless dedication of the CGNC yielded remarkable results in 2023. Key Insurance secured an impressive rating of 'A' on the Jamaica Stock Exchange's Corporate Governance Index (CGI), showcasing a significant year-over-year improvement since the change in majority ownership in 2020. This achievement reflects the Committee's unwavering commitment to strengthening the Company's corporate governance framework.

  Beyond the impressive CGI score, Key Insurance's dedication to ethical conduct was further recognized by being named the first runner-up for the prestigious PSOJ/JSE Corporate Governance Award. This recognition underscores the dedication of the Board, generally, and the Committee, specifically, to transparency, accountability, and ethical conduct.

  The Committee's success wasn't achieved through a single meeting. Instead, it was fuelled by a commitment to ongoing collaboration and in-depth working sessions. Meeting as frequently as needed in 2023, these ongoing, focused discussions proved instrumental in driving positive change. This collaborative approach ensured a comprehensive review of Key Insurance's governance practices, leading to the implementation of effective improvements.

- ***Succession Planning***
  The Committee actively pursued the development of a comprehensive succession plan for the Company.

This plan guarantees long-term sustainability by identifying and nurturing talented individuals with the skills and experience to effectively lead Key Insurance.

- ***Board Evaluation and Development***
  The Committee holds overall responsibility for implementing the Board evaluation results. In 2023, the Committee delved into strategies to address areas identified for improvement, demonstrating a commitment to continuous learning and self-assessment for the Board.

Looking Ahead

The Committee remains committed to its core responsibilities and will prioritize the following in the coming year:

- Maintaining a Board with a diverse composition of experienced directors
- Regularly reviewing and updating the succession plan
- Facilitating ongoing development opportunities for directors
- Further refining the Company's corporate governance framework

The Corporate Governance Nominations and Compensation Committee takes pride in its contribution to Key Insurance's strong corporate governance practices. We are confident that our continued efforts will ensure effective leadership and long-term value creation for the Company and its stakeholders.

Audit Committee Report

The Audit Committee is committed to fulfilling its oversight responsibilities and promoting sound financial reporting practices, internal controls, and risk management within the Company.
The responsibilities of the Company's Audit Committee are to:

- ensure the accuracy and integrity of financial statements, accounting practices, and compliance with relevant laws and regulations.
- review and assess the effectiveness of the internal controls designed by management to safeguard company assets and ensure reliable financial reporting.
- oversee the company's risk management processes and systems, making sure they effectively identify, manage, and comply with internal policies and external regulations.
- oversee the performance of the internal audit function, which helps identify and address potential risks and control weaknesses.
- assess the qualifications and independence of the external auditors, who provide an independent opinion on the company's financial statements.

2023 Highlights

The Committee is pleased to present the following summary of its activities for the 2023 financial year.

Committee Members	Attendance
Linval Freeman (Chairman)	5/5
Kareem Tomlinson	4/5
Herma McRae	5/5
Sandra Masterton	4/5
	Attended/Held

Financial Reporting

- The Company successfully filed its unaudited financial statements for Q1, Q2, and Q3 2023 with the Jamaica Stock Exchange (JSE) on a timely basis.
- These financial statements were prepared in accordance with the newly implemented IFRS 17 standard. The Committee acknowledges the efforts of the finance team in adapting to this significant change in accounting standard.
- The Financial Services Commission (FSC) developed new ratios due to the implementation of IFRS 17. The Committee is actively monitoring the impact of these new ratios on the Company's financial performance reporting.

Oversight Activities

Throughout 2023, the Committee reviewed, discussed, and approved where applicable various reports to maintain effective oversight. This includes:

- Quarterly Reports for March, June, and September 2023 submitted to the JSE
- Compliance Reports on internal controls and regulatory requirements
- Risk Reports identifying and mitigating potential risks to the Company
- Internal Audit Reports with recommendations for improvements in internal controls
- Accountant's Compliance Checklists to verify adherence to accounting controls

- Audit Committee's Terms of Reference, incorporating Enterprise Risk Management (ERM) considerations
- The 2024 Internal Audit Plan, ensuring a comprehensive approach to internal controls evaluation.

- The 2024 budget and strategic plan

- The Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) Policy & Procedures Manual, upholding regulatory compliance and financial integrity.

The audited financial statements for the year ended December 31, 2022, in February 2023 and the audited financial statements for the year ended December 31, 2023, in February 2024.

Risk Management

The Committee recognizes the importance of proactive risk management. The Company actively monitored its risks throughout 2023, and the Committee received regular updates on risk identification, assessment, and mitigation strategies.

Leadership Transition

The Committee acknowledges the departure of Chief Financial Officer Stuart Andrade, effective September 30, 2023. We appreciate his contributions and wish him well.

Looking Ahead

The Committee remains committed to its oversight responsibilities in the coming year and will continue its focus on:

- Monitoring the implementation of IFRS 17 and its impact on financial reporting.

- Providing strong oversight of the Company's risk management framework.

- Ensuring adherence to regulatory requirements and ethical business practices.

- Reviewing Internal Audit Reports and monitor implementation of recommendations.

We are confident that our oversight role will continue to contribute to the Company's financial health and long-term success.

Conduct Review Committee Report

The Conduct Review Committee ("the Committee"/ "CRC") is established in accordance with regulation 74(1) of the Insurance Regulations, 2001 which is issued pursuant to the Insurance Act. The Committee plays a critical role in safeguarding Key Insurance's integrity by ensuring fairness, transparency, and adherence to ethical standards in all business dealings, especially those involving related parties.

CRC's Responsibilities:

- It is mandated to establish written procedures that are geared towards identifying situations which create potential conflicts of interest and preventing such conflicts.

- It actively monitors, reviews and approves all related party transactions to ensure the application of arm's length considerations.

2023 Highlights

The CRC is pleased to present the following summary of its activities in 2023.

Committee Members	Attendance
Rochelle Cameron (Chair)	3/3
Linval Freeman	3/3
Herma McRae	3/3
Heather Goldson	2/3
	Attended/Held

Strengthening the Framework

The Committee recognizes the importance of a robust Conflict of Interest Policy. In 2023, we drafted and secured Board approval for a comprehensive policy that outlines procedures for identifying, disclosing, and managing potential conflicts of interest situations. This policy provides a clear framework when dealing with directors, employees, agents and affiliates.

Related Party Oversight

The Committee maintains an accurate and up-to-date list of all related parties to the Company. Throughout 2023, this list was regularly reviewed and updated to reflect changes in relationships or affiliations.

The Committee also actively monitored transactions with related parties. This involved a thorough analysis of transaction details, including purpose, pricing, and potential benefits to the Company. We also reviewed outstanding balances with related parties to ensure timely settlements and adherence to agreed-upon terms.

Investment Manager Selection

In 2023, the Committee played a crucial role in ensuring a fair and ethical selection process for the Company's new investment manager. While the formal selection process for the Company's investment manager would typically fall outside the Committee's remit, we actively participated in assessing the shortlisted candidates due to the inclusion of a related party. The Committee engaged in a multi-pronged approach that:

- confirmed that the Request for Proposal outlining the Company's investment requirements and selection criteria was distributed widely to qualified investment firms, ensuring a competitive pool of candidates.

- verified that the selection process itself, was conducted objectively and transparently. This included an examination of the evaluation methods used to shortlist candidates and assess their proposals.

- validated that the related party's proposal was at fair market value based on industry standards.

By taking these steps, the Committee ensured a fair and transparent selection process that resulted in an appointment that was in Company's best interests.

Looking Ahead

The Committee remains committed to upholding ethical standards and preventing conflicts of interest in all aspects of the Company's business. In the coming year, we will focus on:

- Continuously monitoring related party transactions and ensure ongoing review of the related party list for accuracy.

- Maintaining open communication with the Board and senior management regarding the Committee's activities and potential conflicts of interest.

The Conduct Review Committee takes its responsibility seriously. By proactively addressing ethical considerations and promoting transparency in related party transactions, we contribute to a strong foundation of trust for Key Insurance and its stakeholders.

Investment & Loans Committee Report

The Loans and Investment Committee (the "Committee") was established in accordance with Regulation 75 of the Insurance Regulations 2001 which was issued pursuant to the Insurance Act 2001.

The responsibilities of the Committee include:

- overseeing the Company's investment activities;
- ensuring investment practises are in alignment with risk tolerance, regulatory requirements, and the overall business strategy.
- effective management of the Company's investment portfolio to maximize profitability.

2023 Highlights

The Committee is pleased to present the following summary of its activities in 2023.

Committee Members	Attendance
Kareem Tomlinson (Chairman)	4/4
Herma McRae	4/4
Ashley-Ann Foster Horne	4/4
Nichole Case	3*/4
Kerry-Ann Heavens McGill	3*/4
	Attended/Held

**Recused due to conflict.*

Portfolio Management

The Committee conducted regular portfolio reviews throughout 2023, taking into account the evolving macroeconomic environment. This included adjustments to leverage rising interest rates by strategically investing in shorter-term instruments. These adjustments aimed to optimize returns while managing interest rate risk.

The Committee maintains a firm commitment to the Company's risk appetite and the need to maintain a healthy Minimum Capital Test (MCT) ratio. Investment decisions consistently prioritize the security of our policyholders' funds while seeking appropriate opportunities for growth.

Investment Management

In 2023, the Committee undertook a thorough and multi-layered vetting process to select a new investment manager. This process ensured the selection of a qualified and experienced firm with a strong track record, aligned with the Company's investment objectives.

Investment Policy Review

The Committee spearheaded a comprehensive review and update of the Company's Investment Policy in 2023. This review ensured the Policy reflects current market conditions, regulatory requirements, and the Company's evolving risk tolerance. The updated Policy provides a clear framework for future investment decisions.

Looking Ahead

The Committee remains committed to its role of responsible portfolio management and strong oversight of the Company's investment and loan activities. In the coming year, the Committee will focus on:

- Maintaining a proactive approach to portfolio management by adapting to changes in the economic and investment landscape.
- Regularly assessing the performance of the investment manager to ensure alignment with strategic objectives.
- Continuously evaluating and refining the Company's investment strategy to optimize returns while managing risk within the established risk tolerance framework.

The Investment and Loans Committee plays a vital role in safeguarding the Company's financial stability and ensuring its long-term success. We are confident that our activities in 2023 have positioned the Company for continued growth and value creation for our stakeholders.

DELIVERING RESULTS

General Manager's Message

Tammara Glaves-Hucey

I look back at 2023 with a gratitude. It was a year that challenged us but also served as a reminder that together we can achieve so much more. It tested our resilience, whilst reminding us of our growth story and our mission to protect our policyholders by providing quality products, excellent service and security of assets through constant product and technological improvement by a highly motivated and competent staff.

Global and domestic headwinds, including rising costs, economic uncertainty, and a hardening reinsurance market, significantly impacted the general insurance industry. Despite these external pressures, the Key Insurance team persevered, demonstrating its resilience and commitment to long-term success.

In the face of high inflation and restricted reinsurance capacity, we remained resolute in ensuring peace of mind for our customers, staff and shareholders. We also continued our efforts to consistently deliver on our promises. We delivered another year of strong financial results with 16.5% growth in revenue and 7% growth in profits. In addition to the excellent financial results, we also achieved increased customer loyalty and notable growth in our customer base – a testament to our focus on providing competitive and accessible insurance solutions.

Maintaining our focus on customer retention and protection of customer assets remained paramount in 2023, despite significant industry-wide challenges such as increasing claims expenses and rising reinsurance costs. We prioritized the successful execution of our strategic objectives, demonstrating the agility that's core to our business. This maneuverability coupled with our insurance expertise and technical skills, allowed us to adapt to evolving customer needs while safeguarding stakeholder interests and driving shareholder value.

Recognizing the critical role of our team, we continued to invest in their well-being through comprehensive training programs and team-building exercises. Notably, in 2023, we achieved a 100% completion rate for staff training, further solidifying our commitment to a skilled and engaged workforce.

Demonstrating our commitment to corporate social responsibility, we launched several projects that positively impacted vulnerable members of our communities. These projects, focused on children's homes and basic schools, provided much-needed support for both children and the elderly. We executed several corporate social responsibility activities, including volunteering for the Beach Clean Up at Kingston Harbour, tree planting and painting the classrooms at the Torrington Early Childhood Institute. Several donations were made, including a chest freezer to Central Basic School in Norwood, St. James, 6 Inverter Wall fans to the Torrington Early Childhood Institute and a refrigerator to the St. Stephens Early Childhood Education Centre.

Increases in claims expenses continue to adversely impact the local insurance industry and by extension Key Insurance. Our claims costs increased by 15%, and we ended the year with an overall loss ratio of 55%, which was 3-percentage point lower when compared to prior year.

Our team rose to the challenges presented and we not only coped with these pressures but exceeded expectations. We set an ambitious goal of reaching $2.5 billion in Gross Written Premium (GWP) during the review period, but surpassed this target by over $300 million, achieving a total GWP of $2.8 billion. Notably, the non-motor GWP target of $652 million was significantly exceeded, reaching approximately $1 billion. We also surpassed our risk count growth target in third-party coverage, expanding the portfolio by 12%. Additionally, commercial motor premiums grew by 13%. These impressive figures demonstrate the effectiveness of our strategies and the team's unwavering commitment to growth.

We achieved an 7.07% return on the investment portfolio, which represents a $30m increase on the prior year's income.

The Company achieved a rating of 82% in customer satisfaction during the 2022 financial review period, but marginally missed the target of 80% by 1 percentage point to 79% in 2023. Our continued focus on customer experience translated into reduced claims settlement times and in branch wait times. We aim to do much better in 2024.

We are proud to acknowledge the resilience and dedication of our Key Insurance team in navigating the challenges of 2023. Our team's ability to navigate rapid change in an agile environment while delivering on our strategic initiatives has positioned KEY Insurance very well for the future. Their hard work and professionalism fueled growth and efficiency across nearly every facet of our operations. While celebrating the successes and improvements we've achieved this year, we remain focused on identifying areas for continued growth.

Our commitment to digital transformation and improved operating efficiency remains unchanged. We commenced executing initiatives to enhance our customers and stakeholders experience. We continue to see an increase in the number of online interactions, including online payments, web accounts created, web renewals, and mass authorization of renewals. These advancements demonstrate our dedication to continually improving the customer journey.

We continue to strengthen our distribution network by onboarding two new agents. This strategic initiative will continue into 2024.

Despite global uncertainties, our outlook for 2024 is positive. We expect to benefit from the discipline we maintained in 2023. Looking ahead, our unwavering commitment to a customer-centric culture and the development of our people will continue to be the driving force behind our sustained growth and profitability. I am excited about our opportunities in the coming years.
The industry will continue to experience changes driven by technology, demographics, and competition. Notwithstanding, Key Insurance is in a privileged position to continue its transformation, having laid the foundation in prior years, we are ready for the next phase of our growth which will drive our future successes.

A special thank you to the Board of Directors for their continued guidance and stewardship. We thank our shareholders for their continued support. We are indebted to our valued customers for their continued patronage and trusting us to provide them with peace of mind via our insurance solutions. All our partners, a special thank you. Our success would not be possible without our team, your contribution is invaluable. Together we will continue to be guided by our core values as we deliver on our promises in 2024 and beyond.

Meet Our Management Team

Tammara Glaves-Hucey
General Manager

Terry-Joy Golaub
Senior Legal Officer

Paula Williams
Claims Manager

Carlene Isaacs
Reinsurance & Non-Motor Manager

Kaydene DeSilva
Senior HR Officer

Andrew Dunkley
Operations Manager

* **Stuart Andrade,** former Chief Financial Officer, resigned effective September 30, 2023.

Investing in Our People:
Human Resources Report

Building a High-Performing Team

At Key Insurance we recognize that our employees are our most valuable asset. Our Human Resources (HR) department is dedicated to attracting, developing, and retaining a talented and engaged workforce that fuels our success.

HR Achievements in 2023

Employee Development:
We invested in employee training and development by launching interventions centered around improving our customers' experience through our Essentials of Customer Service Excellence Initiative. We-continued to leverage virtual learning platforms offering technical, leadership, regulatory and operational efficiency learning interventions. With the launch of 'Mentorship on the Go' and the continuation of the 'Let's Talk Career Moves' series, employees were afforded the opportunity to learn from others in strengthening their career pathing decision. These programs empowered our employees with the skills and knowledge to excel in their roles and contribute to the Company's growth.

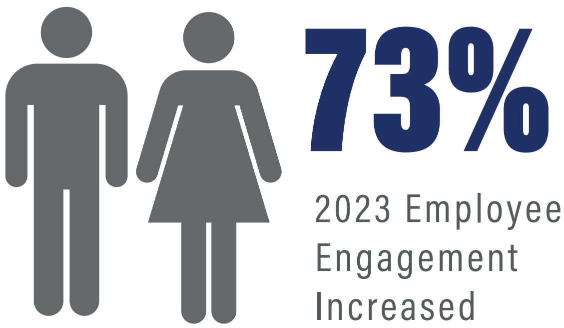
In 2023, the staff engaged in the following training programs:

Topics	Date
Underwriter Training	Jan-23
HR Systems (SF) QO Setting Refresher	Jan-23
Personal Accident Training	Mar-23
Motor Operations Workshop	Mar-23
Internal Audit Training	Mar-23
Task Management and Time Blocking Virtual Summit	Mar-23
SDP- Supervisory Functions	Mar-23
Essentials of Customer Service Excellence	Apr-23
Disciplinary Policy and Corrective Action	May-23
Risk Management	May-23
Legal Considerations in Obtaining Business Insurance Webinar	Jun-23
Rate Guide Training	Jul-23
Sexual Harassment Protection and Prevention	Sep-23
Introduction to Agile: Principles and Practices	Sep-23
Introduction to Excel	Oct-23
Data Protection Seminar	Oct-23
Annual AML/CFT Training	Nov-23
Project Management and Governance Training	Dec-23
Office Etiquette and Safety	Dec-23

Employee Engagement:

At Key Insurance, we understand that employee engagement is about fostering a work environment where employees feel valued, motivated, and empowered to contribute their best. We continue to foster a culture of engagement through monthly staff meetings to promote open communication, career development opportunities, and a calendar of activities and events to increase team spirit and fun.

In 2023 the Company achieved a remarkable employee engagement score of 73%, exceeding the industry benchmark and demonstrating an improvement in employee satisfaction compared to the previous year.



Diversity and Inclusion:

We are committed to building a diverse and inclusive workplace that reflects the communities we serve.

Recognition and Rewards

We celebrate achievements and contributions through a multi-faceted recognition program. This includes public acknowledgments, performance-based bonuses, as well as personalized rewards. In 2023, we held Key's first Annual Reward and Recognition Awards ceremony where high performers, tenured workers, customer service champions and employees who continue to go above and beyond enjoyed several rewards.

Looking Ahead:

In the coming year, our HR focus will be on:

- Continuous Improvement of Talent Acquisition and Retention Strategies
- Enhancing Employee Development Programs
- Fostering a Culture of Well-being and Accountability

At Key Insurance we believe that investing in our employees is an investment in the Company's future. A highly skilled, engaged, and motivated workforce is critical to achieving our strategic goals and delivering exceptional value to our stakeholders.

Beyond Business:
Our Corporate Social Responsibility Report

At Key Insurance, Corporate Social Responsibility (CSR) is more than just a commitment – it's woven into the very fabric of our operations. We believe that strong communities create a strong foundation for our business and our people. This report highlights some of the key CSR initiatives we undertook in 2023 to support the livelihood and well-being of our communities.

Investing in Education

- **Early Literacy and Beautification:** In May, we partnered with Torrington Early Childhood Institute to celebrate Reading Day and Labour Day. Team members donated books, volunteered their time reading to students, and completed a beautification project by painting classrooms.

- **National Tree Planting Day:** In October, our dedicated staff participated in National Tree Planting Day by planting trees at various schools and institutions, promoting environmental stewardship in future generations.

- **Early Childhood Donations Programme:** In December, we launched our Early Childhood Donations Programme, focusing on assisting daycare centres across the island. Activities included:
    - Distributing Christmas treats at Bridgeport Basic School, Love Lane Basic School, and Pimento Walk Basic School.
    - Donating essential equipment, including a deep chest freezer to Central Basic School (Norwood, St. James), 6 Inverter Wall Fans to Torrington Early Childhood Institute, and a refrigerator to St. Stephens Early Childhood Education Centre.

Supporting a Cleaner Environment

- **GK Foundation Beach Clean Up:** In September, several Key Insurance staff members volunteered their time for the GK Foundation's Annual Beach Clean Up at Kingston Harbour, contributing to a cleaner and healthier environment for all Jamaicans.

Supporting Local Sports

- Further demonstrating our commitment to community well-being, Key Insurance proudly sponsored public liability coverage for the PANAM Badminton Championship.

By investing in the future of our communities, particularly in early childhood development and environmental sustainability, we are creating a positive impact that will resonate for years to come. We are committed to expanding our CSR efforts in 2024 and beyond, fostering a brighter tomorrow for all.

Highlights of our **CSR activities.**

Carlene Isaacs (Reinsurance & Non-Motor Underwriting Manager) presenting 6 inverter fans to **Ms. Anderson** (Principal of Torrington Early Childhood Centre)

Kaydene DeSilva (Senior HR Officer) and **Sujae Boswell** (Programme Manager, Grace & Staff Community Development Foundation) presenting a freezer **to Mrs. Peterkin** (Principal of Central Basic School)

Andrew Dunkley (Operations Manager) presenting a fridge to **Mrs. Dennis – Nelson** (Principal of St. Stephens United Church Early Childhood Development Centre)

Team Key participating in GK Beach Clean Up 2023

Team Key painting the classrooms at St. Stephens United Church Early Childhood Development Centre for Labour Day 2023

Tammara Glaves-Hucey (General Manager) painting the classrooms at St. Stephens United Church Early Childhood Development Centre for Labour Day 2023

Nicole Hector (Customer Support Associate) reading to students at St. Stephens United Church Early Childhood Development Centre for Reading Day 2023

Carlene Isaacs (Reinsurance & Non-Motor Underwriting Manager) presenting books to **Ms. Anderson** (Principal of Torrington Early Childhood Centre) for Reading Day 2023.

MANAGEMENT DISCUSSION & ANALYSIS

CONTENTS

Understanding the Company's Performance

This Management Discussion and Analysis (MD&A) provides a comprehensive review of Key Insurance's performance for the fiscal year ending December 31, 2023. It offers a clear framework for comparing our results to the previous year and highlights our financial achievements, strategic initiatives, and significant developments.

Please note that this MD&A should be read in conjunction with the audited financial statements and their accompanying notes. These statements are prepared in accordance with International Financial Reporting Standards (IFRS) as established by the International Accounting Standards Board (IASB).

All monetary figures are presented in Jamaican dollars, unless otherwise stated.

Forward-Looking Statements and Expectations

This MD&A may contain forward-looking statements that reflect our current expectations and beliefs. These statements are identified by words like "forecast," "believe," "expect," "intend," "plan," "estimate," "may," and similar expressions. They go beyond historical facts and may address our business strategy, future targets, 2024 outlook, anticipated economic conditions, market trends, and their potential impact on our business and future operations. While based on what management believes are reasonable assumptions, these statements are inherently uncertain. Actual results may differ materially from forward-looking statements due to various factors. They should not be considered guarantees of future performance.

The information contained in this MD&A may not include all the information that is important to or required by Key Insurance's current or potential investors. This Annual Report should be read in its entirety for more detailed descriptions of events, uncertainties, trends, risks, and critical accounting estimates affecting the Company.

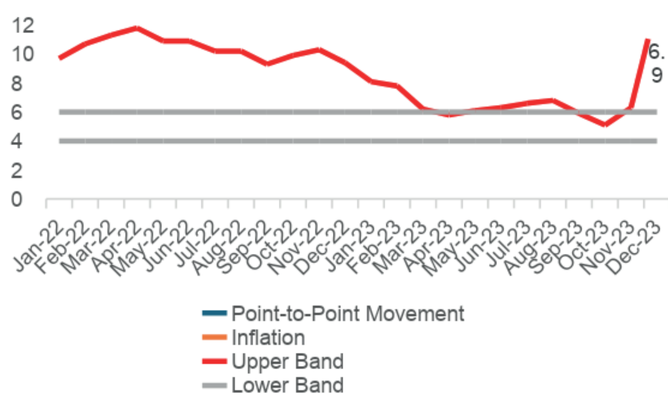
The 2023 Macro-economic Environment

Local Inflationary Pressures

Representing reduced inflationary pressures from 2022, inflation fluctuated between 5.1% and 8.1% in 2023. STATIN's inflation reading in December 2023 of 6.9% was driven by increases in food, transportation, and accommodation sectors. In the February released quarterly monetary policy report, the Bank of Jamaica (BOJ) advised that inflation is projected to average 6.9% over the next eight quarters, primarily due to heightened regulated prices, wage pressures and fuel price assumptions. Mitigating factors include decreased imported prices, and reduced JUTC bus fares, yet challenges persist due to a worsening output gap.

In an effort to contain inflation, throughout 2023, the BOJ maintained the policy interest rate at 7.0%, emphasizing tight Jamaican Dollar liquidity and stability in the FX market. Hence, the stock market remained subdued despite the economic recovery. The BOJ's monetary policy aims to counter inflationary pressures and promote debt sustainability, positioning Jamaica to manage shocks effectively.

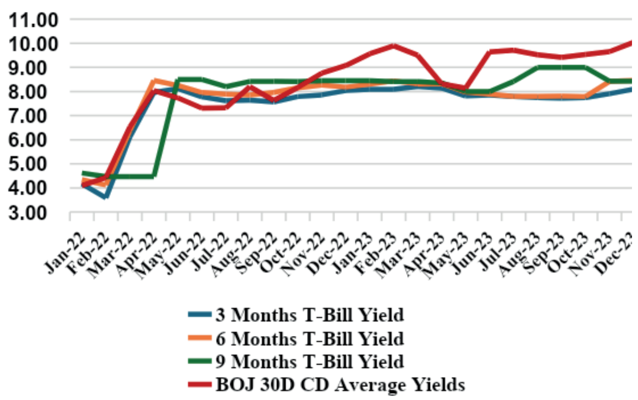
Annual Point-to-Point Inflation



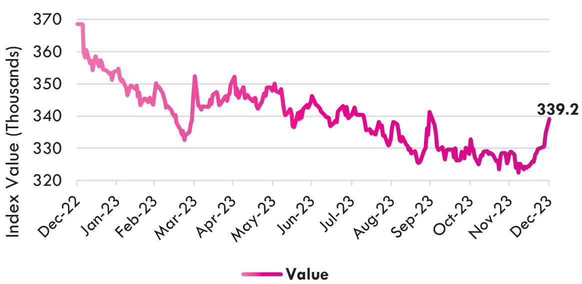
Local Investment Environment

Resultantly, the yields on local short-term fixed income instruments have also remained relatively elevated. Thirty (30) day CD average yields ranged from 8.14% in May 2023 to 10.04% in December 2023; providing an opportunity for the Company to combat inflation's impact on their real rate of return.

Local Market Interest Rates



JSE Combined Index Value



The recent short-dated fixed income demand is indicative of a "flight to quality" as the value of the Jamaica Stock Exchange ("JSE") Combined Index saw an 8.0% decline in 2023. The value traded on the JSE also experienced a downturn as investors shifted away from riskier assets. Additionally, this negative market sentiment seemingly impacted the number of listings; with only one IPO conducted in 2023 versus six IPOs in 2022.

Foreign Exchange Stability

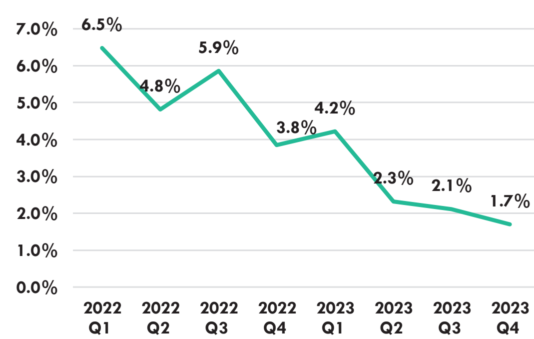
The Jamaican Dollar remained relatively stable, closing at a weighted average selling rate of $154.95. This represents a 1.9% depreciation year-over-year for FY2023. The relative stability was due to market interventions by the BOJ and continued strong remittance and tourism inflows. The BOJ, through its B-FXITT facility, sold approximately US$936.8M during the year and net purchased almost double the amount from the market in 2022. This anchored inflation and instilled confidence in the Jamaican currency as evidenced by the declining deposit dollarisation of 37.7% (a level not seen since December 2011) and the 1.4x oversubscription of the GOJ's international USD JMD-indexed bond which was floated in November 2023.

GDP Trend & Fiscal Developments

Real GDP grew by 1.7% in Q4 of 2023 relative to the corresponding period in 2022; indicating a declining growth trend. However, STATIN has stated that their preliminary estimates indicate that real GDP grew by 2.6% in FY2023 relative to FY2022.

Jamaica's debt-to-GDP ratio decreased from 94.2% to 79.7%, signalling positive fiscal developments. Rating agencies revised Jamaica's outlook positively, reflecting enhanced creditworthiness and economic prospects. The government aims to further reduce the debt ratio to 58.9% by FY2026/27, fostering economic stability and investment confidence.

JSE Combined Index Value

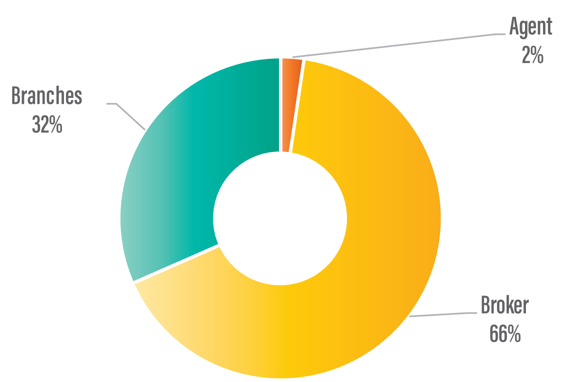


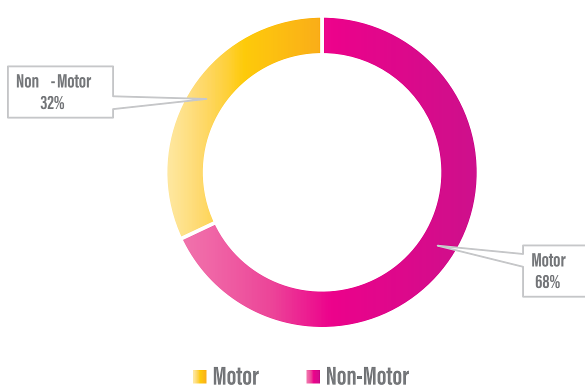
Our Business

Established in 1982, Key Insurance has proudly served the Jamaican community for over four decades. Headquartered at 6c Half-Way-Tree Road in Kingston 5, with a network of five additional branches island-wide, Key Insurance offers its insurance solutions through our dedicated in-house team as well as through our network of agents and brokers, ensuring accessibility for its customers.

The Company is licensed by the Financial Services Commission (FSC) to provide insurance protection for all classes of General Insurance and currently offers Motor and Non-Motor insurance coverage to the public. Our Motor offerings includes Public and Private Comprehensive Insurance, Public and Private Third-Party Insurance and Public Passenger Vehicle Insurance. Our Non-Motor offerings include Commercial and Personal Property Insurance; General Accident Insurance; Liability Insurance and Travel Insurance. As at 31 December 2023 the Company's motor products account for 68% of insurance revenue while non-motor products accounts for the remaining 32%.

Insurance Revenue Breakdown by Source





Insurance Revenue Breakdown by Business Class

Our Financial Performance

Key Insurance navigated a challenging year marked by rising inflation (6.5% moving average according to BOJ) and significant increases in both claims (54% industry-wide) and reinsurance costs (70%). Despite these headwinds, our team's resilience and adaptability fuelled strong performances in revenue, investment income, and operational efficiency.

2023 Financial Snapshot

		2023	2022	2014
Insurance Revenue	+16%	J$2.5b	J$2.1b	-
Investment Income	+39%	J$192.4m	J$138.3m	-
Profit Before Tax	+7%	J$77.3m	J$72.1m	-
Shareholder's Equity	+3%	J$1.34b	J$1.3b	-
Total Assets	+9%	J$4.1b	J$3.8b	-
GWP Growth Over 10-years	+75%	J$2.8b		J$0.73b

Adoption of IFRS 17

Key Insurance adopted International Financial Reporting Standard 17, "Insurance Contracts" (IFRS 17), effective for the annual reporting period beginning January 1, 2023. IFRS 17 supersedes IFRS 4 and introduces a current measurement model, requiring estimates to be re-evaluated each reporting period. This new standard has a significant impact on how insurance and reinsurance contracts are accounted for.

Some of the primary changes introduced by IFRS 17 include:

- profit recognition aligns with the delivery of insurance services, rather than solely upon receiving premiums. This provides a more accurate representation of the Company's performance over time.

- disclosure of expected future insurance contract profits, offering greater transparency for stakeholders in evaluating the company's performance trajectory.

The Company implemented IFRS 17 with a retrospective application, this necessitated restating comparative figures. Consequently, the transition impact is reflected in the opening statement of financial position as of January 1, 2022. Additionally, the income statement for the 2022 financial year and the statement of financial position at December 31, 2022, have been restated accordingly.

Insurance Revenue

The Company achieved its strongest revenue performance ever in 2023, with total insurance revenue surging 16.45% to $2.50 billion, compared to $2.15 billion in the prior year. This impressive growth is a testament to our ongoing efforts to enhance service, solidify customer relationships, and leverage strategic partnerships, all within a competitive industry landscape.

Expenses and Efficiency

The adoption of IFRS 17 introduces "Service Expense" to our Income Statement. This category reflects the core costs of our insurance business, including claims, administrative expenses, and commissions. Service Expense increased by $167.6 million (10%) year-over-year, primarily due to a 7% rise in gross claims expenses. It's important to note that our claims growth remained below the industry average of 54%. Additionally, inflationary pressures, staff expansion, and investments in corporate governance contributed to higher staff costs.

Despite these cost increases, we're pleased to report a significant improvement in other operating expenses. These non-insurance service expenses decreased by over 4.4% ($5.3 million) compared to 2022. This reduction is particularly noteworthy considering our simultaneous growth in revenue, profits, and investment income. It demonstrates our success in managing non-core expenses effectively, even in a rising-cost environment. This achievement highlights our commitment to operational efficiency and cost control across the organization.

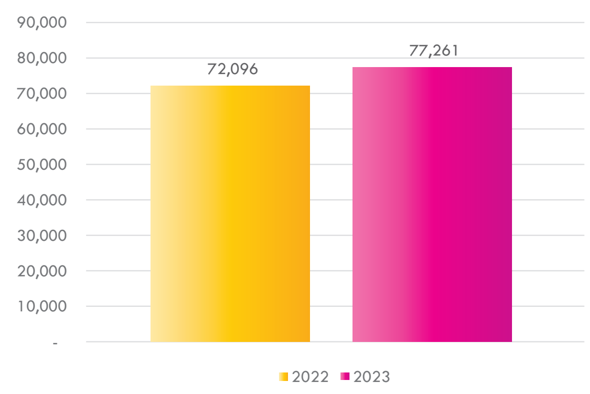
Our implemented efficiency measures led to a lower administrative expense ratio. This key metric, reflecting the portion of insurance revenue used for administrative costs, improved to 23% in 2023 compared to 25% in 2022.

Profit

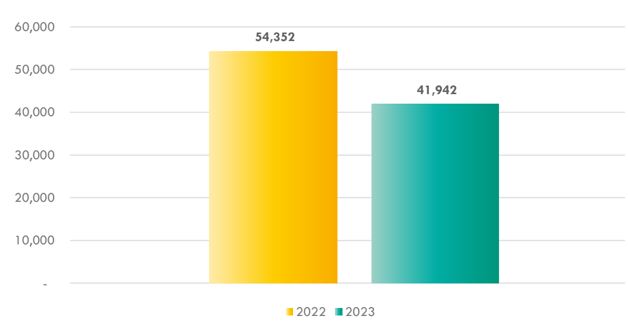
Profit before tax climbed 7.2% year-over-year, reaching $77.3 million compared to $72.1 million in 2022. This growth is particularly noteworthy considering the challenging market environment with rising inflation and claim costs.

The Company delivered a return on average equity (ROE) of 3.19%. This metric demonstrates our effectiveness in utilizing shareholder investment to generate profit. Additionally, earnings per share (EPS) amounted to $0.07 in 2023, directly benefiting our shareholders. These combined results solidify Key Insurance's commitment to delivering sustainable financial performance for our stakeholders.

Profit Before Tax Jamaican dollars '000s



Net Profit Jamaican dollars '000s



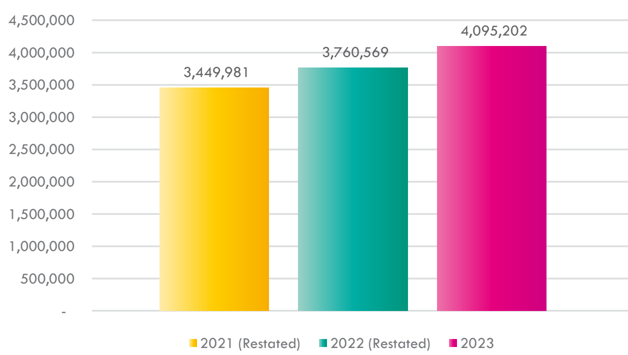
Financial Position

Key Insurance is committed to maintaining a strong financial position to support our long-term growth objectives. In 2023, we achieved significant progress on this front, as evidenced by several key metrics:

- ***Total Asset Growth:***

Our total assets increased in 2023, reflecting our dedication to optimizing resource allocation and strengthening our financial base. This growth allows us to invest in strategic initiatives and pursue future opportunities.

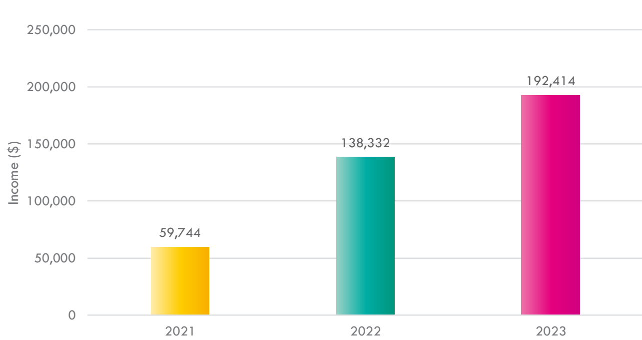
Total Assets Jamaican dollars '000s



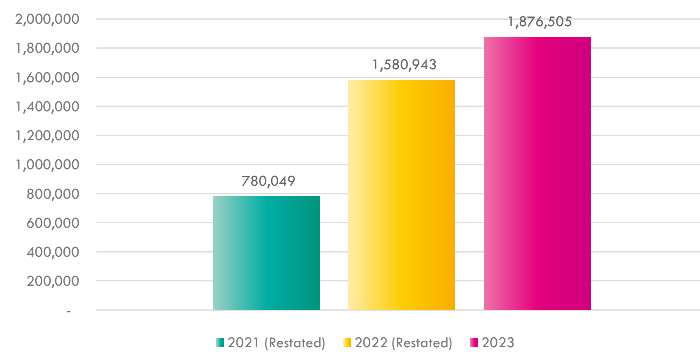
- ***Enhanced Investment Performance:***

We strategically realigned our investment portfolio in 2023 to capitalize on rising interest rates. This resulted in a remarkable 39% increase in investment income compared to 2022. Furthermore, the investment portfolio itself grew by 18.70%, with a particular focus on fixed income securities. This demonstrates our commitment to maximizing returns while managing risk effectively. Our proactive investment management approach strengthens our financial position and creates value for shareholders.

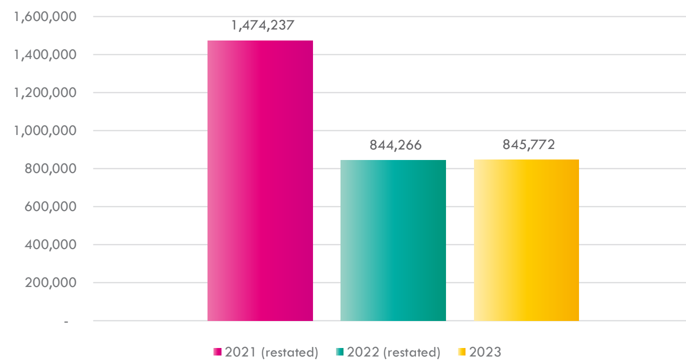
Investment Income



Investment Securities Jamaican dollars '000s



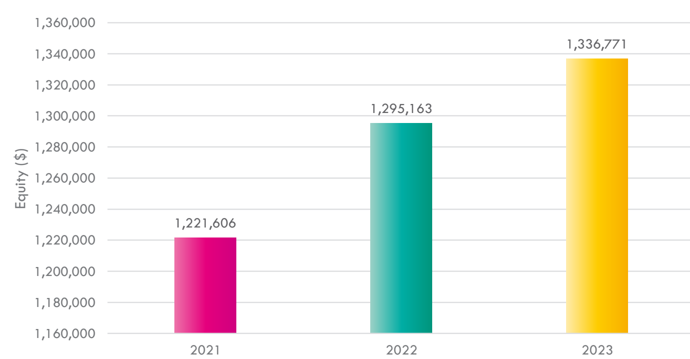
Equity



- ***Solid Shareholder Equity Growth:***

Shareholders' equity increased by $41.6 million in 2023, primarily driven by retained earnings. This growth reflects our focus on profitability and prudent financial management. We are committed to enhancing shareholder value through responsible resource allocation and a measured approach to growth, while maintaining a strong capital base and liquidity position.

Shareholders' Equity



Regulatory Requirements and Building Liquidity

Key Insurance has consistently surpassed the Financial Services Commission's (FSC) liquidity and capitalization Early Warning Ratios throughout 2023. The Company's Minimum Capital Test Ratio (MCT) of 150% as mandated by the FSC was not only met but exceeded, closing the year at a healthy 186.88% as of December 31, 2023. This demonstrates our robust capital adequacy and commitment to solvency.

Furthermore, the Company strategically increased its liquid resources by 12.25% in the form of cash and investments. This positions us to capitalize on future investment opportunities to further enhance investment income in 2024 and beyond.

It's important to note that total liabilities did increase by 11.7% from $2.47 billion in 2022 to $2.76 billion in 2023. This is primarily due to an increase in insurance contract liabilities, reflecting the increased volume of business undertaken during the year. However, management is confident that our current level of liquid resources is sufficient to meet all financial obligations as they fall due.

By prioritizing these financial fundamentals, Key Insurance positions itself for continued stability and growth, ultimately benefiting all stakeholders.

Driving Growth Through Strategic Initiatives

Key Insurance has established four strategic pillars that continue to guide its initiatives in support of the Company's sustained profitability:

- Sustainable Growth and Innovation (targeting specific market segments)
- Customer Centricity (acquisition and relationship management)
- Operational Efficiency
- Performance-Driven Culture

There are numerous initiatives and metrics under each of these pillars that are monitored and measured monthly by management and shared with the Board of Directors. During 2023, the Company successfully executed a significant portion of these initiatives, focusing on team transformation and training; digital transformation; enhancing customers' experience; and growing insurance revenue and investment income.

We are proud of the achievement of these initiatives and the impact they have had. Notably, all employees successfully completed training programs, significantly boosting our workforce's capabilities. Furthermore, we implemented online insurance purchasing capabilities on our website and enhanced our digital channels by streamlining policy renewals, improving the customer experience. These accomplishments, along with the team's dedication, played a crucial role in achieving our financial targets for revenue and income growth. We are committed to building on this success and furthering our strategic goals in the coming year.

Looking Ahead: A Focus on Growth and Sustainability

As Key Insurance navigates the evolving landscape in 2024 and beyond, the Board and Management are keenly aware of both the challenges and opportunities that lie ahead. We are confident that the strategic initiatives implemented in 2023 will continue to propel our sustained growth trajectory.

Fuelling Growth Through Strong Foundations

Key Insurance is built on a strong and steadily growing brand, fostering unwavering confidence in our future. We remain committed to impactful marketing campaigns that will further solidify our position in the market. Additionally, we will prioritize continuous customer engagement through a robust network of digital and direct channels. Our unwavering commitment to maximizing the customer experience ensures exceptional value is delivered at every touchpoint.

The motor insurance segment continues to experience increased claims activity. In response, we are taking a data-driven approach to underwriting, allowing us to effectively manage loss ratios and maintain strong performance in this key area. We are confident that our ongoing efforts in refining practices and processes will continue to yield positive results.

We are optimistic about the future and believe our focused approach will lead to further success. We remain committed to:

- providing our customers with competitively priced insurance options.

- continuously refining our risk selection methods as we aim to optimize our portfolio and reduce risk exposure.

- building and leveraging existing and new partnerships as a key part of our long-term growth strategy

- managing expenses efficiently while maintaining service quality.
- effective claims management practices as a cornerstone of our operations.

Investing in the Future – Customer Centricity and Innovation

We are currently in the process of revamping our website to provide a seamless user experience. This enhanced platform will allow customers to manage their risks and interact with us conveniently. Furthermore, we are focused on expanding our product offerings to better cater to the evolving needs of our diverse customer base.

With a strong foundation, a customer-centric approach, and a commitment to innovation, Key Insurance is well-positioned for continued success. We are unwavering in our dedication to delivering value to our stakeholders and look forward to building upon our achievements in the years to come. Thank you for your continued trust and support.
In an ever-changing business landscape, the team at Key Insurance remains vigilant and proactive in identifying, assessing, and responding to potential risks, safeguarding our operations, and ensuring the long-term sustainability of the organization.

Safeguarding Success:
Our Approach to Risk Management

In 2023, we further enhanced our Enterprise Risk Management (ERM) Framework by ensuring that our risk management practices remained aligned with industry best practices and regulatory requirements. Throughout the year, we leveraged technology to conduct thorough assessments to identify and analyze risks stemming from global events, such as geopolitical tensions, economic uncertainties, and the lingering effects of the pandemic. These assessments enabled us to develop and implement strategic management actions, which were closely monitored and adjusted as needed.

Some of the key risks that we monitored and managed throughout the year included:

- ***Financial Risks***
  - Insurance Risks: Utilizing robust underwriting processes and pricing models to accurately assess and price risks. Additionally, adequate reserves were maintained to ensure our ability to meet future claims obligations.
  - Market Risks: Investment strategies were designed to mitigate interest rate and foreign exchange risks through diversification, and regular portfolio rebalancing.
  - Credit Risks: Rigorous credit risk management processes, and risk mitigation techniques such as collateral management and reinsurance were implemented.
  - Economic Risks: Risk management strategies accounted for economic factors, such as inflation, recession, and market volatility, by stress-testing our portfolios, adjusting pricing and reserving practices, and implementing cost-control measures.
- ***Operational Risks***
  - Hazards and Disaster Risks: Maintenance of comprehensive business continuity and disaster recovery plans, as well as robust reinsurance programs, to mitigate the impact of natural disasters, pandemics, and environmental factors.
  - Technology Risks: Investment in robust cybersecurity measures, data protection protocols, and system redundancies to safeguard against cyber threats, system failures, and data breaches.
  - Process Risks: Implementation of robust internal controls, and employee training programs to minimize inefficiencies, human errors, and the risk of fraud.
- ***Strategic Risks***
  - Competition Risks: Continuous monitoring of market trends, customer preferences, and competitor activities to ensure products and services remained competitive.
  - Brand and Image Risks: Maintenance of a strong corporate governance framework, ethical business practices, and effective communication strategies to protect our brand reputation and public perception.
  - Stakeholder Risks: Prioritization of open and transparent communication with customers, employees, and other key stakeholders to foster strong relationships and trust.
- ***Compliance Risks***
  - Regulatory Risks: Close monitoring of regulatory developments to ensure adherence to applicable laws, regulations, and industry standards.
  - Legal Risks: Utilization of comprehensive contract management processes to minimize exposure to litigation and contractual disputes.

Internal Controls

In 2023, we continued to strengthen our internal controls framework by conducting regular control testing to identify and address weaknesses and to ensure adherence to internal policies and procedures. We also conducted frequent monitoring of potential exposures to maintain a proactive approach towards internal controls.

Throughout the year, we remained committed to the three lines of accountability model, which underpins our governance, risk, and controls framework.

- ***First Line – Business Units***
  - Implemented and maintained effective controls within their areas of responsibility and also invested in training and development to ensure employees were equipped to perform their risk management duties effectively.

- ***Second Line – Risk and Compliance***
  - Provided oversight and guidance to the first line, to ensure adherence to policies and procedures.

- ***Third Line – Independent Audit***
  - Conducted objective assessments of risk management and internal control processes.

Looking Ahead

We remain committed to continuous improvement and adaptation, to ensure that our risk management and internal control practices evolve in tandem with our changing business landscape. By fostering a risk aware culture and promoting a robust control environment, we are confident in our ability to safeguard our success and deliver long-term value to our stakeholders.

Historical Financial Data

10 Year Financial Review

Statement of Financial	2023 000	2022 000	2021 000	2020 000	2019 000	2018 000	2017 000	2016 000	2015 000	2014 000
No. of Shares Issued	559,323	559,323	559,323	368,461	368,461	368,461	368,461	368,461	315,771	315,771
Shareholders' equity	1,336,771	1,295,163	1,221,606	258,977	660,340	888,799	1,095,030	1,017,495	903,621	828,990
Property, plant and equipment	261,527	256,903	227,529	231,934	221,513	194,432	191,883	313,753	281,089	287,228
Investment properties	-	-	-	226,734	200,150	341,150	329,650	185,150	173,100	152,020
Total assets	4,095,202	3,760,569	3,449,981	2,905,292	4,509,975	2,559,156	2,450,033	2,421,851	1,971,909	1,847,684
Insurance contract liabilities-(*newly reported under IFRS 17*)	2,552,129	2,372,975	2,004,188	-	-	-	-	-	-	-
Insurance reserves-(*no longer reported under IFRS 17*)	-	-	-	2,349,451	2,160,963	1,598,401	1,238,427	1,337,404	930,707	868,560
Payables	179,288	68,024	213,205	296,864	1,688,672	68,845	114,483	65,289	123,355	109,630
Receivables	453,212	426,437	259,230	868,124	2,201,281	419,869	472,906	668,040	314,794	233,961
Cash on hand and bank	845,772	844,286	1,474,237	745,183	937,029	714,118	403,057	451,265	185,923	191,073
Investments	1,876,505	1,580,943	780,049	395,674	241,937	510,092	713,217	507,479	773,382	734,380
Statement of Comprehensive Income (J$'000)										
Revenues Insurance revenue -(newly reported *under IFRS 17*)	2,503,105	2,149,568	1,750,093	-	-	-	-	-	-	-
Percentage change over one year	*16%*	*23%*								
Gross Written Premium-(no longer reported *under IFRS 17*)	-	2,217,543	1,914,966	1,432,083	1,403,690	1,791,567	1,440,065	1,081,746	960,973	728,230
Percentage change over one year	*-100%*	*16%*	*34%*	*2%*	*-22%*	*24%*	*33%*	*13%*	*32%*	*7%*
Commission income-(*no longer reported under IFRS 17*)	-	121,942	96,606	159,925	132,848	117,124	91,301	78,292	85,579	65,191
Percentage change over one year	*-100%*	*26%*	*-40%*	*20%*	*13%*	*28%*	*17%*	*-9%*	*31%*	*11%*
Investment income	192,414	138,332	59,744	54,078	32,900	51,219	49,411	42,288	58,457	55,007
Percentage change over one year	*39%*	*132%*	*10%*	*64%*	*-36%*	*4%*	*17%*	*-28%*	*6%*	*-24%*
Other income	45,937	67,583	98,761	17,656	114,335	89,206	38,673	20,280	14,917	30,019
Percentage change over one year	*-32%*	*-32%*	*459%*	*-85%*	*28%*	*131%*	*91%*	*36%*	*-50%*	*-48%*
Total revenues	2,741,456	2,355,483	1,908,598	1,663,742	1,683,773	2,049,116	1,619,450	1,222,606	1,119,926	878,447
Percentage change over one year	*16%*	*23%*	*15%*	*-1%*	*-18%*	*27%*	*32%*	*9%*	*27%*	*1%*
Insurance service expense -(*newly reported under IFRS 17*)	1,843,641	1,676,072	-	-	-	-	-	-	-	-
Percentage change over one year	*10%*									
Net expenses from reinsurance contracts held (newly reported under IFRS 17)	710,889	503,513	-	-	-	-	-	-	-	-
Percentage change over one year	*41%*									
Reinsurance ceded-(*no longer reported under IFRS 17*)	-	681,846	599,099	489,715	1,744,177	611,963	509,767	435,881	487,959	386,769
Percentage change over one year		*14%*	*22%*	*-72%*	*185%*	*20%*	*17%*	*-11%*	*26%*	*1%*
Insurance claims -(*no longer reported under IFRS 17*)	-	966,189	505,186	531,478	15,124	1,123,981	344,059	1,044,827	287,473	177,955
Percentage change over one year		*91%*	*-5%*	*3414%*	*-99%*	*227%*	*-67%*	*263%*	*62%*	*-39%*
Commission expense-(*no longer reported under IFRS 17*)	-	205,020	160,395	171,328	167,108	167,313	141,398	101,908	90,113	62,862
Percentage change over one year		*28%*	*-6%*	*3%*	*0%*	*18%*	*39%*	*13%*	*43%*	*13%*
Administrative expenses *Percentage change over one year*	567,673 *4%*	546,081 *9%*	502,886 *3%*	489,400 *12%*	435,447 *8%*	402,116 *-6%*	428,806 *5%*	410,096 *29%*	318,400 *7%*	297,428 *0%*
Profit/(loss) before taxation	**77,261**	**72,096**	237,638	(449,499)	(566,257)	**(167,494)**	**44,740**	**(50,560)**	**26,871**	**27,869**
Percentage change over one year	*7%*	***-70%***	***153%***	***21%***	***-238%***	***-474%***	***188%***	***-288%***	***-4%***	***186%***
Net profit/(loss)	**41,942**	**54,352**	**160,389**	**(299,666)**	**(267,479)**	**(167,494)**	**42,663**	**(42,234)**	**23,084**	**25,086**
Percentage change over one year	***-23%***	***-66%***	***154%***	***-12%***	***-60%***	***-493%***	***201%***	***-283%***	***-8%***	***261%***

10 Year Financial Review

Important Performance Ratios	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Return on equity	3%	4%	22%	-65%	-35%	-17%	4%	-4%	3%	3%
Return on assets	1%	2%	5%	-8%	-8%	-7%	2%	-2%	1%	1%
Revenue to receivables	6.05	5.52	7.36	1.92	0.76	4.88	3.4	1.83	3.56	3.75
Pre-tax profit margin	3%	3%	12%	-27%	-34%	-8%	3%	-4%	2%	3%
Insurance ceded -(*no longer reported under IFRS 17*)	-	31%	31%	34%	124%	34%	35%	40%	51%	53%
Net claims to premium-(*no longer reported under IFRS 17*)	-	44%	26%	37%	1%	56%	27%	22%	24%	18%
Investment Return	7%	8%	7%	6%	12%	11%	8%	7%	8%	9%
Price to sales ratio	0.49	0.86	1.28	1.53	0.84	6.64	6.64	-7.25	n/a	n/a
Price book ratio	0.92	1.43	1.84	8.48	1.79	1.14	1.14	1.09	n/a	n/a
Cash per share	1.51	1.51	2.64	2.02	2.54	1.94	1.09	1.22	0.59	0.61

FINANCIAL STATEMENTS

EXPRESSION OF OPINION

I have examined the financial condition and valued the policy and claims liabilities of Key Insurance Company Limited (KICL) for its balance sheet as at December 31, 2023 and the corresponding change in the policy and 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 PWC for the substantial accuracy of the records and information concerning other liabilities, as certified in the attached statement.

The results of my valuation together with amounts carried in the Annual Return are the following:

Insurance Contract Liabilities (J$000)	Carried In Annual Report (J$000)	Actuary's Estimate (J$000)
Undiscounted Gross Reserves	1,681,504	1,681,504
Discounted Gross Reserves	1,484,042	1,484,042
Undiscounted Net Reserves	1,577,120	1,577,120
Discounted Net Reserves	1,394,115	1,394,115

I certify that:

I am a member in good standing with my governing actuarial body, the American Academy of Actuaries and comply with its continuing education requirements.

I meet the qualification standards of the Financial Services Commission to value the actuarial reserves and other policy liabilities of KICL; and

The valuation of actuarial reserves and other policy liabilities of KICL was conducted in accordance with the Insurance Act, 2001 and its regulations, International Financial Reporting Standards, generally accepted actuarial practice in Jamaica and guidelines issued by the Financial Services Commission.

In my opinion the amount of the actuarial reserves and other policy liabilities of KICL reported in its annual financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023 is appropriate for this purpose and the annual financial statements presents fairly the results of the valuation.

(i) The methods and procedures used in the verification of the data are sufficient and reliable and fulfill acceptable standards of care;
(ii) The valuation of policy and claims liabilities has been made in accordance with generally accepted actuarial practice with such changes as determined and directions made by the Commission;
(iii) The methods and assumptions used to calculate the policy and claims liabilities are appropriate to the circumstances of the company and of the said policies and claims;
(iv) The amount of policy and claims liabilities represented in the balance sheet of Key Insurance Company Limited 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;
(v) A proper charge on account of these liabilities has been made in the statement of comprehensive income;
(vi) The capital position is sufficient to meet the solvency standards as established by the Commission.

Josh Worsham, FCAS, MAAA	Josh Worsham	February 29, 2024
Name of Appointed Actuary	Signature of Appointed Actuary	Date

Independent auditor's report

To the Members of Key Insurance Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Key Insurance Company Limited (the Company) as at 31 December 2023, 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 2023;
- 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 notes to the financial statements, comprising material accounting policy information and other explanatory information.

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.

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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

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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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 17, Insurance Contracts *Refer to notes 2(n), 4(a) and 23 to the financial statements for disclosures of related accounting policies and balances.* On January 1, 2023 the Company adopted IFRS 17 with a transition date of January 1, 2022 and restated comparative information for 2022 and 2021 applying the transition provisions of IFRS 17. The adoption of the standard significantly impacted how the Company recognizes, measures, presents and discloses insurance contracts. The adoption of IFRS 17 resulted in a $172.9 million increase in equity. Changes in accounting policies resulting from the adoption of IFRS 17 were applied using a full retrospective approach to the insurance contracts in force at the transition date. IFRS 17 is a complex accounting standard requiring considerable judgement and interpretation in its implementation, and impacts how the Company recognizes, measures, presents and discloses insurance contracts. In adopting the new standard, management used significant judgement in developing and implementing accounting policies, including policies specific to transition. With the application of the premium allocation approach there are many elements embedded in the determination of the carrying value of insurance contracts that required management to use significant judgement in making estimates and assumptions. We considered this a key audit matter as auditing the Company's transition to IFRS 17 was complex as it related to the measurement of the Company's insurance contract liabilities with regards to management's assumptions being: ● discount rates, and ● the non-financial risk adjustment.	Our approach to addressing the matter, with the assistance of our actuarial specialist, involved the following procedures, amongst others: ● Evaluated the accounting policies and the elections involved in transition. ● Assessed the appropriateness and consistency of key assumptions, including discount rate and risk adjustment, used in the measurement of insurance contract liabilities, by comparing to published industry studies, market data, entity specific facts and circumstances, our knowledge of the products and the requirements of IFRS 17. ● Tested, on a sample basis, underlying support and documentation such as historical executed insurance contracts. ● Tested the inputs and source information underlying the determination of the discount rates and non-financial risk adjustment. ● Developed a range of independent estimates and compared those to the discount rates and non-financial risk adjustment selected by management. ● Assessed the IFRS 17 disclosures within the financial statements against the requirements of IFRS 17. Based on the results of our audit procedures, management's application of accounting policies as required by IFRS 17, in our view, was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liability for insurance contracts *Refer to notes 2(n), 4(a) and 23 to the financial statements for disclosures of related accounting policies, estimates and balances.* As at 31 December 2023, total insurance contract liabilities amounted to $2.6 billion. Insurance contract liabilities are determined in accordance with IFRS 17. This requires the use of complex valuation models and assumptions to measure groups of insurance contracts as the total of fulfilment cash flows plus a risk adjustment for non-financial risk and a discount factor. The Company measures insurance contracts issued and reinsurance contracts held by applying the Premium Allocation Approach ("PAA"). There is generally less information available in relation to insurance contract liability, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. Management uses qualified external actuaries to assist in determining the valuation of insurance liability. 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. 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 was derived using government bond rates available in the market denominated in the same currency as the product being measured. We focused on this area because the liability for insurance contracts issued measured under the PAA includes significant and complex assumptions such as: ● discount rates, ● claims settlement pattern, and ● methods used to measure insurance contract liabilities including the risk adjustment for non-financial risk.	The approach to addressing the matter, with the assistance of our actuarial experts, involved the following procedures, amongst others: • Obtained an understanding of management's end to end process and controls supporting the determination of insurance contract liabilities. • Tested, on a sample basis, the completeness, accuracy and reliability of the insurance contracts and related claims to source documents as it pertained to premiums, unearned premiums, claims outstanding and claims paid. • Assessed the independence, experience and objectivity of management's actuarial experts. • Evaluated the suitability of the methodology used by management's actuary in establishing insurance contract liabilities against established actuarial practice and our knowledge and experience. • Performed a methodology and assumptions assessment of management's determination of discount rates and risk adjustment in the actuarial valuation considering market data, component specific facts and circumstances. • Evaluated and tested the reasonableness of management claim settlement pattern by inspecting historical information and sensitised the outputs to evaluate for reasonableness and management bias. Based on the results of our audit procedures, the assumptions used by management for determining the valuation of insurance contract liabilities were not unreasonable.

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.

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.

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 judgment 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.

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 Tricia-Ann Smith DaSilva.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
1 March 2024

	Note	2023	2022
		$'000	$'000
Insurance revenue		2,503,105	2,149,568
Insurance service expense		(1,843,641)	(1,676,072)
Net expenses from reinsurance contracts held		(710,889)	(503,513)
Insurance service result		(51,425)	(30,017)
Interest revenue from financial assets	10	192,414	138,332
Finance income from insurance contracts held		16,521	31,686
Finance expenses from reinsurance contracts held		(11,606)	(15,608)
Net insurance and investment result		145,904	124,393
Other operating income		45,937	67,583
Other operating expenses	8	(114,580)	(119,880)
Profit Before Taxation		77,261	72,096
Taxation	12	(35,319)	(17,744)
Net Profit		41,942	54,352
Other Comprehensive Income:			
Item that may be subsequently reclassified to profit or loss:			
Net loss on the remeasurement of financial assets at FVOCI, net of taxes		-	(32,754)
Item that will not be subsequently reclassified to profit or loss:			
Revaluation (loss)/gains on property, plant and equipment, net of taxes		(334)	26,046
Other Comprehensive Income		(334)	(6,708)
Total Comprehensive Income for the Year		41,608	47,644
Earnings per Stock Unit	27	$0.07	$0.10
Net Profit			
Attributable to:			
Owners of Key Insurance Company Limited		30,730	39,822
Non-Controlling interests		11,212	14,530
Total		41,942	54,352
Total Comprehensive income			
Attributable to:			
Owners of Key Insurance Company Limited		30,430	34,907
Non-Controlling interests		11,178	12,737
Total		41,608	47,644

	Note	2023 $'000	Restated 2022 $'000	Restated 2021 $'000
ASSETS				
Cash and cash equivalents	13	845,772	844,286	1,474,237
Investment securities	14	1,876,505	1,580,943	780,049
Due from brokers	15	442,108	296,627	245,309
Reinsurance contract assets	16	9,699	129,163	125,727
Taxation recoverable		286,714	253,799	202,549
Other receivables		1,405	647	1,394
Right-of-use assets	30	20,575	24,870	10,124
Intangible assets	19	1,908	1,819	3,016
Property, plant and equipment	20	261,527	256,903	227,529
Deferred taxation	22	348,989	371,512	380,047
		4,095,202	3,760,569	3,449,981
LIABILITIES AND EQUITY				
Liabilities				
Other payables	21	179,288	68,024	213,205
Lease liabilities	30	27,014	24,407	10,982
Insurance contract liabilities	23	2,552,129	2,372,975	2,004,188
		2,758,431	2,465,406	2,228,375
Equity				
Share capital	24	903,300	903,300	903,300
Capital reserve	25	57,371	57,371	57,371
Fair value reserves	26	55,063	55,397	62,105
Retained earnings		321,037	279,095	198,830
		1,336,771	1,295,163	1,221,606
		4,095,202	3,760,569	3,449,981

Approved for issue on behalf of the Board of Directors on 1 March 2024 and signed on its behalf by:

Don Wehby — Chairman

Linval Freeman — Director

	Share Capital $'000	Capital Reserve $'000	Fair Value Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 December 2021	903,300	57,371	62,105	51,942	1,074,718
Effect of IFRS 17 adoption, net of taxes	-	-	-	172,855	172,855
Balance at 1 January 2022, as restated	903,300	57,371	62,105	224,797	1,247,573
Profit for the year, as restated	-	-	-	54,298	54,298
Net loss on the remeasurement of financial assets at FVOCI, net of taxes	-	-	(32,754)	-	(32,754)
Revaluation gain on property, plant and equipment, net of taxes	-	-	26,046	-	26,046
Balance at 31 December 2022, as restated	903,300	57,371	55,397	279,095	1,295,163
Profit for the year	-	-	-	41,942	41,942
Deferred tax charged to other comprehensive income	-	-	(334)	-	(334)
Balance at 31 December 2023	903,300	57,371	55,063	321,037	1,336,771

	Note	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Net profit		41,942	54,352
Adjustments for:			
Changes in insurance and reinsurance contract assets/liabilities			
Amortisation and depreciation	8	28,582	22,055
Expected credit losses		11,936	(670)
Gain on sale of property, plant and equipment		(1,069)	-
Gain on sale of investments	11	-	(2,926)
Net foreign exchange gains		14,227	(5,378)
Interest expense	30	1,788	938
Interest income	10	(192,414)	(138,332)
Taxation	12	35,319	17,744
		(59,689)	(52,217)
Changes in operating assets and liabilities			
Due from brokers		(145,481)	(51,318)
Reinsurance contract assets		119,464	(3,437)
Insurance contract liabilities		179,154	394,700
Other assets		(758)	747
Other liabilities		111,264	(145,180)
Cash generated from operations		203,954	143,295
Interest paid		(1,788)	(938)
Taxation paid		(19,784)	(46,007)
Net cash provided by operating activities		182,382	96,350
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	20	(21,280)	(6,718)
Acquisition of intangible asset	19	(904)	-
Proceeds on disposal of property, plant and equipment		2,294	-
Purchase of investments		(787,086)	(1,524,638)
Disposal/maturity of investments		479,903	702,926
Interest received		172,092	107,524
Net cash used in investing activities		(154,981)	(720,906)
Cash Flows from Financing Activities			
Lease principal payments	30	(11,688)	(10,773)
Net cash used in financing activities		(11,688)	(10,773)
Net increase/(decrease) in cash and cash equivalents (Page 5)		15,713	(635,329)

	Note	2023 $'000	2022 $'000
Net increase/(decrease) in cash and cash equivalents (Page 4)		15,713	(635,329)
Effect of changes in exchange rate on cash and cash equivalents		(14,227)	5,378
Cash and cash equivalents at beginning of year		844,286	1,474,237
Cash and Cash Equivalents at the End of the Year	13	845,772	844,286

1. Identification and Activities

(a) Key Insurance Company Limited (the Company) is registered and domiciled in Jamaica. Its registered office and place of business is located at 6c Halfway Tree Road, Kingston 5, Jamaica.

(b) The Company is licensed to operate as a general insurer in Jamaica, under the Insurance Act, 2001. Its principal activity is the underwriting of motor, commercial and personal property and casualty insurance.

(c) Grace Kennedy Financial Group Limited (GKFG) acquired 65% of the issued stock units of Key Insurance Company Limited which was completed on 29 March 2020. The ultimate parent Company is GraceKennedy Limited. Both the parent, Grace Kennedy Financial Group Limited, and the ultimate parent are incorporated and domiciled in Jamaica. In January 2022, the Company raised $668,000,000 by way of a rights issue whereby an additional 190,862,238 ordinary stock units were issued to new and existing stockholders. GKFG exercised its rights and increased its shareholding to 72%.

(d) The Company is listed on the Main Market of the Jamaica Stock Exchange (JSE) which took effect on 9 April 2020.

The financial statements were authorised for issue by the Directors of the Company on 1 March 2024. The Directors have the power to amend and reissue the financial statements.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) and have been prepared under the historical cost convention except for certain investment securities, and certain items of property, plant and equipment measured at fair value. The financial statements comply with IFRS Accounting Standards (IFRS).

The preparation of financial statements in conformity with IFRS 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 actions, 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 3.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Accounting pronouncements effective in 2023 which are relevant to the Company's operations
Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current and prior financial years. Management has reviewed these new standards, amendments and interpretations to existing standards and has determined that the following new or amended accountings standards requires the Company to change its accounting policies or add new disclosures for the 2023 financial year.

IFRS 17, 'Insurance contracts' This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The Company chose the simplified premium allocation approach which is permitted for the liability for remaining coverage for short duration contracts.

Definition and 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").

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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, 'Insurance contracts' (continued)

Unit of account (continued)
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.

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 actually 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 of the group; 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;

2. **Significant Accounting Policies (Continued)**

(a) **Basis of preparation (continued)**

IFRS 17, 'Insurance contracts' (continued)

Recognition and derecognition (continued)
Unless the Company entered into 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 cohorts 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 as a result 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.

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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, 'Insurance contracts' (continued)

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. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect 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 particular 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.

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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, 'Insurance contracts' (continued)

Fulfillment cash flows and contract boundary (continued)
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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, 'Insurance contracts' (continued)

Measurement
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 amortization 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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, 'Insurance contracts' (continued)

Measurement (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 risk adjustment 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 recognized 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 recognized as net income from reinsurance contracts held.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, '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 amortization;
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.

Amortization 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 consolidated statement of profit or loss.

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.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IFRS 17, '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 non-financial risk between insurance service result and insurance finance income or expenses.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Accounting pronouncements that are not yet effective, and have not been early adopted
At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which are mandatory for the Company's accounting periods beginning on or after 1 January 2023 or later periods but were not effective at the date of the statement of financial position, and which the Company has not early adopted. 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:

Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment. The Company is currently assessing the impact of these amendments.

The Company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS' project.

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Jamaican dollars, which is also the Company's functional currency.

Translations and balances

Foreign currency balances outstanding at the statement of financial position date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies during the year are converted at the rates of exchange ruling on the dates of those transactions. Gains and losses arising from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the statement of comprehensive income.

(c) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

The Company's financial assets comprise investment securities, insurance receivables and cash and short-term investments.

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows. The Company reclassifies debt investments only when its business model for managing those assets changes.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Equity instruments held for trading are measured at fair value through profit or loss (FVPL).

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)
Measurement

Debt instruments
Measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are included in administration and other expenses in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified to profit or loss. Interest income from these financial assets is included in the profit or loss using the effective interest rate method. Impairment losses are included in administration and other expenses in profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments
The Company measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the profit or loss.

Impairment
The Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets classified at amortised cost and debt instruments measured at FVOCI.

Application of the General Model
The Company has applied the 'general model' as required under IFRS 9 for financial assets other than receivables from agents, brokers and policyholders. Under this model, the Company is required to assess on a forward-looking basis the ECL associated with its debt investments carried at amortised cost and FVOCI. The ECL is recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and considers the time value of money in relation to these outcomes.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)
Application of the General Model (continued)
The probability-weighted outcome considers multiple scenarios based on 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.

ECL is calculated by multiplying the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL is computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

- Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

- Stage 3 – Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

Macro-economic Factors and Forward-Looking Information
The Company applies an unbiased and probability-weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macro-economic factors and forward-looking information are considered in measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECL at each reporting period reflects reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses three scenarios that are probability-weighted to determine ECL.

Expected Life
When measuring ECL, the Company considers the maximum contractual period over which the Company is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options.

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.

2. Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)
The lifetime ECL is determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward-looking information.

Premium receivable
Receivables are recognised when due, and are carried at cost, less provision for impairment, which is deemed to approximate the fair value of these short-term assets. These include amounts due from agents, brokers and insurance contract holders.

Expected credit losses are calculated on receivables from agents, brokers and policyholders and interCompany receivables on a periodic basis and the carrying amount reduced accordingly with the impairment loss recognised in profit or loss.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Financial liabilities
The Company's financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. At the statement of financial position date, the following items were classified as financial liabilities: payables, amounts due to reinsurers, claims outstanding and lease liabilities.

The fair value of the Company's financial instruments is discussed in Note 6.

(d) Securities purchased under agreements to resell
Securities purchased under agreement to resell (reverse repurchase agreements) are treated as loan assets and they mature within twelve months. The difference between the purchase and resale price is treated as interest and accrued over the life of the arrangements using the effective yield method.

(e) Reinsurance ceded
The Company cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from longer exposures. Reinsurance does not relieve the originating insurer of its liability. Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses, loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross in the statement of financial position.

2. Significant Accounting Policies (Continued)

(f) Deferred policy acquisition costs

The cost of acquiring and renewing insurance contracts, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the contracts, are deferred over the unexpired period of risk carried. Deferred policy acquisition costs are subsequently amortised as the premium is earned over the life of the contract. Deferred policy acquisition costs are subject to recoverability testing at the time of the policy issue and at the end of each accounting period.

(g) Investment properties

Investment properties comprise land owned by the Company, which is held for long-term capital appreciation and is not used in the provision of services. Investment properties are treated as a long-term investment and are carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss.

(h) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on annual valuations by external independent valuers, less subsequent depreciation of buildings. All other property, plant and equipment are carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in fair value reserves in stockholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against fair value reserves directly in equity; all other decreases are charged to profit or loss.

Depreciation is calculated on the straight-line basis by reference to costs, at rates estimated to write off the relevant assets, net of estimated salvage value, over their estimated useful lives.

Annual depreciation rates are as follows:

Buildings	2½%
Computer equipment	20%
Motor vehicles	20%-33.33%
Furniture and fixtures	10%

Land is not depreciated.

Leasehold improvements are amortised over the period of the lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

2. Significant Accounting Policies (Continued)

(i) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives of five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(j) Impairment of long-lived assets

Property, plant and equipment and other long-lived assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

(k) 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.

The lease payments are discounted using the Company's incremental borrowing rate. The incremental borrowing rate at 31 December 2022 and 31 December 2023 was 7.5%.

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.

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

As a lessee (continued)

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.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less.

(l) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain.

(m) Payables

These amounts represent liabilities for goods and services provided by the Company prior to the end of the financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Insurance contract liabilities

Under the Insurance Regulations, 2001, the Company is required to actuarially value its insurance contract liabilities annually. The actuary reviews management's estimate of the claims outstanding and apply discounting and risk adjustment to claims outstanding.

2. Significant Accounting Policies (Continued)

(n) Insurance contract liabilities (continued)

Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events, which occurred by the year end less amounts already paid in respect of those claims. The provision is estimated by management on the basis of claims admitted and intimated.

Claims incurred but not reported (IBNR)
The reserve for IBNR claims has been calculated by an independent actuary using the Loss Development Method and Bornhuetter-Ferguson Projection Method.

The Loss Development Method is where the current reported incurred and paid claims are projected to their ultimate values by accident year based on historical incurred and paid development patterns.

The Bornhuetter-Ferguson Projection Method gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios.

2. Significant Accounting Policies (Continued)

(o) Income taxes

Taxation for the year comprises current and deferred tax. Tax is recognised in profit or loss in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In those cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax charges are based on the taxable profits for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at rates that have been enacted at the statement of financial position date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(p) Employee benefits

Pension obligations

The Company participates in a defined contribution plan which is funded by payments from employees and the Company to a trustee-administered fund.

The defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The contributions paid by the Company are charged to profit or loss in the period to which they relate.

Vacation

Employee entitlement to annual leave is recognised when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

2. Significant Accounting Policies (Continued)

(q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Revenue is shown net of General Consumption Tax and is recognised as follows:

Sale of insurance services

Insurance revenue represent amounts invoiced for insurance contracts that have been accepted by the Company during the year. They are recognised on a pro-rata basis over the life of the policies written. The Company uses reinsurance contracts to manage the risk associated with these insurance policies.

Interest income

Interest income is recognised in profit or loss in the statement of comprehensive income for all interest-bearing instruments, using the effective yield method.

(r) Taxation recoverable

Taxation recoverable represents tax withheld from interest earned on investments.

(s) Share capital

Ordinary stock units are classified as equity. Incremental costs directly attributable to the issue of new stock units or options are shown in equity as a deduction, net of taxes, from the proceeds.

Dividends

Provision is made for the amount of any dividends declared, being appropriately authorised and no longer at the discretion of the entity, or before the end of the reporting period but not distributed at the end of the year.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Manager who makes strategic decisions.

3. Critical Accounting Judgements and Key Sources of 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 determination of the liabilities under insurance contracts represents the liability for future claims payable by the Company based on contracts for the insurance business in force at the statement of financial position date using several methods, including the Loss Development method and the Bornhuetter-Ferguson Projection method. These liabilities represent the amount of future payments that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Company's experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Company's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

Recoverability of deferred tax assets in relation to tax losses

At the end of the financial year, the Company had a deferred tax asset of $392,161,000 (2022 - $423,009,000) in relation to tax losses carried forward. The Company is of the view that it will generate sufficient profits in the future to enable utilisation of these tax losses, and consequently, recovery of the deferred tax asset. In the future, should the Company not generate sufficient future profits to utilise these losses, there will be an adjustment to the carrying value of the deferred tax asset, which would be recognised as a deferred tax charge in arriving at the Company's net profit or loss.

Insurance contracts

See note 4 a) for details on this critical accounting estimate.

4. Insurance and Financial Risk Management

The Company's activities expose it to a variety of insurance and financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board has established committees and departments, for managing and monitoring risks, as follows:

(i) Finance Department
This Department is responsible for managing the Company's assets and liabilities and the overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Company.

(ii) Audit Committee
The Audit Committee oversees how the Company's management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures at the Company, the results of which are reported to the Audit Committee.

4. Insurance and Financial Risk Management (Continued)

The most significant types of risk faced by the Company are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

There has been no significant change to the Company's exposure to insurance and financial risks, or the manner in which it manages and measures these risks.

The Company issues contracts that transfer insurance risk. This section summarises the risk and the way the Company manages the risk.

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of the claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the issuance of insurance contracts by the Company is, however, concentrated within Jamaica.

The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred 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 IBNR claims. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claim's exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the statement of financial position date.

In calculating the estimated cost of unpaid claims (both reported and not), the Company uses estimation techniques that are a combination of loss-ratio based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation. The initial estimate of the loss ratios used for the current year (before reinsurance) is analysed by type of risk for current and prior year premiums earned.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Management sets policy and retention limits. The policy limit and maximum net retention of any one risk for each class of insurance for the year are as follows:

	2023		2022	
	Policy Limit '000	Maximum Net Retention '000	Policy Limit '000	Maximum Net Retention '000
Commercial property –				
Fire and consequential loss	US$ 6,500	US$ 375	US$ 6,500	US$ 375
Boiler and machinery	US$ 1,500	US$ 375	US$ 1,500	US$ 375
Miscellaneous accident	US$ 160	US$ 64	US$ 160	US$ 64
Bankers' blanket	US$ 300	US$ 120	US$ 300	US$ 120
Contractor's All Risk	US$ 2,500	US$ 375	US$ 2,500	US$ 375
Liability	US$ 2,500	US$ 325	US$ 2,500	US$ 750
Travel	US$ 150	US$ 15	US$ 150	US$ 15
Other	US$ 50	US$ 25	US$ 50	US$ 20
Motor	J$ 75,000	J$37,500	J$ 73,000	J$36,500
Pecuniary loss -				
Fidelity	US$ 480	US$ 325	US$ 480	US$ 192
Personal accident	US$ 10,000	US$ 325	US$ 10,000	US$ 500

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. A summary of the actuarial assumptions is disclosed in Note 23.

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of total claims outstanding for each year has changed at successive year-ends. Updated unpaid claims and adjustment expenses (UCAE) and IBNR estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims' liability for each accident year, used in the development calculations. These amounts are shown net of reinsurance recovery.

Amounts shown in the table as excess or deficiency represent the percentage difference between the estimate of the claims' liability (amounts paid to date plus amounts currently in reserve) at the end of each accident year, when compared to amounts initially reserved at the end of the accident year when the claim first arose. For each accident year, ratios are calculated on losses occurring during the year, and in all years prior to that accident year.

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Development claim liabilities (continued)

		2018 and prior	2019	2019 and prior	2020	2020 and prior	2021	2021 and prior	2022	2022 and prior	2023	2023 and prior
2018	Paid during year	672,739										
	UCAE, end of year	496,659										
	IBNR, end of year	314,941										
	Ratio: excess (deficiency)											
2019	Paid during year	558,625	309,996	868,621								
	UCAE, end of year	350,174	(135,958)	214,216								
	IBNR, end of year	169,847	163,348	333,195								
	Ratio: excess (deficiency)	(32.90%)										
2020	Paid during year	109,690	280,851	390,541	193,338	583,879						
	UCAE, end of year	246,933	239,763	486,696	294,354	781,050						
	IBNR, end of year	150,089	131,842	281,931	335,341	617,272						
	Ratio: excess (deficiency)	(31.26%)	(2,282.10%)	(111.75%)								
2021	Paid during year	56,077	84,384	140,461	197,649	338,110	325,880	663,990				
	UCAE, end of year	5,718	1,594	7,312	1,000	8,312	376,018	384,330				
	IBNR, end of year	5,869	488	6,357	5,092	11,449	250,980	262,429				
	Ratio: excess (deficiency)	(4.74%)	(239.04%)	0.5%	67.64%	74.41%						
2022	Paid during year	47,157	55,278	102,435	55,303	157,738	292,188	449,926	433,088	883,014		
	UCAE, end of year	5,480	1,177	6,657	765	7,422	2,420	9,842	525,299	535,141		
	IBNR, end of year	(5,219)	(156)	(5,375)	(1,436)	(6,811)	(1,351)	(8,162)	342,710	334,548		
	Ratio: excess (deficiency)	(9.16%)	259.56%	(15.95%)	59.94%)	64.5%	53.2%	30.17%				
2023	Paid during year	38,377	27,164	65,541	29,665	95,206	106,501	201,707	382,680	584,387	460,326	1,044,713
	UCAE, end of year	110,990	106,360	217,350	62,080	279,430	157,460	436,890	227,708	664,598	504,365	1,168,963
	IBNR, end of year	(1,265)	597	(668)	1,754	1,086	13,618	14,704	62,161	76,865	378,430	455,295
	Effects of discount, risk adj., other end of year	(8,484)	(8,130)	(16,614)	(4,746)	(21,361)	(12,037)	(33,397)	(17,407)	(50,803)	(38,555)	(89,358)
	Ratio: excess (deficiency)	(26.33%)	306.86%	(64.24%)	45.73%	39.20%	11.05%	(65.41%)	24.52%	(46.61%)		

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Risk exposure and concentrations of risk:

The following table shows the Company's exposure to general insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business. The Company has its largest risk concentration in the motor line.

	2023				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross Claims liability (not including IBNR)	32,647	39,463	1,162,599	6,161	1,240,870
Net Claims liability (not including IBNR)	17,887	1,643	1,146,478	2,955	1,168,963
Gross IBNR & ULAE	12,833	15,449	457,022	2,486	487,790
Net IBNR & ULAE	11,978	14,420	426,577	2,320	455,295

	2022				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross Claims liability (not including IBNR)	26,295	10,742	1,103,765	5,963	1,146,765
Net Claims liability (not including IBNR)	9,138	1,032	523,490	1,481	535,141
Gross IBNR & ULAE	17,393	7,796	561,405	3,977	590,571
Net IBNR & ULAE	3,946	(290)	330,385	507	334,548

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity analysis to underwriting risk variables

The following table presents information on how reasonably possible changes in assumptions made by the Company with regard to how underwriting risk variables impact insurance liabilities before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

	LIC as at 31 December $'000	Impact on LIC $'000	Impact on profit before income tax $'000
Liability for incurred claims	1,534,900	-	-
Increase development by 10%	-	6,487	6,487
Decrease development by 10%	-	(40,069)	(40,069)

	LIC as at 31 December $'000	Impact on LIC $'000	Impact on profit before income tax $'000
Liability for incurred claims	1,583,414	-	-
Increase development by 10%	-	6,454	6,545
Decrease development by 10%	-	(39,870)	(39,870)

The impact on equity for 2022 and 2023 is nil.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Judgements

Areas of potential judgment	Applicable to the Company
For insurance contracts issued measured under the PAA, management judgment might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgment is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgment is applicable to the Company. The Company sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2022 and 2023, the Company reviewed gross combined ratios which indicated that contracts are expected to be profitable. All contracts measured by the Company in 2022 and 2023 under the PAA were determined to be non-onerous on initial recognition.
An entity can use judgment to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfillment of the contracts.	The Company performs regular expense studies and uses judgment to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

Estimates and assumptions

In applying IFRS 17 measurement requirements, inputs and methods will be used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

Discount rates

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 Financial Services Commission ("FSC") has provided these rates. The risk-free rate was derived using Government of Jamaica (GOJ) bond data obtained from Bloomberg excluding outliers and bonds with terms less than 1 year, 3 months, 6 months and 9 months Treasuries. Insurance contracts are considered less liquid than the financial assets used to derive the risk-free yield. For these contracts, the illiquidity premium was estimated based on Bid-mid spread on GOJ bonds for liquid insurance contracts and a flat 75 basis points (bps) over the liquid curve for illiquid insurance contracts.

Observable market information is available for up to 20 years. The FSC has provided yields at six-month intervals so no interpolation is required.

The yield curves that were used to discount the estimates of future cash flows are as follows:

(expressed in Jamaican dollars unless otherwise indicated)

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Risk exposure and concentrations of risk (continued)

	2023			2022		
Product	**1 year**	**5 years**	**10 years**	**1 year**	**5 years**	**10 years**
General insurance (issued and reinsurance held)	5.72%	4.92%	4.05%	3.71%	4.81%	5.88%

Estimates of future cash flows to fullfill insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as the activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. Claims settlement-related expenses are typically allocated based on the number of claims expected.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Estimates of future cash flows to fullfill insurance contracts (continued)
Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Company projects estimates of future expenses relating to fulfillment of contracts using current expense levels adjusted for inflation. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. In addition, under certain methods used to assess claims incurred for the general insurance contracts, estimates of future claim payments are adjusted for inflation.

Methods used to measure general insurance contracts
Judgment is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred.

Estimates are performed on an accident year basis.In its claims incurred assessments, the Company uses internal data consisting of historical paid claims, case reserves, and allocated claims expenses. This information is used to develop ultimate incurred claims and allocated claim adjustment expense estimates by accident year.

The Incurred Development, Bornhuetter-Ferguson and Expected Loss Ratio methods are used to arrive at the estimates of incurred but not reported claims, which are industry standards for this type of claim. The Incurred Development method projects current reported incurred claims to their ultimate values by accident year based on historical incurred development patterns.

The Bornhuetter-Ferguson gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios. The Expected Loss Ratio method derives the ultimate incurred losses by applying the expected loss ratios to the earned premium. This method gives no weight to the losses reported as at the valuation date.

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for non-financial risk.

4. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Estimates of future cash flows to fulfill insurance contracts (continued)
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. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 80% (2022: 80%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2022 and 2023.

(b) Reinsurance risk
To limit its exposure of potential loss on an insurance policy, the Company may cede certain levels of risk to a reinsurer. The Company selects reinsurers which have established capability to meet their contractual obligations, and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Risk transfer may be done via a treaty or facultatively. Both reinsurance treaties and facultative arrangements are done in order limit the financial exposure that may arise from claims and also to stabilise the Company's loss ratios.

For risks written in the property department, the Company uses both proportional and non-proportional treaties otherwise called excess of loss treaties. The proportional treaties used are referred to as 'quota share' and 'first surplus'. For these types of treaties, a fixed percentage of the sum insured, and premium is ceded to the treaty reinsurer who will in the event of a claim pay the same share of the claim.

The Company purchases catastrophe excess of loss reinsurance to protect the portion of risks it retains to its net account from the accumulation and severity of losses that can occur after a catastrophe e.g. an earthquake or hurricane.

The Company also buys motor excess of loss to protect against the frequency of losses. The treaty participates on each and every motor claim which exceeds the deductible up to the treaty limit. Facultative reinsurance is used by insurance companies on a risk-by-risk basis. The most common reason for facultative reinsurance is to reduce the exposure one has on a particular risk. Facultative reinsurance can be done locally or overseas. The insurance Company, which obtains the initial contract, will seek another insurance Company to accept a set percentage of the sum insured for which the Company accepting the business is a paid premium. If there is a claim, the facultative reinsurer will then pay its portion of the claim to the Company from which the business was obtained.

Retention limits represent the level of risk retained by the Company. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programs used by the Company are summarised below:

(i) The maximum exposure on insurance policies for outward facultative reinsurance arrangement for motor vehicles and non-motor business is J$126,450,000 and US$26,000,000 respectively (2022 - J$63,395,000and US$23,000,000) per any one loss.

4. **Insurance and Financial Risk Management (Continued)**

(b) Reinsurance risk (continued)

(ii) The Company insures with several reinsurers who take up 5% to 100% of their treaty arrangements. The financial analysis of reinsurers, which is conducted at the Board level, produces an assessment categorised by a Standard & Poors (S&P) rating (or equivalent when not available from S&P). The significant reinsurers are as follows:

	Ratings
Munich Re	AA-
Hanover Re*	AA-
Odyssey Re	A-
GIC Re	B++
Patria	A
Sirius International (UK)	A
Scor Re	AA-
R&V Re	A
HCC Tokio Marine	A

At 31 December 2023 and 31 December 2022, the Company has maintained the appropriate reinsurance arrangements to cover all classes of business and products as is required by the Regulators.

Reinsurance recoveries recognised during the year are as follows:

	2023	**2022**
	$'000	**$'000**
Property	38,706	20,410
Motor	13,930	125,192
Engineering	1,523	877
Accident	(581)	13,018
Liability	4,105	20,317
	57,683	179,814

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk

The Company is exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, market risk, cash flow risk, currency risk and credit risk.

(i) Credit risk

The Company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit risk is one of the most important risks for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers and investment activities.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Management of the Company regularly assesses the ability of customers, brokers and other counterparties to meet repayment obligations.

(i) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Management assesses the creditworthiness of the approved reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(ii) Premium and other receivables

Management utilises periodic reports to assist in monitoring any premiums that are overdue. Where necessary, cancellation of policies is effected for amounts deemed uncollectible.

(iii) Investments, bank and deposit balances

The Company limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)
Exposure to credit risk

	2023	**2022**
	$'000	**$'000**
Subject to expected credit losses:		
Cash and short-term investments	845,772	844,286
Financial assets at amortised cost	1,879,363	1,550,642
Financial assets at fair value through other comprehensive income	-	30,301
Receivables from brokers	442,108	296,627
Not subject to expected credit losses:		
Reinsurance contract assets	9,699	129,168
	3,176,942	2,851,024

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)
Debt securities

The following table summarises the credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	2023 $'000	2022 $'000
Government of Jamaica	257,995	330,313
Corporate (certificate of deposits and reverse repurchase agreements)	1,621,368	1,250,631
	1,879,363	1,580,944

The maximum credit exposure arising from the Company's other financial assets equals their carrying amounts on the statement of financial position.

Impairment of financial assets
The Company has the following types of financial assets that are subject to IFRS 9's expected credit loss model:

- Receivables from brokers;
- InterCompany receivables;
- Cash and cash equivalents;
- Debt investments carried at amortized cost and
- Debt investments carried at FVOCI.

While interCompany receivables and cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Receivables from brokers
The Company applies the IFRS 9 simplified approach to measuring expected credit loss (ECL) which uses a lifetime expected loss allowance for all receivables from brokers.

To measure the expected credit losses, receivables from brokers have been grouped based on shared credit risk characteristics and the days past due.

4. **Insurance and Financial Risk Management (Continued)**

(c) **Financial risk (continued)**

(i) **Credit risk (continued)**

Impairment of financial assets
Receivables from brokers (continued)
The expected loss rates are based on the liquidation profiles of sales over a period of 36 month before 31 December 2023 or 31 December 2022, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the unemployment rate to be the most relevant macro-economic factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The credit exposure for broker receivables is $471,257,000 (2022 - $332,495,000). Movement in impairment is reconciled below.

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for receivables from brokers:

31 December 2023	0-60 Days	61-120 Days Overdue	121-180 Days Overdue	More than 180 Days Overdue	Total
	$'000	$'000	$'000	$'000	$'000
Agent, Broker and Policyholders receivables	167,888	136,658	123,610	43,101	471,257
Expected loss rate	2.37%	4.75%	6.62%	24.34%	
Loss allowance	3,976	6,493	8,181	10,498	29,148

31 December 2022	0-60 Days	61-120 Days Overdue	121-180 Days Overdue	More than 180 Days Overdue	Total
	$'000	$'000	$'000	$'000	$'000
Agent and Broker and Policyholders receivables	159,305	67,827	33,155	72,208	332,495
Expected loss rate	2.20%	4.79%	6.58%	33.05%	
Loss allowance	3,509	3,249	2,183	26,927	35,868

4. **Insurance and Financial Risk Management (Continued)**

(c) **Financial risk (continued)**

(i) **Credit risk (continued)**
Impairment of financial assets (continued)

Receivables from brokers (continued)

The movement in the loss allowance is as follows:

	2023	2022
	$'000	$'000
At 1 January	35,868	23,736
Write offs	-	-
Recoveries	-	7,962
Movement on loss allowance recognised in profit or loss during the year	(6,719)	4,170
At 31 December	29,149	35,868

Receivables from agents, brokers and policyholders are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, failure to make contractual payments for a period greater than one year, and alternative methods of debt collection have been exhausted.

Debt investments

Expected credit loss (ECL) for debt instruments at FVOCI were measured using lifetime expected losses. Management considered whether there were significant increases in credit risks associated with these investments since origination and concluded that sufficient information was unavailable to assess the credit risk at origination. Additionally, the low credit risk criteria were not met as investments were ranked below investment grade; a key criterion in classifying an investment as having a low credit risk.

The key parameters used in the ECL model, including probabilities of defaults (PDs), loss given default (LGDs) and probability-weighted scenarios were obtained from externally published information by an established rating agency.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)
Impairment of financial assets (continued)

Debt investments (continued)

Probability of default (PD)
The parameters for PDs were developed by the rating agency by tracking and analysing rating and historical default information over a 33 years' period for 132 countries and presents a 10-year issuer-weighted default study. The default rate is calculated by averaging the experiences of the issuers on a month by month basis over the 33 year period.

Loss given default (LGD)
As a base case in determining LGDs, management considered published recovery data associated with historical defaulted sovereign bonds. Based on this report, the observable loss rate on historically defaulted local bonds was on average 20%. Management is therefore of the view that a similar loss rate will be experienced on local bonds in the event of a future default. Management judgement was used to further adjust this expected loss rate for corporate and global bonds on the with the credit quality of the issuer as well as the tenure being the primary drivers as to the level of adjustment made.

Exposure at default (EAD)
EAD represents the carrying value of the financial instrument at the point of an expected default event and is limited to the contractual life of the respective instruments. Based on the nature of the securities held by the Company, being non-amortising, the cash flow includes the periodic interest payment followed by lump sum upon contractual maturity. The EAD is therefore deemed by management to be the unpaid principal as well as the unpaid interest at the point of the expected default.

Forward-looking consideration
Management considered the need to adjust the key parameters to incorporate forward looking information in calculating expected credit losses. A historical assessment was performed to determine the relationship between historical default events, loss experiences and key macro-economic indicators. Macro-economic indicators considered include gross domestic product (GDP), unemployment rate as well as other factors such as the impact of any regulatory, legislative or political changes. Based on these assessments, there were no observable relationships between the historical default events or loss experiences and the macro-economic indicators. Additionally, the local economy has been relatively stable and showing signs of modest growth. Management has therefore concluded that there are no forecast events or changes in key macro-economic variables that would materially - impact the ECL parameters and as such no adjustments were made for these factors. This assessment is reviewed and monitored for appropriateness on a quarterly basis.

Probability-weighted scenarios
As with any forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be different to those projected. ECL is therefore required to be measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. To achieve this, management considered the probability that the expected rating of an instrument will remain in the current rating bucket (base case), increase by one rating bucket (upside) and decrease by one rating bucket (downside).

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)
Impairment of financial assets (continued)

Debt investments (continued)

The probability outcomes were obtained from data published by a reputable rating agency which presents an analysis of historical rating migration of debt instruments over a 33 year period.

Discounting
ECL is measured in a way that reflects the time value of money. As such, cash shortfall associated with expected defaults are discounted back to the statement of financial position date. This is done by calculating the present value of the undiscounted ECL using the original effective interest rate (EIR) on each instrument.

Debt investments at FVOCI
The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The loss allowance for debt investments at FVOCI is as follows:

	2023 $'000	2022 $'000
At 1 January	-	6,912
Movement on loss allowance recognised in profit or loss during the year	-	(6,912)
At 31 December	-	-

Debt investments at Amortised Cost
The loss allowance for debt investments at amortized cost is recognised in profit or loss and reduces the asset's carrying value.

The loss allowance for debt investments at amortised cost is as follows:

	2023 $'000	2022 $'000
At 1 January	2,072	-
Movement on loss allowance recognised in profit or loss during the year	786	2,072
At 31 December	2,858	2,072

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to fulfill claims and other liabilities incurred.

Liquidity risk management process

The Company's liquidity management process, as carried out within the Company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on an on-going basis;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimising cash returns on investments;

(iv) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and

(v) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections monthly. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for companies ever to be completely matched since business transactions are often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial liabilities and insurance liabilities cash flows

The table below presents the undiscounted cash flows of the Company's financial liabilities and insurance liabilities, as well as the Company's insurance liabilities at the statement of financial position date, based on contractual repayment obligations.

	Within 3 Month $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2023		
Financial and Insurance Liabilities					
Other payables	77,420	-	-	-	77,420
Lease liabilities	3,120	8,427	18,016	-	29,563
Insurance contract	216,931	650,793	1,515,965	168,440	2,552,129
	297,471	659,220	1,533,981	168,440	2,659,112

	Within 1 Month $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2022		
Financial and Insurance Liabilities					
Other payables	53,904	-	-	-	53,904
Lease liabilities	3,573	8,764	14,295	-	26,632
Insurance contract	201,703	605,109	1,409,547	156,616	2,372,975
	259,180	613,873	1,423,842	156,616	2,453,511

Assets available to meet all the liabilities and to cover financial and insurance liabilities include cash and short-term deposits, and investment securities. The Company is also able to meet unexpected net cash outflows by accessing additional funding sources from other financial institutions. Equities are not included.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Finance Department which monitors the price movement of financial assets on the local market.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximising foreign currency earnings from its investments and holding foreign currency balances.

The Company also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to settle. The Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

4. Insurance- and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Currency risk (continued)
Concentrations of currency risk

The table below summarises the exposure to foreign currency exchange rate risk at 31 December.

	2023		
	Jamaican $	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
Financial and Insurance assets			
Cash and deposits	777,107	68,665	845,772
Due from brokers	278,276	163,832	442,108
Investment securities	1,876,505	-	1,876,505
Reinsurance contract assets	-	9,699	9,699
Total financial and insurance assets	2,931,888	242,196	3,174,084
Financial and Insurance liabilities			
Other payables	178,791	497	179,288
Lease liabilities	27,014	-	27,014
Insurance contract liabilities	2,543,675	8,454	2,552,129
Total financial and insurance liabilities	2,749,480	8,951	2,758,431
Net financial position	182,408	233,245	415,653

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Currency risk (continued)

	2022		
	Jamaican $	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
Financial and Insurance assets			
Cash and deposits	809,343	34,943	844,286
Due from brokers	244,134	52,493	296,627
Investment securities	1,580,943	-	1,580,943
Reinsurance contract assets	124,217	4,946	129,163
Total financial and insurance assets	2,758,637	92,382	2,851,019
Financial and Insurance liabilities			
Other payables	63,192	4,832	68,024
Lease liabilities	24,407	-	24,407
Insurance contract liabilities	2,361,635	11,340	2,372,975
Total financial and insurance liabilities	2,449,234	16,172	2,465,406
Net financial position	309,403	76,210	385,613

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Currency risk (continued)

Foreign currency sensitivity
The following table indicates the currency to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for an appreciation of 1% and depreciation of 4% (2022 - appreciation of 1% and a depreciation of 4%) in foreign currency rates. The sensitivity analysis includes cash and short-term investments, investment securities and amounts due from policyholders, brokers and agents, and US-dollar denominated liabilities.

	Change in Currency Rate %	Effect on Profit before Taxation $'000	Change in Currency Rate %	Effect on Profit before Taxation $'000
	2023		2022	
United States Dollar				
Appreciation of JMD	1	12,992	1	(762)
Depreciation of JMD	4	(51,967)	4	3,048

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Management sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the Finance Department.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Interest rate risk (continued)

The following tables summarise the Company's exposure to interest rate risk at the statement of financial position date. It includes financial instruments as well as insurance assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2023						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial and Insurance assets							
Cash and deposits	469,530	65,063	-	-	-	311,179	845,772
Investment securities	369,576	314,655	1,016,411	111,109	-	64,754	1,876,505
Due from brokers	-	-	-	-	-	442,108	442,108
Reinsurance contract assets	-	-	-	-	-	9,699	9,699
	839,106	379,718	1,016,411	111,109	-	827,740	3,174,084
Financial and Insurance liabilities							
Other payables	-	-	-	-	-	179,288	179,288
Lease liabilities	1,059	1,635	7,333	16,987	-	-	27,014
Insurance contract liabilities	-	-	-	-	-	2,552,129	2,552,129
	1,059	1,635	7,333	16,987	-	2,731,417	2,758,431
Total interest repricing gap	838,047	378,083	1,009,078	94,122	-	(1,903,677)	415,653

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Interest rate risk (continued)

	2022						
	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial and Insurance assets							
Cash and deposits	676,441	51,465	-	-	-	116,380	844,286
Investment securities	831,661	246,240	260,178	197,928	-	44,936	1,580,943
Due from brokers	-	-	-	-	-	296,627	296,627
Reinsurance assets	-	-	-	-	-	129,163	129,163
	1,508,102	297,705	260,178	197,928	-	587,106	2,851,019
Financial and Insurance liabilities							
Other payables	-	-	-	-	-	68,024	68,024
Lease liability	946	2,149	7,772	13,540	-	-	24,407
Insurance contract liabilities	-	-	-	-	-	2,372,975	2,372,975
	946	2,149	7,772	13,540	-	2,440,999	2,465,406
Total interest repricing gap	1,507,156	295,556	252,406	184,388	-	(1,853,893)	385,613

Interest rate sensitivity
Interest rate sensitivity measures the sensitivity of the financial assets and liabilities of the Company to a reasonable possible change in interest rates, with all other variables held constant, on the profit or loss in the statement of comprehensive income and in other comprehensive income.

4. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)
(iii) Market risk (continued)
Interest rate risk (continued)

Interest rate sensitivity (continued)
The following table indicates the sensitivity to a reasonably possible changes in bond securities, with all other variables held constant on other comprehensive income.

There is no impact on the profit or loss for investment securities as none are variable rate instruments or are classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as fair value through other comprehensive income.

5. Capital Management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

(a) To comply with the capital requirements set by the regulators, the FSC;

(b) To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for its shareholders and for other stakeholders; and

(c) To maintain a strong capital base to support the development of its business.

(expressed in Jamaican dollars unless otherwise indicated)

5. Capital Management (Continued)

Capital adequacy is managed and monitored by the Company's management. It is calculated by the Chief Financial Officer, certified by the Appointed Actuary and reviewed by Executive Management, the Audit Committee and the Board of Directors. The Company seeks to maintain internal capital adequacy at levels higher than the regulatory requirements.

Available capital includes issued capital, retained earnings, fair value reserves and capital reserves amounted to $1,442,125,000 (2022 - $1,295,163,000) at the end of the year.

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. A revised test to calculate MCT came into effect on 22 December 2022 following the signing of the Insurance (Amendment) Regulations, 2023. The revised test stipulated a MCT of 150% for 2023 and 175% for 2022. The MCT disclosed below for the current year was calculated using the revised test.

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.

As at 31 December 2023 and 31 December 2022, the Company achieved the minimum required level of capital based on the MCT ratio.

	2023	2022
Actual MCT ratio	186.88%	193.55%
Minimum required MCT ratio	150%	175%

6. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Where no market price is available, the fair values presented have been estimated using present values or other estimation and valuation techniques based on market conditions existing at statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Debt securities classified as FVOCI are measured at fair value based upon projected cash flows discounted at current market rates which have been determined through the use of quotations and yields obtained from independent brokers.

(ii) The fair values of quoted equity investments are based on current bid prices.

(iii) The fair value of liquid assets and other assets maturing within three months is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.

(iv) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts, as these instruments are expected to reprice at the prevailing market rates.

Fair value sensitivity analysis

Non-financial assets carried at fair value include property, plant and equipment, which fall within level 2 of the fair value hierarchy. The valuations have been performed using the sales comparison approach. There have been a limited number of similar sales in the local market, and consequently the sales comparison approach incorporates unobservable inputs, which in the valuator's judgement reflects suitable adjustments regarding size, age, condition, time of sale and quality of land, buildings and improvements. The most significant input into this valuation is the price per square foot. The higher the price per square foot the higher the fair value.

6. Fair Value Estimation (Continued)

The following table presents the Company's financial instruments that are measured at fair value at 31 December grouped into Levels 1 to 3 dependent on the degree to which fair values are observable.

	Level 1 $'000	Level 2 $'000	Total $'000
As at 31 December 2023			
Fair value though OCI –			
Corporate debt	-	-	-
	-	-	-
As at 31 December 2022			
Fair value though OCI –			
Corporate debt	-	30,301	30,301
	-	30,301	30,301

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets and liabilities. These mainly comprise equities traded on the Jamaica Stock Exchange and are classified as fair value through OCI.
- Level 2 includes those instruments which are measured using inputs other than quoted prices that are observable for the instrument, directly or indirectly. The fair value for these instruments is determined by using valuation techniques and maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between the levels during the year.

7. Responsibilities of the Appointed Actuary and Independent Auditors

The Board of Directors, pursuant to the Insurance Act appoints the Actuary, whose responsibility is to carry out an annual valuation of the Company's outstanding claims in accordance with accepted actuarial practice and regulatory requirements and report thereon to the stockholders. In performing the valuation, the Actuary analyses past experience with respect to number of claims, claims payment and changes in estimates of outstanding liabilities.

The shareholders, pursuant to the Companies Act, appoint the Independent Auditors. The auditor's responsibility is to conduct an independent and objective audit of the financial statements 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 appointed Actuary and the Actuary's report on outstanding claims.

8. Expenses by Nature

	2023			
	Expenses attributed to insurance acquisition cash flows	**Other directly attributable expenses**	**Other operating expenses**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Staff costs (Note 9)	155,806	107,180	49,456	312,442
Advertising	-	-	31,029	31,029
Amortisation and depreciation (Notes 19, 20, 30)	18,817	9,196	569	28,582
Asset tax	-	-	7,176	7,176
Auditor's remuneration	4,172	2,086	4,867	11,125
Donations and subscriptions	-	-	5,143	5,143
Computer and data processing expenses	33,287	18,696	1,840	53,823
Legal and professional fees	32,620	851	1,680	35,151
Other expenses	15,541	54,841	12,820	83,202
Total	260,243	192,850	114,580	567,673

8. Expenses by Nature (Continued)

	2022			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
	$'000	$'000	$'000	$'000
Staff costs (Note 9)	153,962	95,105	51,861	300,928
Advertising	-	-	27,062	27,062
Amortisation and depreciation (Notes 19, 20, 30)	14,472	7,127	456	22,055
Asset tax	-	-	6,446	6,446
Auditor’s remuneration	4,107	2,053	4,791	10,952
Donations and subscriptions	-	-	4,198	4,198
Computer and data processing expenses	25,609	14,383	1,416	41,408
Legal and professional fees	36,257	959	2,237	39,452
Other expenses	23,345	48,822	21,413	93,580
Total	257,752	168,449	119,880	546,081

9. Staff Costs

	2023 $'000	2022 $'000
Wages and salaries	250,859	243,201
Payroll taxes - employer's portion	24,299	21,516
Pension costs - defined contribution	8,815	7,869
Other staff costs	28,469	28,342
	312,442	300,928

10. Investment Income

	2023 $'000	2022 $'000
Interest income	192,414	138,332
	192,414	138,332

11. Other Income

	2023 $'000	2022 $'000
Rental income	1,342	1,618
Net foreign exchange (loss)/gain	(14,227)	5,378
Gain on sale of property, plant & equipment	1,069	-
Realised gain on sale of investments	-	2,926
Service fees	36,696	34,239
Management fees	-	14,291
Miscellaneous income	21,057	9,131
	45,937	67,583

12. Taxation

Until 9 April 2020, the Company's ordinary stock units were listed on the Junior Market of the JSE, at which time the stock units were migrated to the main market. Consequent on its junior listing until 8 April 2020, the Company was entitled to a remission of tax up to 31 March 2026 provided the shares remained listed for at least 15 years, in the proportions set out below.

Years 1 to 5 of listing on the junior market	100%
Years 6 to 10 of listing on the main market	50%

The migration to the main market in 2020 disqualified the Company from tax remission entitlements post the date of migration. Deferred taxes are calculated in accordance with IAS 12 based on the tax rate enacted, or substantively enacted at the time when a deferred tax asset is expected to be realised or a deferred liability settled.

Taxation is based on the result for the year adjusted for taxation purposes and represents income tax at 33⅓%.

	2023 $'000	2022 $'000
Current year taxation charge	13,130	5,243
Deferred taxation (Note 22)	22,189	12,501
	35,319	17,744

12. Taxation (Continued)

Subject to agreement with Tax Administration Jamaica, the Company has losses available for offset against future taxable profits of approximately $1,214,490,000 (2022 - $1,269,000,000) which may be carried forward indefinitely.

The tax on the Company's profit differs from the threshold amount that would arise using the tax rate of 33⅓% as follows:

	2023 $'000	2022 $'000
Profit before taxation	77,261	72,096
Tax calculated at a rate of 33⅓%	25,754	24,030
Adjusted for the effects of:		
Expenses not deductible for tax purposes	6,378	7,105
Net effect of other charges and allowance	3,187	(13,391)
Tax expense	35,319	17,744

13. Cash and Cash Equivalents

	2023 $'000	2022 $'000
Cash at bank and in hand	308,803	115,314
Short-term deposits (including reverse repurchase agreements)	536,969	728,972
Cash and cash equivalents	845,772	844,286

The effective weighted average interest rates on deposits are as follows:

	2023 %	2022 %
Jamaican dollar deposits	7.55	7.51

14. Investment Securities

	Years to Maturity 2023				
	Within 1 year $'000	1 to 5 years $'000	5 to 10 years $'000	Over 10 years $'000	Total $'000
At amortised cost:					
Issued by:					
Bank of Jamaica	251,825	-	-	-	251,825
Interest receivable	6,170	-	-	-	6,170
Corporate bond	50,000	60,000	-	-	110,000
Interest receivable	483	1,994	-	-	2,477
Corporate (certificate of deposits and reverse repurchase agreements)	1,400,784	52,000	-	-	1,452,784
Interest receivable	51,121	969	-	-	52,090
Corporate other	4,017	-	-	-	4,017
	1,764,400	114,963	-	-	1,879,363
Expected credit losses	(1,967)	(891)			(2,858)
	1,762,433	114,072	-	-	1,876,505

	Years to Maturity 2022				
	Within 1 year $'000	1 to 5 years $'000	5 to 10 years $'000	Over 10 years $'000	Total $'000
At amortised cost:					
Issued by:					
Bank of Jamaica	127,271	197,928	-	-	325,199
Interest receivable	2,032	3,082	-	-	5,114
Corporate (certificate of deposits and reverse repurchase agreements)	1,183,986	-	-	-	1,183,986
Interest receivable	36,343	-	-	-	36,343
	1,349,632	201,010	-	-	1,550,642
At fair value through other comprehensive income:					
Issued by:					
Government of Jamaica	30,000	-	-	-	30,000
Interest receivable	301	-	-	-	301
	30,301	-	-	-	30,301
Total	1,379,933	201,010	-	-	1,580,943

Investment securities include securities with a face value of $45,000,000 (2022 - $45,000,000) which have been pledged with the Regulator, the Financial Services Commission, pursuant to Section 8(1)(b) of the Insurance Regulations,2001.

15. Due From Brokers

	2023 $'000	2022 $'000
Premium receivable	471,257	332,495
Less: Provision for impairment	(29,149)	(35,868)
	442,108	296,627

Ageing of premium receivable

	2023 $'000	2022 $'000
Within 1 month	59,107	62,701
1-3 months	197,956	120.237
Over 3 months	214,194	149,557
	471,257	332,495

16. Reinsurance Contract Assets

Reinsurance contracts held	Remaining coverage		Incurred claims		Total-2023	Remaining coverage		Incurred claims		Total-2022
	Excluding loss-recovery comp.	Loss-recovery comp.	Present value of future cash flows	Risk adj. for non-fin. risk		Excluding loss-recovery comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. risk	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reinsurance contract assets as at 1 January	**(679,690)**	**-**	**774,022**	**34,831**	**129,163**	**(627,033)**		**722,420**	**30,340**	**125,727**
Reinsurance expenses	(671,064)	-			(671,064)	(566,151)	-			(566,151)
Incurred claims recovery		-	(39,826)	25,509	(14,317)			62,638	4,491	67,129
Finance income/expenses from reinsurance contracts held recognised	-	-	(11,606)	-	(11,606)	-	-	(15,607)	-	(15,607)
Cash flows										
Premiums paid net of ceding commissions and other directly attributable expenses paid	548,479	-	-	-	548,479	513,494	-	-	-	513,494
Recoveries from reinsurance	-	-	29,044	-	29,044	-	-	4,571	-	4,571
Reinsurance contract assets as at 31 December	**(802,275)**	**-**	**751,634**	**60,340**	**9,699**	**(679,690)**	**-**	**774,022**	**34,831**	**129,163**

During the year, the Company signed a new Loss Portfolio Transfer (LPT) agreement and commuted its previous agreement. With this agreement, the reinsurers promise to cover/compensate Key Insurance Company Limited for any motor loss suffered for cases reported or those that have insured and not yet reported (based on actuarial report) prior to the inception date of the contract. The current portion of the reinsurance asset is $9,699,000 (2022: $43,916,000).

17. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

(a) Transactions with related parties were as follows:

	2023 $'000	2022 $'000
Directors' emoluments -		
Fees	4,775	3,575

Key management compensation -

	2023 $'000	2022 $'000
Wages and salaries	48,582	44,880
Payroll taxes – employer's portion	4,663	4,827
Pension costs	3,269	2,813
	56,514	52,520

Fellow subsidiaries -

	2023 $'000	2022 $'000
Gross premium written	-	3,315
Interest income	16,064	8,301
Commission expense	(24,038)	(31,334)

Ultimate parent Company -

	2023 $'000	2022 $'000
Interest income	-	25,145
Interest expense	-	(7,707)

(b) The statement of financial position includes the following balances with group companies:

	2023 $'000	2022 $'000
Fellow subsidiaries -		
Cash and short-term investments	1,153,421	231,182
Due from brokers	-	52,444
Reinsurance contract liabilities	-	14,967

19. Intangible Assets

	Computer Software $'000
At Cost -	
At 1 January 2022 and January 2023	20,158
Additions	904
At 31 December 2023	21,062
Accumulated amortisation -	
At 1 January 2022	17,142
Amortisation	1,197
At 31 December 2022	18,339
Amortisation	815
At 31 December 2023	19,154
Net Book Value -	
31 December 2023	1,908
31 December 2022	1,819

20. Property, Plant and Equipment

	Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Motor Vehicles $'000	Furniture and Fixtures $'000	Total $'000
			2023			
At Cost/Valuation -						
At 1 January	220,000	12,941	17,212	5,132	62,002	317,287
Disposals	-	-	(456)	(3,632)	-	(4,088)
Additions	-	134	5,339	13,322	2,485	21,280
At 31 December	220,000	13,075	22,095	14,822	64,487	334,479
Depreciation -						
At 1 January	-	11,991	9,897	3,463	35,033	60,384
Disposals	-	-	(240)	(2,623)	-	(2,863)
Charge for the year	3,125	350	2,715	3,366	5,875	15,432
At 31 December	3,125	12,341	12,372	4,206	40,908	72,952
Net Book Value -						
31 December	216,875	734	9,723	10,616	23,579	261,527

20. Property, Plant and Equipment (Continued)

	Land and Buildings $'000	Leasehold Improvements $'000	Computer Equipment $'000	Motor Vehicles $'000	Furniture and Fixtures $'000	Total $'000
			2022			
At Cost/Valuation -						
At 1 January	190,000	24,623	45,928	5,132	68,589	334,272
Disposal	-	(11,682)	(33,258)	-	(8,763)	(53,703)
Additions	-	-	4,542	-	2,176	6,718
Transfer	30,000	-	-	-	-	30,000
At 31 December	220,000	12,941	17,212	5,132	62,002	317,287
Depreciation -						
At 1 January	2,500	23,258	41,100	1,752	38,133	106,743
Disposal	-	(11,682)	(33,258)	-	(8,763)	(53,703
Revaluation	(5,000)	-	-	-	-	(5,000)
Charge for the year	2,500	415	2,055	1,711	5,663	12,344
At 31 December	-	11,991	9,897	3,463	35,033	60,384
Net Book Value -						
31 December	220,000	950	7,315	1,669	26,969	256,903

Land and buildings were valued at current market values as at 31 December 2023. If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2023 $'000	2022 $'000
Cost	133,391	133,391
Accumulated depreciation	(16,390)	(13,960)
	117,001	119,431

21. Other Payables

	2023 $'000	2022 $'000
Accrued expenses	101,869	28,354
Statutory liabilities	-	5,844
Due to related parties	41,096	-
Other	36,323	33,826
	179,288	68,024

22. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33⅓%. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement in the deferred income tax account is as follows:

	2023 $'000	2022 $'000
At the beginning of the year	371,512	380,047
Deferred tax (debited)/credited to other comprehensive income (Note 26)	(334)	3,966
Deferred tax charged to profit or loss in the statement of comprehensive income (Note 12)	(22,189)	(12,501)
At end of year	348,989	371,512

The movement in deferred tax assets and liabilities is as follows:

	Tax Losses $'000	Accelerated Tax Depreciation $'000	Revaluation Gains on Buildings $'000	Fair Value Reserves $'000	Interest Accrued $'000	Total $'000
At 1 January 2022	421,310	2,922	(27,260)	(12,920)	(4,005)	380,047
Deferred tax (charged)/credited to other comprehensive income	-	-	(8,954)	12,920	-	3,966
Deferred tax credited/(charged) to profit in the statement of comprehensive income	1,699	(3,930)	-	-	(10,270)	(12,501)
At 31 December 2022	423,009	(1,008)	(36,214)	-	(14,275)	371,512
Deferred tax credited to other comprehensive income	-	-	(334)	-		(334)
Deferred tax (charged)/credited to profit in the statement of comprehensive income	(18,179)	2,765	-	-	(6,775)	(22,189)
At 31 December 2023	404,830	1,757	(36,548)	-	(21,050)	348,989

22. Deferred Taxation (Continued)

	2023 $'000	2022 $'000
Deferred tax liabilities that are expected to be settled after more than 12 months after the year end	(36,548)	(36,214)
Deferred tax assets that are expected to be recovered after more than 12 months after the year end	404,830	423,009

(expressed in Jamaican dollars unless otherwise indicated)

23. Insurance Contract Liabilities

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 flows cash flows

Insurance contracts issued	LRC		LIC		Total-2023	LRC		LIC		Total-2022
	Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. risk		Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. risk	
Insurance contract liabilities as at 1 January	**719,363**		**1,583,414**	70,198	**2,372,975**	**615,737**		**1,328,662**	**59,790**	**2,004,189**
Insurance revenue	**(2,503,105)**				**(2,503,105)**	**(2,149,568)**				**(2,149,568)**
Incurred claims and other directly attributable expenses			1,332,666	(28,400)	1,304,266			1,210,554	10,408	1,220,962
Other pre-recognition cash flows assets derecognised at the date of initial recognition										
Changes that relate to past service – changes in the FCF relating to the LIC										
Insurance acquisition cash flows amortization	**510,975**				**510,975**	**465,518**				**465,518**
Insurance service expenses										
Insurance service result										
Movement on discount			(16,521)		(16,521)			(31,686)		(31,686)
Total amounts recognised in comprehensive income										
Investment components										
Insurance acquisition cash flows asset derecognised										
Other pre-recognition cash flows derecognised and other changes										
Cash flows										
Premiums received	2,830,735				2,830,735	2,202,774				2,202,774
Claims and other directly attributable expenses paid			(1,364,659)		(1,364,659)			(924,116)		(924,116)

(expressed in Jamaican dollars unless otherwise indicated)

23. Insurance Contract Liabilities (Continued)										
Insurance acquisition cash flows	(582,537)				(582,537)	(415,098)				(415,098)
Total cash flows										
Insurance contract liabilities as at 31 December	**975,431**		1,534,900	41,798	**2,552,129**	719,363		1,583,414	70,198	2,372,975

An actuarial valuation was performed by the Company's appointed actuary, Mid Atlantic Actuaries, to value the policy and claims liabilities of the Company as at 31 December 2023, in accordance with the Insurance Act of Jamaica. The Insurance Act requires that the valuation be in accordance with accepted actuarial principles.

23. Insurance Contract Liabilities (Continued)

In his opinion dated 29 February 2024, the actuary found that the amount of insurance contract liabilities represented in the statement of financial position at 31 December 2023 makes proper provision for the future payments under the Company's policies and meets the requirements of the Insurance Act and other appropriate regulations of Jamaica; that a proper charge on account of these liabilities has been made in the statement of operations; and that there is sufficient capital available to meet the solvency standards as established by the FSC.

(a) Actuarial data

The data employed in the analysis of outstanding claims and premium liabilities was taken directly from the Company's records. Individual items (on both a gross and net basis) used in estimating liabilities as at 31 December 2023 were as follows, grouped by each accident year from 2006 to 2023:

(i) Claims incurred and paid for accident years 2006 onwards.

(ii) Loss adjustment expenses paid for accident years 2006 onwards.

(iii) Earned premiums for each year from 2006 to 2023.

(b) Actuarial assumptions

In accordance with IFRS 17, relevant methodologies have been applied. In applying the noted methodologies, the following assumptions were made:

(i) With respect to the analysis of incurred claims development history, the level of case reserve adequacy is relatively consistent, in inflation adjusted terms, over the experience period.

(ii) With respect to the analysis of the net paid claims development history, the rate of payment of the incurred losses for the recent history is indicative of future settlement patterns.

(iii) With respect to the Loss Development and Bornhuetter-Ferguson methods, the average ultimate loss ratio for recent accident years, adjusted for claims inflation and changes in average rate level, is representative of the expected loss ratio for the most recent accident year.

(iv) The claims inflation rate implicitly used in the valuation is equivalent to that rate which is part of historical data.

There were no significant changes in assumptions or methods during the year.

23. Insurance Contract Liabilities (Continued)

(c) Sensitivity analysis

The determination of the actuarial liabilities is heavily dependent on loss development factors, which are used to estimate the ultimate liability for each claim. In determining the loss development factors, the actuaries review patterns in relation to incurred and paid claims, as well as loss ratios for various lines of business. Management considers a 10% loss development ratio as a reasonably possible change. The table below shows the amounts by which gross and net IBNR will change, resulting from a 10% change in loss development factors.

	2023	
	Gross IBNR	Net IBNR
	$'000	$'000
10% increase in loss development factor	1,628	1,506
10% decrease in loss development factor	(10,059)	(9,302)

	2022	
	Gross IBNR	Net IBNR
	$'000	$'000
10% increase in loss development factor	4,731	999
10% decrease in loss development factor	(10,118)	(1,838)

24. Share Capital

	2023	2022
	$'000	$'000
Authorised -		
700,000,000 (2022 – 700,000,000) ordinary stock units		
Issued and fully paid -		
559,323,101 (2022 – 559,323,101) ordinary stock units at no par value	903,300	903,300

25. Capital Reserve

	2023	2022
	$'000	$'000
At end of year	57,371	57,371

During 2014, land and buildings with a value of $110,000,000 was transferred to the Company to settle related party debt of $53,629,000. The amount recognised in capital reserve relates to the excess value over the receivables.

26. Fair Value Reserves

This represents unrealised gains and losses on the valuation of property, plant and equipment, net of deferred taxes. In the prior year fair value gains on investment properties were transferred from the fair value reserve to retained earnings subsequent to the disposal of all the investment properties held by the Company.

	2023 $'000	2022 $'000
At beginning of year	55,397	62,105
Realised loss on remeasurement of FVOCI investment through OCI	-	(32,754)
Revaluation gains on property, plant and equipment, net of taxes	-	26,046
Deferred tax charged to other comprehensive income (Note 22)	(334)	-
At end of year	55,063	55,397

27. Earnings Per Stock Unit

	2023	2022
Net profit from operations ($'000)	41,942	54,352
Weighted average number of ordinary stock units used in the denominator in calculating basic earnings per stock unit ('000)	559,323	559,323
Earnings per stock unit	$0.07	$0.10

The adoption of IFRS 17 did not have a significant impact on the prior year earnings per share.

28. Segment Information

Management has determined the operating segments based on the reports reviewed by the General Manager (GM) that are used to make strategic decisions.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The operating segments are Motor and Non-Motor classes of insurance premium written. These two segments represent the Company's strategic business units. The strategic business units offer different products and are managed separately because they require among other things, different marketing strategies. For each of the strategic business units, the Company's GM reviews internal management reports on at least a monthly basis. These reports do not include details of segment assets. The following summary describes the operations in each of the Company's reportable segments: motor and non-motor classes. The Company sells motor policies, and these range from comprehensive cover to third party act policies. The non-motor class comprises liability, property, engineering, travel, personal accident and miscellaneous accident classes. There are no inter-divisional sales.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment underwriting profit/(loss), as included in the internal management reports that are reviewed by the Company's General Manager.

28. Segment Information (Continued)

Segment result is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Company's operations are located entirely in Jamaica.

	2023		
	Motor	Non-Motor	Total
	$'000	$'000	$'000
Insurance revenue	1,705,447	797,658	2,503,105
Insurance service expenses	(1,569,688)	(273,953)	(1,843,641)
Net expenses from reinsurance contracts held	(260,078)	(450,811)	(710,889)
Insurance service result	(124,319)	72,894	(51,425)

No single customer accounted for 10% or more of total gross premium of the Company either in 2023 or in 2022.

	2022		
	Motor	Non-Motor	Total
	$'000	$'000	$'000
Insurance revenue	1,528,863	620,705	2,149,568
Insurance service expenses	(1,486,223)	(189,849)	(1,676,072)
Net expenses from reinsurance contracts held	(68,571)	(434,942)	(503,513)
Insurance service result	(25,931)	(4,086)	(30,017)

29. Contingency

The Company is involved in certain legal proceedings incidental to the normal course of business. Management believes that none of these legal proceedings, individually or in aggregate, will have a material effect on the Company.

30. Leases

(a) Amounts recognised in the statement of financial position

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

	2023	2022
	$'000	$'000
Right-of-use assets		
Properties	20,575	24,870
Lease liabilities		
Current	10,027	10,615
Non-current	16,987	13,792
	27,014	24,407

(b) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to right of use assets and lease liabilities:

	2023	2022
	$'000	$'000
Depreciation charge of right-of-use assets		
Properties	12,349	8,514
Interest expense	1,788	938

Liabilities from financing activity – leases

	2023	2022
	$'000	$'000
Lease liabilities at the beginning of the year	24,407	10,982
Addition during the year	11,766	28,089
Disposal	741	(4,829)
Cash flows	(11,688)	(10,773)
Interest expense	1,788	938
Lease liabilities at the end of the year	27,014	24,407

30. Leases (Continued)

(c) The Company's leasing activities
The Company leases various offices which serve as branches. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options as described in (d) below.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

(d) Extension and termination options
Extension and termination options are included in a number of property leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Extension and termination options held are exercisable only by the Company and not by the respective lessor.

31. Change in Financial Reporting Standard

IFRS 17 replaces the provisions of IFRS 4 that relate to insurance contracts.

The adoption of IFRS 17 Insurance Contracts from 1 January 2023 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The standard was adopted with restating the comparative information in accordance with the transitional provision in IFRS 17. The total impact of adoption is therefore recognised in the opening statement of financial position on 1 January 2022.

The following tables show the adjustments recognised for each individual line item. Line items not impacted have also been included to facilitate reconciliation of the information provided.

Methods used and judgements applied in determining the IFRS 17 transition amounts

The Company has adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date, including insurance acquisition cash flow assets. The Company has: identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

31. Change in Financial Reporting Standard (Continued)

Effect on statement of financial position

	Note	31 December 2022 $'000	Effect of IFRS 17 $'000	Restated 1 January 2023 $'000
ASSETS				
Cash and cash equivalents		844,286	-	844,286
Investment securities		1,580,943	-	1,580,943
Due from agents, brokers and policy holders		305,882	(305,882)	-
Due from brokers		-	296,627	296,627
Recoverable from reinsurers and coinsurers		1,362,565	(1,362,565)	-
Reinsurance assets		-	129,163	129,163
Deferred policy acquisition costs		89,350	(89,350)	-
Taxation recoverable		253,799	-	253,799
Other receivables		647	-	647
Right-of-use assets		24,870	-	24,870
Intangible assets		1,819	-	1,819
Property, plant and equipment		256,903	-	256,903
Deferred taxation		371,512	-	371,512
		5,092,576	(1,332,007)	3,760,569
LIABILITIES AND EQUITY				
Liabilities				
Other payables		145,554	(77,530)	68,024
Lease liabilities		24,407	-	24,407
Due to reinsurers		1,110,194	(1,110,194)	-
Insurance reserves		2,690,113	(2,690,113)	-
Insurance contract liabilities		-	2,372,975	2,372,975
		3,970,268	(1,504,862)	2,465,406
Equity				
Share capital		903,300	-	903,300
Capital reserve		57,371	-	57,371
Fair value reserves		55,397	-	55,397
Retained earnings		106,240	172,855	279,095
		1,122,308	172,855	1,295,163
		5,092,576	(1,332,007)	3,760,569

31. Change in Financial Reporting Standard

	31 December 2021 $'000	Effect of IFRS 17 $'000	Restated 1 January 2022 $'000
ASSETS			
Cash and cash equivalents	1,474,237	-	1,474,237
Investment securities	780,049	-	780,049
Due from agents, brokers and policy holders	258,833	(258,833)	-
Due from brokers	-	245,309	245,309
Recoverable from reinsurers and coinsurers	1,059,554	(1,059,554)	-
Reinsurance contract assets	-	752,760	752,760
Deferred policy acquisition costs	82,957	(82,957)	-
Taxation recoverable	202,549	-	202,549
Other receivables	1,394	-	1,394
Right-of-use assets	10,124	-	10,124
Intangible assets	3,016	-	3,016
Property, plant and equipment	227,529	-	227,529
Deferred taxation	380,047	-	380,047
	4,480,289	(1,030,308)	3,449,981
LIABILITIES AND EQUITY			
Liabilities			
Other payables	213,205	-	213,205
Lease liabilities	10,982	-	10,982
Due from reinsurers	800,420	(800,420)	-
Insurance reserve	2,380,964	(2,380,964)	-
Insurance contract liabilities	-	2,004,188	2,004,188
Reinsurance contract liabilities	-		
	3,405,571	(1,177,196)	2,228,375
Equity			
Share capital	903,300	-	903,300
Capital reserve	57,371	-	57,371
Fair value reserves	62,105	-	62,105
Retained earnings	51,942	146,888	198,830
	1,074,718	146,888	1,221,606
	4,480,289	(1,030,308)	3,449,981

FORM OF PROXY

We, ______________________ of______________________________ , being a member of **Key Insurance Company Limited** hereby appoint_______________ or failing him/her

of ______________________ as our proxy to vote for us on our behalf at the Annual General Meeting of the Company to be held virtually on **Wednesday, June 26 2024, at 2:00 p.m**., and at any adjournment thereof.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		
RESOLUTION 4		

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

*Given the prevailing circumstances shareholders are encouraged to appoint the Chairman or Company Secretary as their proxy.

Dated this day of 2024

……………………………………………
Signature

……………………………………………
Signature

Place
Stamp
Here
J$100

In the case of a body corporate, this form should be executed under seal in accordance with the Company's Articles.

Note: To be valid this proxy must be deposited with the Corporate Secretary of the Company at 6C Half Way Tree Road, Kingston 5 not less than 48 hours before the time appointed for holding the meeting. A Proxy need not be a member of the Company.

KEY INSURANCE
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