

Season's Greetings

IAJ EFFECTS EARLY CHANGE OF PRESIDENT

On November 18, 2020, the IAJ at its monthly executive meeting elected Oliver Tomlinson, General Manager of JN Life Insurance Company Limited as its new President. Mr. Tomlinson was formally Vice President-Life of the Association. Vernon James, former Managing Director of NCB Insurance Company Limited had to relinquish the IAJ Presidency he was elected to at the April 2020 IAJ Annual General Meeting as a result of the decision by NCB to merge its NCB Insurance business with its subsidiary Guardian Life. IAJ's regulations require its president to be head of an insurance company. The new Executive of the IAJ comprises:

OLIVER TOMLINSON, J.P., President: SHARON DONALDSON, Vice President – General: ADRIAN STOKES, Vice President – Life Directors: PETER LEVY: ERIC HOSIN, C.D.: KAREN BHOORASINGH: CHRISTOPHER ZACCA, C.D., J.P.: PAUL LALOR Executive Director: ORVILLE JOHNSON, O.D.: Corporate Secretary: ANNETTE ROBOTHAM



Oliver Tomlinson, JP
President



Sharon Donaldson
Vice President-General



Adrian Stokes
Vice President-Life



Peter Levy
Director



Eric Hosin, CD
Director



Karen Bhoorasingh
Director



Chris Zacca, CD, JP
Director



Paul Lalor
Director



Orville Johnson, OD
Executive Director



Annette Robotham
Corporate Secretary

INSURANCE STRESS TEST - SECTOR BEATS COVID, AWAITS NEW LAW ON SOLVENCY



OLIVER TOMLINSON, J.P.
IAJ President

The insurance industry, though initially challenged, has not, up to now, fared as badly from the economic downturn caused by the COVID-19 pandemic as the sector and regulatory authorities had been bracing for. That's the assessment from the new president of the Insurance Association of Jamaica, IAJ, Oliver Tomlinson.

Still, sector regulator Financial Services Commission, FSC, has submitted recommendations to the Government for legislative action, which the commission says will further secure policyholders, protect companies, and ensure the continued macroprudential integrity of the sector.

Officials of the FSC are tight-lipped on the proposals placed before the Ministry of Finance & Planning, and would not speculate about the timetable for the Government's response in the form of a new policy and law.

They confirmed, however, that the submission relates to capital adequacy and the methodology of its calculation. The proposals also follow extensive consultations with stakeholders, including policyholders, insurance companies and the Bank of Jamaica, BOJ, among others.

In a prepared response to **Financial Gleaner** questions this week, the FSC said: "There are several legislative matters that are for consideration, but none specific to the COVID-19 pandemic. Nevertheless, the FSC continues to fulfil its mandate to safeguard insurance policyholders and the industry at large."

Industry sources say changes to the computation of the 250 per cent capital adequacy and solvency measures – that is, the MCT, or minimum capital test, for general insurers, and the MCCRS, or minimum continuing capital surplus requirements, for life insurance companies – have been among the issues the sector raised in talks with the FSC. This move, it is felt, would free up some capital for investing and promoting growth in the economy, while continuing to ensure enough cash on hand to

pay claims from policyholders.

"The FSC is currently doing a quantitative impact study to see how that will play out for the life companies – which is the MCCSR, but for the general companies – the MCT, I think they have basically settled that. With life companies going through the QIS, we wait to see what that brings up," the IAJ's Tomlinson told the **Financial Gleaner**.

Jamaica's insurance sector comprises 19 registered companies, with \$440 billion in assets among them, up to the March quarter of this year, mostly capturing activity before the pandemic. The solvency ratio for the life insurance companies was then estimated at 43.7 per cent, more than four times the FSC regulatory benchmark of 10 per cent; while general insurers had a ratio of 38.7 per cent, which was above the FSC regulatory benchmark of 25 per cent, according to the most recently released data on the sector. No MCT estimates were included in the data available to the **Financial Gleaner**.

For Tomlinson, there is nothing to suggest that the pandemic has caused any capital-adequacy issues for the sector.

"Industry-wide, there are no real issues with receivables. What some companies did was to extend their grace periods to allow for persons to pay (premiums). Initially, persons were tentative, but after that, customers would have felt better and therefore, there was nothing required from the authorities," the IAJ president said.

The FSC is not divulging the results of the insurance sector stress test, citing legal restrictions.

The IAJ president was more forthcoming.

"At the onset of the pandemic, the FSC asked all the (insurance) companies to complete a template outlining some adverse and severely adverse situations, and asked us to put together some numbers for them. They have not come back to us with anything on an industry-wide basis. What they have done is to reach out to some individual companies where they saw those companies might have fallen short based on the criteria they had set out," Tomlinson said of the stress tests.

<http://jamaica-gleaner.com/article/business/20201120/insurance-stress-test-sector-beats-covid-awaits-new-law-solvency>



Property insurance rate hike coming - Storms to blow away COVID-19 cushion in 2021

SHARON DONALDSON

Managing Director General Accident Insurance Company.
Vice President—General IAJ

Most insured property owners in Jamaica and the rest of the Caribbean dodged an insurance rate increase in 2020, thanks to the COVID-19 pandemic, which sparked lockdowns and other business interruptions that forced large reinsurers to hold off implementing higher charges in the Caribbean region. But Sharon Donaldson, managing director of General Accident Insurance Company and a vice-president of the Insurance Association of Jamaica, IAJ, says the sector is bracing for the higher rates that are definitely coming in 2021.

“Property rates are definitely going up next year,” she told the **Financial Gleaner** in an interview.

She explains that the major global reinsurers consider the Caribbean as an insurance pool for the purposes of premiums and claims, and as such when any one country is continuously affected by hurricanes or other catastrophes leading to repeated large insurance payouts, rates will go up throughout the entire region.

“When Swiss Re, Munich Re or Lloyds of London gives insurance support for any one insurance company in Jamaica, they provide insurance support for the entire region. The principle of insurance is that the misfortune of the few will be paid from a fund,” said Donaldson.

“They see the Caribbean region as a fund. Whenever one member in the region has a catastrophe, the rest of us have to pay for it. When Bahamas has had two catastrophes back to back, if they look at premiums from The Bahamas alone, they will never be able to fund The Bahamas again,” she said, referencing the repeated battering the country has received from major hurricanes over the past several years.

<http://jamaica-gleaner.com/article/business/20201115/property-insurance-rate-hike-coming-storms-blow-away-covid-19-cushion-2021>



INSURANCE ASSOCIATION OF JAMAICA

Tribute
To The Late

Errol T. Ziadie, JP

(March 4, 1946 - November 29, 2020)



The Insurance Industry is saddened by the passing of one of its stalwarts Errol T. Ziadie, JP. Throughout his involvement in the insurance industry for over 35 years he has held numerous executive positions including: General Manager of Allied Insurance Brokers Limited, General Manager and Director of General Accident Insurance Company Limited for sixteen years, Managing Director of Jamaica National General Insurance Company and Chairman and Director of MGI Insurance Brokers Limited.

A highly team spirited individual with outstanding management skills, Errol Ziadie served as Chairman of the Jamaica Association of General Insurance Companies (JAGIC) for eleven years. His expertise and know how helped in guiding the combination of JAGIC and the Life Insurance Companies Association of Jamaica (LICA) to form the present Insurance Association of Jamaica (IAJ).

He had a passion for lifting standards in the Insurance Industry and was a Past Director of Insurance House Limited and a Past President of the Insurance Institute of Jamaica. He was also a past Director of the College of Insurance and Professional Studies (CIPS).

Despite his committed schedule of insurance activities Errol found time to be very active in numerous national activities that earned him many friends and admirers throughout Jamaica and overseas. Always willing to give a helping hand he served as a member of the Board of Trustees of the Jamaica Medical Foundation (JMF), an outreach arm of the insurance industry.

His expertise, outgoing personality, friendliness and willingness to help in areas that need his knowledge and skills will be greatly missed.

IAJ extends deepest sympathies to his entire family, associates, friends and all those who had the privilege of interacting with this great personality Errol. T. Ziadie.



MOTOR CYCLE TRAINING TO REDUCE DEATHS ON OUR ROADS

IAJ continues to be involved with the Motor Cycle Outreach and Training Programme which is being piloted by the National Road Safety Unit.

Motor Cycle awareness training programmes in which IAJ has been involved for several years have certainly helped to reduce the number of motor cycle deaths on our roads.

The most heavily motor cycle accident prone area is Westmoreland and the National Road Safety Unit has been concentrating efforts in that area. IAJ was involved with Training and Awareness in Petersfield on Sunday, September 27, October 25 and Whitehouse on Sunday November 1, 2020.



IAJ Executive Director Orville Johnson, disseminating helpful information to cyclists relating to the need for insurance coverage among other concerns.

Westmoreland Motorcycle Training Programme Bearing Fruit

Excerpts from an article in the Jamaica Observer of December 16 by Observer Writer Anthony Lewis.

Security and road safety stakeholders say the Ministry of National Security's multi-million-dollar investment in a

motorcycle outreach and training programme in Westmoreland has begun to bear fruit.

The ministry spent \$52 million to establish a motorcycle training facility at the Petersfield HEART/NSTA Trust academy and two satellite centres — Culloden HEART academy and Grange Hill High School — all in Westmoreland.

The parish leads the country in motorcycle fatalities.

Despite this statistic, however, it was disclosed during a training session at Grange Hill High School on Sunday that none of the more than 70 participants in the certification programme have died in motorcycle crashes since the initiative started in August.

“That is great news. Before that, every day there was a dead man down here in Westmoreland so it tells me that the training session or programme that you are doing is bearing fruits,” said Senior Superintendent Courtney Coubrie of the Public Safety and Traffic Enforcement Branch.

Thaddeti Tulloch, project portfolio manager at the Ministry of National Security, expressed similar sentiments.

“We are very pleased and we have already seen the downward trending, and we are going to continue until it reaches an all-time low,” he told the **Jamaica Observer**.



Motor Cycle fatalities continue to be the largest contributor to road fatalities in Jamaica, and the parish of Westmoreland accounts for over a third of these deaths. The IAJ has been working along with the National Road Safety Council on an special drive since September going through December on a series of workshops along with the Police, the Road Safety Unit the Island Traffic Authority and Heart NTA. The IAJ has

been stressing the importance of Insurance, and providing gas vouchers as an incentive to get motor bikers to the clinics. Member companies have provided giveaways and Guardian General and BCIC have actually sent sales representatives to canvass for business. It is estimated that there are about 50,000 bikes on the road in Jamaica, our information is that only about 10,000 of these bikes are insured.

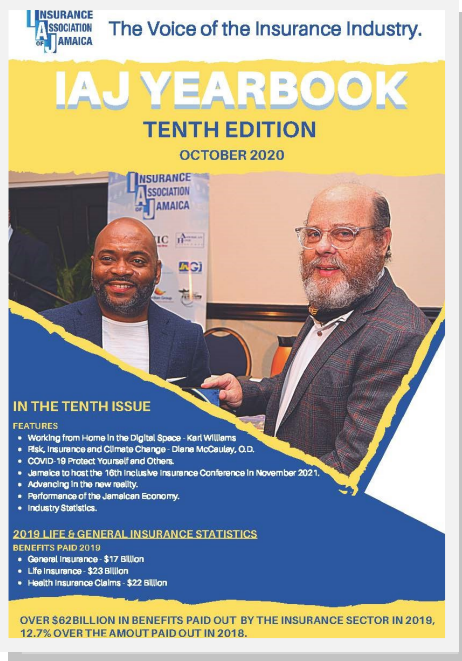


IAJ CHIN LOY BASIC SCHOOL ANNUAL CHRISTMAS TREAT

IAJ held its customary Annual Christmas Treat for the Chin Loy Basic School in Tivoli Gardens on December 16. The IAJ Team was headed by President Oliver Tomlinson and Executive Orville Johnson. Gifts were presented and the children and teachers all seem to have enjoyed the occasion.



This Annual Christmas Treat over the years is anxiously anticipated by children and teachers and adults who experienced the treat when they were children seem to never forget the experience. Over the years, apart from holding the treat, IAJ has donated equipment and other helpful donations that have been of benefit to proper functioning of the Basic School.



IAJ YEARBOOK – TENTH EDITION

The Tenth Edition of the IAJ Yearbook will be featured on the IAJ Website iaj-online.com. The publication contains many informative articles that will be of interest to readers especially in our current precautionary measures relating to Covid-19.

Industry statistics in the Yearbook will give a graphic representation of the performance of the Life and General Insurance sectors during 2019.

There is also revealing information relating to Insured motor vehicles stolen between 2017 and 2019 along with thefts in the early months of 2020. Read and Enjoy.

HAPPENINGS IN THE INDUSTRY



General Accident records \$147-million net profit

General Accident Insurance Company Jamaica Limited (General Accident) posted on Saturday, November 14 an unaudited net profit of \$147.18 million for the nine-month period ended September 30, 2020. This represents a 24 per cent decline over the previous corresponding period. For the period under review, the company wrote gross written premium of \$9.32 billion, compared to \$8.94 billion for the corresponding period in 2019. Net earned premium improved by 32 per cent to \$2.02 billion while net claims charges grew

by 38 per cent to \$1.36 billion. Administrative expenses also increased by 37 per cent when compared to the previous corresponding period. The Jamaican segment of the group wrote premiums amounting to \$9.01 billion and contributed profit before tax of \$340.6 million, while the Trinidad counterpart wrote premiums of \$282 million which was eliminated by the claims and operating expenses.



ICWI Donates \$1m to Jamaica Reach to Recovery



PAUL LALOR
ICWI President

Jamaica Reach to Recovery partner of the Jamaica Cancer Society, and (JRR), the support arm of the Jamaica Cancer Society (JCS), was presented with a cheque for JMD\$1,000,000 from the Insurance Company of the West Indies (ICWI) on Friday, October 23, 2020 at their Head Office in Kingston

As the title sponsor of the annual ICWI Pink Run, which usually takes place on the last Sunday of October, ICWI was disappointed that the 5K Run which is the largest fundraiser for Jamaica Reach to Recovery could not be held.

The handover was made by **President of ICWI, Paul Lalor**, who shared his perspective "ICWI remains committed to the fight against

HAPPENINGS IN THE INDUSTRY



INSURANCE COMPANY LTD.
The Key to Peace of Mind

KEY INSURANCE ENGAGES DIGITAL STRATEGY TO GROW REVENUES



TAMMARA GLAVES-HUCEY
General Manager
Key Insurance

Key Insurance has touted digitisation and the boosting of operational efficiencies as major parts of its continuous turnaround strategy to improve revenues.

“The online platform will provide our current and prospective clients with the capability to generate quotations, renew

existing policies and report accidents. This forms part of our digital transformation efforts which are aimed at allowing customers the flexibility to conduct business digitally in a seamless fashion,” General Manager Tammara Glaves-Hucey said.



Don Wahby
Chairman Key Insurance Company

Key Insurance Company Limited will seek to raise \$670 million in a rights issue, which will open for subscription by existing shareholders two days before Christmas.

The offer is being brokered by GK Capital Management, which, like Key, is owned by the GraceKennedy conglomerate.

Key will issue some 190 million new shares at \$3.50 each, which is less than half the stock’s closing price of \$8.38 on Wednesday. The issue opens on December 23 and closes just under three weeks later on January 11. Full take-up of the offer would increase the number of issued Key shares from 368 million to 559.3 million.

“The rights issue will be critical to the implementation of Key’s vision and strategic plan, which focuses on achieving profitability targets and sustainable long-term growth,” said Chairman Don Wahby.

GraceKennedy took over Key at the top of this year, at a time when the entity was in financial worries and needed an injection of capital – which the rights issue is meant to address. The conglomerate holds a 65 per cent interest in Key Insurance.

The rights issue is one component of the overall

KEY INSURANCE COMPANY TO RAISE \$670MILLION IN RIGHTS ISSUE

strategy implemented by the new board installed under GK’s ownership. Key needs to bolster its capital, which now stands at \$184 million, having fallen from \$584 million a year ago.

Key aims to double its revenue to \$2.7 billion in five years under the new strategic plan, saying the rights issue will set the stage by providing the capital needed to grow its important motor portfolio.

Key made \$5.6 million in net profit for the September third quarter, which reversed losses a year earlier. But over nine months in 2020, the company booked losses of \$538 million, nearly doubling the \$299 million of losses a year earlier. Those losses were mainly due to one-off reinsurance costs, management stated at the time.

Under the rights issue, new shares in Key have been provisionally allotted to the company’s existing shareholders in the proportion of “259 new shares for every 500 existing shares”, at the subscription price of \$3.50 per share, stated the circular.

The share offer is renounceable, which means that existing shareholders who do not take up the offer would create space for other shareholders to increase their holdings.

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HAPPENINGS IN THE INDUSTRY



Sagicor posts strong Q3 results



Chris Zacca, C.D., J.P.
President Sagicor

Buoyed by strong third quarter results, Sagicor Jamaica President Chris Zacca said the local financial conglomerate has not had any capital flight, even with growing concerns about asset quality in the financial sector.

Arguing that many assets in the local financial sector have taken a hit because of COVID-19, Zacca conceded that Sagicor has not been spared but was quick to point

out its asset quality is “in great shape”.

“We have had no flight [of capital] to safety as most other financial companies are doing,” Zacca told the Jamaica Observer in an exclusive interview looking at the company's just-released September quarter financials.

He pointed out that the biggest hit on assets came from Sagicor's investments in the tourism sector, which is slowly returning from full closure in April with most of the company's properties now open and bookings on the rise.

Sagicor Says THANK YOU Nurses



Mark Chisholm, Executive Vice-President, Sagicor Life Jamaica – Individual Life Division, hands over gift baskets to Diane Buckley-Smith (centre), departmental nurse manager, and Debby-Ann McKenzie-Cooke, deputy director of nursing services, Kingston Public Hospital, in appreciation of their excellent work.

Sagicor Life also donated lunch bags for the nursing staff as part of a series of thank you treats for the nurses who have been integral to the COVID-19 response this year.

Rated M: Sagicor rolls out male empowerment series for International Men's Day



Karl Williams
Senior Vice President –
Group Human Resources & Corporate Services
Sagicor Group Jamaica Limited

Sagicor Group Jamaica has rolled out a week-long series of activities geared at promoting the development of the company's male team members by improving their leadership skills and facilitating meaningful conversations on topics impacting men.

This coincides with International Men's Day, being observed on November 19.

The virtual series of activities,

dubbed Rated M and hosted under the theme: 'Moulding Mighty Men', started on Monday, November 16 and culminated on Friday, November 20.

The company said the Rated M initiative will also serve as a launching pad for a skills training programme tailored for males.

That programme, set to start in January next year, will provide training in areas such as presentation and public speaking, critical and strategic thinking, mentorship and leadership skills, as well as job specific training, Sagicor said.



Guardian profit spikes with help from NCB Insurance

Regional insurance company Guardian Holding Limited, GHL, grew its profit by three-quarters for the July-September period, assisted by the inclusion of the newly acquired NCB Insurance life and annuities portfolio.

The results redounded to the benefit of GHL's Jamaican parent company NCB Financial Group, which reported profit of \$27 billion last week.

GHL made profit of TT\$322.6 million, or \$7.1 billion in local currency, for the September quarter, up from TT\$187 million, or \$3.9 billion, a year earlier.

"These results are a noteworthy achievement, as we continue to manage through the impact of the pandemic on our business," said GHL Chairman Patrick Hylton in a statement prefacing the insurance conglomerate's financial results.

"During the quarter, Guardian Life Limited, our Jamaica life, health and pension insurer, acquired the life and annuity portfolio of NCB Insurance Company," said Hylton, who is also president and CEO of NCB Financial Group.

The acquisition of the insurance portfolio should serve to reduce expenses through "synergies" by eliminating redundant systems, and lower the combined reserves and capital requirements due to the larger scale of assets and liabilities, and provide opportunities for better asset-liability matching, the chairman stated.

Guardian profit spikes with help from NCB Insurance <http://jamaica-gleaner.com/article/business/20201118/guardian-profit-spikes-help-ncb-insurance>

BCIC

An affiliate of **VICTORIA MUTUAL**

BCIC PREPS CYBER INSURANCE FOR BUSINESSES



Amid rising cyber-crimes and sophisticated digital attacks on companies globally, a British Caribbean Insurance Company (BCIC) executive has said that the underwriting company is in the process

of adding cyber insurance as a new line to its already extensive list of products.

Lori-Ann Glasgow, general manager of marketing at BCIC, while speaking in a Computer Society of Jamaica staged webinar last Thursday, October 15, said that the policy, which was still being fine-tuned, was currently

being given a few more finishing touches before its official release to the public. Glasgow, in making a case for the soon-to-be-offered product, also underscored the growing nature of cyber threats and urged companies to seriously consider cyber insurance as a part of its business continuity plan.

"Cybercrime is a growing problem and any business plan should have dealing with the fall out of a cyberattack as a cornerstone [especially now when] we've seen much higher profile cybercrimes coming to the front and dominating the news," she said.

http://www.jamaicaobserver.com/sunday-finance/bcic-preps-cyber-insurance-for-businesses_205554

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