

Strong performance despite challenging times.

Massy United Insurance operates across the Caribbean region in 19 territories offering a suite of general insurance services. The 2019-2020 financial year for the Massy United Insurance team, like so many other organisations was heavily impacted by the Covid-19 Pandemic. The organisation was forced to physically close all its offices across the region, however they remained opened for business to their customers in a full work-from-home environment.

The Covid-19 pandemic has created a new environment that brings its own unique set of challenges and to be successful, adaptation to this new normal is essential. Chief Executive Officer, Randy Graham reported, "We resumed our physical operations but with notable changes such as flexible work policies and very strong health protocols as advised by government and health professionals. This was a trying year for everyone, but the Massy United team remained adaptable and committed to delivering the highest level of service to our customers. It is inevitable that further challenges will arise but together we will persevere".

The company's new business and investment portfolio was affected as a result of the global market reacting to the pandemic. There have also been policy cancellations due to loss of employment and reduced revenues but the Massy United team continues to work with their customers to minimise this occurrence where possible.

Despite the myriad of challenges faced, Massy United Insurance once again was able to secure a re-affirmed A.M. Best Rating of A – 'Excellent' with a stable outlook. The company continues to hold fast to its current strategy while prioritising cost efficiency to profitably grow their various lines of business throughout the Caribbean. "We are very pleased with our financial performance this year, we have grown to be one of the biggest insurance companies in the region and we continue to satisfy our clients and pay their claims. Our financial performance and return on investment as a company was very strong yet we still paid out over \$73 million dollars in claims to our clients. I'm very proud of this strong company and very proud of our hard working and talented staff!" said Graham.



Independent auditor's report on the summary consolidated financial statements

To the Shareholder of Massy United Insurance Ltd.

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Massy United Insurance Ltd. (the Company), are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1.

The summary consolidated financial statements

The Company's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended September 30, 2020 comprise:

- the consolidated statement of financial position as at September 30, 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the related note to the consolidated financial statements.

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

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated January 31, 2021. That report also includes an Other Matter paragraph regarding the purpose and use of our audit report.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

Auditor's responsibility

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

Other Matter

Our report, dated January 31, 2021 on the consolidated financial statements of the Company for the year ended September 30, 2020 was made solely to the Company's shareholder, as a body corporate, in accordance with Section 147 of the Companies Act of Barbados and for no other purpose. That report stated that our audit work was undertaken so that we might state to the Company's shareholder those matters we were required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body corporate, for our audit work, for our report dated January 31, 2021, or for the opinion we have formed.

Priscilla Louise Cooper SRL
 Priscilla Louise Cooper SRL
 Bridgetown, Barbados
 March 10, 2021

Massy United Insurance Ltd. Consolidated Statement of Financial Position As at September 30, 2020

(expressed in thousands of Barbados dollars)

	2020	2019
	\$	\$
Assets		
Property and equipment	24,224	27,412
Right-of-use assets	1,788	-
Intangible assets	2,133	2,460
Deferred tax asset	984	712
Corporation tax refundable	3,476	3,346
Investments in associated companies	9,475	8,349
Accounts receivable	298,240	352,998
Financial assets	146,951	142,866
Short-term deposits	40,013	41,023
Cash and cash equivalents	98,680	68,378
Total assets	625,964	647,544
Liabilities		
General insurance liabilities	346,853	380,202
Lease liabilities	1,845	-
Pension and medical plan liability	6,394	8,236
Accounts payable	116,064	118,145
Corporation tax payable	3,851	406
	475,007	506,989
Equity		
Share capital	8,900	8,900
Retained earnings	97,978	64,313
Property catastrophe reserve	26,092	46,092
Currency translation reserve	(4,085)	(1,577)
Revaluation surplus	7,072	7,827
	135,957	125,555
Non-controlling interest	15,000	15,000
Total equity and liabilities	625,964	647,544

Approved by the Board of Directors on January 31, 2021

[Signature]
 Director

[Signature]
 Director

Massy United Insurance Ltd.
Consolidated Statement of Changes in Equity
For the year ended September 30, 2020

(expressed in thousands of Barbados dollars)

	Share capital \$	Retained earnings \$	Revaluation surplus \$	Property catastrophe reserve \$	Currency translation reserve \$	Total \$	Non-controlling interest \$	Total equity \$
Balance as of October 1, 2018	8,900	61,076	7,827	43,417	(2,972)	118,248	15,000	133,248
Total comprehensive income for the year	-	5,912	-	-	1,395	7,307	-	7,307
Transfer to property catastrophe reserve	-	(2,675)	-	2,675	-	-	-	-
Balance as of September 30, 2019 - as previously stated	8,900	64,313	7,827	46,092	(1,577)	125,555	15,000	140,555
IFRS 16 initial application adjustment	-	(26)	-	-	-	(26)	-	(26)
Balance as of October 1, 2019 - restated	8,900	64,287	7,827	46,092	(1,577)	125,529	15,000	140,529
Total comprehensive income for the year	-	13,691	(755)	-	(2,508)	10,428	-	10,428
Transfer to property catastrophe reserve	-	20,000	-	(20,000)	-	-	-	-
Balance as of September 30, 2020	8,900	97,978	7,072	26,092	(4,085)	135,957	15,000	150,957

Massy United Insurance Ltd.
Consolidated Statement of Comprehensive Income
For the year ended September 30, 2020

(expressed in thousands of Barbados dollars)

	2020 \$	2019 \$
Revenue		
Gross premium earned	358,021	293,241
Reinsurance premium ceded	(240,582)	(170,939)
Net premiums earned	117,439	122,302
Reinsurance commission	35,570	33,635
Net investment income	8,633	6,633
Expected credit loss	(2,076)	2,690
Property (expense)/income	(265)	(356)
Other income	2,274	552
	161,575	165,456
Expenses		
Losses incurred	73,793	37,770
Losses recoverable from reinsurers	(17,093)	36,310
Net claims incurred	56,700	74,080
Policy acquisition costs	47,843	43,050
General and administrative expenses	41,882	39,093
	146,425	156,223
Income from operating activities	15,150	9,233
Share of income from associated companies	1,337	1,343
Income before taxation	16,487	10,576
Taxation	(4,837)	(4,893)
Net income for the year	11,650	5,683
Other comprehensive income/(loss):		
Defined benefit plans	2,041	762
Deferred taxation	-	(533)
Retranslation of foreign currency operations	(2,508)	1,395
Revaluation of building	(755)	-
Total comprehensive income for the year	10,428	7,307

Massy United Insurance Ltd.
Consolidated Statement of Cash Flows
For the year ended September 30, 2020

(expressed in thousands of Barbados dollars)

	2020 \$	2019 \$
Cash flows from operating activities		
Income before taxation	16,487	10,576
Adjustments for:		
Depreciation	2,797	2,302
Investment income	(7,224)	(6,325)
Expected credit loss	2,076	(2,690)
Gain on disposal of investments	(137)	(556)
Unrealised (gain)/loss on investments	(1,272)	248
Share of income from associated companies	(1,337)	(1,343)
Pension plan expense	459	513
Other post retirement benefit expense	304	324
Gain on disposal of fixed assets	84	82
Amortisation of customer list intangibles	327	327
Operating income before working capital changes	12,564	3,458
Decrease in accounts receivable	54,758	71,638
(Decrease)/Increase in accounts payable	(2,081)	29,383
Decrease in general insurance liabilities	(33,349)	(107,842)
Cash used in operations	31,892	(3,363)
Pension and other post retirement contributions paid	(564)	(601)
Income taxes paid	(1,582)	(3,129)
Net cash generated from/(used in) operating activities	29,746	(7,093)
Cash flows from investing activities		
Purchase of fixed assets	(743)	(2,902)
Purchase of investments	(39,693)	(65,928)
Sale/maturities of investments	34,946	88,243
Proceeds from sale of fixed assets	91	188
Dividends from associated companies	-	36
Net change in short-term deposits	1,010	(10,903)
Investment income received	5,314	8,527
Net cash from investing activities	925	17,261
Cash flows from financing activities		
Principal repayments on lease liabilities	(369)	-
Net increase in cash and cash equivalents	30,302	10,168
Cash and cash equivalents - beginning of the year	68,378	58,210
Cash and cash equivalents - end of year	98,680	68,378

Note 1

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under the criteria, management discloses the summary consolidated statements of: financial position; changes in equity; comprehensive income and cash flows which have been derived from the audited consolidated financial statements of the Company for the year ended September 30, 2020.