

**Performance Highlights 2019**

During the 2018 – 2019 financial year, the team at Massy United Insurance worked diligently with efforts focused on solidifying and implementing a corporate strategy that would deliver profitability to its shareholders and excellent service to its clients and key stakeholders. We are proud that our team successfully delivered on this yet again.

During the year, our region also had to deal with the passage of Hurricane Dorian which unfortunately devastated the lives of our neighbours in the Bahamas. Massy United Insurance has responded to help our neighbours in the Caribbean region through the passage of every hurricane in the last 40 years and we stepped up to pay claims in the Bahamas once again. We take pride in helping our clients and will settle more than \$50 million in claims from Hurricane Dorian.

In the midst of it all, Massy United Insurance was able to generate \$10 million in profit before tax and re-affirm its AM Best rating yet again.

Mr. Randy Graham, Chief Executive Officer of Massy United Insurance highlighted the continued support of the customers, staff and Massy United family while reflecting on the company's performance.

"2019 was a good year for the company. We felt proud that we could pay the claims of our customers all through the region including helping our clients in the Bahamas. Our staff battled through all the challenges to deliver on our profit targets and on our client service. We continue to be very excited about the potential of the company and look forward to another good year in 2020," Mr. Graham announced.


**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, 2019 comprise:

- the consolidated statement of financial position as at September 30, 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity 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 summary consolidated 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 summary consolidated 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, 2020. That report 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, 2020 on the consolidated financial statements of the Company for the year ended September 30, 2019 was made solely to the Company's shareholder, as a body corporate, in accordance with Section 147 of the Companies Act of Barbados. 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, 2020, or for the opinion we have formed.

*PricewaterhouseCoopers SRL*  
 Bridgetown, Barbados  
 February 5, 2020

**Massy United Insurance Ltd.**  
**Consolidated Statement of Financial Position**  
**As at September 30, 2019**

(expressed in thousands of Barbados dollars)

	2019 \$	2018 \$
<b>Assets</b>		
Property and equipment	27,412	26,957
Investments in associated companies	8,349	6,933
Deferred tax asset	712	4,422
Corporation tax refundable	3,346	1,581
Financial assets	142,866	163,535
Accounts receivable	352,998	424,636
Short-term deposits	41,023	30,120
Cash and cash equivalents	68,378	58,210
Intangible assets	2,460	2,787
<b>Total assets</b>	<b>647,544</b>	<b>719,181</b>
<b>Liabilities</b>		
Corporation tax payable	406	366
Accounts payable	118,145	88,762
General insurance liabilities	380,202	488,044
Pension and medical plan liability	8,236	8,761
	<b>506,989</b>	<b>585,933</b>
<b>Equity</b>		
Share capital	8,900	8,900
Retained earnings	64,313	61,076
Property catastrophe reserve	46,092	43,417
Currency translation reserve	(1,577)	(2,972)
Revaluation surplus	7,827	7,827
	<b>125,555</b>	<b>118,248</b>
Non-controlling interest	15,000	15,000
<b>Total equity and liabilities</b>	<b>647,544</b>	<b>719,181</b>

**Approved by the Board of Directors on January 29, 2020**

 Director


 Director

**Massy United Insurance Ltd.**  
**Consolidated Statement of Changes in Equity**  
**For the year ended September 30, 2019**

(expressed in thousands of Barbados dollars)

	Share capital \$	Retained earnings \$	Revaluation surplus \$	Property catastrophe reserve \$	Currency translation reserve \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Balance as of October 1, 2017</b>	8,900	53,583	11,339	41,032	(2,972)	111,882	16,034	127,916
Dissolution of subsidiary	-	(109)	-	-	-	(109)	(1,034)	(1,143)
Total comprehensive income for the year	-	9,987	-	-	-	9,987	-	9,987
Revaluation of Building	-	-	(3,512)	-	-	(3,512)	-	(3,512)
Transfer to property catastrophe reserve	-	(2,385)	-	2,385	-	-	-	-
<b>Balance as of September 30, 2018</b>	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	-	-	-	-
<b>Balance as of September 30, 2019</b>	<b>8,900</b>	<b>64,313</b>	<b>7,827</b>	<b>46,092</b>	<b>(1,577)</b>	<b>125,555</b>	<b>15,000</b>	<b>140,555</b>

**Massy United Insurance Ltd.**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended September 30, 2019**

(expressed in thousands of Barbados dollars)

	2019 \$	2018 \$
<b>Revenue</b>		
Gross premium earned	293,241	248,788
Reinsurance premium ceded	(170,939)	(137,732)
Net premiums earned	122,302	111,056
Reinsurance commission	33,635	26,715
Net investment income	6,633	10,675
Expected credit loss	2,690	(3,078)
Property expense/(income)	(356)	33
Other income/(expense)	552	(744)
	165,456	144,657
<b>Expenses</b>		
Losses incurred	37,770	21,203
Losses recoverable from reinsurers	36,310	34,605
Net claims incurred	74,080	55,808
Policy acquisition costs	43,050	36,080
General and administrative expenses	39,093	40,161
Other expenses	-	277
	156,223	132,326
<b>Income from operating activities</b>	<b>9,233</b>	<b>12,331</b>
Share of income from associated companies	1,343	667
Income before taxation	10,576	12,998
Taxation	(4,893)	(3,294)
<b>Net income for the year</b>	<b>5,683</b>	<b>9,704</b>
<b>Other comprehensive income/(loss):</b>		
Defined benefit plans	762	283
Deferred taxation	(533)	-
Retranslation of foreign currency operations	1,395	-
Total comprehensive income for the year	7,307	9,987

**Massy United Insurance Ltd.**  
**Consolidated Statement of Cash Flows**  
**For the year ended September 30, 2019**

(expressed in thousands of Barbados dollars)

	2019 \$	2018 \$
<b>Cash flows from operating activities</b>		
Income before taxation	10,576	12,998
Adjustments for:		
Depreciation	2,302	1,471
Investment income	(6,325)	(8,159)
Expected credit loss	(2,690)	3,078
Gain on disposal of investments	(556)	(2,115)
Unrealised gain/(loss) on investments	248	(401)
Share of income from associated companies	(1,343)	(667)
Pension plan expense	513	568
Other post retirement benefit expense	324	320
Gain on disposal of fixed assets	82	183
Amortisation of customer list intangibles	327	320
<b>Operating income before working capital changes</b>	<b>3,458</b>	<b>7,596</b>
Decrease in accounts receivable	71,638	309,912
Increase in accounts payable	29,383	10,467
Decrease in general insurance liabilities	(107,842)	(328,081)
<b>Cash generated from operations</b>	<b>(3,363)</b>	<b>(106)</b>
Pension and other post retirement contributions paid	(601)	(671)
Income taxes paid	(3,129)	(2,678)
<b>Net cash used in operating activities</b>	<b>(7,093)</b>	<b>(3,455)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(2,902)	(3,827)
Purchase of investments	(65,928)	(34,117)
Sale/maturities of investments	88,243	35,388
Proceeds from sale of fixed assets	188	32
Dividends from associated companies	36	334
Net change in short-term deposits	(10,903)	(4,435)
Investment income received	8,527	9,409
<b>Net cash from investing activities</b>	<b>17,261</b>	<b>2,784</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,168</b>	<b>(671)</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>58,210</b>	<b>58,881</b>
<b>Cash and cash equivalents - end of year</b>	<b>68,378</b>	<b>58,210</b>

**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, 2019.