

**Jamaica International Insurance
Company Limited**

**Financial Statements
31 December 2004**

Jamaica International Insurance Company Limited

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31 December 2004

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29 March 2005

To the Members of
Jamaica International Insurance Company Limited

Auditors' Report

We have audited the financial statements set out on pages 1 to 28, and have received all the information and explanations which we considered necessary. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the company's affairs as at 31 December 2004 and of the results of operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act 1965.

Chartered Accountants
Kingston, Jamaica

29 March 2005

To the Directors of
Jamaica International Insurance Company Limited

Auditors' Report

The supplementary information set out on pages 29 to 30, taken from the accounting records of the company, has been subjected to the tests and other auditing procedures applied in our examination of the company's financial statements for the year ended 31 December 2004.

In our opinion, this information, although not necessary for a fair presentation of the company's state of affairs, results of operations, changes in equity or cash flows, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants
Kingston, Jamaica

Jamaica International Insurance Company Limited

Balance Sheet

31 December 2004

	Note	2004 \$'000	2003 \$'000
ASSETS			
Cash and Short Term Investments	4	795,125	595,177
Investments	5	652,809	756,701
Investment in Subsidiary	6	-	60,000
Due from Agents, Brokers and Policyholders	7	239,903	150,412
Recoverable from Reinsurers	12	1,116,051	397,937
Deferred Policy Acquisition Costs		70,068	43,470
Taxation Recoverable		12,450	-
Other Receivables	8	41,953	77,667
Long Term Receivable	9	121,260	-
Fixed Assets	10	203,059	159,429
Retirement Benefit Asset	11	69,379	62,267
		<u>3,322,057</u>	<u>2,303,060</u>

Jamaica International Insurance Company Limited

Balance Sheet

31 December 2004

	Note	2004 \$'000	2003 \$'000
LIABILITIES AND SHAREHOLDERS' EQUITY			
Bank Overdraft	15	24,121	8,979
Due to Reinsurers		118,795	81,047
Insurance Reserves	12	1,945,006	1,139,884
Other Payables	13	29,901	20,449
Taxation		-	30,344
Deferred Tax Liabilities	14	52,046	61,424
Due to Parent Company		774	27,214
Long Term Liabilities	15	98,863	113,351
Retirement Benefit Obligations	16	37,108	31,087
		<u>2,306,614</u>	<u>1,513,779</u>
Shareholders' Equity			
Share capital	17	265,064	265,064
Capital and fair value reserves	18	71,155	39,319
Retained earnings		679,224	484,898
		<u>1,015,443</u>	<u>789,281</u>
		<u>3,322,057</u>	<u>2,303,060</u>

Approved for issue on behalf of the Board of Directors on 29 March 2005 and signed on its behalf by:

P N Moss-Solomon

Chairman

D G Wehby

Director

Jamaica International Insurance Company Limited

Profit and Loss Account

Year ended 31 December 2004

	Note	2004 \$'000	2003 \$'000
Gross Premiums Written		1,373,056	972,368
Reinsurance ceded		(828,922)	(555,073)
Net premium income		544,134	417,295
Unearned premium reserve		(64,276)	(44,582)
Net Premiums Earned		479,858	372,713
Commission income		79,540	55,416
Commission expense		(106,446)	(60,227)
Claims expense		(356,525)	(242,666)
Underwriting expenses		(4,501)	(1,060)
Administration expenses		(179,826)	(156,165)
Underwriting Loss		(87,900)	(31,989)
Other operating expenses		(23,978)	(15,058)
Finance and investment income, net	19	344,794	336,049
Profit before Taxation	20	232,916	289,002
Taxation	22	(38,590)	(86,618)
NET PROFIT		194,326	202,384

Jamaica International Insurance Company Limited

Statement of Changes in Equity

Year ended 31 December 2004

	Note	Number of Shares	Share Capital	Capital and Fair Value Reserves	Retained Earnings	Total
		'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2003		265,064	265,064	39,657	343,647	648,368
Net profit		-	-	-	202,384	202,384
Net gains and losses not recognised in the profit and loss account, net of taxation						
Disposal of available-for-sale investments		-	-	(724)	-	(724)
Fair value gains -						
Available-for-sale investments		-	-	386	-	386
		-	-	(338)	-	(338)
Dividends paid	23	-	-	-	(61,133)	(61,133)
Balance at 31 December 2003		265,064	265,064	39,319	484,898	789,281
Net profit		-	-	-	194,326	194,326
Net gains and losses not recognised in the profit and loss account, net of taxation						
Fair value gains -						
Fixed assets		-	-	8,390	-	8,390
Available-for-sale investments		-	-	23,446	-	23,446
		-	-	31,836	-	31,836
Balance at 31 December 2004		265,064	265,064	71,155	679,224	1,015,443

Jamaica International Insurance Company Limited

Statement of Cash Flows

Year ended 31 December 2004

	2004 \$'000	2003 \$'000
SOURCES/(USES) OF CASH:		
Operating Activities		
Gross premiums received	1,283,565	936,890
Reinsurance paid	(791,174)	(537,116)
Commissions received	86,581	70,320
Commissions paid	(133,044)	(78,511)
Claims paid	(340,834)	(225,481)
Interest received	279,568	210,627
Interest paid	(11,512)	(11,842)
Rent received	26,857	26,085
Other finance and investment receipts	14,888	24,135
Underwriting, administration and other operating expenditure	(218,943)	(147,950)
Taxation paid	(90,363)	(36,733)
Cash provided by operating activities	<u>105,589</u>	<u>230,424</u>
Financing Activities		
Long term loan received	-	11,901
Long term loan repaid	(11,901)	
Finance lease payments	(2,587)	(2,617)
Dividends paid	-	(61,133)
Cash used in financing activities	<u>(14,488)</u>	<u>(51,849)</u>
Investing Activities		
Investments	140,892	(256,952)
Additions to fixed assets	(50,048)	(4,395)
Proceeds on disposal of fixed assets	1,551	946
Cash provided by/(used in) investing activities	<u>92,395</u>	<u>(260,402)</u>
	183,496	(81,826)
Exchange gain on net foreign cash balances	1,310	3,355
Increase/(decrease) in cash and cash equivalents	<u>184,806</u>	<u>(78,471)</u>
Cash and cash equivalents at beginning of year	586,198	664,669
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>771,004</u></u>	<u><u>586,198</u></u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

1. Identification and Activities

- (a) Jamaica International Insurance Company Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. The company is a wholly owned subsidiary of Grace, Kennedy & Company Limited, which is also incorporated in Jamaica and which is its ultimate parent company. The registered office of Grace, Kennedy & Company Limited is 73 Harbour Street, Kingston, Jamaica.
- (b) The registered office of the company is 73 Harbour Street, Kingston, Jamaica.
- (c) The company is licensed to operate as a general insurance company under the Insurance Act, 2001. Its principal activity is the underwriting of general insurance business.
- (d) The company had a subsidiary, First Global Insurance Company Limited, up to June 2004 (Note 6).
- (e) These financial statements are presented in Jamaican dollars.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention as modified by the revaluation of certain fixed and financial assets.

Jamaica adopted International Financial Reporting Standards (IFRSs) as its national accounting standards, effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 December 2003 were therefore prepared in accordance with IFRSs and comparative information was restated to conform with the provisions of IFRSs.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates.

The company has exercised its option not to present consolidated accounts, as it itself is a wholly owned subsidiary of a company incorporated in Jamaica, which prepares consolidated financial statements.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

(c) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

2. Significant Accounting Policies (Continued)

(d) Investments

The company classifies its investments in debt and equity securities as originated debt and available-for-sale. Classification of investments is dependent on the purpose for which the investments were acquired. Management determines the classification of investments at the time of the purchase and re-evaluates such designation on a regular basis.

Purchases and sales of investments are recognised on the trade date, which is the date that the company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Government bonds or other securities which are purchased directly from the issuer are classified as originated debt. They are initially recorded at cost, which is the cash given to originate the debt including any transaction costs, and subsequently measured at amortised cost using the effective yield method.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. Available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity.

For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains and losses from investment securities.

(e) Investment in subsidiary

Investment in subsidiary is stated at cost.

(f) Insurance receivables

Insurance receivables are carried at original negotiated amount less provision made for impairment of these receivables. A provision for impairment of insurance receivables is established when there is objective evidence that the company will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowers.

(g) 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 and 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 balance sheet unless the right of offset exists.

(h) Deferred policy acquisition costs

The costs 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 subject to recoverability testing at the time of policy issue and at the end of each accounting period.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

2. Significant Accounting Policies (Continued)

(i) Fixed assets and depreciation

Land and buildings are shown at fair market value, based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. All other fixed assets are stated at historical cost less depreciation.

Increases in carrying amounts arising on revaluation are credited to capital reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the capital and fair value reserves; all other decreases are charged to the profit and loss account.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other fixed assets are as follows:

Freehold building	65 years
Leasehold improvement	10 years
Furniture, fixtures and equipment	10 years
Motor vehicles	3 – 4 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining profit.

Repairs and maintenance expenses are charged to the profit and loss account during the financial period in which they are incurred.

(j) Impairment of long-lived assets

Fixed assets 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. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(k) Insurance reserves

Under the Insurance Regulations, 2001, the company is required to actuarially value its insurance reserves annually. Consequently, unearned premium reserve, unearned commissions, unexpired risk provision, claims incurred but not reported and claims outstanding have all been independently actuarially determined for the current year.

(i) Unearned premium reserve

This reserve represents that proportion of premiums written in respect of risks to be borne subsequent to the year end, under contracts entered into on or before the balance sheet date, and is computed by applying the twenty-fourths method to gross written premiums.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

2. Significant Accounting Policies (Continued)

(k) Insurance reserves (continued)

- (ii) Unearned commission
The commission income relating to premium ceded on reinsurance contracts is deferred over the unexpired period of risk carried.
- (iii) Claims equalisation reserve
This reserve represents amounts provided towards preventing exceptional fluctuations in the amounts charged to revenue in subsequent financial years in respect of catastrophe claims under insurance contracts, and is computed at 2 percent of gross written premiums.
- (iv) Claims incurred but not reported
The reserve for claims incurred but not reported has been calculated by an independent actuary using the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method (Note 12).
- (v) Claims outstanding
A provision is made to cover the estimated cost of settling claims arising out of events which occurred by the year end, including claims incurred but not reported (IBNR), less amounts already paid in respect of those claims. This provision is estimated by management on the basis of claims admitted and intimated.

(l) Payables

Payables are stated at cost.

(m) Income taxes

Taxation expense in the profit and loss account comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ 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 tax rates that have been enacted at the balance sheet 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.

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case deferred tax is also dealt with in equity.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

2. Significant Accounting Policies (Continued)

(n) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(o) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

(p) Finance Leases

(i) As lessee

Leases of fixed assets where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. The fixed asset acquired under the finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

(ii) As lessor

Assets leased out under operating leases are included in fixed assets in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned fixed assets. Rental income is recognised on a straight line basis over the lease term.

(q) Employee benefits

(i) Pension obligations

The company participates in a defined benefit plan operated by the parent company. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, together with adjustments for actuarial gains and losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The defined benefit obligation is measured at the present value of the estimated future cash outflows using estimated discount rates based on market yields on government securities, which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

(ii) Other post-retirement obligations

The company provides post-retirement healthcare, insurance and gratuity benefits to their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

2. Significant Accounting Policies (Continued)

(r) Revenue recognition

Gross premiums are recognised over the life of the policies written, and are stated net of General Consumption Tax. Commission payable on premium income and commission receivable on reinsurance of risks are charged and credited respectively to revenue when premiums are billed. Interest income is recognised as it accrues unless collectibility is in doubt.

(s) Dividends

Dividends are recorded as a deduction from shareholders' equity in the period in which they are approved.

(t) Financial instruments

Financial instruments carried on the balance sheet include cash and short term investments, investments, insurance receivables and payables, bank overdraft and long term liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The determination of the fair values of the company's financial instruments is discussed in Note 26.

(u) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

3. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors, pursuant to the Insurance Act, appoints the actuary. His responsibility is to carry out an annual valuation of the company's insurance reserves in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders.

The shareholders, pursuant to the Companies Act, appoint the external auditors. Their 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 shareholders. In carrying out their audit, the auditors also make use of the work of the appointed actuary and his report on the insurance liabilities.

4. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2004	2003
	\$'000	\$'000
Cash at bank and in hand	30,755	41,549
Short term investments	764,370	553,628
	<u>795,125</u>	<u>595,177</u>
Bank overdraft (Note 15)	(24,121)	(8,979)
	<u><u>771,004</u></u>	<u><u>586,198</u></u>

Short term investments include \$134,176,885 (2003 – \$498,946,000) placed with group companies. The weighted average effective interest rate on short term investments was 14.17% (2003 – \$23.26%), and these investments have an average maturity of up to 90 days.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

5. Investments

Investments comprise the following:

	Years to Maturity				2004 \$'000	2003 \$'000
	Within 1 year \$'000	1 to 5 years \$'000	5 to 10 years \$'000	Over 10 years \$'000		
Originated debt						
Government of Jamaica –						
Bonds	30,637	36,764	-	127,525	194,926	307,543
Local registered stocks	30,000	99,362	-	-	129,362	-
Debentures	15,500	187,000	-	-	202,500	-
Available-for-sale						
Government of Jamaica –						
Bonds	-	30,868	-	66,932	97,800	-
Local registered stocks	-	-	-	-	-	187,181
Debentures	-	-	-	-	-	248,598
	<u>76,137</u>	<u>353,994</u>	<u>-</u>	<u>194,457</u>	<u>624,588</u>	<u>743,322</u>
Quoted equity securities					27,575	12,733
Other - unquoted					646	646
					<u>652,809</u>	<u>756,701</u>

Included in investments are Local Registered Stocks valued at \$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.

The average effective yields by the earlier of the contractual re-pricing or maturity dates are as follows:

	Years to Maturity				Total 2004 %	Total 2003 %
	Within 1 year %	1 to 5 years %	5 to 10 years %	Over 10 years %		
Government of Jamaica –						
Bonds	11.6	12.2	-	11.1	11.4	11.52
Local registered stocks	25.3	18.0	-	-	18.9	24.65
Debentures	24.2	21.5	-	-	22.0	26.56

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

6. Investment in Subsidiary

The company purchased the entire share capital of Caribbean Home (N.C.B.) Insurance Company Limited for \$60,000,000 effective 1 March 1999. Caribbean Home (N.C.B.) Insurance Company Limited was then renamed Personal & Commercial Insurance Company Limited in April 1999, Grace Financial Services Division Limited in December 2000, First Global Holdings Limited in June 2002, and then First Global Insurance Company Limited in November 2002.

In June 2004, the company sold its entire shareholding in First Global Insurance Company Limited to its parent company, in exchange for a debenture valued at \$121,260,000 (Note 9).

7. Due from Agents, Brokers and Policyholders

	2004	2003
	\$'000	\$'000
Insurance receivables –		
Agents and brokers	158,681	112,809
Policyholders	63,521	29,911
Other	19,964	9,955
	<u>242,166</u>	<u>152,675</u>
Less: Provision for impairment	(2,263)	(2,263)
	<u><u>239,903</u></u>	<u><u>150,412</u></u>

8. Other Receivables

	2004	2003
	\$'000	\$'000
Interest receivable	39,232	74,715
Staff loans	1,461	646
Other	1,260	2,306
	<u>41,953</u>	<u>77,667</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

9. Long Term Receivables

This represents a debenture from the parent company, which will be paid in 20 consecutive annual installments of \$1,000,000 each commencing 30 June 2005, and one final installment of \$101,260,000 on 30 June 2025. The debenture attracts interest at the weighted average yield of 6-month Government of Jamaica Treasury Bill rate, and is received in quarterly installments commencing 30 September 2004.

The debenture was issued by the parent company in exchange for the transfer to the parent company of 100% of the share capital of First Global Insurance Company Limited. The parent company has undertaken to find a purchaser to buy the debenture on or before 30 June 2005 at a price no less than the principal plus any accrued and unpaid interest.

10. Fixed Assets

	Freehold Land and Buildings \$'000	Leasehold Improvements \$'000	Furniture, Fixtures and Equipment \$'000	Motor Vehicles \$'000	Total \$'000
At Cost or Valuation -					
At 1 January 2004	111,000	97,849	29,813	9,584	248,246
Additions	32,068	816	12,474	4,690	50,048
Disposals	-	-	(47)	(2,600)	(2,647)
Revaluation	6,835	-	-	-	6,835
At 31 December 2004	149,903	98,665	42,240	11,674	302,482
Depreciation -					
At 1 January 2004	2,666	68,357	11,162	6,632	88,817
Charge for the year	1,333	9,810	3,532	2,535	17,210
On disposals	-	-	(5)	(2,600)	(2,605)
Revaluation	(3,999)	-	-	-	(3,999)
At 31 December 2004	-	78,167	14,689	6,567	99,423
Net Book Value -					
31 December 2004	149,903	20,498	27,551	5,107	203,059
31 December 2003	108,334	29,492	18,651	2,952	159,429

- (a) Land and buildings have been revalued on the basis of fair market value as at December 2004 by D.C. Tavares & Finson Company Limited, professional valuers. The surplus arising on revaluation, net of applicable deferred taxes, was credited to capital and fair value reserves (Note 18).

If land and buildings were stated on the historical cost basis, the cost would be \$75,730,000 (2003 – \$43,662,000) with accumulated depreciation of \$8,317,000 (2003 – \$5,570,000).

- (b) Motor vehicles costing \$6,984,000 (2003 – \$9,584,000) with accumulated depreciation of \$4,032,000 (2003 – \$6,632,000) are being acquired under finance lease arrangements (Note 15(c)).

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

11. Retirement Benefit Asset

The company participates in a pension plan operated by Grace, Kennedy & Company Limited and administered by First Global Financial Services Limited, in which all permanent employees must participate. The plan, which commenced on 1 January 1975, is funded by employee contributions at 5% of salary with the option to contribute an additional 5% and employer contributions at 0.5%, as recommended by independent actuaries. Pension at normal retirement age is based on 2% of final 3-year average salary per year of pensionable service, plus any declared bonus pensions.

The defined benefit asset was determined as follows:

	2004	2003
	\$'000	\$'000
Fair value of plan assets	177,747	139,200
Present value of obligations	(102,294)	(66,302)
	<u>75,453</u>	<u>72,898</u>
Unrecognised actuarial gains	(6,072)	(10,631)
	<u><u>69,379</u></u>	<u><u>62,267</u></u>

The movement in the defined benefit asset during the year is as follows:

	2004	2003
	\$'000	\$'000
At beginning of year	62,267	58,073
Amounts recognised in the profit and loss account	6,701	3,890
Contributions paid	411	304
At end of year	<u><u>69,379</u></u>	<u><u>62,267</u></u>

The amounts recognised in the profit and loss account in staff costs are as follows:

	2004	2003
	\$'000	\$'000
Current service cost	(304)	(38)
Interest cost	(9,890)	(6,584)
Expected return on plan assets	16,895	10,513
	<u>6,701</u>	<u>3,890</u>
Actual return on plan assets	<u><u>35,363</u></u>	<u><u>27,148</u></u>

The principal actuarial assumptions used were as follows:

	2004	2003
Discount rate	14.00%	15.00%
Long term inflation rate	8.25%	8.25%
Expected return on plan assets	12.00%	10.00%
Future salary increases	9.50%	9.50%
Future pension increases	<u>3.50%</u>	<u>3.50%</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

12. Insurance Reserves

	2004	2003
	\$'000	\$'000
Gross –		
Claims outstanding	1,180,848	517,517
Unearned premiums	711,967	530,897
Unearned commission	45,868	38,827
Claims equalisation	6,323	52,643
	<u>1,945,006</u>	<u>1,139,884</u>
Reinsurance ceded –		
Claims outstanding	693,294	91,974
Unearned premiums	422,757	305,963
	<u>1,116,051</u>	<u>397,937</u>
Net –		
Claims outstanding	487,554	425,543
Unearned premiums	289,210	224,934
Unearned commission	45,868	38,827
Claims equalisation	6,323	52,643
	<u>828,955</u>	<u>741,947</u>

An actuarial valuation was performed by the company's appointed actuary, Josh Worsham, FCAS, MAAA of KPMG Bermuda to value the policy and claims liabilities of the company as at 31 December 2004, in accordance with the Insurance Act of Jamaica. The Insurance Act requires that the valuation be in accordance with accepted actuarial principles. The actuary has stated that his report conforms to the standards of practice as established by the Canadian Institute of Actuaries, with such changes as directed by the Financial Services Commission, specifically, that the valuation of some policy and claims liabilities not reflect the time value of money.

In arriving at his valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method.

In using the Paid/Incurred Loss Development methods, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss methods is a combination of the Paid/Incurred Loss Development methods and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

In his opinion dated 28 March 2005, the actuary found that the amount of policy and claims liabilities represented in the balance sheet at 31 December 2004 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 Financial Services Commission.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

12. Insurance Reserves (Continued)

The movement in claims outstanding was as follows:

	2004	2003
	\$'000	\$'000
Net reserves for claims outstanding at beginning of year –		
Gross reserves for claims outstanding	517,517	481,038
Reinsurance ceded	(91,974)	(72,680)
	<u>425,543</u>	<u>408,358</u>
Movement during the year –		
Claims incurred, including IBNR	356,525	242,666
Claims paid	(294,514)	(225,481)
	<u>62,011</u>	<u>17,185</u>
Net reserves for claims outstanding at end of year	487,554	425,543
Reinsurance ceded	693,294	91,974
Gross reserves for claims outstanding at end of year	<u>1,180,848</u>	<u>517,517</u>

Significant delays occur in the notification of claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the balance sheet date. The reserves for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

The maximum net retention of any one risk for each class of insurance for the year is as follows:

	\$'000
Commercial property –	
Fire and consequential loss	3,600
Boiler and machinery and engineering	2,250
Burglary, money and goods in transit	1,500
Glass and other	600
Liability	9,000
Marine, aviation and transport	188
Motor	9,000
Pecuniary loss –	
Fidelity	1,500
Surety/Bonds	600
Personal accident	600
Personal property	<u>3,600</u>

13. Other Payables

	2004	2003
	\$'000	\$'000
Accruals	16,686	18,513
Other	13,215	1,936
	<u>29,901</u>	<u>20,449</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33 $\frac{1}{3}$ %. 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 on the deferred income tax account is as follows:

	2004	2003
	\$'000	\$'000
At beginning of year	61,424	34,803
Tax (credited)/charged to the profit and loss account (Note 22)	(8,979)	26,652
Tax credited to equity	(399)	(31)
At end of year	<u>52,046</u>	<u>61,424</u>

The deferred tax credited to equity during the year is as follows:

	2004	2003
	\$'000	\$'000
Capital and fair value reserves in shareholders' equity –		
Fixed assets	2,444	-
Available-for-sale investments	(2,843)	(31)
	<u>(399)</u>	<u>(31)</u>

The movement in deferred tax liabilities and assets, prior to appropriate offsetting, is as follows:

Deferred tax liabilities

	Revaluation of buildings	Fair value gains	Retirement benefits	Interest receivable	Foreign exchange gains	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2004	17,209	2,843	20,755	24,905	19,234	84,946
Tax (credited)/charged to the profit and loss account	-	-	2,371	(14,360)	4,444	(7,545)
Tax (credited)/charged to equity	2,444	(2,843)	-	-	-	(399)
At 31 December 2004	<u>19,653</u>	<u>-</u>	<u>23,126</u>	<u>10,545</u>	<u>23,678</u>	<u>77,002</u>

Deferred tax assets

	Accelerated depreciation	Retirement benefits	Total
	\$'000	\$'000	\$'000
At 1 January 2004	13,160	10,362	23,522
Tax (credited)/charged to the profit and loss account	(573)	2,007	1,434
At 31 December 2004	<u>12,587</u>	<u>12,369</u>	<u>24,956</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

15. Borrowings

	2004 \$'000	2003 \$'000
Long term liabilities -		
Grace, Kennedy & Company Limited	97,645	97,645
Knutsford Re	-	11,901
Finance lease obligations	1,218	3,805
	<u>98,863</u>	<u>113,351</u>
Bank overdraft	24,121	8,979
	<u>122,984</u>	<u>122,330</u>

(a) Grace, Kennedy & Company Limited

This represents an Urban Renewal Bond which is repayable in the year 2006. The bond attracts interest at 5 to 8 percentage points below the treasury bill rate and is adjusted bi-annually. At 31 December 2004, the average interest rate was 11.02% (2003 – 10.9%).

(b) Knutsford Re

This loan was denominated in US dollars and attracted interest at a rate of 2%. The loan was repaid in full during the year.

(c) Finance lease obligations

Finance lease arrangements are obtained for the purchase of motor vehicles (Note10). These leases attract a weighted average interest rate of 21.2% (2003 – 21.2%). Future payments under finance lease obligations as at 31 December are as follows:

	2004 \$'000	2003 \$'000
In the financial year ending 31 December 2004	-	3,152
2005	1,033	1,033
2006	355	355
Total minimum lease payment	<u>1,388</u>	<u>4,540</u>
Less: Future finance charges	<u>(170)</u>	<u>(735)</u>
	<u>1,218</u>	<u>3,805</u>

(d) Bank overdraft

The company had an unsecured bank overdraft facility totalling \$500,000 which attracted interest at a rate of 65%. This facility was closed during the year.

The year end bank overdraft balances were due to unrepresented cheques.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

16. Retirement Benefit Obligations

The company participates in a number of post-retirement healthcare, insurance and gratuity benefit schemes operated by Grace, Kennedy & Company Limited. Funds are not built-up to cover the obligations under these retirement benefit schemes.

The method of accounting and the frequency of valuations are similar to that used for the defined benefit pension scheme (Note 11). In addition to the assumptions used for the pension scheme, the main actuarial assumption is a long term increase in health costs of 12.5% (2003 – 12.5%) per year.

The amounts recognised in the balance sheet were determined as follows:

	2004	2003
	\$'000	\$'000
Present value of obligations	47,569	29,536
Unrecognised actuarial (losses)/gains, net	(10,461)	1,551
	<u>37,108</u>	<u>31,087</u>

The movement in defined benefit obligations during the year is as follows:

	2004	2003
	\$'000	\$'000
At beginning of year	31,087	26,818
Amounts recognised in the profit and loss account	6,530	4,673
Benefits paid	(509)	(404)
At end of year	<u>37,108</u>	<u>31,087</u>

The amounts recognised in the profit and loss account in staff costs are as follows:

	2004	2003
	\$'000	\$'000
Current service cost	1,930	1,593
Interest cost	4,600	3,180
Net actuarial gain recognised during the year	-	(100)
	<u>6,530</u>	<u>4,673</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

17. Share Capital

	2004 \$'000	2003 \$'000
Authorised, issued and fully paid -		
265,064,000 Ordinary shares of \$1 each	265,064	265,064
	<u>265,064</u>	<u>265,064</u>

18. Capital and Fair Value Reserves

	2004 \$'000	2003 \$'000
Realised gain on sale of investments	824	824
Unrealised gain on the revaluation of available-for-sale investments	29,257	5,811
Unrealised surplus on the revaluation of fixed assets	41,074	32,684
	<u>71,155</u>	<u>39,319</u>

19. Finance and Investment Income

	2004 \$'000	2003 \$'000
Interest earned	244,085	258,926
Gain on disposal of fixed assets	1,509	171
Foreign exchange gains	17,706	50,107
Other income	14,657	22,367
Rental income, net	17,089	16,320
Gain on disposal of investment in subsidiary	61,260	-
Interest paid -		
Urban Renewal Bond	(10,727)	(10,671)
Loan from Knutsford Re	(220)	(89)
Finance lease	(565)	(1,082)
	<u>344,794</u>	<u>336,049</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

20. Profit before Taxation

The following items have been charged/(credited) in arriving at profit before taxation:

	2004	2003
	\$'000	\$'000
Allocation of central office expenses paid to parent company	22,802	14,000
Auditors remuneration	1,142	1,209
Depreciation	17,210	15,116
Directors' emoluments –		
Fees	301	277
Management remuneration (included in staff costs)	15,401	15,454
Gain on disposal of fixed assets	(1,509)	(171)
Gain on disposal of investment in subsidiary	(61,260)	-
Staff costs (Note 21)	98,552	85,881
	<u>98,552</u>	<u>85,881</u>

21. Staff Costs

	2004	2003
	\$'000	\$'000
Wages and salaries	74,840	66,039
Statutory contributions	6,692	6,223
Pension – defined benefit (Note 11)	(6,701)	(3,890)
Other post-retirement benefits (Note 16)	6,530	4,673
Termination Cost	338	-
Other	16,853	12,836
	<u>98,552</u>	<u>85,881</u>

The number of persons employed full-time by the company at year end was 69 (2003 – 61).

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

22. Taxation

Taxation is based on the profit for the year and comprises income tax at 33 $\frac{1}{3}$ %:

	2003	2002
	\$'000	\$'000
Current taxation	47,569	59,966
Deferred taxation (Note 14)	(8,979)	26,652
	<u>38,590</u>	<u>86,618</u>

The tax on the company's profit differs from the theoretical amount that would arise using the tax rate of 33 $\frac{1}{3}$ % as follows:

	2004	2003
	\$'000	\$'000
Profit before taxation	<u>232,916</u>	<u>289,002</u>
Tax calculated at a tax rate of 33 $\frac{1}{3}$ %	77,639	96,334
Adjustment for the effects of –		
Tax-free interest income	(11,339)	(8,063)
Tax-free rental income under the Urban Renewal Act	(6,436)	(6,436)
Tax-free gain on sale of investment in subsidiary	(20,420)	-
Other charges and allowances	854	4,783
	<u>38,590</u>	<u>86,618</u>

23. Dividends

	2004	2003
	\$'000	\$'000
Paid out of unfranked income, 22.64 cents per share	-	60,000
Paid out of franked income, 0.43 cents per share	-	1,133
	<u>-</u>	<u>61,133</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

24. Related Party Transactions and Balances

(a) The balance sheet includes the following balances with group companies:

	2004 \$'000	2003 \$'000
Cash and short term investments –		
Parent company	1,485	42,781
Fellow subsidiaries	134,177	456,165
	<u>135,662</u>	<u>498,946</u>
Due from agents, brokers and policyholders – Fellow subsidiaries	<u>65,253</u>	<u>45,062</u>
Other receivables – Fellow subsidiaries	<u>-</u>	<u>3,835</u>
Long term receivable- Parent company	<u>121,260</u>	<u>-</u>
Bank overdraft – Fellow subsidiary	<u>24,121</u>	<u>8,971</u>
Other payables – Subsidiary	<u>-</u>	<u>202</u>
Due to parent company	<u>774</u>	<u>27,214</u>
Long term loan –		
Parent company	97,645	97,645
Fellow subsidiary	-	11,901
	<u>97,645</u>	<u>109,546</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

24. Related Party Transactions and Balances (Continued)

(b) The profit and loss account includes the following transactions with group companies:

	2004 \$'000	2003 \$'000
Gross premiums written –		
Fellow subsidiaries	670,641	228,771
Parent company	7,042	22,102
	<u>677,683</u>	<u>250,873</u>
Commission received- Fellow subsidiaries	<u>1,935</u>	<u>1,589</u>
Commission paid – Fellow subsidiaries	<u>83,694</u>	<u>40,462</u>
Administration expenses – Parent company	<u>12,482</u>	<u>5,374</u>
Other operating expenses –		
Allocation of central office expenses paid to parent company	22,802	14,000
Allocation of advertising expenses	-	1,058
	<u>22,802</u>	<u>15,058</u>
Interest earned –		
Fellow subsidiaries	61,004	22,324
Parent company	1,275	1,257
	<u>62,279</u>	<u>23,581</u>
Rental income –		
Fellow subsidiaries	7,550	5,602
Parent company	19,308	19,308
	<u>26,858</u>	<u>24,910</u>
Interest expense –		
Fellow subsidiary	220	89
Parent company	10,727	10,760
	<u>10,947</u>	<u>10,849</u>
Dividends received – Subsidiary	<u>-</u>	<u>1,700</u>

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

25. Financial Risk Management

The company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. Management seeks to minimise potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

(a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is primarily exposed to such risks arising from its US Dollar denominated investments. The balance sheet at 31 December 2004 includes aggregate net foreign assets of approximately US\$5,024,491 (2003 – US\$3,121,000), in respect of such transactions.

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At 31 December 2004, the company's underwriting income and operating cash flows are substantially independent of changes in market interest rates, however, the company has interest-bearing assets as disclosed in Notes 4 and 9, and interest-bearing liabilities as disclosed in Note 15.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. At 31 December 2004, the company had no significant exposure to such risks.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has no significant concentrations of credit risk as the company has a large and diverse customer base, with no significant balances arising from any single economic or business sector, or any single entity or group of entities. The company has policies in place to ensure that contracts are made to agents, brokers, policyholders and reinsurers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, management aims at maintaining flexibility in funding by keeping committed credit lines available.

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The company manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

Jamaica International Insurance Company Limited

Notes to the Financial Statements

31 December 2004

26. Fair Values of Financial Instruments

In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date. The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the fair value estimates presented are not necessarily indicative of the amounts that the company would realise in a current market exchange.

The following methods and assumptions have been used in deriving the estimates of fair values:

- (a) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances, short term investments, insurance receivables and payables and bank overdraft;
- (b) The fair values of variable rate instruments are assumed to approximate their carrying amounts;
- (c) The fair values of the Government of Jamaica securities and quoted instruments are estimated based on current market prices and quoted bid prices on the Stock Exchange, respectively. The fair value of other investment instruments is based upon projected cash flows discounted at an estimated current market rate of interest;
- (d) The fair value of the long term receivable is based upon projected cash flows discounted at an estimated current market rate of interest; and
- (e) The company's borrowings, which incur interest at prevailing market rates and which reflect its contractual obligations, are carried at amortised cost which is deemed to be the fair value of such liabilities.

The following table presents the fair value of financial instruments based on the aforementioned valuation methods and assumptions which are not carried at their fair value:

	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Investments classified as originated debt	526,788	547,189	307,543	303,015
Long term receivable	121,260	120,386	-	-

27. Post Balance Sheet Event

The company has assumed the complete portfolio of Jamaican policies held by Dyoll Insurance Company Limited. The cost of the transaction is \$585,000,000, of which \$113,000,000 is payable in cash and \$472,000,000 is attributed to the cost of unearned premium reserve that will result from the company's issuance of new policies. The coverage took effect from 7 March 2005 for policies covering motor and accident classes, and from 11 March 2005 for policies covering property classes.

Jamaica International Insurance Company Limited

Underwriting Revenue Account

Year ended 31 December 2004

	Liability	M.A.T.	Motor	Pecuniary loss	Personal accident	Property	2004 Total	2003 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
Gross premiums	35,867	18,241	504,778	3,726	530	809,914	1,373,056	972,368
Reinsurance premiums	(5,043)	(14,331)	(11,674)	(2,847)	(428)	(746,484)	(780,807)	(516,027)
Excess reinsurance premiums	(925)	-	(14,792)	-	-	(32,398)	(48,115)	(39,046)
	29,899	3,910	478,312	879	102	31,032	544,134	417,295
Reinsurance commissions	776	4,687	1,236	916	104	71,821	79,540	55,416
	30,675	8,597	479,548	1,795	206	102,853	623,674	472,711
Expenditure								
Claims incurred	33,976	(87)	248,283	685	61	809,268	1,092,186	266,019
Reinsurance recoveries	(5,940)	(426)	(2,472)	(2,762)	5	(723,653)	(735,248)	(22,600)
	28,036	(513)	245,811	(2,077)	66	85,615	356,938	243,419
Hire risk pool & professional indemnity pools	(413)	-	-	-	-	-	(413)	(753)
Unearned premium – net increase	807	23	60,580	(149)	7	3,008	64,276	44,582
Commission paid	4,205	683	39,216	479	52	61,811	106,446	60,227
Underwriting expenses	-	-	3,111	-	-	1,390	4,501	1,060
Operating expenses	4,697	2,389	66,110	488	69	106,073	179,826	156,165
	37,332	2,582	414,828	(1,259)	194	257,897	711,574	504,700
Underwriting Loss	(6,657)	6,015	64,720	3,054	12	(155,044)	(87,900)	(31,989)

Jamaica International Insurance Company Limited

Administration Expenses

Year ended 31 December 2004

	2004	2003
	\$'000	\$'000
Advertising and public relations	14,087	11,733
Audit fees	1,142	1,209
Bad debts, net of recoveries	1,282	6,046
Bank charges	1,492	801
Data processing	13,435	5,600
Depreciation	7,442	5,351
Directors' fees	301	277
Electricity	3,859	2,196
Entertainment	579	401
Insurance	2,997	2,977
Miscellaneous	9,931	6,978
Motor vehicle	3,814	3,070
Printing and stationery	2,607	3,161
Registration fees	7,008	5,914
Repairs and maintenance	3,172	1,888
Research and development	(701)	5,342
Security	1,560	1,356
Staff costs	98,552	85,881
Stamp duty	930	840
Telephone, telex and postage	4,897	3,585
Travelling	1,440	1,559
	<u>179,826</u>	<u>156,165</u>