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Featured Stock: GENAC

General Accident Insurance Company (JA) Ltd (GENAC):
Opening price - \$3.19 Price to book - 1.71 times;
P/E - 13.77 times

This week's stock pick is General Accident Insurance Company (JA) Limited (GENAC). The Company, licensed to operate as a general insurance company under the Insurance Act, 2001, provides insurance coverage for travel, and motor vehicles.

For the year ended December, 2017 GENAC reported Gross premium written of \$7.11 billion, 26% higher than the \$5.65 billion reported for 2016. Reinsurance ceded rose 28% to close at \$5.56 billion relative to \$4.33 billion booked in 2016. Excess of loss reinsurance trended down by 6% to \$91.36 million (2016: \$96.78 million). As a result, net premium written increased by 20% from \$1.22 billion last year to \$1.46 billion. Net premium written for the fourth quarter amounted to \$416.04 million relative to \$334.89 million booked for the corresponding period in 2016. Claims expenses saw an increase of 42%, closing the period at \$1.06 billion (2016: \$746.07 million), while management expenses climbed by 15% to total \$576.85 million compared to the 2016 total of \$500.39 million. Management noted, "The industry suffered from steep decline in property rates which significantly impacted the underwriting performance. Our high claim cost along with declining premium rates has resulted in us suffering an underwriting loss for the first time in 10 years." Net change in commission totalled \$135.52 million for the year compared to \$62.04 million in 2016. Investment income closed at \$334.98 million, a 3% increase when compared with last year's \$326.76 million, while other losses totalled \$27.04 million, relative to an income of \$56.32 million in 2016. Net profit for the year amounted to \$238.82 million compared to \$386.88 million reported in 2016. As such, Earning per share for the period amounted to \$0.23 (2016: \$0.38) while EPS for the quarter amounted to \$0.16 compared to a loss of \$0.17 in 2016. The twelve months trailing EPS is \$0.23.

GENAC (as at Friday March 23, 2018) was trading at 1.71times its book value with a P/E of 13.77 times.

Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.