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Featured Stock: GENAC

General Accident Insurance Company Ltd. (GENAC):
Opening price - \$4.11 Price to book - 2.06 times;
P/E - 14.26 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 commercial and personal property and casualty insurance.

GENAC, for the three months ended March 31, 2019, reported Gross premium written of \$2.69 billion, 22% higher than the \$2.21 billion reported for 2018. Reinsurance ceded rose 21% to close at \$2.11 billion relative to \$1.75 billion booked in 2018. Excess of loss reinsurance trended downwards by 2% to \$30.25 million (2018: \$30.77 million). Net changes in unearned premiums totaled \$57.72 million, 12% lower than the \$65.93 million recorded last year. Consequently, net premiums earned grew by 33% to a total of \$485.36 million compared to \$364.66 million for the prior year. Claims expenses saw an increase of 19%, closing the quarter at \$294.21 million (2018: \$248.08 million), while management expenses climbed by 12% to total \$192.26 million compared to 2018's total of \$172.31 million. Underwriting profit for the quarter totaled of \$41.82 million, this compares to a loss of \$7.26 million booked for the first three months of 2018. Profit before taxation amounted to \$37.05 million (2018: \$34.88 million). Following taxes of \$6.17 million (2018: \$5.81 million), Net profit totaled \$30.87 million for the quarter, an increase of 6% compared to the \$29.07 million reported last year. Total comprehensive loss amounted to \$2.38 million (2018: \$32.73 million) for the quarter ended March 31, 2019.

Management stated that, "we are investing heavily in digital transformation. We now have in place a dedicated unit that is mandated to capture and analyse data that will drive our business strategy and enhance our core business."

GENAC (as at Friday July 19, 2019) was trading at 2.06 times its book value with a P/E of 14.26 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.



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