

Questions Addressed During the AGM

	Questions	Answers
1.	Is there any plan to merge Key and GK Insurance?	<p>The Chairman indicated that there are no plans at this time to merge the entities and that there is some synergistic value in both companies working together to be more efficient especially in the use of technology.</p> <p>He further stated that the Board of Directors has mandated management to see how the efficiency ratio can be improved by working with GKGI.</p>
2.	Is there an intention to de-list the Company?	<p>The Chairman indicated that there are no such plans and that Key will be kept as a publicly listed company on the Jamaican Stock Exchange.</p>
3.	How will management improve the Company's underwriting performance?	<p>The General Manager indicated that since taking over in April, management has, with the support of the Board, executed a number of initiatives to support the strategic drivers outlined in the Chairman's earlier presentation. They have decided to issue a revised motor book insurance by ensuring that the rates are competitive and trying to ensure that they have the customer support as well as broker support.</p> <p>The Company also implemented motorcycle insurance given that several Jamaicans use it as a mode of transportation. This has been going well and it is expected that it will improve as it is marketed to the public. The Company is also reviewing outstanding claim liabilities and added a business development team to create and rebuild the relationship with the strategic partners.</p> <p>The Chairman indicated that based on the new reinsurance programme, the Company will see significant savings.</p>
4.	Several mergers and acquisitions have taken place within the industry over the past two years. Can we expect Key to expand its reach outside of Jamaica?	<p>The Chairman indicated that as a part of the strategic move of GK and the financial industry in the English speaking Caribbean, the Company will be expanding outside of Jamaica once it starts to see the growth in Jamaica and a proper return on its investments.</p>
5.	When does Key plan to have its first APO?	<p>The Chairman indicated that the Rights Issue is a renounceable rights issue and not an APO. He went on to explain that the Company seeks to obtain the shareholders' approval followed by a Board meeting to finalize same and this is expected to be done by year end.</p>
6.	Since GKFG has taken over, profitability has been worse than before, why should we believe that the future for Key is any better than before?	<p>The Chairman indicated that there have been some positive results since GK's takeover in order to stop the Company's decline with its 90-day plan. Since April, the Company has seen profits and growth and that some of the losses has</p>

		<p>been strategic and one-off expenses with the intent to realize significant efficiency and savings for the Company.</p> <p>The CFO indicated that the Company has improved its underwriting position by 21% and 43% in terms of its net loss and that hereafter the Company should experience better performance.</p> <p>The Chairman further indicated he has extreme confidence in the management team as together everybody achieves more.</p>
7.	JNGI offers a service to take your vehicle to the examination depot as a part of their package. will key insurance consider such a service?	<p>The GM indicated that the Company currently does not offer the service but is not ruling out such a service. As the Company continues to review its business and customers' needs, there will be the need to put plans in place to retain its customers as well as gaining more.</p> <p>The Chairman further indicated that the Company's belief in being consumer centric and innovative in order to meet the needs of the customers will guide the implementation of new products and services.</p>
8.	Based on the structure of the initial share allocation in the amended AGM notice, Key is looking to do a 3:1 for rights issue. Seeing as the fact that Key's top 10 owns about 98% of the issued shares in the company (GK at 65%), would GK renounce most of their rights to GK or KEY Shareholders based on the expanding shareholder base as seen in the affidavit?	<p>The Chairman indicated that it was not GK's intention to renounce its rights and based on feedback from its investment bankers, most of the current shareholders will take up their rights. This is based on them being longstanding shareholders and wanting to see the benefit of the rights issue as it will give them a good return on their investment.</p>
9.	With respect to the non-motor arm of Key, could you explain what types of policies are offered here? Also, how will the company be taking advantage of the its potential recapitalisation to expand further in these other categories of insurance?	<p>The GM indicated that under the non-motor portfolio, the Company offers home owners insurance, engineering, personal accident, employers liability, public liability, contractors all risk and small business insurance. The Company caters to both large and small business as well as individuals.</p> <p>The Company has, through the business development team, been able to manage new business for this arm of the business and that as the risks are written, the Company adheres to its reinsurance programme. This will continue into 2021 and beyond.</p> <p>The Chairman further stated that as a part of its recapitalization strategy, the rights issue will allow the Company to meet the FSC's regulatory requirements. It will also help with the Company's digital transformation and the overall future growth of the Company.</p>

Additional Questions & Answers

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1.	You discussed in your Q1 report that Key has been realigning the risk it is willing to take on. Could you expound on this matter please and how GK has been adjusting this risk protocol?	Since the acquisition, we have reviewed the risk profile of the Company and made changes to the reinsurance structure. New rate guides were implemented to better manage risk selection and acceptance. We remain nimble and will make changes as required to ensure the success of the business.
2.	Key recorded about \$300 Million in disposal of investment properties. Could you indicate which properties were disposed of? (specific details, not open to interpretation statement)	Prior to GK's acquisition of an interest in the Company, properties in the following areas were sold: Paddington Terrace, Liguanea Mews and Altamont Crescent.
3.	What will Key do with about \$1.1 Billion in new capital as part of GK's strategy to recapitalize the company?	<p>Details of the Rights Issue, including the specific amount of capital to be raised, have not yet been finalised. This information will be made available to shareholders and the wider public in due course, in accordance with applicable law.</p> <p>As indicated by the Chairman during the AGM, as a part of its recapitalization strategy, the rights issue will allow the Company to meet the FSC's regulatory requirements. It will also help with the Company's digital transformation and the overall future growth of the Company.</p>
4.	Will Key continue acquiring new external talent and pull expertise from other parts of the GK group to restructure the group?	Similar to the other subsidiaries in the GraceKennedy Group, Key's philosophy is to promote and develop our internal talent for opportunities that may arise within the Company. Where necessary, we will also look for talent within the Group before recruiting externally.
5.	Will Key be entering new reinsurance agreements following the cancellation of one agreement earlier this year?	Yes, the Company will be entering a new reinsurance arrangement. It should, however, be noted that the Company reviews its reinsurance arrangements on an annual basis to ensure that its portfolio and insureds are optimally protected.

6.	Based on Key's current level of abnormal claims in the motor segment, what has been done to try and cull this high-risk group of clients?	The rebalancing of the Company's motor portfolio began in late 2018 and reflects the reduction in year-over-year premiums seen in 2019 and in the first half of 2020. The Company has revised its product offerings as well as its terms and conditions to ensure better underwriting results in the future.
7.	Why did GK consider a rights issue vs an APO which would not require shareholders to renounce their rights?	We acknowledge that there has been a recent trend towards APOs in which shareholders of companies have opted to dilute their ownerships stakes. The Board of Key opted for a rights issue to allow the existing shareholders the option to continue to participate at the same ownership level.
8.	How much additional funds are required to allow KEY to meet and surpass the 250% MCT?	This is currently being assessed and will be disclosed to the public in due course, in accordance with applicable laws.
9.	Will JMMBSL be a co-arranger or selling agent Mr. Wehby?	The terms of the Rights Issue are currently being considered and will be disclosed to the public in due course in accordance with applicable laws.
10.	Any incoming traveller insurance on the horizon?	The Company is exploring this option with its various partners with the aim to be able to offer an inbound travel product in the near future.