



**KEY INSURANCE**  
COMPANY LIMITED

**CIRCULAR LETTER RELATING  
TO RENOUNCEABLE RIGHTS ISSUE OF  
190,863,000 ORDINARY SHARES**





## CIRCULAR LETTER RELATING TO RENOUNCEABLE RIGHTS ISSUE OF 190,863,000 ORDINARY SHARES

Dated the 11<sup>th</sup> day of December 2020

**Defined terms when used in this Circular Letter have the meanings ascribed to them in Section 1 of this Circular**

A copy of this circular letter (having attached thereto the documents required by law to be so attached) together with the Provisional Letter of Allotment referred to therein have been delivered to the Companies Office of Jamaica ("COJ") for registration and were registered on the 15<sup>th</sup> day of December, 2020. The Company has been registered with the Financial Services Commission of Jamaica (the "FSC") with respect to the New Ordinary Shares under section 26 (1) of the Securities Act, and a copy of this letter and the Provisional Letter of Allotment referred to therein have been delivered to the FSC for registration and were registered on the 15<sup>th</sup> day of December, 2020. Neither the COJ nor the FSC has approved the New Ordinary Shares nor has the FSC expressed any opinion on the accuracy or adequacy of this Rights Issue Circular. Any representation to the contrary is an offence under the laws of Jamaica.

The distribution or publication of this circular letter and the Offer contained herein is prohibited by law in certain jurisdictions outside of Jamaica. This circular letter is intended for use in Jamaica and is not to be construed as an offer of, or an invitation to subscribe for, any of the New Ordinary Shares outside of Jamaica. The Company does not intend to, nor has it authorised any person to distribute or publish this Circular Letter outside of Jamaica.

The Directors whose names appear in Section 7.1 accept full responsibility, collectively and individually, for all the information in this document relating to the Company, its subsidiaries and associated companies. The Directors have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information given herein or in those portions for which they have particular responsibility, is in accordance with the facts and does not omit anything likely to affect, in a material way, the import of such information. No person is authorised to provide information or to make any representation whatsoever in connection with this Circular Letter, which information or representation is not contained in this Circular Letter.

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## NOTICE ON FORWARD-LOOKING STATEMENTS

Certain matters discussed in this Circular Letter, including without limitation, statements of expectations, the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although in making any such statements the Company believes that its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

Forward-looking statements are typically identified by words such as “believe”, “expect”, “foresee”, “forecast”, “anticipate”, “intend”, “estimate”, “goal”, “plan” and “project” and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”. When used in this Circular Letter, such words and similar verbal expressions, as they relate to the Company and its business, are intended to identify those forward-looking statements. By their very nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that assumptions may not be correct and that forward-looking statements will not be achieved.

Once this Circular Letter has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company’s anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond the Company’s control. Any one of these factors, or a combination of them, could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:

- economic, social and other conditions in Jamaica and any other jurisdiction in which the Company does business, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;
- adverse climatic events and natural disasters;
- the Company’s ability to gain access to capital financing at an acceptable cost;
- changes in regulatory policy adversely affecting the Company’s business model;
- any other factor negatively impacting on the realisation of the assumptions on which the Company’s financial projections are based, and
- other factors separately identified in this Circular Letter
- other factors not yet known to the Company

Prospective Applicants are cautioned that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect the Company's results. When relying on forward-looking statements to make decisions with respect to the Company, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events.

## PROFESSIONAL ADVISORS TO THE OFFER

### LEAD BROKER



#### GK CAPITAL MANAGEMENT LIMITED

58 Hope Road  
Kingston 6  
Jamaica, W.I.

Attention: Mr. Douglas Robinson  
Phone: (876) 932-3290  
Email: [GKCapital@gkco.com](mailto:GKCapital@gkco.com)

### LEGAL ADVISOR TO THE COMPANY



MYERS, FLETCHER & GORDON  
ATTORNEYS-AT-LAW



#### MYERS, FLETCHER & GORDON

Attorneys-at-Law  
21 East Street,  
Kingston  
Jamaica

Tel: 1 (876) 922-5860  
Email: [info@mfq.com.jm](mailto:info@mfq.com.jm)

### REGISTRAR



#### JAMAICA CENTRAL SECURITIES DEPOSITORY LIMITED

40 Harbour Street P.O. Box 1084  
Kingston  
Jamaica  
Telephone: (876) 967-3271

# CIRCULAR LETTER RELATING TO A RENOUNCEABLE RIGHTS ISSUE OF ORDINARY SHARES BY

KEY INSURANCE COMPANY LIMITED

## CHAIRMAN'S MESSAGE

Dear Shareholders

On March 31 a new Board of Directors was appointed to Key Insurance Company Limited, and I proudly assumed the role of Chairman. The new Board soon established four well defined strategic drivers for our Company: sustained growth and innovation; consumer centricity; improved business processes for greater efficiency and a performance driven culture. The Board is extremely optimistic about the Company's future, and we are confident that the management team is well positioned to maximise Key's full potential and shareholder value. On behalf of the Board, I am therefore pleased to extend an opportunity to you, which we are confident will be instrumental in achieving this.

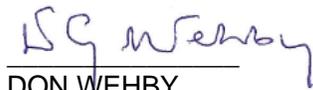
At our 2020 Annual General Meeting on October 22, you, our shareholders, approved a Rights Issue for the Company. Through this Rights Issue, Key hopes to raise equity funding of approximately J\$670million by offering our existing shareholders the right to subscribe for additional shares (New Ordinary Shares) in the Company, in proportion to their existing stockholdings.

These New Ordinary Shares have been provisionally allotted to Key's Existing Ordinary Stockholders, as rights. This offer of shares is renounceable, meaning that shareholders can give up their rights to these shares, wholly or in part, to others, whether they are existing Key shareholders or not. Any excess shares will be placed in an Excess Shares Pool. Shares in this pool will not be offered to the public, but instead will be made available to shareholders who have indicated that they wish to acquire New Ordinary Shares in excess of their allotment (in accordance with Section 10 of this document). Any remaining New Ordinary Shares will be taken up by the Underwriter pursuant to the Underwriting Agreement.

This document outlines why the Board believes the Rights Issue is in the best interest of the Company and its shareholders at this time. It also outlines the background and conditions to the Rights Issue, and the reason for the approach, including the fact that the capital it will raise will be critical to the implementation of Key's vision and strategic plan, which focuses on providing an attractive return on investment to shareholders.

Finally, I take this opportunity to again thank you, our valuable shareholders, for the confidence you have shown in the Board and management of Key. I look forward to your participation in this Rights Issue.

Yours sincerely,



DON WEHBY  
Chairman

# To: The Existing Ordinary Shareholders of Key Insurance Company Limited

The 11<sup>th</sup> day of December, 2020

Dear Sir or Madam:

## RENOUNCEABLE RIGHTS ISSUE OF 190,863,000 ORDINARY SHARES

### 1. INTERPRETATION

In this Circular Letter the following terms shall, unless the context requires otherwise, have the following meanings:

- a** “Applicant” means the person making an Application in accordance with the terms of the Offer;
- b** “Application” means an application to subscribe for the New Ordinary Shares in the Offer, made using the Application Form completed by the Applicant and duly delivered to the Lead Broker together with payment in full (or evidence of payment in full) of the Subscription Price for the number of New Ordinary Shares subscribed for using an Approved Payment Method and otherwise in accordance with the application procedures set out in Appendix 1 – Application Procedures;
- c** “Application Form” means the prescribed form of Application as included with the Letter of Provisional Allotment and which is also set out at Appendix 3 and Appendix 4 and which shall also be available for download at [www.keyinsurancejm.com](http://www.keyinsurancejm.com);
- d** “Approved Payment Method” means any of the methods described at paragraph 3 of Appendix 1 – Application Procedures by which Applicants are required to tender payment of the Subscription Price;
- e** “Company” “Key” or “Key Insurance” means Key Insurance Company Limited;
- f** “Directors” means the current directors of the Company;
- g** “Excess Shares” means the New Ordinary Shares that are not taken up by Existing Ordinary Stockholders or Renounees by the date on which the Offer closes (including fractional entitlements which are disregarded) and which are thereby released into the Excess Shares Pool;
- h** “Excess Shares Pool” means the aggregate of all Excess Shares;
- i** “Existing Ordinary Stockholders” means the holders of the Existing Ordinary Stock Units;

- j** “Existing Ordinary Stock Units” means the 368,460,863<sup>1</sup> ordinary stock units in the capital of the Company listed on the JSE and held by the Existing Ordinary Stockholders;
- k** “JSE” means the Jamaica Stock Exchange;
- l** “Lead Broker” means GK Capital Management Limited;
- m** “New Ordinary Shares” means up to 190,863,000 ordinary shares in the capital of the Company to be offered (by way of provisional allotment under a Rights Issue) to Existing Ordinary Stockholders, the subject of this Circular Letter and converted after issue to stock units subject to the right of the Company to upsize the offer by offering up to 140,676,137 additional New Ordinary Shares to each Existing Ordinary Stockholder;
- n** “Offer” means the offer made by the Company to issue New Ordinary Shares (by way of provisional allotment under a Rights Issue) on the terms and conditions set forth in this Circular Letter;
- o** “Record Date” means the 10<sup>th</sup> day of December, 2020, being the date for determining the eligibility of Existing Ordinary Stockholders to subscribe for the New Ordinary Shares as determined by the Directors;
- p** “Renounees” means third parties in whose favour the Existing Ordinary Stockholders has renounced all or a part of the respective provisional allotment and who submits an Application pursuant to such renunciation. A Renounee need not be an Existing Ordinary Stockholder;
- q** “Rights Issue” means the offer made by the Company to Existing Ordinary Stockholders to subscribe for the New Ordinary Shares by way of a renounceable rights issue;
- r** “Subscription Price” means J\$3.50 per New Ordinary Share;
- s** “Underwriter” means GK Capital Management Limited;
- t** “Underwriting Agreement” means the agreement dated the 3<sup>rd</sup> day of December, 2020 between the Company and the Underwriter;
- u** “\$” means the lawful currency of Jamaica

In addition to the foregoing, all references in this Circular Letter to the singular shall include the plural and all references to the plural shall include the singular; and the masculine gender shall include the feminine gender, and vice – versa, in each case, as the context shall require, and clause headings shall be for the sake of convenience only.

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<sup>1</sup> The number of issued shares stated herein reflects the amount as per the Company’s records at the Companies Office of Jamaica and as reported in the Company’s Annual Reports since 2016. We note that there is a discrepancy between this amount and that of the Jamaica Central Securities Depository’s record. The Company is in the process of rectifying this discrepancy. Please note that the information as reflected in the Register of Members of the Company for each shareholder, as at the Record Date, will be used for the purposes of determining the entitlement of any Existing Ordinary Stockholder.

## 2. INTRODUCTION

- 2.1 The number of shares the Company is authorized to issue was increased at the Annual General Meeting of the Company held on the 22<sup>nd</sup> day of October, 2020 from 496,000,000 to 700,000,000 by the creation of 204,000,000 ordinary shares of no par value each ranking pari passu with the then Existing Ordinary Stock Units of the Company. Consequent on this increase in the authorized number of shares, the authorized share capital of the Company is presently unlimited.
- 2.2 The New Ordinary Shares are being offered by way of a provisional allotment under a Rights Issue to the Existing Ordinary Stockholders whose names appear on the Register of Members at the close of business on the Record Date.
- 2.3 The New Ordinary Shares are being offered at the Subscription Price, in the proportion of two hundred and fifty-nine (259) New Ordinary Share for every five hundred (500) Existing Ordinary Stock Units then held by such Existing Ordinary Stockholder at the Record Date, fractions of shares being disregarded. For example, if you are the holder of five hundred (500) Existing Ordinary Stock Units, you would be entitled to 259 New Ordinary Shares, and if you are the holder of 750 Existing Ordinary Stock Units you would be entitled to 388 New Ordinary Shares, fractions being disregarded as follows:-
- $(750/500) \times 259 = 388.5$  (In this case 388 New Ordinary Shares will be issued, because fractions are disregarded)
- 2.4 Shares arising from disregarded fractional entitlements will fall into the Excess Shares Pool. The Excess Shares Pool will NOT be offered to the public but Excess Shares in the Excess Shares Pool may be disposed of to:
- a** Existing Ordinary Stockholders wishing to acquire more than their provisional allotment of New Ordinary Shares; and
  - b** the Underwriter, with respect to any New Ordinary Shares in the Excess Shares Pool not taken up by the Existing Ordinary Stockholders;

The proceeds of sales of Excess Shares will go to the Company.

- 2.5 The Offer is contained in a Letter of Provisional Allotment being sent to the Existing Ordinary Stockholders whose names were on the Register of Members at the close of business on the Record Date. The Letter of Provisional Allotment accompanying this Circular Letter states the number of New Ordinary Shares provisionally allotted to the Existing Ordinary Stockholder. The Letter of Provisional Allotment also contains full instructions for the acceptance of the New Ordinary Shares provisionally allotted and set out the procedure to be adopted in the event of the splitting or renunciation of the Rights Issue.
- 2.6 This Circular Letter provides information regarding the Company which may be relevant to Existing Ordinary Stockholders in deciding whether to accept the Rights Issue offered in the enclosed Letter of Provisional Allotment.
- 2.7 The New Ordinary Shares, when fully paid, will be converted into stock units in the capital of the Company ranking pari passu with the Existing Ordinary Stock Units. The Company intends, immediately following the closing of the Offer, to make application to the JSE for the listing of the New Ordinary Shares issued pursuant to this Circular Letter. This is not to be construed as a guarantee that the New Ordinary Shares will be listed.

### 3. CURRENT SHARE CAPITAL

3.1 As at the date of this Circular Letter, the capital profile of the Company is as follows:-

Type of Shares	Authorised Number of Shares	Authorised Share capital (J\$)	Issued Number of shares	Issued Share Capital (J\$)	Unissued Number of shares
ordinary	700,000,000	unlimited	368,460,863	\$235,281,745	331,539,137

3.2 The New Ordinary Shares rank pari passu with the Existing Ordinary Stock Units and have rights typically attaching to ordinary shares including rights to:

- a** receive notice of, attend and vote at general meetings of the Company;
- b** participate in any dividend declared by the Company;
- c** participate in a surplus on a winding up.

3.3 After the invitation is closed, the capital profile of the Company will be as follows:

Type of Shares	Authorised Number of Shares	Authorised Share capital (J\$)	Issued Number of shares	Issued Share Capital (J\$)	Unissued Number of shares
Ordinary	700,000,000	unlimited	559,323,863	\$903,302,245	140,676,137

## 4.

**BENEFITS OF THE RIGHTS ISSUE**

- 4.1 The proceeds of this Rights Issue are to be used to strengthen the Company's capital base and ensure ongoing regulatory compliance. In addition to improving regulatory ratios, the proceeds will positively impact shareholders because of higher financial yields on the Company's investment portfolio which will, in turn, result in improved profits.
- 4.2 Subsequent to the Rights Issue, the Company's financial position will improve. It is expected that with its strengthened capital base derived from a cash injection of \$650 million, the Company will meet its MCT requirements during the 2021 financial year end ("FY") and in the foreseeable future. Shareholders' equity is expected to increase by 386% to \$913 million as at December 31, 2021. At the end of the 2021 FY, the Company's Asset Base is projected to increase by 16% to \$5.2 billion mainly as a result of the added cash of \$650 million from the rights issue while liabilities are also expected to increase by 11% to \$4.2 billion driven mainly by the growth in premium reserves. This strengthened financial position will result in a MCT of 258% for the 2021 FY. Additionally, following the implementation of the Company's strategic initiatives, Key Insurance is expected to return to profitability during the 2021 FY. The company has already began executing its 2020/2021 Strategic Initiatives further outlined in Section 12. These initiatives will drive the performance for the 2021 FY, with Gross Written Premiums being projected to increase by 20% to \$1.7 billion translating into Profit before Tax of \$63 million, a significant improvement from the loss position of \$566 million in the 2019 FY.

Projected Financial Performance \$'000	FY 2021
Gross written premium	1,683,998
Underwriting loss	(70,283)
Profit before tax	63,133
Projected Financial Position \$'000	FY 2021
Total assets	5,136,175
Total liabilities	4,258,827
Total equities	912,954
MCT	258%

***NB. These financial projections are based upon a number of assumptions which the Directors believe to be reasonable under the current circumstances. These assumptions are subject to significant contingencies and uncertainties which may or may not be realized, many of which are beyond the control of the Company. There can be no assurance that the projections will be realized and actual results may differ materially from those shown.***

- 4.3 The Directors have therefore decided that it is appropriate at this time to increase the equity share capital of the Company by this Rights Issue.

## 5. SUMMARY OF KEY INFORMATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Circular Letter, including the Appendices. Recipients are advised to read this entire Circular Letter carefully before making an investment decision about this transaction. Each recipient's attention is specifically drawn to the Risk Factors in Section 8 and the Note on Forward-Looking Statements at page 2. If you have any questions arising out of this document or if you require any explanations, you should consult your stock broker, licensed investment advisor, attorney-at-law, accountant or other professional advisor.

THE ISSUER	KEY INSURANCE COMPANY LIMITED
THE OFFER	Two hundred and fifty-nine (259) New Ordinary Share for every five hundred (500) Existing Ordinary Stock Units. Fractions of New Ordinary Shares will be disregarded. The Company has reserved the right to upsize the Offer by offering up to 208,718,849 additional New Ordinary Shares to each Existing Ordinary Stockholder.
SUBSCRIPTION PRICE	\$3.50
PURPOSE OF THE OFFER	To strengthen the Company's capital base. See Section 4.
ACCEPTABLE PAYMENT METHOD	<ul style="list-style-type: none"> <li>By Real Time Gross Settlement System ("RTGS System") or via the Automated Clearing House ("ACH") to the Lead Broker, using the following information. Evidence of such payment must be included on the second page of the completed and signed Application Form: <ul style="list-style-type: none"> <li style="text-align: center;"><b><u>GK Capital Management Limited</u></b></li> <li>Beneficiary Bank: First Global Bank Limited</li> <li>BIC: FILBJMKN</li> <li>Branch: 28-48 Barbados Avenue, Kingston 5</li> <li>Account Name: GK Capital Management Limited</li> <li>Beneficiary Address: 58 Hope Road, Kingston 6</li> <li>Account Number: 990757139040</li> <li>Payment Reference: "Client Name" - Key Insurance Rights Issue</li> </ul> </li> <li>Applicants who have an investment account with the Lead Broker may submit to them written instructions (in such form as determined by the Lead Broker) authorizing the Lead Broker to apply available funds standing to the credit of such Applicant against the Subscription Price payable in respect of their application for New Ordinary Shares.</li> </ul>

- Payment may also be made via a J\$ Manager's Cheque drawn on a Jamaican commercial bank and made payable to the Lead Broker (for this Rights Issue, "GK Capital Management Limited") in respect of payment of sums under J\$1,000,000.

Absolutely no cash payments will be accepted.

<p>TIMETABLE OF KEY DATES: (Other than the Record Date, these dates are indicative only. The Directors reserve the right to amend this indicative timetable at any time (subject to the listing rules of the JSE) and to extend the date of closing of the Offer or to cancel the Offer without prior notice. However, if any of the times and/or dates change or if the Offer is cancelled, notice of the revised times and/or dates or the cancellation of the Offer (as the case may be) will be given as soon as reasonably practicable following the change or cancellation to the FSC and the JSE and will be posted on the website of the JSE (<a href="http://www.jamstockex.com">www.jamstockex.com</a>), and the Company's website (<a href="http://www.keyinsurancejm.com">www.keyinsurancejm.com</a>).</p>	Record Date	DECEMBER 10, 2020		
	Offer opens	DECEMBER 23, 2020		
	Last date for renunciation and/or splitting	JANUARY 4, 2021		
	Offer closes	For acceptance by Existing Ordinary Stockholders	JANUARY	11, 2021
		For Applications for Excess Shares in the Excess Shares Pool	JANUARY	11, 2021

**OPTIONS AVAILABLE TO EXISTING ORDINARY STOCKHOLDERS**

Existing Ordinary Stockholders may:

- Take up all of their entitlement
- Take up all of their entitlement and apply for Excess Shares in the Excess Shares Pool
- Renounce all of their entitlement to one or more Renounees
- Take up some of their entitlement and renounce the balance to one or more Renounees
- Take up some of their entitlement and allow the balance to lapse
- Allow all of their entitlement to lapse

CONFIRMATION OF SHARE ALLOTMENTS	All Applicants will be notified of their respective allotments via post which will be issued by the Company within ten (10) days of the closing of the Offer.
RETURNED APPLICATIONS/REFUNDS	Returned Applications are available for collection where originally submitted (that is, the office of the Lead Broker) within ten (10) days of the closing of the Offer. Refunds to Applicants whose Applications are not accepted in whole or in part will be sent to their broker who will distribute same to the account of the Applicant.
GOVERNING LAW	Jamaica
INTENTION TO LIST ON JSE	The Company intends, immediately following the closing of the Offer to make application to the JSE for the listing of the New Ordinary Shares.

## 6. ABOUT THE COMPANY

Key Insurance Company Limited has become a trusted and well-respected insurance brand in the Jamaican market and has been serving the nation since 1982. Starting from humble beginnings by Mr. Sonny Gobin and a small team of five, the family-run business has managed to expand its general insurance products across six parishes over the last 38 years. With offices now located in Kingston, Portmore, May Pen, Ocho Rios, Montego Bay and Mandeville, Key Insurance has maintained its conservative underwriting practices and a tradition of strong customer service since its inception. The Company is duly licensed by the FSC to provide insurance protection for all classes of General Insurance. Its registered office is located at 6c Half Way Tree Road, Kingston 5.

In 2016, Key Insurance was listed on the Junior Market of the JSE with a goal to increase its market share. This decision proved beneficial for the Company and, for the first time in its history, it exceeded \$1 billion in premium income.

In 2020, GraceKennedy Limited acquired approximately 65% of the Company's shareholdings through its wholly owned subsidiary, GraceKennedy Financial Group Limited. Since the acquisition in March 2020, Key Insurance's market capitalization has climbed fourfold from \$774 million to approximately \$3 billion at the end of October 2020. Notably, on April 9, 2020 Key Insurance graduated from the Junior Market to the Main Market of the JSE.

Under its new management, the immediate goal of the Company is to reinvigorate the business with a view to returning the Company to profitability. The team is committed to building the brand and protecting the investments of both policyholders and shareholders alike.

## 7. PROFILE OF THE BOARD OF DIRECTORS AND SENIOR OFFICERS

### 7.1 THE DIRECTORS



**DONALD WEHBY**  
CHAIRMAN

Donald Wehby was appointed Group Chief Executive Officer of GraceKennedy Limited on July 1, 2011. Prior to this appointment, Mr. Wehby held the position of Group Chief Operating Officer from October 5, 2009.

Mr. Wehby first joined GraceKennedy Limited in 1995 as Group Finance Manager. He was appointed Deputy Finance Director in 1997 and in that same year was appointed to the Board of Directors of GraceKennedy Limited. In September 2007, Mr. Wehby resigned from his positions at GraceKennedy Limited and its Board of Directors to serve for two years as Government Senator and Minister without Portfolio in the Ministry of Finance and the Public Service.

Following his two-year stint in public service, he was reappointed to the Board of Directors of GraceKennedy Limited in October 2009. A Fellow Chartered Accountant, Mr. Wehby holds both a Bachelor of Science (Hons.) and a Master of Science degree in Accounting from The University of the West Indies and has completed an Advanced Management College certificate course at Stanford University.

Mr. Wehby is married with three children. He is an avid cricket fan and a member of the Kingston Cricket Club.



**LINVAL FREEMAN**

Linval Freeman is a Chartered Certified Accountant since 1984 and obtained a Diploma in Business Administration from the University of Technology (UTECH) in 1975. He is also a Fellow of the Institute of Chartered Accountants of Jamaica (FCA) and Fellow of the Association of Chartered Certified Accountants (FCCA) and a Justice of the Peace for Kingston and St. Andrew.

Linval served as Director and Assurance Partner in the Jamaica office of Ernst & Young Caribbean (EY) between 2003 and 2018. During the first 10 years of the practice, Linval was instrumental in the establishment of the Advisory Service Line and the growth and development of the Assurance Service Line. He retired from the partnership on 31 July 2018. Prior to joining EY, he spent a total of 21 years with PricewaterhouseCoopers.

In 2019, Linval was appointed as Director and Chairman of the Audit Committees of Canopy Insurance Limited, Sygnus Real Estate Finance Limited and Sygnus Credit Investments Limited.

Linval is the Chairman of Key's Audit Committee.



## **MARIAME MCINTOSH ROBINSON**

Mariame McIntosh-Robinson joined First Global Bank in Jamaica as President and CEO in 2016. Prior to this, Mariame was a private equity investor for 7 years where she was a partner at Portland Private Equity. Mariame also worked as a Strategy Consultant for 8 years with McKinsey & Company's Atlanta office and Bain & Company's New York office, where she was a manager prior to joining Portland Private Equity.

She is also a Vice President of the Private Sector Organization of Jamaica (PSOJ). Mariame is the Board Chair of TEACH Caribbean, an educational NGO she co-founded in 2006 with seed financing from Rhodes Trust to provide access to quality education for economically disadvantaged youth.

Mariame has a BSc in Electrical Engineering from MIT, an MBA from Harvard Business School, and an MPhil in Economics from Oxford University where she attended as a Rhodes Scholar. She is married and has two children.

Mariame is the Chairman of the Company's Loans & Investment Committee.



## **KERRY-ANN HEAVENS**

Kerry-Ann Heavens is an attorney-at-law and was called to the Jamaican Bar in 2010. She has several years of experience in the financial industry where she specializes in corporate finance.

She joined the GraceKennedy Financial Group in 2017, providing legal advice and oversight for the companies within the Group, which includes First Global Bank Limited and the recently acquired Key Insurance Company Limited. She previously worked in the commercial department at one of Jamaica's leading law firms.

Kerry-Ann is a graduate of the University of Cambridge, where she obtained a Master of Corporate Law degree as a Chevening Scholar. She also holds a Certificate of Legal Education from the Norman Manley Law School; a Bachelor of Laws Degree as well as a Bachelor of Science Degree in International Relations and Public-Sector Management (both with first class honours) from the University of the West Indies.

Kerry-Ann also serves as the Company's Corporate Secretary.



## **ROCHELLE CAMERON**

Rochelle Cameron is an attorney-at-law with over 20 years at the Jamaican Bar and is a former Crown Counsel with the Office of the Director of Public Prosecutions in Jamaica. She has served as the Caribbean Vice President of Legal and Regulatory for a telecommunications multinational, Cable & Wireless Communications and Company Secretary of Cable & Wireless Jamaica Limited and its subsidiaries.

She is the founder and currently CEO of Prescient Consulting Services Limited, a firm which supports organisations with the development and execution of impactful legal, people and communications strategies.

In addition to her legal training, Ms. Cameron holds a Master of Business Administration in International Business, from the Mona School of Business and Management, and is a former lecturer at the institution. Ms. Cameron is a John Maxwell certified Coach, Trainer and Speaker. A keynote speaker at local and international conferences, she uses her inimitable “Adrenaline Roch” style of passion, high-energy and sense of humour to shape and deliver serious topics in a way that is both interesting and entertaining.

Ms. Cameron is the Chairman of Key Insurance’s Conduct Review Committee.



## **HERMA MCRAE**

Herma McRae is an attorney-at-Law and a former Banker. She began her professional career in banking at the National Commercial Bank Jamaica Limited (NCB) where she worked for over thirty years.

After leaving banking, Herma pursued her lifelong desire to study law and was called to the Jamaican Bar in 2008. Thereafter, she served as a Crown Counsel in the Commercial Affairs Division of the Attorney General’s Chambers (AGC) in Jamaica. She left the AGC in 2012 to start a civil practice specializing in Commercial Law.

She holds the Legal Education Certificate from the Norman Manley Law School; LLB from the University of London; B.Sc. Management Studies, MBA Finance from the University of the West Indies; and ACIB from the Institute of Bankers (London).



### **KAREEM TOMLINSON**

Kareem Tomlinson currently serves as the General Manager of JMMB Securities Limited. Over his 12-year tenure with the JMMB Group, he has served in various capacities and amassed wide-ranging experience in areas such as private equity, investment banking, portfolio management, mergers & acquisitions, risk management, accounting and customer service.

Kareem holds a B.Sc. in Mathematics and Economics from the University of the West Indies, Mona and has attained the prestigious Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM) designations which have equipped him with strong technical and analytical skills. He has attended various professional training courses in venture capital, credit risk management, equity and fixed income products.



### **SANDRA MASTERTON**

Sandra Masterton has a long history with Key Insurance Company Limited. She started with the Company in late September 1988 post Hurricane Gilbert, having just completed her Associateship Designation from the Insurance Institute of Canada. Sandra is a Senior General Insurance Professional with over 31 years' experience in Claims, Underwriting, and Reinsurance.

She achieved the designation Fellow of the Insurance Institute of Canada with a major in Underwriting through the University of Toronto in May, 1999. Directly following, she completed six months of training with the Munich Reinsurance Company of Canada in Treaty and Facultative Reinsurance.

Sandra served as a Director of the Board of Key Insurance Company Limited from July 1990 to May 2007 and then was appointed as Deputy Managing Director June 2007. In August 2012 she was appointed by the Board of Directors as the Managing Director and served in that capacity until March 2020.

## 7.2 THE SENIOR OFFICERS



**TAMMARA GLAVES-HUCEY**  
GENERAL MANAGER

Tammara Glaves-Hucey is an attorney-at-Law and chartered insurer, with over 15 years' experience in the general insurance industry.

Her insurance experience began in 2002, when she joined GK General Insurance Company Limited (formerly JIIC) (GK Insurance) as an Executive Assistant. She later joined the Claims team in 2005 as an Associate before becoming a Management Trainee from 2006 to 2007. She moved within the GraceKennedy Group to Allied Insurance Brokers before leaving and joining General Accident Insurance Company. Tammara later joined Globe Insurance Company in 2011 as Claims Manager before returning to GK Insurance in 2013 as Claims Manager. She later assumed responsibility for the

regional portfolio in 2014.

In 2015, she was promoted to Assistant General Manager, Personal Lines, Claims & Legal Operations before being promoted in April 2019 to General Manager for GK Insurance (Eastern Caribbean) Ltd whilst still retaining her AGM role at GK Insurance in Jamaica. On March 1, 2020, Tammara moved within the GraceKennedy Group to Key Insurance in her newest capacity as General Manager for Key Insurance.

Tammara holds a BSc in Management Studies from the University of the West Indies and a BSc in Law from the University of London. She also holds a Legal Education Certificate from the Norman Manley Law School.

### **STUART ANDRADE** CHIEF FINANCIAL OFFICER

Stuart is a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica with over 20 years of experience in Finance and Accounting.

He was recently appointed to the position of Chief Financial Officer (CFO) of Key, effective July 01, 2020. Prior to his appointment as the CFO, Stuart worked in various capacities within the GraceKennedy Financial Group for over 14 years. He also worked at PricewaterhouseCoopers and ChambersHenry and Partners as an auditor where he was exposed to several industries including manufacturing, finance and insurance.

Stuart currently serves as a Commissioner on the Fair Trading Commission and has served on various other boards including the Consumer Affairs Commission.



**ANDREW DUNKLEY**  
**OPERATIONS MANAGER**

Andrew Dunkley began his professional career as a Risk & Reinsurance Associate with GK Insurance. He then became a candidate for the Accelerated Development Programme for the GraceKennedy Group. As part of the Accelerated Development Programme, Andrew was exposed to the operations at Allied Insurance Brokers, First Global Bank, Grace Foods and GraceKennedy Group Risk Department where he was a Project Officer for each of the entities involved.

In 2019, Andrew became the Head of Digital Transformation at GK Insurance and was appointed Operations Manager for Key Insurance Company Limited in April 2020.

Andrew has a B.Sc. in Banking and Finance from the University of Technology and completed his MBA from the Edinburgh Business School at the Heriot-Watt University in Scotland. He enjoys playing and watching football and keeping abreast of current affairs both locally and internationally.



**CARLENE ISAACS**  
**REINSURANCE & NON-MOTOR MANAGER**

Carlene Isaacs is the Reinsurance Manager with over 25 years of experience in Underwriting and Reinsurance. She holds a B.Sc. in Management and Accounting from the University of the West Indies, Diploma in Business Administration from the University of Technology and Diploma in Insurance from the College of Insurance and Professional Studies.

Carlene started her career in the industry as a Property Underwriter at JN General Insurance Company (formerly NEM Insurance Company). She received Reinsurance training at Heath Fielding Reinsurance Broking for three months and also completed the Mercantile and General International Reinsurance Course held in England.

She left the industry to pursue her 1<sup>st</sup> degree and upon completion joined the staff of United General Insurance Company (now Advantage General Insurance Company Limited) before re-joining the staff of JN General Insurance Company as Assistant Reinsurance Manager in 2005.

She joined Key Insurance in 2009 as Reinsurance Technician and was later promoted to Reinsurance Manager.



**HEATHER BOWIE**  
CLAIMS MANAGER

Heather Bowie is a trained teacher who joined the Insurance Industry in 1980, 34 years ago. She started her insurance career at the Insurance Company of the West Indies (ICWI) and then on to Key Insurance where she is currently the Manager of Claims Operations.

Mrs. Bowie is a Fellow of Chartered Insurance Institute (FCII); a Chartered Insurance Practitioner (CIP); and also holds a Masters in Business Administration (MBA) from the Manchester Business School, University of Manchester.

She is currently a board member of the College of Insurance & Professional Studies (CIPS) and the Jamaica Society of Insurance Professional & Technicians (JSIPT). She remains committed to the insurance industry and also functions as a part time Lecturer.

## 8. RISK FACTORS

An investment in the New Ordinary Shares issued by the Company involves a high degree of risk. Before making a decision whether to invest in the New Ordinary Shares, Applicants should carefully examine the information provided in this Circular Letter but should also consider the fact that this Circular Letter does not necessarily include all information required to make an informed decision on the acquisition of the New Ordinary Shares.

The risk factors set out below do not include all possible risk factors:

### **Key Personnel**

It is important that the Company attracts and retains appropriately skilled persons in order to operate its business, and to promote its growth. It is also important for the Company to replace personnel whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on the Company's future prospects.

### **Macro-economic Policies**

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behavior of capital markets including the JSE and the market for securities the Company holds in its shareholder or policy holder's portfolio. If such policies become onerous from the point of view of the Company this could require the Company to make changes to its portfolio, the products it offers, the terms on which it offers them or the overall nature of its business operations.

### **New Regulatory Rules or Standards**

The Company may become subject to new regulatory rules or standards that differ from those that are presently applicable. If such regulatory rules or standards become onerous from the point of view of the Company this could require the Company to recapitalize, or to change its business operations, and in any case, changes in such regulatory rules or standards may affect its long-term profitability.

### **New Accounting Rules or Standards**

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

### **Volatility in Price of Shares/ Flat Trading**

Existing Ordinary Stock Units and New Ordinary Shares listed on the JSE may experience volatility in their market price, or flat trading, being very infrequent or insignificant volumes of trading, either of which may extend beyond the short term and which may be dependent

on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of such stock units may be negatively affected or constrained from growing.

### **Operational Risk**

The Company is subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God, social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer, network and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage may be available or it is not economical to do so.

### **Insurance Risk**

The very nature of an insurance contract involves the evaluation of the risk of the possibility of an insured event occurring and the uncertainty of the amount of the resulting claim. The Company faces the risk that the actual claims payments exceed the carrying amount of the insurance liabilities, whether due to the frequency or severity of the claims and benefits being greater than estimated. This could significantly impact the viability of the Company. Various factors may increase insurance risk including lack of risk diversification in the type and amount of risk and geographical location. Insurance risk arising from the issuance of insurance contracts by the Company is concentrated in Jamaica.

### **Risk of Catastrophic Events**

Property and casualty insurers are subject to claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition.

Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes, earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of two main factors: the total amount of insured exposure in the area affected by the event and the nature and severity of the event. Most natural disasters and other catastrophes are localized; however, hurricanes, earthquakes and floods have the potential to produce significant damage in widespread areas. Such catastrophic events may trigger the payment of significant claims by the Company. While the Directors seek to limit the Company's exposure to losses from catastrophes and natural disasters through prudent underwriting and risk management procedures, including but not limited to policy terms and conditions such as price exclusions, deductibles and application of average clause provisions (which amount in effect to coinsurance by the insured), through the placement of reinsurance and through employment of loss prevention measures.

## **Re-insurance Risk**

Although reinsurance treaties contractually obligate the reinsurers to reimburse the Company for their proportionate share of losses, they do not discharge the Company from its primary liability to its policyholders. Therefore, the Company is contingently liable for the reinsurer's shares of unpaid losses and related expenses, as well as unearned premiums, in excess of funds or other collateral held by the Company in the event the assuming reinsurers are unable to meet their contractual obligations. The Company purchases reinsurance only from reinsurers that it considers to be reputable based on advice from industry professionals and external ratings from time to time.

## **Financial Risk**

The Company is exposed to financial risk through its financial assets and liabilities, including its reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The most important aspects include: interest rate risk, market risk, cash flow risk, currency risk and credit risk. The Company seeks to monitor these risks closely through compliance with its risk management policies and procedures approved by the Directors and reviews of the adequacy of the risk management framework in relation to the risks faced by the Company.

## **Key Partners**

The Company relies on its business relationships with its customers and also its key partners who include independent insurance intermediaries and sales agents some of whom are responsible for introducing a significant portion of the Company's business to it. The key partners of the Company also include its reinsurers. If the Company's relationship with any of these partners was disrupted or terminated for any reason the Company would need to identify new partners and its sales, profits and market share could be adversely affected in the interim. In addition, the Company also monitors the reinsurers' credit ratings on a periodic basis however the directors note that the number of credit worthy, international reinsurers that are willing to take exposure to Jamaica is limited and may affect the Company's ability to engage new suitable reinsurers.

## **Financial Reporting and Other Public Company Requirements**

The Company is subject to reporting and other obligations under the applicable law, including the Companies Act and Regulations, the Securities Act and Regulations, the Insurance Act and Regulations and the rules of the JSE. These reporting and other obligations place significant demands on the Company's management, administrative, operational and accounting resources.

Any failure of the Company to maintain effective internal controls could result in the inability of the Company to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Company's stock units.

Management does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in any control systems, no evaluation of these controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

### **Covid-19 Risk and Impact**

At the onset of the coronavirus pandemic, the subsidiary units across GraceKennedy, including Key Insurance Company Limited undertook both a risk assessment, and a business impact analysis (BIA) to better understand the risks and potential impact on the businesses. The assessment noted the following risk factors and controls.

Going into 2021, the business will continue to lend focus to the following risks posed by the pandemic:

1. **Credit Risk** – Due to a general slowdown in economic activity, and subsequent impact on livelihoods, the ability of some insurers to pay premiums may be affected. In response, the business will continue to extend credit terms, and implement an aggressive tracking and monitoring of outstanding balances at the broker and agent levels, and also with direct clients. The business is also currently exploring online channels to allow clients to pay through their bank accounts or Bill Express Online.
2. **Macro-economic Risk** – The risk of new business and renewal proposals continues to be a concern, as the economic slowdown may affect both new vehicles purchases as well as renewal of existing risks. In response, the business has been agile in re-negotiating its motor quota share to retain as much of its revenue (gross premiums) and has also launched a pointed marketing campaign to bring much needed brand relevance and affinity. The team will also be aggressive in its third-party portfolio growth strategy.
3. **Profitability risk** – The risk that the business will not meet its profit targets is a real concern. The business implemented cost containment measures to combat the potential fallout from the pandemic and will continue to implement these measures going forward. This will be complemented with the revenue growth strategy.
4. **Health and Safety risk** – The pandemic affected the traditional business model, as the insurance business is one of building and maintaining relationships. It is a model that relies heavily on face to face contact and a lot of site and in person visits. The business has been targeted with its relationship management strategy and will continue to use the various online platforms to stay connected to its staff and partners. As well, the business rolled out its work from home (WFH) protocols in conjunction with the GraceKennedy

Telecommuting Policy, and by every indication will continue to do so. A wholesale sanitization protocol will continue for all locations as well.

5. Investment risk – The business did not have any exposure to a proprietary equities book, which was the asset class most affected by the pandemic. The business continues to monitor its investment portfolio with a view to seeking the right balance between risk and reward.

6. Information Technology and Security Risk – With the pandemic pushing the business into a WFH model, the heightened risk of both information technology systems to drive the business, and the threat of information security breach continues to be a real concern. As such, the business continues to enhance its security protocols and will roll out various information security training sessions and tips through its IT functions in 2021.

7. Business Continuity Planning (BCP) Risk – State of readiness was a real concern as the business model had to evolve quickly with remote work and the ability to respond during the lockdowns. The business having revamped its BCP, rolled out key sections of the BCP to accomplish a seamless failover, and will continue to monitor.

8. Change Management Risk – Having to adjust to a change in the business model had both operational and human implications, and the team was guided in its approach in how the change occurred and was managed.

## 9. PROVISIONAL ALLOTMENT LETTER

The enclosed Letter of Provisional Allotment states the number of stock units provisionally allotted to you, clearly indicating the number of stock units for which you are entitled to subscribe pursuant to your rights. The Letter of Provisional Allotment also contains full instructions for the acceptance of the stock units provisionally allotted to you and sets out the procedure to be adopted should you wish to renounce your rights to all or any of those units or to apply for Excess Shares. If you are in doubt as to what action you should take, you should consult your stockbroker, bank manager, attorney-at-law, accountant or other professional advisor without delay as the offer expires at 4 p.m. on January 11, 2021.

## 10. APPLICATION FOR EXCESS SHARES

As an Existing Ordinary Stockholder on the Record Date you may apply on the enclosed Application Form set out at Appendix 3 for Excess Shares in the Excess Shares Pool.

The minimum number of Excess Shares which an Applicant may subscribe for is 5000 and subscriptions for the Excess Shares must be made in multiples or blocks of 1000 New Ordinary Shares.

Excess Shares in the Excess Shares Pool shall be allocated as follows:

- (a) Firstly, to the Existing Ordinary Stockholders who have applied for same (if oversubscribed, in proportion to the total Applications received from Existing Ordinary Shareholders for additional New Ordinary Shares in the Excess Shares Pool);
- (b) Thereafter, any remaining Excess Shares, to the Underwriter.

## 11. INFORMATION RELATING TO THE RIGHTS ISSUE

The New Ordinary Shares are being offered to the Existing Ordinary Stockholders on the Register of Members at the close of business on the Record Date on the following basis:

- a** The New Ordinary Shares will be offered and provisionally allotted to Existing Ordinary Stockholders in proportion to their stockholdings in the issued ordinary capital of the Company on the Record Date;
- b** The Subscription Price for each New Ordinary Share shall be \$3.50
- c** Each Existing Ordinary Stockholder or its Renouncee will be entitled to subscribe for two hundred and fifty-nine (259) New Ordinary Shares for every five hundred (500) Existing Ordinary Stock Units held by such stockholder on the Record Date (fractional entitlements will be disregarded);
- d** The New Ordinary Shares will be converted into stock and will rank in all respects *pari passu* with the Existing Ordinary Stock Units.

## OPTIONS AVAILABLE TO EXISTING ORDINARY STOCKHOLDERS IN RESPECT OF THIS OFFER

### (1) TAKING UP ALL OF YOUR PROVISIONAL ALLOTMENT

Should you wish to take up all of your provisional allotment of New Ordinary Shares arising from your Existing Ordinary Stock Units, then your Application for New Ordinary Shares under this Circular Letter must be made on the relevant section of the Application Form in accordance with the Application Procedures set out in Appendix 1 of this Circular Letter.

### (2) TAKING UP ALL OF YOUR PROVISIONAL ALLOTMENT AND APPLYING FOR ADDITIONAL NEW ORDINARY SHARES IN THE EXCESS SHARES POOL

Existing Ordinary Stockholders may, if desired, submit Applications for an amount of New Ordinary Shares that is in excess of the amount provisionally allotted to them. In such event, the Existing Ordinary Stockholder shall be treated as (a) having taken up their entire provisional allotment, and (b) having requested the Directors to issue and allot to them from the Excess Shares Pool such additional New Ordinary Shares in excess of their provisional allotment as is indicated in the Application. Additional New Ordinary Shares from the Excess Shares Pool as are available to be allotted to these Applicants shall be allocated, in the case of oversubscription by Existing Ordinary Stockholders, in proportion to the total Applications received from Existing Ordinary Shareholders for additional New Ordinary Shares in the Excess Shares Pool.

### (3) RENOUNCING ALL YOUR PROVISIONAL ALLOTMENT

Your provisional allotment under the Offer is renounceable which means that all or part of your rights to submit Applications for New Ordinary Shares under the Offer may be renounced in favour of one or more third parties, who may, but need not be, Existing Ordinary Stockholders.

If you wish to renounce all of your provisional allotment, you may complete and sign the the Application Form set out at Appendix 3 directing the Company that you have irrevocably renounced your provisional allotment of the New Ordinary Shares in favour of a person specified in the Application Form (the “Renounee”). In that event, the New Ordinary Shares in such amounts as specified by you shall be allotted and issued by the Company in the name of the person in favour of whom you have renounced, and such Renounee who completes and signs the relevant sections of the Application Form set out at Appendix 4 shall be irrevocably obliged to accept such allotment.

### (4) TAKING UP A PROPORTION OF YOUR PROVISIONAL ALLOTMENT AND RENOUNCING THE REMAINDER

If you wish to take up only part of your provisional allotment, complete the Application Form set out at Appendix 3 for the number of New Ordinary Shares you wish to take up in accordance with the provisions of Appendix 1 – Application Procedures and Appendix 2 – Instructions for Completing the Application Form.

Simultaneously, you may renounce the remainder of your provisional allotment by completing the relevant section of the Application Form in accordance with paragraph 3 above.

#### (5) TAKING UP A PROPORTION OF YOUR PROVISIONAL ALLOTMENT AND ALLOWING THE REMAINDER TO LAPSE

If you wish to take up only part of your provisional allotment and allow the remainder to lapse, complete the Application Form set out at Appendix 3 for only the number of New Ordinary Shares you wish to take up in accordance with the provisions of Appendix 1 – Application Procedures and Appendix 2 – Instructions for Completing the Application Form.

If you take no further action, the balance of your provisional allotment will lapse and you will have forfeited any potential benefit to be gained from taking up that part of your provisional allotment.

#### (6) ALLOW ALL OF YOUR PROVISIONAL ALLOTMENT TO LAPSE

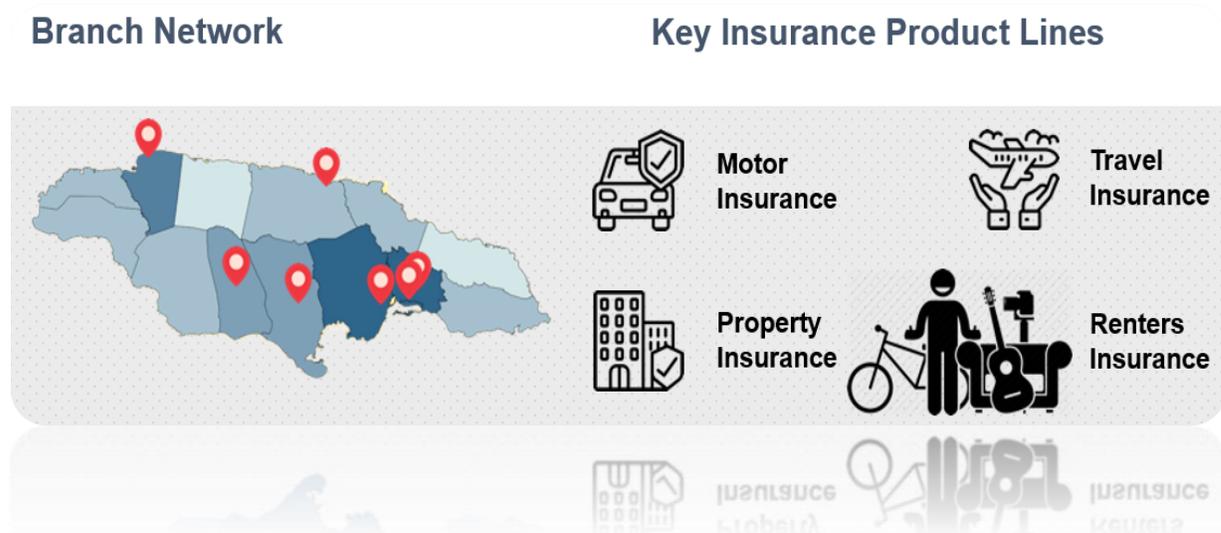
Your provisional allotment is renounceable, which enables Existing Ordinary Stockholders who do not wish to take up part or all of their provisional allotment to simply renounce in favour of another person. If you do not wish to accept any part of your provisional allotment and do not wish to renounce any part of it, you are not obliged to do anything. If you do not take up your provisional allotment or dispose of your provisional allotment by the date closing of the Offer by renouncing it, your rights under this Offer will lapse, and your shareholding in the Company will be diluted.

### LISTING ON A STOCK EXCHANGE

It is the intention of the Company to apply for the New Ordinary Shares issued arising from this Offer to be listed on the JSE, where the Existing Ordinary Stock Units are currently listed. This statement of intention is not a guarantee that the New Ordinary Shares will be so listed as the acceptance of the Company's application for the listing of the New Ordinary Shares will depend on whether the JSE is satisfied that the rules of the Jamaica Stock Exchange have been complied with, and that the supplemental application for listing is in compliance with these rules. If the New Ordinary Shares are listed on the JSE, then transfers thereof made in the ordinary course of business across the JSE will be made free of transfer tax and stamp duty, pursuant to the provisions of the Transfer Tax Act and Stamp Duty Act.

## 12. MANAGEMENT DISCUSSION, ANALYSIS OF FINANCIAL PERFORMANCE & OUTLOOK

Key Insurance Company Limited is a trusted brand in the general insurance industry, that has served Jamaica for over twenty-seven (27) years. The Company has maintained its tradition of strong customer service since its inception, with branches in Kingston, Portmore, May Pen, Ocho Rios, Montego Bay and Mandeville.



### ***Key Insurance joins the GraceKennedy Group***

In March 2020, the GraceKennedy Group acquired 65% of the ordinary shares of Key Insurance and the Company was graduated to the Main Market of the JSE shortly thereafter. GraceKennedy's involvement in the Company has been viewed positively by the investment markets, with the number of shareholders increasing exponentially from 171 as at January 2020 to 501 as at October 2020. The Company's market capitalization has increased fourfold from \$774 million to approximately \$3 billion at the end of October 2020.

The stock moved from the pre-acquisition price of \$2.10 per share to \$8.40 per share as at November 3<sup>rd</sup>, 2020; an increase of 300% YTD despite the Main Market of the Jamaica Stock Exchange declining 27% YTD. The stock displayed a 52-week high of \$11.50 and a 52-week low of \$2.00.

Immediate priorities for the new management team, post-acquisition, included:

1. Stemming the losses and regaining market share.

2. Ensuring the capital adequacy and regulatory requirements for the business are met.
3. Preparing a 2-year strategic plan that will deliver an attractive return on investment to our shareholders.
4. Implementing Change Management principles to support the transition of the business.

### ***Strategic Drivers***

Based on the immediate priorities the following strategic drivers will guide the initiatives that will be executed to achieve sustained growth and profitability:

1. Targeting specific market segments;
2. Customer acquisition and relationship management;
3. Operational efficiency; and
4. Compliance with regulatory requirements

### ***2020 to 2021 Initiatives***

In order to successfully meet and exceed the outlined strategic drivers, the company's primary objectives for 2021 include:

1. Growing the motor portfolio by focusing on specific segments of the market (e.g. PPV market)
2. Grow and introduce new non-motor business by product and channels (e.g. small business packages)
3. Assemble a Business Development Team to drive premium growth
4. Reducing the motor claims ratio from a projected 63% in 2020 to 55% by 2021 through more prudent underwriting
5. Build out investment portfolio to obtain higher yields resulting in increased income
6. Achieve the Company's targeted administrative expense ratio 28% of premiums written by the end of 2021
7. Roll out our Online platform to facilitate renewals and claims notifications
8. Raising needed capital by a rights issue to shareholders.

## 2019 Financial Performance

A complete set of audited financial statements for the Company for each of the four financial years ended December 31, 2016, 2017, 2018 and 2019 are available on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)) and on the Company's website ([www.keyinsurancejm.com](http://www.keyinsurancejm.com)) and should be read in conjunction with this Circular Letter. For additional details, we also refer you to the Company's unaudited financial statements for the nine months ended September 30, 2020, also available on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)).

During the financial year ended December 31, 2019, the Company generated gross premiums of \$1.40 billion which was 22% less than the \$1.79 billion written for 2018. The decrease in gross premiums written was primarily due to the reduction in motor business during the year. The Company's motor insurance business for the year declined 21% while contributing 70% of the total gross premiums.

The Company's operating performance for the financial year ending December 31, 2019 was also significantly influenced by an unusual increase in the volume of claims arising from newly acquired motor business. Consequently, the Company reorganized its operations with the objective of ensuring business sustainability and profitable growth.

Administrative expenses increased by 8% in 2019 over 2018, mainly due to the increase in legal & professional fees and staff costs which accounted for \$27 million or 82% of the overall increase in administrative expenses. Other income grew by 28% in 2019 over 2018 mainly due to a direct result of the gain made on the sale of investment properties. Underwriting operations incurred a loss of \$793 million in 2019, compared to \$318 million in the previous year.

A net loss of \$267.48 million was recorded for the year ended December 31, 2019, when compared to a loss of \$167.94 million in the previous year.

Highlights of the company's audited financial results spanning five years are presented below.

\$'000	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Gross written premium	960,973	1,081,746	1,440,065	1,791,567	1,403,690
Net written premium/(incurred)	473,014	645,865	930,298	1,147,416	(308,631)
Net claims	(233,211)	(241,431)	(385,648)	(1,004,807)	49,279
Administrative expenses	318,400	410,096	428,806	402,116	435,477
Underwriting loss	67,583	125,178	63,040	317,699	793,492

Net profit/(loss)	23,084	(42,234)	42,663	(167,494)	(267,479)
Total assets	1,971,909	2,421,851	2,450,033	2,559,156	4,509,975
Total liabilities	1,068,288	1,404,356	1,355,003	1,670,357	3,849,635
Issued share capital	127,327	235,282	235,282	235,282	235,282
Shareholders' equity	903,621	1,017,495	1,095,030	888,799	660,340

At the end of 2018 and 2019, liquid assets amounted to \$1.2 billion. For the FY ended 2019, liquid assets included \$937 million in cash and cash equivalents and \$242 million in investments. As at December 31, 2019, the Company had total assets of \$4.5 billion, an increase of 2.0 billion over the prior year. The increase in total assets in 2019 over 2018 was primarily driven by the \$1.8 billion increase in the amount due from reinsurers.

The Company also had total liabilities of \$3.8 billion, an increase of \$2.2 billion over 2018. The increase in total liabilities was driven by the \$1.6 billion increase in the amount due to reinsurers over the prior year.

The increase in the amount due from and due to reinsurers was directly attributable to the reinsurance arrangement that was in place during the year.

As a result of the net loss for the 2019 FY, Shareholders' Equity declined from \$888.8 million in 2018 to \$660.3 million in 2019.

### **9-Months Financial Performance for 2020**

Key Insurance has made tremendous progress in 2020 and although recording losses YTD, the Company generated net profit of \$5.6 million for the third quarter of 2020 when compared to a loss of \$116.5 million in 2019 for the same period.

Net premium earned for the nine months ended September 30, 2020 was \$ 599.2million in comparison to \$224.3 million in 2019 and represents an increase of 167.1%.

The Company's underwriting results have also improved significantly. Underwriting losses for the third quarter in 2020 were \$2.6 million, compared to an underwriting loss of \$112.5 million in 2019. The underwriting loss for the nine months ended September 30, 2020 when normalized for the one-off amortization of underwriting assets, would be 44% better than the nine months ended September 30, 2019.

The one-off amortization of the underwriting assets relates to the termination of the Motor Quota Share Reinsurance Agreement which is part of the restructuring plan for the

Company's operations and the streamlining of its underwriting business to make it more profitable. Upon termination of the Agreement, management elected to accelerate the amortization of certain underwriting assets resulting in a one-time charge of \$323M to the Statement of Comprehensive Income for the quarter ended 31 March 2020, comprising \$235M relating to the terminated Agreement and the amount of \$88M relating to Deferred Policy Acquisition Costs.

These improved results are attributable to the management's successful implementation of the Company's strategic initiatives including a focus on customer centricity and improved underwriting practices. Implementing effective risk management practices and enhancing investment returns have also contributed to the improved performance. Despite the ongoing challenges of the COVID-19 pandemic, management is confident that these initiatives will continue to drive positive results for the rest of 2020 and into 2021.

Highlights of the company's unaudited financial results spanning three quarters are presented below.

\$'000 FY 2020	Unaudited- Q1	Unaudited- Q2	Unaudited- Q3	9 months ended September 30
Gross written premium	269,276	373,811	401,977	1,045,064
Net premium earned	202,865	192,031	204,302	599,198
Net claims	276,026	123,858	90,584	490,468
Amortization of underwriting assets	323,136	-	-	323,136
Administrative expenses	109,337	108,840	108,718	326,895
Underwriting loss	515,908	50,651	2,568	569,127
Net profit/(loss)	(338,615)	(25,422)	5,652	(358,385)
Total assets	4,216,747	4,258,074	4,326,422	4,326,422
Total liabilities	3,908,960	4,073,778	4,143,857	4,143,857
Share Capital	235,282	235,282	235,282	235,282
Shareholders' Equity	307,787	184,296	182,565	182,565

## **Future Outlook**

The Company is strongly positioned for growth and improved profitability. It continues to improve its offerings for major insurance products for motor, property (commercial and homeowners), liability, cyber and travel insurance. With the implementation of the 2020 – 2021 initiatives, the annual gross premiums written are projected to increase from J\$1.3 Billion in 2020 to \$1.7 Billion in 2021. Based on the foregoing, management expects the company to continue to build upon the improved foundation and exhibit consistent growth, profitability and increases in shareholder value.

In order to meet and maintain the MCT requirement, the Company obtained the necessary approval from its shareholders to issue 190,863,000 new ordinary shares via a renounceable rights issue for the purposes of raising additional capital.

With the continued support of its shareholders', a strong committed management team and staff and the requisite capital; the Company will have the critical success factors to regain and increase its market share, meet its regulatory requirements and meet its strategic and financial objectives.

### **13. COSTS OF RIGHTS ISSUE**

GK Capital Management Limited has agreed to underwrite this Rights Issue in exchange for an underwriting commission. The Company will also pay all of its other costs of the Rights Issue including the Stock Exchange fee, printing costs, legal fees, stockbrokers' fees and the Registrar and Transfer Agent's charges. The total of these expenses including the abovementioned underwriting commission is estimated at Seventeen Million Dollars (\$17,000,000.00). Each Existing Ordinary Stockholder or Renouncee shall be solely responsible for all costs and expenses which it may incur in connection with this Rights Issue, including but not limited to all JCSD processing fees, brokers fees, fees of any other professional advisors or any other person whatsoever.

14.

## THE EXISTING ORDINARY STOCKHOLDERS

14.1 As at the Record Date, the holders on the register with the ten largest holdings of Existing Ordinary Stock Units were as follows:-

	Name	No. of Units
1.	GraceKennedy Financial Group Limited	240,363,095
2.	JMMB Fund Managers Ltd.T1- Equities Fund	43,089,690
3.	JMMBSL Available For Sale	36,846,000
4.	Worldnet Investment Company Limited	33,410,463
5.	MF&G Asset Management Ltd. - Jamaica Investments Fund	3,157,012
6.	Karl P. Wright	1,000,000
7.	Rezworth Burchenson	591,216
8.	Marathon Insurance Brokers Ltd	591,216
9.	Derrick Dunn	443,925
10.	Patrice Francis- Emmanuel	320,203

14.2 The remaining 8,647,871 issued Existing Ordinary Stock Units are held by more than 580 other Existing Ordinary Stockholders.

14.3 The proposed holdings after the Rights Issue (assuming all Existing Ordinary Stockholders take up their full rights) are as follows:

	Name	No. of Units
1.	GraceKennedy Financial Group Limited	364,871,178
2.	JMMB Fund Managers Ltd.T1- Equities Fund	65,410,149
3.	JMMBSL Available For Sale	55,932,228
4.	Worldnet Investment Company Limited	50,717,082
5.	MF&G Asset Management Ltd. - Jamaica Investments Fund	4,792,344
6.	Karl P. Wright	1,518,000
7.	Rezworth Burchenson	897,465
8.	Marathon Insurance Brokers Ltd	897,465
9.	Derrick Dunn	673,878
10.	Patrice Francis- Emmanuel	486,068

- 14.4 Our Directors interests, including family interests, in Existing Ordinary Stock Units as at the Record Date and assuming that such Directors take up their full rights are as follows:

	Name of Director	No. of Units as at Record Date	No. of Units post Rights Issue
1.	Donald Wehby	-	
2.	Herma McRae	-	
3.	Kareem Tomlinson	-	
4.	Linval Freeman	-	
5.	Rochelle Cameron	-	
6.	Mariame McIntosh Robinson	-	
7.	Sandra Masterton	-	
	Connected Party	86,304	131,009
8.	Kerry-Ann Heavens	-	

## 15. OTHER DISCLOSURES

- 15.1 Each non-executive Director is compensated as follows:

1)	Annual Retainer payable to Directors	\$450,000 per annum
3)	Additional Retainer Committee Chair	\$54,000 per annum
4)	Attendance fee per Committee meeting	\$18,000.00

\*The Company does not compensate any Director that is otherwise employed to the GraceKennedy Group.

- 15.2 Save as mentioned herein, since the Record Date no share or loan capital of the Company has been or is proposed to be issued and no commission, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company. No capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

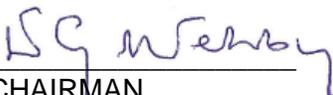
- 15.3 PricewaterhouseCoopers has given, and not withdrawn, its consent to the inclusion of reference to its report and the references to its name in the form and context in which they are included in this Circular Letter.
- 15.4 As at the date hereof, the Company is not involved as a party in any material pending or threatened litigation, nor is it aware of any circumstances which may reasonably give rise to any such claims.

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

- 16.1 Copies of the following documents may be inspected at the offices of Myers, Fletcher & Gordon, 21 East Street, Kingston on any business day during the hours of 9:00 a.m., to 4:00 p.m. and at the registered office of the Company during the hours of 9:00 a.m., to 4:00 p.m. until the 11<sup>th</sup> day of January, 2021:-
- a** Articles of Incorporation of the Company;
  - b** Audited Financial Statements of the Company for each of the four (4) years ended December 31, 2016, 2017, 2018 and 2019. These financial statements are also available on the website of the JSE ([www.jamstockex.com](http://www.jamstockex.com)) and on the Company's website ([www.keyinsurancejm.com](http://www.keyinsurancejm.com));
  - c** The Underwriting Agreement dated the 3<sup>rd</sup> day of December, 2020 between the Company and the Underwriter relating to the underwriting of this Rights Issue;
  - d** Certified copy of resolution of the Directors of the Company dated the 10<sup>th</sup> day of December, 2020 authorizing the execution of this Circular Letter.

This Circular Letter has been executed on behalf of Key Insurance Company Limited, in accordance with resolution of the Directors dated the 10<sup>th</sup> day of December, 2020, by the below-mentioned Directors on their own behalf and as duly authorized agents for the remaining Directors of Key Insurance Company Limited, dated as of the 11<sup>th</sup> day of December 2020.

Yours faithfully,  
**KEY INSURANCE COMPANY LIMITED**

  
\_\_\_\_\_  
CHAIRMAN  
Don Wehby

  
\_\_\_\_\_  
DIRECTOR  
Kerry-Ann Heavens

## APPENDIX 1

### APPLICATION PROCEDURES

1. You may apply for New Ordinary Shares in the Offer by means of the appropriate Application Form set out at Appendix 3 enclosed with this Circular Letter or available for download on [www.keyinsurancejm.com](http://www.keyinsurancejm.com) or [www.jamstockex.com](http://www.jamstockex.com). This Circular Letter has been issued only to Existing Ordinary Stockholders, (i.e., ordinary stockholders in the Company as recorded on the share registry records of the Company as at the Record Date). However, Existing Ordinary Stockholders may, if they so elect, renounce the provisional allotment of some or all of the New Ordinary Shares allocated to that stockholder in the Offer, in favour of one or more Renounees in the manner set out in paragraph 7 hereof and in the Application Form, and such Renounees shall, if they wish to take up some or all of the New Ordinary Shares renounced, complete the appropriate sections of the Application Form set out at Appendix 4. Your duly completed and signed Application Form should be delivered to the Lead Broker at its address, 58 Hope Road, Kingston 6 on or before 4:00 pm local time on January 11, 2021, the date the Offer closes.
2. Additionally, Existing Ordinary Stockholders may, if desired, submit Applications for an amount of New Ordinary Shares that is in excess of the amount provisionally allotted to them. In such event, the Existing Ordinary Stockholder shall be treated as:
  - a. having taken up his entire provisional allotment; and
  - b. having requested the Directors to issue and allot to them from the Excess Shares Pool such additional New Ordinary Shares in excess of their provisional allotment as is indicated in the Application Form set out in Appendix 3. Additional New Ordinary Shares from the Excess Shares Pool as are available to be allotted to these Applicants shall be allocated, in the case of oversubscription, on a pro-rata basis by allocating the number of New Ordinary Shares in the Excess Shares Pool available among Existing Ordinary Stockholders applying for same in proportion to their application for New Ordinary Shares in the Excess Shares Pool.
3. The full amount payable for the New Ordinary Shares for which you are applying (being the number of New Ordinary Shares multiplied by the Subscription Price) must be paid using one of the following Approved Payment Methods:
  - a. By Real Time Gross Settlement System ("RTGS System") or via the Automated Clearing House ("ACH") to the Lead Broker, using the following information. Evidence of such payment must be included on the second page of the completed and signed Application Form:

GK Capital Management Limited

Beneficiary Bank:	First Global Bank Limited
BIC:	FILBJMKN
Branch:	28-48 Barbados Avenue, Kingston 5
Account Name:	GK Capital Management Limited
Beneficiary Address:	58 Hope Road, Kingston 6
Account Number:	990757139040
Payment Reference:	"Client Name" - Key Insurance Rights Issue

- b. Applicants who have an investment account with the Lead Broker may submit to them written instructions (in such form as determined by the Lead Broker) authorizing the Lead Broker to apply available funds standing to the credit of such Applicant against the Subscription Price payable in respect of their application for New Ordinary Shares.
    - c. Payment may also be made via a J\$ Manager's Cheque drawn on a Jamaican commercial bank and made payable to the Lead Broker (for this Rights Issue, "GK Capital Management Limited") in respect of payment of sums under J\$1,000,000.
4. The Directors in their sole discretion may accept (in whole or in part) or reject any Application, even if the Application is received, validated and processed. The acceptance may be in respect of the whole or any part of the Application and, accordingly, the allocated number of New Ordinary Shares may be less than the amount specified in the Application Form. Subject only to any restriction expressly stated herein, the New Ordinary Shares may be allocated and issued to Applicants on a basis determined by the Directors in their sole discretion.
5. The acceptance (in whole or in part) by the Company of an Application for New Ordinary Shares will result in a binding contract for the Applicant's subscription, at the Subscription Price, for the number of New Ordinary Shares in respect of which the Application has been accepted, (or, where applicable, mutatis mutandis, with the person(s) in favour of the Renouncee, to the extent of such renunciation).
6. The Directors, in consultation with the Lead Broker, may cancel this Offer prior to the date on which the Offer closes stated herein, or may extend such date to a date beyond the date stated herein. Notice will be given of any such event by a notice published on the JSE's website at [www.jamstockex.com](http://www.jamstockex.com) and on the website for the Company and the Lead Broker at [www.keyinsurancejm.com](http://www.keyinsurancejm.com) and [www.gk-capital.com](http://www.gk-capital.com) respectively, and in a daily newspaper having islandwide circulation.
7. Each Existing Ordinary Stockholder may elect, by completing and signing the relevant Application Form enclosed with this Circular Letter, to direct the Company that they are irrevocably renouncing their entire provisional allotment of New Ordinary Shares (or such portion of those New Ordinary Shares as is specified by the Existing Ordinary Stockholder in the Application Form) in favour of one or more persons specified in the Application Form, to be apportioned among such persons as stated in the Application Form. The person(s) to whom the Applicant so renounces may, but need not be, an Existing Ordinary Stockholder. In the event that the Existing Ordinary Stockholder so renounces, the New Ordinary Shares which are the subject of the renunciation (or some of them, in the event such New Ordinary Shares represent in excess of the Existing Ordinary Stockholder's entitlement pursuant to the Offer and the Directors elect only to issue some but not all of the New Ordinary Shares applied for) shall be allotted and issued by the Company in the name of the person(s) in favour of whom the Existing Ordinary Stockholder has renounced, and such person(s) shall be irrevocably obliged to accept such allotment provided they also complete and submit a valid Application.

8. In respect of each Application which is accepted in whole or in part by the Company, the Company will issue a letter of allotment in the name of that Applicant (or in the joint names of joint Applicants) for the number of New Ordinary Shares allotted to the Applicant. The letters of allotment will be sent to the Lead Broker, who will distribute same (if by mail, at the Applicant's risk) to the Applicant. The letters of allotment are not assignable or otherwise transferable.
9. Refunds to Applicants whose Applications are not accepted in whole or in part will be sent to their broker who will distribute same to the account of the Applicant. Letters of allotment and refund amounts (if applicable) will be dispatched to Applicants within ten (10) days after the closing of the Offer.
10. A share certificate comprising the New Ordinary Shares issued to each successful Applicant will be ready for delivery to such Applicant within thirty (30) days after the Offer closes. If the New Ordinary Shares are listed on the JSE, the share certificates with respect to the New Ordinary Shares issued pursuant to the Offer will be deposited at the Jamaica Central Securities Depository ("JCSD") for the credit of the accounts of the successful Applicants.
11. Letters of allotment and share certificates (where applicable), if mailed by the Lead Broker on behalf of the Company (as the case may be) through the post to the address of the Applicant (or of the first-named joint Applicant) as stated in the Application Form, are at the risk of the Applicant.
12. Application Forms (except insofar as provided herein at paragraph 7) and letters of allotment are not renounceable, transferable or assignable.

## APPENDIX 2

### INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

1. If you are applying jointly with another person, you must complete the Joint Holder Information and each joint holder must sign the Application Form in the place indicated.
2. All Applicants applying as primary holders must be at least 18 years old and must attach a certified copy of their taxpayer registration (T.R.N.) card or Jamaican Driver's Licence displaying the T.R.N. Minor Applicants may submit an Application jointly with an adult, where the adult is named as the primary holder.
3. The New Ordinary Shares allotted to a successful Applicant will be credited to his account at the JCSD. If the Applicant does not have a JCSD account, one will be created by your broker and the allotted New Ordinary Shares deposited to that account.
4. By submitting this Application, all Applicants are deemed to have accepted the terms and conditions set out in the Circular Letter and the Articles of Incorporation of the Company generally.

APPENDIX 3

APPLICATION FORM – EXISTING ORDINARY STOCKHOLDERS



RIGHTS ISSUE – APPLICATION FORM

**PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM**

To: KEY INSURANCE COMPANY LIMITED (“Key Insurance”)

**I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Circular Letter, all of which are incorporated in this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Circular Letter.**

**(1) EXISTING SHAREHOLDER – Taking Up Entire Allocation/Applying For Excess Shares**

**To be completed by existing shareholder who is NOT renouncing any portion of their provisional allotment**

I/We hereby apply for \_\_\_\_\_ New Ordinary Shares on and subject to the terms and conditions of the Offer set out in the Rights Issue Circular at the price of JMD **3.50** each, comprised as follows:

- \_\_\_\_\_ New Ordinary Shares in Key Insurance, being the entire number provisionally allocated to me/us;
- \_\_\_\_\_ New Ordinary Shares in Key Insurance, from the Excess Shares Pool

I/We agree to pay the total sum of JMD \_\_\_\_\_, being the total Subscription Price plus the JCSD processing fee of JMD 163.10 (inclusive of GCT) to GK CAPITAL MANAGEMENT LIMITED and I/We attach proof of payment made using the following Approved Payment Method: (check whichever is applicable)

- By Real Time Gross Settlement System (“RTGS System”) or via the Automated Clearing House (“ACH”) to GK Capital Management Limited
- Written instructions to GK Capital Management Limited to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered \_\_\_\_\_, with them

- a banker's draft drawn on a Jamaican commercial bank and made payable to "GK CAPITAL MANAGEMENT LIMITED" in the sum of JMD \_\_\_\_\_

I/We agree to accept the above or any smaller number of New Ordinary Shares in respect of which this application may be accepted, subject to the terms and conditions in the Circular Letter and the Articles of Incorporation of Key Insurance, by which I/We agree to be bound.

I/We request you to issue to me/us the number of New Ordinary Shares, which may be allocated to me/us at the close of the Offer upon the terms and conditions governing applications, as set forth in the Circular Letter. I/We hereby agree to accept the New Ordinary Shares that may be allocated and issued to me/us to be credited to an account in my/our name(s) in the JCSD.

## **(2) EXISTING SHAREHOLDER – Renouncing Part**

### **To be completed only where applicant partially renouncing**

I/We hereby apply for \_\_\_\_\_ New Ordinary Shares on and subject to the terms and conditions of the Offer set out in the Rights Issue Circular at the price of JMD **3.50** each

I/We agree to pay the total sum of JMD \_\_\_\_\_, being the total Subscription Price plus the JCSD processing fee of JMD 163.10 (inclusive of GCT) to GK CAPITAL MANAGEMENT LIMITED and I/We attach proof of payment made using the following Approved Payment Method: (check whichever is applicable)

- By Real Time Gross Settlement System ("RTGS System") or via the Automated Clearing House ("ACH") to GK Capital Management Limited
- Written instructions to GK Capital Management Limited to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered \_\_\_\_\_, with them
- a banker's draft/manager's cheque drawn on a Jamaican commercial bank and made payable to "GK CAPITAL MANAGEMENT LIMITED" in the sum of JMD \_\_\_\_\_ (must be less than J\$1,000,000.00)

I/We agree to accept the above or any smaller number of New Ordinary Shares in respect of which this application may be accepted, subject to the terms and conditions in the Circular Letter and the Articles of Incorporation of Key Insurance, by which I/We agree to be bound.

I/We request you to issue to me/us the number of New Ordinary Shares, which may be allocated to me/us at the close of the Offer upon the terms and conditions governing applications, as set forth in the Circular Letter. I/We hereby agree to accept the New Ordinary Shares that may be allocated and issued to me/us to be credited to an account in my/our name(s) in the JCSD.

I/We hereby notify Key Insurance that, in respect of the New Ordinary Shares provisionally allotted to me/us in the Offer, **I/we hereby irrevocably renounce my/our provisional allotment** to the extent of \_\_\_\_\_ New Ordinary Shares in favour of the following person(s):

Full Name of Primary Holder	TRN	Number of New Ordinary Shares
	<b>TOTAL</b>	

**(3) EXISTING SHAREHOLDER – Renouncing Whole**

**To be completed only where applicant renouncing in whole**

I/We hereby notify Key Insurance that, in respect of the New Ordinary Shares provisionally allotted to me/us in the Offer, **I/we hereby irrevocably renounce my/our entire provisional allotment** of New Ordinary Shares in favour of the following person(s):

Full Name of Primary Holder	TRN	Number of New Ordinary Shares
	<b>TOTAL</b>	

**All fields below must be completed by the Existing Ordinary Stockholder taking up any of the New Ordinary Shares.** Please ensure that you indicate your JCSD Account number.

PRIMARY HOLDER	
Full Name of Applicant (Individual or Company)	
TRN	Occupation/ Line of Business
Address Line 1	
Address Line 2	
Nationality or country of Incorporation	
Telephone (Home)	Telephone (Cellular) Fax
Email Address	Broker Code
JCSD Number	Broker Account

Signatures  
(Company) \_\_\_\_\_  
DIRECTOR
DIRECTOR/SECRETARY  
**SEAL OR STAMP REQUIRED**  
**FOR COMPANIES**

Signature  
(Individual) \_\_\_\_\_

JOINT HOLDER(S)	
Full Name (First Joint Holder)	
TRN	Occupation/ Line of Business

Signature  
(Individual) \_\_\_\_\_ Date \_\_\_\_\_



## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to GK Capital Management Limited at 58 Hope Road, Kingston 6 or to any of their offices in Jamaica.
2. Applications for Excess Shares must be for a minimum of 5,000 shares with increments in multiples of 1000 New Ordinary Shares. Applications in other denominations will not be processed or accepted.
3. All applicants must attach their payment for the specified number of New Ordinary Shares they have applied for, in the form of either:
  - a) A Manager's cheque made payable to "GK Capital Management Limited" for an amount less than J\$1,000,000.00, or
  - b) Authorization letter from the Applicant instructing GK Capital Management Limited to make payment from cleared funds held in an account with GK Capital Management Limited in the Applicant's name, or
  - c) Transfer by RTGS/ACH in accordance with the following banking instructions. Please email payment confirmation to [GKCapital@gkco.com](mailto:GKCapital@gkco.com) Subject: Key Insurance Rights Issue, Applicant's Name and TRN, email confirmation should include sending institution (bank/broker), Transaction Date, Amount, Reference No.

### **GK Capital Management Limited**

Beneficiary Bank:	First Global Bank Limited
BIC:	FILBJMKN
Branch:	28-48 Barbados Avenue, Kingston 5
Account Name:	GK Capital Management Limited
Beneficiary Address:	58 Hope Road, Kingston 6
Account Number:	990757139040
Payment Reference:	"Client Name" - Key Insurance Rights Issue

4. If you are applying jointly with another person, you must complete the Joint Holder Information and each joint holder must sign the Application Form in the place indicated.
5. All Applicants must be at least 18 years old and must attach a certified copy of their TRN card or Jamaican Driver's Licence displaying the TRN.
6. Share Certificates will not be issued to the Applicant. Instead, the New Ordinary Shares allotted to an Applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account.
7. All Applicants are deemed to have accepted the terms and conditions set out in the Circular Letter and the Articles of Incorporation of Key Insurance Company Limited generally.

**THIS SECTION FOR USE BY BROKER ONLY**

**DATE APPLICATION RECEIVED:** \_\_\_\_\_ **TIME RECEIVED** \_\_\_\_\_

**PAYMENT METHOD:**     Cheque         RTGS/ACH         Authorization Letter

**PAYMENT AMOUNT:** \_\_\_\_\_

**PAYMENT DATE:** \_\_\_\_\_

**POOL:** \_\_\_\_\_

\_\_\_\_\_  
**Broker Authorised Signatory & Stamp**



## RIGHTS ISSUE – APPLICATION FORM

**PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM**

To: KEY INSURANCE COMPANY LIMITED (“Key Insurance”)

**RENOUNCEE**

**TO BE COMPLETED BY PERSON(S) IN FAVOUR OF WHOM AN EXISTING ORDINARY STOCKHOLDER IS RENOUNCING**

I/We acknowledge the renunciation in my/our favour in respect of \_\_\_\_\_ New Ordinary Shares from (insert name of Primary Existing Ordinary Stockholder) \_\_\_\_\_ at the price of JMD 3.50.

I/We agree to pay the total sum of JMD \_\_\_\_\_, being the total Subscription Price plus the JCSD processing fee of JMD 163.10 (inclusive of GCT) to GK CAPITAL MANAGEMENT LIMITED and I/We attach proof of payment made using the following Approved Payment Method: (check whichever is applicable)

- By Real Time Gross Settlement System (“RTGS System”) or via the Automated Clearing House (“ACH”) to GK Capital Management Limited
- Written instructions to GK Capital Management Limited to make payment on my/our behalf from cleared funds held by them in my /our names in account numbered \_\_\_\_\_, with them
- a banker’s draft drawn on a Jamaican commercial bank and made payable to “GK CAPITAL MANAGEMENT LIMITED” in the sum of JMD \_\_\_\_\_

I/We agree to accept the above or any smaller number of New Ordinary Shares in respect of which this application may be accepted, subject to the terms and conditions in the Circular Letter, which I/we acknowledge that I/we have read, and the Articles of Incorporation of Key Insurance, by which I/We agree to be bound.

I/We request you to issue to me/us the number of New Ordinary Shares, which may be allocated to me/us at the close of the Offer as a result of the above renunciation upon the terms and conditions governing applications, as set forth in the Circular Letter. I/We hereby irrevocably agree to accept the New Ordinary Shares that may be allocated and issued to me/us to be credited to an account in my/our name(s) in the JCSD.

**All fields below must be completed by the Existing Ordinary Stockholder taking up any of the New Ordinary Shares.** Please ensure that you indicate your JCSD Account number.

PRIMARY HOLDER																											
Full Name of Applicant (Individual or Company)																											
TRN												Occupation/ Line of Business															
Address Line 1																											
Address Line 2																											
Nationality or country of Incorporation																											
Telephone (Home)												Telephone (Cellular)								Fax							
Email Address												Broker Code															
JCSD Number												Broker Account															

Signatures  
(Company)

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR/SECRETARY

**SEAL OR STAMP REQUIRED  
FOR COMPANIES**

Signature  
(Individual)

\_\_\_\_\_



**ALL APPLICANTS MUST INPUT THEIR TRN NUMBERS.**

**NOTES ON HOW TO COMPLETE THE APPLICATION FORM**

1. All completed applications must be delivered to GK Capital Management Limited at 58 Hope Road, Kingston 6 or to any of their offices in Jamaica.
2. Applications for Excess Shares must be for a minimum of 5,000 shares with increments in multiples of 1000 New Ordinary Shares. Applications in other denominations will not be processed or accepted.
3. All applicants must attach their payment for the specified number of New Ordinary Shares they have applied for, in the form of either:
  - a) A Manager’s cheque made payable to “GK Capital Management Limited” for an amount less than J\$1,000,000.00, or
  - b) Authorization letter from the Applicant instructing GK Capital Management Limited to make payment from cleared funds held in an account with GK Capital Management Limited in the Applicant’s name, or
  - c) Transfer by RTGS/ACH in accordance with the following banking instructions. Please email payment confirmation to [GKCapital@gkco.com](mailto:GKCapital@gkco.com) Subject: Key Insurance Rights Issue, Applicant’s Name and TRN, email confirmation should include sending institution (bank/broker), Transaction Date, Amount, Reference No.

**GK Capital Management Limited**

Beneficiary Bank:	First Global Bank Limited
BIC:	FILBJMKN
Branch:	28-48 Barbados Avenue, Kingston 5
Account Name:	GK Capital Management Limited
Beneficiary Address:	58 Hope Road, Kingston 6
Account Number:	990757139040
Payment Reference:	“Client Name” - Key Insurance Rights Issue

4. If you are applying jointly with another person, you must complete the Joint Holder Information and each joint holder must sign the Application Form in the place indicated.

5. All Applicants must be at least 18 years old and must attach a certified copy of their TRN card or Jamaican Driver's Licence displaying the TRN.
6. Share Certificates will not be issued to the Applicant. Instead, the New Ordinary Shares allotted to an Applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the applicant does not have a JCSD account, one will be created by your broker and the allotted shares deposited to that account.
7. All Applicants are deemed to have accepted the terms and conditions set out in the Circular Letter and the Articles of Incorporation of Key Insurance Company Limited generally.

**THIS SECTION FOR USE BY BROKER ONLY**

DATE APPLICATION RECEIVED: \_\_\_\_\_ TIME RECEIVED \_\_\_\_\_

PAYMENT METHOD:     Cheque         RTGS/ACH         Authorization Letter

PAYMENT AMOUNT: \_\_\_\_\_

PAYMENT DATE: \_\_\_\_\_

POOL: \_\_\_\_\_

\_\_\_\_\_  
**Broker Authorised Signatory & Stamp**