

JN GENERAL INSURANCE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2025



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## INDEPENDENT AUDITORS' REPORT

To the Members of  
JN GENERAL INSURANCE COMPANY LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of JN General Insurance Company Limited (“the company”), set out on pages 4 to 90 which comprise the statement of financial position as at December 31, 2025, the statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JN GENERAL INSURANCE COMPANY LIMITED

### **Report on the Audit of the Financial Statements (Continued)**

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
JN GENERAL INSURANCE COMPANY LIMITED

**Report on the Audit of the Financial Statements (Continued)**

*Auditors' Responsibilities for the Audit of the Financial Statements (Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a casual, slightly slanted font.

Chartered Accountants  
Kingston, Jamaica

April 21, 2026

JN GENERAL INSURANCE COMPANY LIMITED

Statement of Financial Position  
December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
<b>ASSETS</b>			
Property and equipment	7	123,834	236,236
Investment property	8	354,787	354,540
Deferred tax assets	9	390,611	385,716
Investments	10	2,259,699	4,830,868
Securities purchased under resale agreements	11	-	689,384
Reinsurance contract assets	12	7,753,304	4,650,544
Taxation recoverable		524,449	435,378
Due from related entities	23(c)	-	442,815
Other accounts receivable		133,270	13,789
Accrued investment income		64,019	52,802
Cash and cash equivalents		<u>10,453,128</u>	<u>662,551</u>
<b>Total assets</b>		<u>22,057,101</u>	<u>12,754,623</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Bank overdraft	10(i)	399	1,399
Insurance contract liabilities	12	13,281,475	8,214,133
Accounts payable and accrued charges	13	6,374,904	147,785
Lease liabilities	14(b)	20,272	6,153
Due to related entities	23(c)	18,987	34,582
Retirement benefits obligation	15	<u>-</u>	<u>248,725</u>
<b>Total liabilities</b>		<u>19,696,037</u>	<u>8,652,777</u>
<b>Equity:</b>			
Share capital	16	1,222,900	1,222,900
Capital contribution	15(h)	258,553	-
Capital reserve	17	11,197	11,197
Investment revaluation reserve	18	76,240	67,940
Retained earnings		<u>792,174</u>	<u>2,799,809</u>
<b>Total equity</b>		<u>2,361,064</u>	<u>4,101,846</u>
<b>Total liabilities and equity</b>		<u>22,057,101</u>	<u>12,754,623</u>

The financial statements on pages 4 to 90 were approved for issue by the Board of Directors on April 21, 2026 and signed on its behalf by:



Vikram Dhiman

Chairman



Peter Levy

Managing Director

The accompanying notes form an integral part of the financial statements.

JN GENERAL INSURANCE COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income  
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Insurance revenue	12(a)	7,814,086	7,739,428
Insurance service expenses	12(a)	(7,866,116)	(5,175,008)
Net income/(expenses) from reinsurance contracts	12(a)	<u>115,487</u>	<u>(2,392,626)</u>
<b>Insurance service result</b>		<b><u>63,457</u></b>	<b><u>171,794</u></b>
Interest revenue calculated using the effective interest method	20	383,379	561,979
Other investment revenue	21	<u>8,245</u>	<u>62,045</u>
<b>Investment return</b>		<b><u>391,624</u></b>	<b><u>624,024</u></b>
Net finance expense from insurance contracts	12(a)	( 331,953)	( 227,616)
Net finance income from reinsurance contracts	12(a)	<u>129,937</u>	<u>44,694</u>
		<u>( 202,016)</u>	<u>( 182,922)</u>
<b>Net insurance and investment results</b>		<b>253,065</b>	<b>612,896</b>
Gain on disposal of intangible asset and property and equipment		599,014	321
Other income		42,261	76,283
Other operating expenses	19	( 689,442)	( 416,522)
Foreign exchange (losses)/gains		<u>( 53,364)</u>	<u>19,591</u>
<b>Profit before taxation</b>		<b>151,534</b>	<b>292,569</b>
Taxation	22	<u>87,803</u>	<u>( 74,240)</u>
<b>Profit for the year</b>		<b><u>239,337</u></b>	<b><u>218,329</u></b>
<b>Other comprehensive (loss)/income:</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefits obligation	15(d)	-	( 117,196)
Deferred tax on retirement benefits obligation	9	<u>( 82,908)</u>	<u>39,065</u>
		<u>( 82,908)</u>	<u>( 78,131)</u>
Items that are or may be reclassified to profit or loss:			
Change in fair value of debt instruments measured at fair value through other comprehensive income (FVOCI), net of expected credit loss (ECL)		<u>8,300</u>	<u>13,039</u>
<b>Total other comprehensive loss for the year</b>		<b><u>( 74,608)</u></b>	<b><u>( 65,092)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>164,729</u></b>	<b><u>153,237</u></b>

The accompanying notes form an integral part of the financial statements.

JN GENERAL INSURANCE COMPANY LIMITED

Statement of Changes in Shareholders' Equity  
Year ended December 31, 2025

	<u>Share Capital</u> (note 16) \$'000	<u>Capital Contribution</u> (note 15(h)) \$'000	<u>Capital reserve</u> (note 17) \$'000	<u>Investment revaluation reserve</u> (note 18) \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balances at December 31, 2023	1,222,900	-	11,197	54,901	2,664,471	3,953,469
Profit for the year	-	-	-	-	218,329	218,329
Other comprehensive income:						
Remeasurement of retirement benefits obligation [note 15(d)]	-	-	-	-	( 117,196)	( 117,196)
Deferred tax on retirement benefits obligation (note 9)	-	-	-	-	39,065	39,065
Increase in fair value of FVOCI investment securities, net of impairment and ECL	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,039</u>	<u>-</u>	<u>13,039</u>
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,039</u>	<u>140,198</u>	<u>153,237</u>
Transactions with owners recorded directly in equity:						
Dividends:						
Preference (20%), being total dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 4,860)</u>	<u>( 4,860)</u>
Balances at December 31, 2024	1,222,900	-	11,197	67,940	2,799,809	4,101,846
Profit for the year	-	-	-	-	239,337	239,337
Other comprehensive income:						
Deferred tax on retirement benefits obligation (note 9)	-	-	-	-	( 82,908)	( 82,908)
Increase in fair value of FVOCI investment securities, net of impairment and ECL	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>-</u>	<u>8,300</u>
Total comprehensive profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>156,429</u>	<u>164,729</u>
Transactions with owners recorded directly in equity:						
Capital Contribution [note 15 (h) and (g)]	-	258,553	-	-	-	258,553
Dividends:						
Ordinary , being total dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,164,064)</u>	<u>(2,164,064)</u>
Balances at December 31, 2025	<u>1,222,900</u>	<u>258,553</u>	<u>11,197</u>	<u>76,240</u>	<u>792,174</u>	<u>2,361,064</u>

The accompanying notes form an integral part of the financial statements.

JN GENERAL INSURANCE COMPANY LIMITEDStatement of Cash Flows  
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		239,337	218,329
Adjustments for:			
Amortisation of intangible asset	6	-	746
Depreciation of property and equipment	7	21,544	27,573
Lease interest expense	14(c)	1,126	3,789
Gain on disposal of property and equipment		( 599,014)	( 321)
Post-retirement benefits		9,828	13,264
Interest income	20	( 383,379)	( 561,979)
Dividend income	21	( 6,683)	-
Taxation	22	( 87,803)	74,240
		( 805,044)	( 224,359)
Changes in:			
Reinsurance contract assets		( 3,102,760)	(2,117,623)
Insurance contract liabilities		5,067,342	1,567,786
Other accounts receivable		( 119,481)	4,133
Payables		6,227,119	( 6,984)
Due to related entities		( 15,595)	22,823
Due from related entities		442,815	( 391,467)
		7,694,396	(1,145,691)
Interest received		372,162	649,424
Dividend received		6,683	-
Taxes paid		( 89,071)	( 139,374)
Net cash provided by/(used in) operating activities		<u>7,984,170</u>	<u>( 635,641)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Maturity of securities purchased under resale agreements		689,384	-
Acquisition of property and equipment	7	( 92,465)	( 14,046)
Additions to investment property	8	( 247)	-
Purchase of investments		( 421,007)	( 244,698)
Disposal of investments		3,000,476	1,410,228
Proceeds from sale of property and equipment		-	850
Net cash provided by investing activities		<u>3,176,141</u>	<u>1,152,334</u>
Net cash generated by operating and investing activities c/f		<u>11,160,311</u>	<u>516,693</u>

The accompanying notes form an integral part of the financial statements.

JN GENERAL INSURANCE COMPANY LIMITEDStatement of Cash Flows (Continued)  
Year ended December 31, 2025

	<u>Notes</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Net cash generated by operating and investing activities b/f		<u>11,160,311</u>	<u>516,693</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liabilities	14(d)	( 9,770)	( 10,901)
Ordinary dividends paid	16	( 1,358,964)	-
Preference dividends paid		<u>-</u>	<u>( 4,860)</u>
Net cash used by financing activities		<u>( 1,368,734)</u>	<u>( 15,761)</u>
Net increase in cash and cash equivalents		9,791,577	500,932
Cash and cash equivalents at beginning of year		<u>661,152</u>	<u>160,220</u>
Cash and cash equivalents at end of year		<u>10,452,729</u>	<u>661,152</u>
Comprised of:			
Cash and bank deposits		10,453,128	662,551
Bank overdraft	10(i)	<u>( 399)</u>	<u>( 1,399)</u>
Cash and cash equivalents		<u>10,452,729</u>	<u>661,152</u>

The accompanying notes form an integral part of the financial statements.

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements  
December 31, 20251. The company

JN General Insurance Company Limited (“the company”) is incorporated and domiciled in Jamaica. The registered office is located at 9 King Street, Kingston.

Effective June 6, 2025, the Company became a 63% subsidiary of ICD Group Holdings Limited (“ICDGH”), a company incorporated and domiciled in Jamaica.

Prior to June 6, 2025, the Company was a 99.6% subsidiary of JN Financial Group Limited (“JNFG”), which is wholly owned by The Jamaica National Group Limited (“JN Group”), the ultimate parent company. Both JNFG and JN Group are incorporated and domiciled in Jamaica under the Jamaican Companies Act.

The principal activity of the company is the underwriting of general insurance business.

2. Licence and regulations

The company is registered under the Insurance Act 2001 (“the Act”) and regulated by the Financial Services Commission.

3. Responsibilities of the appointed actuary and external auditors

Xavier Benarosch of Eckler Partners Limited has been appointed actuary by the Board of Directors pursuant to the Act. With respect to the preparation of financial statements, the actuary is required to carry out an actuarial valuation of management’s estimate of the company’s policy liabilities and report thereon to the shareholders. Actuarially determined insurance contract assets or liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force.

The valuation is done in accordance with accepted actuarial practice, as well as any other matter specified in any directive made by regulatory authorities. The actuary’s report outlines the scope of his work and opinion. An actuarial valuation is prepared annually.

The external auditors have been appointed by the shareholders pursuant to the Jamaican Companies Act to conduct an independent and objective audit of the financial statements of the company in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the company’s actuarially determined policy liabilities. The auditors’ report outlines the scope of their audit and their opinion.

4. Statement of compliance and basis of preparation(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and comply with the relevant provisions of the Jamaican Companies Act.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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4. Statement of compliance and basis of preparation

## (a) Statement of compliance (continued):

**New and amended standards that became effective during the year:**

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The company has assessed them and has adopted those which are relevant to the financial statements.

Details of the company's material accounting policies, including changes during the year, are included in note 27.

## (b) Basis of preparation and measurement:

The financial statements are prepared on the historical cost basis, except for the following:

- Financial instruments at fair value through profit or loss (FVTPL) are measured at fair value;
- Financial instruments at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Liability for defined-benefit obligations is recognised as the present value of the defined-benefit obligations;
- Investment property is measured at fair value; and
- Insurance and reinsurance contracts are measured at fulfillment cash flows.

The preparation of the financial statements in conformity with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

## (c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the company, and rounded to the nearest thousand dollars unless otherwise stated.

## (d) Use of estimates, assumptions and judgements:

The preparation of the financial statements to conform with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying material accounting policies that have the most significant effect on amounts recognised in the financial statements are described in note 5.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

5. Critical accounting estimates and judgements in applying accounting policies

Note 24 contains information about the assumptions and uncertainties relating to insurance liability and discloses the risk factors in these contracts. Note 26 contains information about the risks and uncertainties associated with financial instruments.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates, with a significant risk of material adjustment to these financial statements in the next financial year, are presented below:

(a) Key sources of estimation uncertainty:

(i) Post-retirement medical benefits:

The amounts recognised in the statement of financial position and profit or loss and other comprehensive income for post-retirement medical benefits and supplementary pensions, paid to certain pensioners, are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The discount rate is determined based on the estimated yield on long-term government securities that have maturity dates approximating the terms of the company's obligations. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Insurance and reinsurance contracts:

<b>Areas of potential judgement</b>	<b>Applicable to the company</b>
For insurance contracts issued measured under the Premium Allocation Approach (PAA), management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is potentially applicable to the company. The company sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2024 and 2025, the company reviewed gross combined ratios which indicated that contracts are expected to be profitable.  All contracts measured by the company in 2025 and 2024 under the PAA were determined to be non-onerous on initial recognition.
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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5. Critical accounting estimates and judgements in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

In applying IFRS 17 measurement requirements, certain inputs and methods were used that include significant estimates. These include estimates of future cash flows to fulfill insurance contracts, discount rates including any illiquidity premiums, methods used to measure general insurance contracts and risk adjustment for non-financial risk.

Fulfillment cash flows (FCF) within contract boundary

Fulfillment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes.

The company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

- *Estimates of future cash flows*

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The company estimates which cash flows are expected and the probability that they will occur as at the measurement date.

In making these expectations, the company uses information about past events, current conditions and forecasts of future conditions. The company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as the activity-based costing method. The company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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5. Critical accounting estimates and judgements in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

Fulfillment cash flows (FCF) within contract boundary (continued)

- *Estimates of future cash flows (continued)*

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The company projects estimates of future expenses relating to fulfillment of contracts using historical loss development triangles. In addition, under certain methods used to assess claims incurred for the general insurance contracts, estimates of future claim payments are adjusted for inflation.

- *Contract boundaries*

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the company's substantive rights and obligations under the contract. Further information is disclosed in note 27(f).

- *Discount rates*

The bottom-up approach is used to derive the discount rates. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free yield is derived using Government of Jamaica bond rates available in the market denominated in the same currency as the product being measured.

Management uses judgement to assess liquidity characteristics of the liability cash flows. Insurance contracts are considered less liquid than the financial assets used to derive the risk-free yield. For these contracts, the illiquidity premium was estimated based on market observable liquidity premiums in financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.

- *Methods used to measure general insurance contracts*

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Estimates are performed on an accident year basis.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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5. Critical accounting estimates and judgements in applying accounting policies (continued)

(a) Key sources of estimation uncertainty (continued):

(ii) Insurance and reinsurance contracts (continued):

Fulfillment cash flows (FCF) within contract boundary (continued)

- *Methods used to measure general insurance contracts (continued)*

In its claims incurred assessments, the company uses internal data consisting of historical paid claims, case reserves, and allocated claims expenses. This information is used to develop ultimate incurred claims and allocated claim adjustment expense estimates by accident year. The Incurred Development, Paid Development, Bornhuetter-Ferguson and Expected Loss Ratio methods are used to arrive at the estimates of incurred but not reported claims, which are industry standards for this type of claim.

The Incurred Development method projects current reported incurred claims to their ultimate values by accident year based on historical incurred development patterns. The Bornhuetter-Ferguson method gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios. The Expected Loss Ratio method derives the ultimate incurred losses by applying the expected loss ratios to the earned premium. This method gives no weight to the losses reported as at the valuation date.

- *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the company's degree of risk aversion. The company estimates an adjustment for non-financial risk separately from all other estimates. The company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at a line of business level and then allocated down to each group of contracts in accordance with their risk profiles. The confidence level method was used to derive the risk adjustment for non-financial risk.

In the confidence level method, the risk adjustment is determined by bootstrapping the loss distribution of the company's historical claims data. A correlation matrix was used to aggregate the risk adjustments to the entity level.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 75% (2024:75%).

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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5. Critical accounting estimates and judgements in applying accounting policies (continued)

## (a) Key sources of estimation uncertainty (continued):

## (iii) Impairment of financial assets:

## Measurement of expected credit loss

The measurement of expected credit loss (ECL) for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 26(b)(iii), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Establishing the criteria to determine whether there is a significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

In determining amounts recorded for expected credit losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, through default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

## (iv) Measurement of fair value of financial instruments:

The company's accounting policy on fair value measurements is presented in note 27(m).

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market-observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other risk premia used in estimating discount rates.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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5. Critical accounting estimates and judgements in applying accounting policies (continued)

## (a) Key sources of estimation uncertainty (continued):

## (iv) Measurement of fair value of financial instruments (continued):

Considerable judgment is required in interpreting market data to arrive at estimates of fair values for Levels 2 and 3 (note 25). Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

## (v) Residual value and expected useful life of property and equipment and investment property:

The residual value and expected useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

## (vi) Recognition of deferred tax assets:

The recognition of a deferred tax asset requires management to make assumptions concerning future taxable profits against which deductible temporary differences and tax losses carried forward can be used.

## (b) Critical accounting judgements in applying accounting policies:

## (i) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

In classifying financial assets, management makes judgement about whether the criteria are met. For example, the determination of whether a security may be classified as 'loans and receivables' or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

## (ii) Insurance and reinsurance contracts:

A number of significant judgements are made in relation to the following:

- Classification of insurance and reinsurance contracts: assessing whether the contract transfers significant insurance risk;
- Level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently; and
- Measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract.

Detailed information about the judgements made by the company in the above areas is set out in note 27(f).

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 20256. Intangible asset

	<u>Customer Relationships</u> \$'000	<u>Computer Software</u> \$'000	<u>Total</u> \$'000
At cost:			
December 31, 2023, 2024 and 2025	<u>26,101</u>	<u>292,244</u>	<u>318,345</u>
Amortisation:			
December 31, 2023	25,570	292,029	317,599
Charge for the year	<u>531</u>	<u>215</u>	<u>746</u>
December 31, 2024 and 2025	<u>26,101</u>	<u>292,244</u>	<u>318,345</u>
Carrying amounts:			
December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>

7. Property and equipment

	<u>Right of Use</u>			
	<u>Land and Buildings</u> \$'000	<u>Furniture and Fixtures</u> \$'000	<u>Motor vehicles</u> \$'000	<u>Total</u> \$'000
At cost:				
December 31, 2023	410,402	439,581	25,507	875,490
Acquisitions	2,229	11,817	-	14,046
Adjustments	-	(218,684)	-	(218,684)
Disposals	<u>-</u>	<u>-</u>	<u>(10,582)</u>	<u>( 10,582)</u>
December 31, 2024	412,631	232,714	14,925	660,270
Acquisitions	22,763	92,465	-	115,228
Disposals	<u>(355,711)</u>	<u>-</u>	<u>-</u>	<u>(355,711)</u>
December 31, 2025	<u>79,683</u>	<u>325,179</u>	<u>14,925</u>	<u>419,787</u>
Depreciation:				
December 31, 2023	181,381	420,344	23,473	625,198
Charge for the year	17,910	8,158	1,505	27,573
Adjustment	-	(218,684)	-	(218,684)
Elimination on disposals	<u>-</u>	<u>-</u>	<u>(10,053)</u>	<u>( 10,053)</u>
December 31, 2024	199,291	209,818	14,925	424,034
Charge for the year	10,882	10,662	-	21,544
Elimination on disposals	<u>(149,625)</u>	<u>-</u>	<u>-</u>	<u>(149,625)</u>
December 31, 2025	<u>60,548</u>	<u>220,480</u>	<u>14,925</u>	<u>295,953</u>
Carrying amounts:				
December 31, 2025	<u>19,135</u>	<u>104,699</u>	<u>-</u>	<u>123,834</u>
December 31, 2024	<u>213,340</u>	<u>22,896</u>	<u>-</u>	<u>236,236</u>

Included in land and buildings is the cost of land at \$Nil (2024: \$18,466,000). Land and building were sold during the year.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

8. Investment property

Investment property comprises a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of five years. Subsequent renewals are negotiated with the lessee and, historically, the average renewal period is four years.

## (a) Reconciliation of carrying amount

	<u>Total</u> \$'000
Balance at January 1, 2023 and 2024	354,540
Addition	<u>247</u>
Balance at December 31, 2025	<u>354,787</u>

Changes in fair values are recognised as gains in profit or loss and included in “other investment revenue”. All gains are unrealised.

## (b) Amounts recognised in profit or loss

The property rental income earned by the company from some of its investment property which are leased under operating leases amounted to \$19.72 million (2024: \$16.3 million). Direct operating expenses, arising from the investment property that generated rental income during the year, amounted to \$7.90 million (2024: \$10.0 million).

## (c) Measurement of fair values

## Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, CD Alexander Company Realty Limited, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the company’s investment property portfolio every three years and estimated changes in fair value methods in the intervening periods.

The fair value measurement for all of the investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

## Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
<p><i>Income approach:</i> The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream.</p> <p>The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates.</p> <p>The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants’ credit quality and lease terms.</p>	<ul style="list-style-type: none"> <li>Expected market rental growth yields</li> <li>Rental rates</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <p>(a) Expected market rental growth were higher/(lower);</p> <p>(b) The occupancy rates were higher/(lower);</p> <p>(c) Rent-free periods were shorter/(longer); or</p> <p>(d) Yields were lower/(higher)</p>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

9. Deferred tax asset

Deferred tax assets are attributable to the following:

	Net	
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Intangible asset	-	20,705
Property and equipment	( 1,413)	18,674
Accrued investment income	( 21,340)	( 17,601)
Other accounts payable	-	5,534
Investment property	( 14,471)	( 13,095)
Tax losses	409,021	290,132
Foreign exchange losses	12,057	-
Leases, net	6,757	( 1,541)
Retirement benefits obligation	-	<u>82,908</u>
Net deferred tax assets	<u>390,611</u>	<u>385,716</u>

Movement in temporary differences during the year is as follows:

	Recognised			Recognised			
	Jan 1,	Recognised	in other	Dec 31,	Recognised	in other	Dec 31,
	<u>2023</u>	in	comprehensive	<u>2024</u>	in	comprehensive	<u>2025</u>
	\$'000	income	income	\$'000	income	income	\$'000
		\$'000	\$'000		\$'000	\$'000	
		(note 22)			(note 22)		
Intangible asset	24,559	( 3,854)	-	20,705	( 20,705)	-	-
Property and equipment	22,487	( 3,813)	-	18,674	( 20,087)	-	( 1,413)
Accrued investment income	( 24,452)	6,851	-	( 17,601)	( 3,739)	-	( 21,340)
Other accounts payable	5,787	( 253)	-	5,534	( 5,534)	-	-
Investment property	( 11,925)	( 1,170)	-	( 13,095)	( 1,376)	-	( 14,471)
Foreign exchange (loss)/gain	( 441)	441	-	-	12,057	-	12,057
Tax losses	332,630	(42,498)	-	290,132	118,889	-	409,021
Leases, net	511	( 2,052)	-	( 1,541)	8,298	-	6,757
Retirement benefits obligation	<u>39,422</u>	<u>4,421</u>	<u>39,065</u>	<u>82,908</u>	-	(82,908)	-
	<u>388,578</u>	<u>(41,927)</u>	<u>39,065</u>	<u>385,716</u>	<u>87,803</u>	<u>(82,908)</u>	<u>390,611</u>

10. Investments

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Amortised cost:		
Bank of Jamaica certificates of deposit	448,755	2,376,598
United States Treasury securities	<u>47,477</u>	<u>67,632</u>
	<u>496,232</u>	<u>2,444,230</u>
Fair value through other comprehensive income:		
Government of Jamaica securities	<u>1,504,531</u>	<u>2,117,788</u>
Fair value through profit or loss:		
Quoted equities	<u>258,936</u>	<u>268,850</u>
Total	<u>2,259,699</u>	<u>4,830,868</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

10. Investments (continued)

- (i) Investments totalling \$45,000,000 (2024: \$45,000,000) are held to the order of the Financial Services Commission as required by the Insurance Act 2001. The bank overdraft was \$399,000 (2024: \$1,399,000) at the reporting date.
- (ii) Investments, excluding interest receivable and expected credit losses, are due from the reporting date as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
No specific maturity	258,936	268,850
Within 3 months	23,639	1,727,844
3 months to 1 year	700,184	863,382
1 year to 5 years	779,957	1,457,699
Over 5 years	<u>496,983</u>	<u>513,093</u>
	<u>2,259,699</u>	<u>4,830,868</u>

11. Securities purchased under resale agreements

Securities purchased under resale agreements are due from the reporting date, as follows:

<u>Amortised cost</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Within 3 months	-	689,427
Less: Impairment allowance	<u>-</u>	( <u>43</u> )
	<u>-</u>	<u>689,384</u>

The fair value of securities held as collateral for securities purchased under resale agreements as at December 31, 2025 was \$Nil (2024: \$802,672,000). The collateralised resale agreements are shown net of expected credit losses of \$Nil (2024: \$43,000).

12. Insurance and reinsurance contracts

- (a) Movements in insurance and reinsurance contract balances

	<u>2025</u> \$'000	<u>2024</u> \$'000
<b>Insurance contracts</b>		
<u>Insurance contract liabilities</u>		
- Insurance contract balances	13,274,267	8,221,799
- Assets for insurance acquisition cash flows	<u>7,208</u>	( <u>7,666</u> )
	<u>13,281,475</u>	<u>8,214,133</u>
<u>Reinsurance contract assets</u>		
- Reinsurance contract balances	7,752,818	4,650,028
- Pre-recognition cash flows	<u>486</u>	<u>516</u>
	<u>7,753,304</u>	<u>4,650,544</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

12. Insurance and reinsurance contracts

## (a) Movements in insurance and reinsurance contract balances (continued)

The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/settled more than 12 months after the reporting date:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Insurance contract liabilities	13,281,475	8,214,133
Reinsurance contract assets	<u>(7,753,304)</u>	<u>(4,650,544)</u>

At December 31, 2025, the maximum exposure to credit risk from insurance contracts was \$1,343,548,000 (2024: \$1,315,599,000), which primarily relates to premiums receivable for services that the company has already provided, and the maximum exposure to credit risk from reinsurance contracts was \$7,753,304,000 (2024: \$4,612,344).

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss. For each segment, the company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss.

**Insurance contract liabilities**

	<u>2025</u>			<u>Total</u> \$'000
	<u>Liabilities for incurred claims</u>			
	<u>Liabilities for remaining coverage</u> \$'000	<u>Contracts under PAA</u> Estimate of present value of future cashflows \$'000	<u>Risk adjustment for non-financial risk</u> \$'000	
<b>Opening liabilities</b>	<b><u>1,940,746</u></b>	<b><u>5,834,715</u></b>	<b><u>438,672</u></b>	<b><u>8,214,133</u></b>
<b>Changes in the statement of profit or loss :</b>				
Insurance revenue	(7,814,086)	-	-	(7,814,086)
Incurred claims and other directly attributable expenses	-	6,099,027	443,073	6,542,100
Insurance acquisition cash flows amortisation	<u>1,324,016</u>	-	-	<u>1,324,016</u>
<b>Insurance service expenses</b>	<u>1,324,016</u>	<u>6,099,027</u>	<u>443,073</u>	<u>7,866,116</u>
<b>Insurance service result</b>	<b>(6,490,070)</b>	<b>6,099,027</b>	<b>443,073</b>	<b>52,030</b>
Finance expenses from insurance contracts issued recognised in profit or loss	-	<u>331,953</u>	-	<u>331,953</u>
<b>Total changes in the statement of profit or loss</b>	<b>(6,490,070)</b>	<b><u>6,430,980</u></b>	<b><u>443,073</u></b>	<b><u>383,983</u></b>
Insurance acquisition cash flows asset derecognised	(4,454)	-	-	(4,454)
Other pre-recognition cash flows derecognised and other changes	<u>(2,754)</u>	-	-	<u>(2,754)</u>
	<b><u>(7,208)</u></b>	<b>-</b>	<b>-</b>	<b><u>(7,208)</u></b>
<b>Cash flows</b>				
Premiums received	7,815,082	-	-	7,815,082
Claims and other directly attributable expenses paid	-	(2,063,038)	-	(2,063,038)
Insurance acquisition cash flows	<u>(1,061,477)</u>	-	-	<u>(1,061,477)</u>
<b>Total cash flows</b>	<b><u>6,753,605</u></b>	<b><u>(2,063,038)</u></b>	<b>-</b>	<b><u>4,690,567</u></b>
<b>Closing liabilities</b>	<b><u>2,197,073</u></b>	<b><u>10,202,657</u></b>	<b><u>881,745</u></b>	<b><u>13,281,475</u></b>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

12. Insurance and reinsurance contracts (continued)

## (a) Movements in insurance and reinsurance contract balances (continued)

**Insurance contract liabilities (continued)**

	2024			
	Liabilities for incurred claims			
	Contracts under PAA			
	Liabilities for remaining coverage \$'000	Estimate of present value of future cashflows \$'000	Risk adjustment for non-financial risk \$'000	Total \$'000
<b>Opening liabilities</b>	<b><u>1,945,854</u></b>	<b><u>4,421,313</u></b>	<b><u>279,180</u></b>	<b><u>6,646,347</u></b>
<b>Changes in the statement of profit or loss :</b>				
Insurance revenue	(7,739,428)	-	-	(7,739,428)
Incurred claims and other directly attributable expenses	-	3,738,251	159,492	3,897,743
Insurance acquisition cash flows amortisation	<u>1,277,265</u>	-	-	<u>1,277,265</u>
<b>Insurance service expenses</b>	<u>1,277,265</u>	<u>3,738,251</u>	<u>159,492</u>	<u>5,175,008</u>
<b>Insurance service result</b>	<b>(6,462,163)</b>	<b>3,738,251</b>	<b>159,492</b>	<b>(2,564,420)</b>
Finance expenses from insurance contracts issued recognised in profit or loss	-	<u>227,616</u>	-	<u>227,616</u>
<b>Total changes in the statement of profit or loss</b>	<b><u>(6,462,163)</u></b>	<b><u>3,965,867</u></b>	<b><u>159,492</u></b>	<b><u>(2,336,804)</u></b>
Insurance acquisition cash flows asset derecognised	( 4,738)	-	-	( 4,738)
Other pre-recognition cash flows derecognised and other changes	<u>( 2,928)</u>	-	-	<u>( 2,928)</u>
	<b><u>( 7,666)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>( 7,666)</u></b>
<b>Cash flows</b>				
Premiums received	7,849,825	-	-	7,849,825
Claims and other directly attributable expenses paid	-	(2,552,465)	-	(2,552,465)
Insurance acquisition cash flows	<u>(1,385,104)</u>	-	-	<u>(1,385,104)</u>
<b>Total cash flows</b>	<b><u>6,464,721</u></b>	<b><u>(2,552,465)</u></b>	<b><u>-</u></b>	<b><u>3,912,256</u></b>
<b>Closing liabilities</b>	<b><u>1,940,746</u></b>	<b><u>5,834,715</u></b>	<b><u>438,672</u></b>	<b><u>8,214,133</u></b>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

12. Insurance and reinsurance contracts (continued)

## (a) Movements in insurance and reinsurance contract balances (continued)

**Reinsurance assets**

	2025			
	Assets for remaining coverage \$'000	Assets for incurred claims		Total \$'000
Estimates of present value of future cashflows \$'000		Risk adjustment for non financial risk \$'000		
<b>Opening assets as at 1 January</b>	<b><u>1,870,102</u></b>	<b><u>2,561,339</u></b>	<b><u>219,103</u></b>	<b><u>4,650,544</u></b>
<b>Changes in the statement of profit or loss :</b>				
Allocation of reinsurance premiums paid	(5,682,942)	-	-	(5,682,942)
<b>Amounts recoverable from reinsurers:</b>				
Recoveries of incurred claims and insurance service expenses	-	5,360,829	477,551	5,838,380
Other incurred directly attributable expenses	-	( 39,951)	-	( 39,951)
<b>Net expenses from reinsurance contracts</b>	(5,682,942)	5,320,878	477,551	115,487
Finance income from reinsurance contracts held recognised in profit or loss	-	129,937	-	129,937
<b>Total changes in the statement of profit or loss</b>	(5,682,942)	5,450,815	477,551	245,424
Pre-recognition cash flows derecognised and other changes	<b><u>486</u></b>	-	-	<b><u>486</u></b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses	3,880,898	-	-	3,880,898
Expenses paid				
Recoveries from reinsurers	-	(1,024,048)	-	(1,024,048)
<b>Total cash flows</b>	<b><u>3,880,898</u></b>	<b><u>(1,024,048)</u></b>	<b><u>-</u></b>	<b><u>2,856,850</u></b>
<b>Closing assets</b>	<b><u>68,544</u></b>	<b><u>6,988,106</u></b>	<b><u>696,654</u></b>	<b><u>7,753,304</u></b>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

12. Insurance and reinsurance contracts (continued)

## (a) Movements in insurance and reinsurance contract balances (continued)

**Reinsurance assets (continued)**

	2024			Total \$'000
	Assets for remaining coverage \$'000	Assets for incurred claims		
		Estimates of present value of future cashflows \$'000	Risk adjustment for non financial risk \$'000	
<b>Opening assets as at 1 January</b>	<b><u>1,518,766</u></b>	<b><u>942,188</u></b>	<b><u>71,967</u></b>	<b><u>2,532,921</u></b>
<b>Changes in the statement of profit or loss :</b>				
Allocation of reinsurance premiums paid	(5,710,770)	-	-	(5,710,770)
<b>Amounts recoverable from reinsurers:</b>				
Recoveries of incurred claims and other insurance service expenses	-	3,220,116	147,136	3,367,252
Other incurred directly attributable expenses	-	( 49,108)	-	( 49,108)
<b>Net expenses from reinsurance contracts</b>	<b>(5,710,770)</b>	<b>3,171,008</b>	<b>147,136</b>	<b>(2,392,626)</b>
Finance income from reinsurance contracts held recognised in profit or loss	-	44,694	-	44,694
<b>Total changes in the statement of profit or loss</b>	<b>(5,710,770)</b>	<b>3,215,702</b>	<b>147,136</b>	<b>(2,347,932)</b>
Pre-recognition cash flows derecognised and other changes	<u>516</u>	-	-	<u>516</u>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses	6,061,590	-	-	6,061,590
Expenses paid				
Recoveries from reinsurers	-	(1,596,551)	-	(1,596,551)
<b>Total cash flows</b>	<b><u>6,061,590</u></b>	<b><u>(1,596,551)</u></b>	<b><u>-</u></b>	<b><u>4,465,039</u></b>
<b>Closing assets</b>	<b><u>1,870,102</u></b>	<b><u>2,561,339</u></b>	<b><u>219,103</u></b>	<b><u>4,650,544</u></b>

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202512. Insurance and reinsurance contracts (continued)

## (b) Assets for insurance acquisition cash flows

	<u>2025</u> \$'000	<u>2024</u> \$'000
<b>Balance at January 1</b>	7,666	44,871
Amounts derecognised and included in the measurement of insurance contracts	7,208	7,666
Impairment losses and reversals	<u>(7,666)</u>	<u>(44,871)</u>
<b>Balance at December 31</b>	<u>7,208</u>	<u>7,666</u>

Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Presented in insurance contract liabilities	<u>7208</u>	<u>7,666</u>

The following table sets out when the company expects to derecognise assets for insurance acquisition cash flows after the reporting date:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Less than one year	<u>7,208</u>	<u>7,666</u>

## (c) Effects of contracts initially recognised during the year

*Insurance contracts (gross)*

	<u>2025</u> \$'000	<u>2024</u> \$'000
	Profitable contracts <u>acquired</u>	Profitable contracts <u>acquired</u>
Estimates of present value of cash outflows - claims and other insurance service expenses payable	10,202,657	5,780,308
Estimates of present value of cash inflows	<u>881,745</u>	<u>438,673</u>
Gross claims liability	<u>11,084,402</u>	<u>6,218,981</u>

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202512. Insurance and reinsurance contracts (continued)

## (c) Effects of contracts initially recognised during the year (continued)

*Insurance contracts (net)*

	<u>2025</u> \$'000	<u>2024</u> \$'000
	Profitable contracts <u>acquired</u>	Profitable contracts <u>acquired</u>
Estimates of present value of cash outflows - claims and other insurance service expenses payable	3,214,551	3,286,579
Estimates of present value of cash inflows	<u>185,091</u>	<u>219,570</u>
Net claims liability	<u>3,399,642</u>	<u>3,506,149</u>

13. Accounts payable and accrued charges

	<u>2025</u> \$'000	<u>2024</u> \$'000
Accruals	196,904	98,062
Cash call payable (i)	6,131,247	-
General consumption tax and withholding tax payable	46,753	46,776
Statutory payroll liabilities	<u>-</u>	<u>2,947</u>
	<u>6,374,904</u>	<u>147,785</u>

(i) Cash call payable represents the excess of funding received from reinsurers to settle the claims from Hurricane Mellisa.

These balances are expected to be settled within 12 months.

14. Leases

The company leases properties for its branches. The lease terms typically run for a period of two (2) to three (3) years. Some of these include an option to renew after the lease period has ended. Lease payments are renegotiated after the end of the contract period to reflect market rentals.

Information about leases for which the company is a lessee is presented below:

## (a) Right-of-use assets:

	<u>Land and buildings</u>	
	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at January 1	3,776	10,774
Additions	22,763	-
Depreciation charge for year	<u>( 7,404)</u>	<u>( 6,998)</u>
Balance at December 31	<u>19,135</u>	<u>3,776</u>

The company presents right-of-use assets in land and buildings in accordance with its accounting policy [note 27(o)].

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202514. Leases (continued)

## (b) Lease liabilities:

Maturity analysis – contractual undiscounted cash flows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Less than 1 year	7,427	5,651
Over 1 to 5 years	<u>16,255</u>	<u>2,640</u>
Total undiscounted lease liabilities at December 31	23,682	8,291
Less future interest charges	( 3,410)	( 2,138)
Lease liability included in the statement of financial position at December 31	<u>20,272</u>	<u>6,153</u>

Lease liabilities included in the statement of financial position:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Current	6,366	5,584
Non-current	<u>13,906</u>	<u>569</u>
	<u>20,272</u>	<u>6,153</u>

Included in the above are leases with related parties amounting to \$Nil (2024: \$1,655,000).

## (c) Amounts recognised in profit or loss:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Interest on lease liabilities	<u>1,126</u>	<u>3,789</u>

## (d) Amounts recognised in the statement of cash flows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Total cash outflow for leases	<u>9,770</u>	<u>10,901</u>

## (e) Extension options

The lease value determined above includes a lease with an option to renew. This option is exercisable by the company up to three months before the end of the non-cancellable contract period. The company assesses at the lease commencement date, whether it is reasonably certain to exercise the extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

15. Retirement benefits obligation

The amounts recognised in the statement of financial position are as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Post-retirement health benefits obligation	-	246,143
Supplementary pension benefit [note 15(g)]	<u>-</u>	<u>2,582</u>
	<u>-</u>	<u>248,725</u>
Post-retirement health benefits obligation:		
(a) Liability recognised in the statement of financial position:		
	<u>2025</u> \$'000	<u>2024</u> \$'000
Present value of unfunded obligations	<u>-</u>	<u>246,143</u>
(b) Movements in the net liability recognised in the statement of financial position:		
	<u>2025</u> \$'000	<u>2024</u> \$'000
Balance at January 1	246,143	115,847
Contributions paid	( 1,463)	( 3,470)
Expense recognised in profit or loss	10,701	16,570
Transfer of obligation to JN Financial Group Limited [15(h)]	(255,381)	-
Re-measurement loss/(gain) on obligation	<u>-</u>	<u>117,196</u>
Balance at December 31	<u>-</u>	<u>246,143</u>
(c) Expenses recognised in profit or loss:		
	<u>2025</u> \$'000	<u>2024</u> \$'000
Current service costs	10,701	4,013
Interest on obligation	<u>-</u>	<u>12,557</u>
	<u>10,701</u>	<u>16,570</u>
(d) Included in other comprehensive income:		
	<u>2025</u> \$'000	<u>2024</u> \$'000
Re-measurement loss on obligation arising from:		
Changes in financial assumptions	-	46,462
Change in demographic assumptions	-	95,820
Experience adjustments	<u>-</u>	<u>( 25,086)</u>
	<u>-</u>	<u>117,196</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

15. Retirement benefits obligation (continued)

Post-retirement health benefits obligation (continued):

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2025</u> %	<u>2024</u> %
Discount rate	-	8.5
Future increases in medical premium	<u>-</u>	<u>7.5</u>

Assumptions regarding future mortality are based on published statistics and mortality tables.

(f) Sensitivity of projected benefit obligation to changes in assumed rates:

There was no exposure to sensitivity at December 31, 2025 since the obligation was transferred to JN Financial Group Limited in May 31, 2025.

(g) Supplementary pension benefit:

During the period to May 2025 the company provided supplementary pension for 2 (2024: 2). The defined benefit obligation in respect of these pensioners was \$Nil at December 31, 2025 (2024: \$2,582,000). These obligations as at May 31, 2025 of \$3,172,000 were assumed by JN Financial Group Limited (See 15 (h)).

(h) Derecognition of post-retirement benefit

Effective June 6, 2025, the company was sold, and JN Financial Group Limited assumed responsibility for providing post-retirement medical benefits to existing pensioners and to all employees who elected early retirement at the date of sale.

This arrangement was formalised through a Deed Poll executed on June 6, 2025, whereby JN Financial Group Limited covenanted in favour of JN General Insurance Company Limited (“JNGI”) to assume JNGI’s obligations to eligible beneficiaries (the “Covered Persons”) in respect of post-retirement health benefits.

As a result of this transfer of obligation, the previously recognised liability for post-retirement medical benefits obligation in the company’s statement of financial position was derecognized and recognized as a capital contribution.

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202516. Share capital

	<u>2025</u> \$'000	<u>2024</u> \$'000
Authorised:		
275,000,000 (2024: 275,000,000) ordinary shares of no (par value)		
25,000,000 (2024: 25,000,000) - 20% cumulative preference shares of no (par value)		
Issued and fully paid:		
68,665,122 (2024: 68,665,122) ordinary shares in issue at January 1	1,198,600	1,198,600
24,300,000 (2024: 24,300,000) - 20% cumulative preference shares	<u>24,300</u>	<u>24,300</u>
	<u>1,222,900</u>	<u>1,222,900</u>

The preference and ordinary shares carry voting rights of one vote for each share held. During the year the company authorized and paid \$2.164 billion in ordinary dividends to the former shareholders JN Financial Group Limited. Of this amount, \$805,000,000 represented non-cash dividends.

On June 4, 2025, as a result of the sale of the company, shares held by JN Financial Group Limited were acquired by British Caribbean Insurance Company Limited and ICD Group Limited in the proportion of 37% and 63 % respectively.

17. Capital reserve

	<u>2025</u> \$'000	<u>2024</u> \$'000
Realised:		
Gains on disposal of investments and property and equipment	5,749	5,749
Capital dividends received	<u>5,448</u>	<u>5,448</u>
	<u>11,197</u>	<u>11,197</u>

18. Investment revaluation reserve

	<u>2025</u> \$'000	<u>2024</u> \$'000
Unrealised fair value movement, net of taxes and expected credit loss reserve [see (i)]	<u>76,240</u>	<u>67,940</u>

- (i) This comprises the cumulative net change in the fair value of instruments classified as fair value through other comprehensive income, net of deferred taxes and expected credit loss, until the assets are derecognized.

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202519. Other operating expenses

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Administration	845,215	831,056
Employee costs [see (i)]	741,646	674,144
Directors' emoluments		
- non-executive	3,959	8,875
- executive	-	24,806
Advertising and promotions	2,747	14,311
Audit fees		
- current year	34,733	39,146
- prior year	-	14,435
Bad debts	( 17,797)	80,621
Depreciation and amortisation	21,544	27,573
Legal and other professional fees	<u>107,651</u>	<u>72,790</u>
	1,739,698	1,787,757
Amounts attributed to insurance acquisition cash flows incurred during the year	(1,719,178)	(2,150,892)
Amortisation of insurance acquisition cash flows	<u>668,922</u>	<u>779,657</u>
Total other operating expenses	<u>689,442</u>	<u>416,522</u>
	<u>2025</u>	<u>2024</u>
	\$'000	\$'000

(i) Employee costs

Salaries and wages	231,562	509,594
Incentive awards	-	16,515
Group life, health and pension (note 28)	17,120	25,673
Redundancy cost*	460,952	-
Other employee costs +	<u>32,012</u>	<u>122,362</u>
	<u>741,646</u>	<u>674,144</u>

\*As a result of the sale of the business by JN Financial Group Limited the employees were made redundant and all obligations by the Company to these employees ceased.

+ Other includes costs relating to medical expense, uniform, staff welfare and canteen

20. Interest revenue calculated using the effective interest method

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Interest income calculated using the effective interest method		
- Investments measured at FVOCI	207,465	318,835
- Investments measured at amortised cost	<u>175,914</u>	<u>243,144</u>
	<u>383,379</u>	<u>561,979</u>

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202521. Other investment revenue

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Rental income from investment property, net	11,828	6,295
Net gains on disposal of:		
Investments measured at FVTPL	-	3,918
Fair value movement on equities	(10,266)	44,698
Dividend income on equity investments	<u>6,683</u>	<u>7,134</u>
	<u>8,245</u>	<u>62,045</u>

22. Taxation

- (a) The (credit)/charge for taxation is income tax computed at 33 $\frac{1}{3}$  % of profit for the year as adjusted for tax purposes, and comprises the following:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
(i) Current income tax	<u>-</u>	<u>32,313</u>
(ii) Deferred income tax (note 9):		
Tax benefit of unused tax losses	(118,889)	42,498
Origination and reversal of temporary differences	<u>31,086</u>	<u>( 571)</u>
Total (note 9)	<u>( 87,803)</u>	<u>41,927</u>
	<u>( 87,803)</u>	<u>74,240</u>

- (b) Reconciliation of actual tax (credit)/expense:

The effective tax rate was 57.9% (2024: 25.4%) compared to a statutory tax rate of 33 1/3%. The actual credit differed from the "expected" tax credit for the year as follows:

	<u>2025</u>	<u>2024</u>
	\$'000	\$'000
Profit before taxation	<u>151,534</u>	<u>292,569</u>
Computed "expected" tax credit at 33 $\frac{1}{3}$ %	50,511	97,523
Tax effect of difference between profit for financial statement and tax reporting purposes on:		
Items not allowed for tax purposes	61,337	( 23,283)
Capital gains	<u>(199,651)</u>	<u>-</u>
Actual tax (credit)/charge	<u>( 87,803)</u>	<u>74,240</u>

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202522. Taxation (continued)

- (c) As at December 31, 2025, subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses available for offset against future taxable profits was \$1,227,064,000 (2024: \$870,397,000). Effective January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the taxable profits for the year.

23. Related entities

- (a) Definition of related party:

A related party is a person or entity that is related to the company.

A. A person or a close member of that person's family is related to the company if that person:

- i. has control or joint control over the company;
- ii. has significant influence over the company; or
- iii. is a member of the key management personnel of the company or of a parent of the company.

B. An entity is related to the company, if any of the following conditions applies:

- i. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
- vi. The entity is controlled, or jointly controlled by a person identified in (A).
- vii. A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the company (or to the parent of the company).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

23. Related entities (continued)

## (b) Identity of related parties

The company has a related party relationship with its ultimate parent, parent, fellow subsidiaries, directors, companies controlled by directors, associated companies of the group, key management personnel and JN Foundation.

## (c) The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
(i) Due to BCIC Limited	( <u>18,987</u> )	<u>-</u>
(ii) JN Bank Limited:		
Cash and cash equivalents	-	612,745
Premium receivable	-	36,030
Due from fellow subsidiary	<u>-</u>	<u>16,624</u>
(iii) The Jamaica Automobile Association (Services) Limited:		
Due to related entity	<u>-</u>	( <u>18,184</u> )
(iv) The JN Financial Group Limited:		
Due from parent	<u>-</u>	<u>374,186</u>
(v) The Jamaica National Group Limited:		
Due from ultimate parent	<u>-</u>	<u>52,005</u>
(vi) MCS Limited:		
Due to related entity	<u>-</u>	( <u>3,314</u> )
(vii) JN Money Services Limited:		
Due to fellow subsidiary	<u>-</u>	( <u>4</u> )
(viii) JN Life Insurance Company Limited:		
Due to fellow subsidiary	<u>-</u>	( <u>6,126</u> )
(ix) JN Fund Managers Limited		
Due to fellow subsidiary	<u>-</u>	( <u>3,802</u> )
(x) Total Credit Services Limited:		
Due to related entity	<u>-</u>	( <u>3,152</u> )

Related party receivables are determined to have low credit risk. They are short-term in nature, interest free and due on demand. The expected credit loss on these balances is immaterial.

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202523. Related entities (continued)

- (c) The statement of financial position includes balances, arising in the ordinary course of business, with related parties, as follows (continued):

On May 17, 2024, the company advanced a related party loan of J\$350 million to its then parent, JN Financial Group Limited. The loan carried a fixed annual interest rate of 12.25%, with a tenor of 11 months. The loan was secured by a First Demand All Monies Debenture stamped to cover J\$350 million over JN Financial Group's fixed and floating assets. The loan was settled during the year.

Management has assessed the transaction and confirms that it was conducted at arm's length and in the ordinary course of business.

- (d) The statement of profit or loss includes the following income earned from, and expenses incurred in, transactions with related entities, arising in the ordinary course of business: Related transactions will also include transactions with JN Financial Group Limited up to the date of the sale (see note 1)

		<u>2025</u>	<u>2024</u>
		\$'000	\$'000
Income:			
Management fee	- related entity	600	600
Rental income	- related entity	4,533	10,880
Interest income	- fellow subsidiary	4,925	3,258
	- parent company	-	26,709
Insurance revenue	- fellow subsidiaries	161,199	155,659
	- The JN Group Pension Fund	8,404	7,945
	- parent company	2,341	2,243
	- ultimate parent company	23,225	22,122
Expenses:			
IT services	- ultimate parent company	219,775	236,935
Life insurance premium	- fellow subsidiary	3,652	8,580
Management fees	- parent company	18,610	29,491
	- fellow subsidiary	-	651
	- ultimate parent company	334,721	252,534
	- BCIC Limited	289,807	-
Investment management fees	- fellow subsidiary	2,083	5,000
Rental expense	- fellow subsidiary	-	9,174
Client assistance and fleet management services	- related entity	-	42,481
Repairs and maintenance	- related entities	<u>-</u>	<u>2,666</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

23. Related entities (continued)

- (e) Compensation paid to key management personnel (director and senior executives) is as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Directors' emoluments	3,959	24,806
Other key management compensation:		
Salaries, included in employee costs (note 19)	<u>54,75145,321</u>	
	<u>58,71070,127</u>	

Key management personnel are parties to insurance contracts issued by the company. The amounts of these transactions at the reporting date were as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Insurance revenue	<u>-</u>	<u>5,934</u>

24. Insurance risk management

- (a) Key risks arising from contracts issued

The primary insurance activity carried out by the company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The nature and extent of the underwriting and financial risks arising from the insurance contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities.

The principal types of contracts written by the company are:

- Property insurance
- Liability insurance
- Motor insurance

For property insurance contracts, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk.

For liability and motor insurance contracts, these contracts are subject to legislative and regulatory changes. Although this portfolio does not contain a large number of individually significant claims, a high frequency of claims can be a risk.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

## (b) Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- *Insurance risk*: the risk transferred from the policyholder to the company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- *Policyholder behaviour risk*: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums earlier or later than expected.
- *Expense risk*: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

## (i) Management of underwriting risk

The company's management of insurance and financial risk is a critical aspect of the business. The company manages insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The company actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and analyses.

The company seeks to underwrite a balanced portfolio of risks at rates and on terms that will produce an underwriting result consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy, which is set out in an annual business plan, and management is responsible for the attainment of the established objectives.

*Property insurance contracts:*

The risks relating to property contracts are managed primarily through the pricing process. The company re-prices each contract to reflect the continually evolving risk profile. The company uses strict underwriting criteria to ensure that the risk of losses is acceptable.

*Liability insurance contracts:*

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The company monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

## (b) Underwriting risk (continued)

## (i) Management of underwriting risk (continued)

*Motor insurance contracts:*

The risks relating to motor contracts are managed primarily through the pricing process. The company monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

## (ii) Reinsurance strategy:

The company reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance results in credit risk. The company manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations and which have favourable credit ratings as determined by a reputable rating agency. The company monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum-security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria and for monitoring its adequacy on an ongoing basis. Credit risk on reinsurance is presented in more detail in note 26(b)(i).

## (c) Concentration of insurance risks

A key aspect of the insurance risk faced by the company is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentration may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk to which the company is exposed is natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the company because the occurrence of an event could have a significantly adverse effect on its cash flows.

The company's key methods in managing these risks are twofold:

- (a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the company's underwriting policy [note 24(b)(i)].
- (b) Secondly, the risk is managed through the use of reinsurance [note 24(b)(ii)]. The company arranges proportional reinsurance at the risk level and purchases excess of loss cover for motor, liability and property business. The company assesses the costs and benefits associated with the reinsurance programme on a regular basis.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

## (c) Concentration of insurance risks (continued)

The company's key methods in managing these risks are twofold (continued):

- (c) The carrying amounts of the company's insurance contracts (net of reinsurance) are analysed below by type of product.

	<u>2025</u> \$'000	<u>2024</u> \$'000
Property	2,413,118	707,807
Liability	1,147,144	1,170,415
Motor	2,206,908	1,955,020
Other	( 238,999)	( 269,653)
	<u>5,528,171</u>	<u>3,563,589</u>

## (d) Sensitivity analysis

The table below analyses how the profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	<u>2025</u>		<u>2024</u>	
	Profit or loss		Equity	
	<u>Gross</u> \$'000	<u>Net</u> \$'000	<u>Gross</u> \$'000	<u>Net</u> \$'000
Ultimate claims (10% increase)	(191,438)	(137,544)	(208,646)	(154,127)
Ultimate claims (10% decrease)	<u>181,401</u>	<u>132,193</u>	<u>199,955</u>	<u>148,648</u>

## (e) Claims development

Claims development information (gross and net) is disclosed in order to illustrate the insurance risk inherent in the company. The top part of the tables show how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the tables provide a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

(e) Claims development (continued)

**Analysis of gross claims development:**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of cumulative claims at end of financial year	1,527,302	1,477,095	1,083,864	1,158,331	1,266,002	1,365,308	1,941,384	2,380,521	3,487,979	2,856,502	-
One year later	1,492,552	1,528,662	1,097,576	1,318,658	1,364,077	1,616,865	2,015,629	2,411,045	3,225,992	-	-
Two years later	1,527,385	1,604,075	1,220,361	1,455,861	1,422,399	1,712,495	2,107,318	2,275,139	-	-	-
Three years later	1,452,840	1,714,194	1,323,477	1,555,509	1,437,376	1,814,211	2,041,283	-	-	-	-
Four years later	1,635,606	1,786,501	1,381,017	1,677,942	1,478,490	1,822,067	-	-	-	-	-
Five years later	1,685,502	1,835,608	1,468,641	1,633,575	1,467,125	-	-	-	-	-	-
Six years later	1,722,933	1,888,546	1,478,554	1,618,801	-	-	-	-	-	-	-
Seven years later	1,761,470	1,898,557	1,458,230	-	-	-	-	-	-	-	-
Eight years later	1,789,669	1,913,145	-	-	-	-	-	-	-	-	-
Nine years later	1,788,412	-	-	-	-	-	-	-	-	-	-
Estimate of cumulative claims	1,788,411	1,913,145	1,458,230	1,618,803	1,467,125	1,822,067	2,041,283	2,275,139	3,225,992	2,856,502	20,466,697
Cumulative payments to date	1,687,918	1,776,738	1,295,080	1,416,542	1,208,806	1,357,859	1,434,785	1,376,986	1,652,844	639,823	13,847,381
Net outstanding claims liability	<u>100,493</u>	<u>136,407</u>	<u>163,150</u>	<u>202,261</u>	<u>258,319</u>	<u>464,208</u>	<u>606,498</u>	<u>898,153</u>	<u>1,573,148</u>	<u>2,216,679</u>	<u>6,619,316</u>
Prior years' claims liability	-	-	-	-	-	-	-	-	-	-	4,382,604
Provision for unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	526,282
Discounting impact	-	-	-	-	-	-	-	-	-	-	( 1,325,545)
Risk adjustment	-	-	-	-	-	-	-	-	-	-	881,745
<b>Gross outstanding claims liability</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,084,402</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

(e) Claims development (continued)

**Analysis of net claims development:**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Net of reinsurance</b>											
One year later	1,168,836	1,113,423	1,022,795	1,069,797	1,188,693	1,263,976	1,825,246	1,267,557	597,820	488,859	-
Two years later	1,142,456	1,145,958	1,054,169	1,188,508	1,271,159	1,505,149	1,938,694	1,194,046	512,185	-	-
Three years later	1,177,974	1,220,699	1,171,655	1,311,370	1,320,433	1,602,566	2,032,642	1,161,304	-	-	-
Four years later	1,215,308	1,321,562	1,245,417	1,417,676	1,340,433	1,675,751	1,969,163	-	-	-	-
Five years later	1,264,737	1,377,164	1,309,656	1,522,464	1,340,900	1,666,656	-	-	-	-	-
Six years later	1,309,247	1,436,767	1,384,205	1,483,449	1,380,047	-	-	-	-	-	-
Seven years later	1,359,409	1,441,668	1,394,532	1,469,925	1,362,751	-	-	-	-	-	-
Eight years later	1,405,885	1,474,331	1,371,015	-	-	-	-	-	-	-	-
Nine years later	1,430,222	1,494,689	-	-	-	-	-	-	-	-	-
	<u>1,434,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Estimate of cumulative claims	1,434,131	1,494,689	1,371,015	1,469,925	1,362,751	1,666,657	1,969,164	1,161,304	512,185	488,858	12,930,679
Cumulative payments to date	<u>1,334,641</u>	<u>1,359,362</u>	<u>1,229,884</u>	<u>1,272,077</u>	<u>1,115,071</u>	<u>1,253,125</u>	<u>1,369,596</u>	<u>685,865</u>	<u>222,901</u>	<u>110,541</u>	<u>9,953,063</u>
Gross outstanding claims liability	99,490	135,327	141,131	197,848	247,680	413,532	599,568	475,439	289,284	378,317	2,977,616
Prior years' claims liability	-	-	-	-	-	-	-	-	-	-	343,366
Provision for unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	527,285
Discounting	-	-	-	-	-	-	-	-	-	-	( 633,717)
Risk adjustment	-	-	-	-	-	-	-	-	-	-	<u>185,092</u>
<b>Gross outstanding claims liability</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>3,399,642</b></u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)Terms and conditions of general insurance contracts:

All general insurance contracts are issued for one year or less. The table below provides an overview of the terms and conditions of general insurance contracts written by the company and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

<u>Type of contract</u>	<u>Terms and conditions</u>	<u>Key factors affecting future cash flows</u>
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	<p>The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions.</p> <p>The majority of bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.</p>
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against loss or damage to their own material property and business interruption arising from this damage.	<p>The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property.</p> <p>The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay.</p> <p>Property business is therefore classified as “short-tailed” and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.</p>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

24. Insurance risk management (continued)

Terms and conditions of general insurance contracts (continued):

<u>Type of contract</u>	<u>Terms and conditions</u>	<u>Key factors affecting future cash flows</u>
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and bodily injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third-party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the deteriorating condition of the road network, failure of some motorists to obey traffic signals and the road code and an overall increase in the incidence of motor vehicle accidents. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.  The bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.

## Discount rates

The settlement of the company's current outstanding claims is expected to occur within the period for which observable market information is available to determine the IFRS 17 discount rates.

The yield curves (spot rates) that were used to discount the estimates of future cash flows are as follows:

Product	2025					2024				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
General insurance (issued and reinsurance held)	5.02%	6.55%	7.00%	7.77%	8.19%	5.36%	7.12%	8.28%	9.61%	9.78%

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

25. Fair values of financial instruments

## (a) Determination of fair value and fair value hierarchy:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs into those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level in the hierarchy requires the use of observable market data when available.

The methods and assumptions below were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Financial instrumentsMethod and assumptions

Government of Jamaica securities and J\$ corporate bonds.

Determined at the reporting date using prices published by a broker. Where prices are not available, fair value is assumed to approximate amortised cost.

Government of Jamaica US\$ Global bonds and US\$ corporate bonds.

Prices of bonds at reporting date as quoted by broker/dealer, where available.

Cash and cash equivalents, short-term investment, insurance and other receivables, insurance and other payables, reinsurance contract assets and insurance contract liabilities.

Considered to approximate their carrying values due to their short-term nature.

Quoted equities

Bid prices published by the Jamaica Stock Exchange.

Unitised funds

Unit prices provided by the fund manager.



JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management

## (a) Overview

The company has exposure to the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and its management of capital.

Certain risk management activities are arranged and directed on a group-wide basis (note 1) and overseen or performed at that level. References in this note to 'Group' activities or entities - such as 'Group Audit Committee' or 'Group Risk and Compliance Unit' - should be understood accordingly.

The Board of Directors has overall responsibility for the establishment and oversight of the company's financial risk management framework. The Board and management have established the Audit Committee, Investment and Loans Committee and the Risk and Compliance Unit, which are responsible for developing and monitoring risk management policies in their specific areas. These committees and unit have both executive and non-executive members and report to the Board of Directors on their activities.

The company's risk management policies are established to identify, assess and measure the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The focus of financial risk management for the company is to ensure that the proceeds from its financial assets are sufficient to fund the obligations arising from its financial liabilities. The goal of the investment management process is to, within the policy guidelines, optimise the net risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The Audit Committee is responsible for monitoring compliance with the company's risk management policies and procedures. The Audit Committee is assisted by the Group Internal Audit Department which undertakes cyclical reviews of risk management controls and procedures, the results of which are reported to the head of the Risk and Compliance Unit, the Audit Committee and the Board of Directors.

The company manages financial risk by matching the timing of cash flows from assets and liabilities. The company actively manages its investments using an approach that balances quality, diversification, liquidity and return. The portfolio is reviewed on a periodic basis, as are investment guidelines and limits, with the objective of ensuring that the company can meet its obligations without undue cost and in accordance with its internal and regulatory capital requirements.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations. With the exception of Government of Jamaica securities, there is no significant concentration of credit risk related to liquid funds and debt securities. The company's key areas of exposure to credit risk include:

- (i) Cash and cash equivalents
- (ii) Investment securities and resale agreements
- (iii) Amounts due from related parties
- (iv) Reinsurance contract assets

## Cash and cash equivalents:

Cash and cash equivalents are managed in line with the company's policy. Excess funds are invested (for short periods of time), based on the company's cash flow requirements. These are held with reputable, licensed and regulated financial institutions and collateral is not required for such accounts as management regards these institutions as strong.

## Investment securities and resale agreements:

These debt securities are mainly government-issued debt for which risk of default is considered low by regulators. The company observes the concentration limits as prescribed by the Insurance Regulations. The company is in compliance with Insurance Regulations, 2001 and the subsequent Amendments thereto, and the company's Investment and Loan Policy.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amounts of financial assets shown on the statement of financial position.

The nature of the company's exposures to credit risk and its objectives, policies and processes for measuring and managing credit risk have not changed significantly from the prior period.

## Due from related entities:

There is no significant concentration of credit risk in respect of related party balances, which are held with related parties that management regards as being sound and reputable.

## Reinsurance contract assets

Reinsurance is ceded to a panel of reinsurers with investment grade credit ratings assigned by recognized rating agencies. These reinsurers participate at varying ratios across treaties, reflecting the company's strategy to diversify reinsurance risk.

*Management of credit risk*

The company manages its credit risk in respect of debt securities by investing mainly in government issued debts, debts secured by government issued securities, and debt securities issued by financial institutions that management regards as reputable and sound. These entities are regularly reviewed and risk-rated by the Group Risk and Compliance Unit.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

*Management of credit risk (continued)*

Its exposure to individual policyholders and groups of policyholders is monitored as part of its credit control process.

All intermediaries must meet minimum requirements that are established and enforced by the company's management. The credit ratings and payment histories of intermediaries are monitored on a regular basis.

The company also operates a policy to manage its reinsurance counterparty exposures and assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations.

All related party transactions are pre-authorised and approved by the Conduct Review Committee and by the Board during the budgeting process and subsequently by management in the ordinary course of business.

## (i) Credit quality analysis and maximum exposure to credit risk:

The following table sets out information about the credit quality of reinsurance contract assets measured at FVTPL.

	<u>AA</u> \$'000	<u>A</u> \$'000	<u>B</u> \$'000	<u>Not rated</u> \$'000	<u>Total</u> \$'000
<b>December 31, 2025</b>					
Reinsurance					
contract assets	<u>3,618,209</u>	<u>3,300,324</u>	<u>-</u>	<u>834,771</u>	<u>7,753,304</u>
<b>December 31, 2024</b>					
Reinsurance					
contract assets	<u>2,170,254</u>	<u>1,979,582</u>	<u>-</u>	<u>500,708</u>	<u>4,650,544</u>

The company does not hold any collateral as security or any credit enhancements, credit derivatives and netting arrangements that do not qualify for offset.

The following table sets out information about the maximum exposure and credit quality of financial assets measured at amortised cost and FVOCI debt instruments. Unless specifically indicated, the amounts in the table represent gross carrying amounts:

**Debt instruments at FVOCI:**

	<u>2025</u> Stage 1 12-month ECL \$'000	<u>2024</u> Stage 1 12-month ECL \$'000
<b>Credit grade</b>		
Non-investment grade	1,504,531	2,117,788
Less: Impairment allowance [see note 26(b)(iii)(v)]	( 6,059)	( 3,510)
	<u>1,498,472</u>	<u>2,114,278</u>

Over 92% (2024: 94%) of non-investment grade securities are GOJ and Bank of Jamaica (BOJ) Securities.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (i) Credit quality analysis and maximum exposure to credit risk (continued):

**Resale agreements and debt instruments:**

	<u>2025</u> Stage 1 12-month <u>ECL</u> \$'000	<u>2024</u> Stage 1 12-month <u>ECL</u> \$'000
<b>Credit grade</b>		
Non-investment grade	-	689,427
Less: Impairment allowance [see note 26(b)(iii)(v)]	<u>-</u>	( <u>43</u> )
	<u>-</u>	<u>689,384</u>

The maximum credit risk exposure from financial assets not subject to impairment (i.e. FVTPL) is as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Quoted equities	<u>258,936</u>	<u>268,850</u>

## (ii) Credit risk measurement:

The company uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The company uses internal rating models tailored to the various categories of counterparty.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the probability of default (PD) between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

For debt securities, external rating agency credit grades are used. These published grades are continually monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The company's rating method comprises twenty rating levels for instruments not in default (1 to 20) and three default classes (21 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (ii) Credit risk measurement (continued):

The company's internal rating scale is mapped to external credit ratings agencies.

## (iii) Expected credit loss measurement

*Classification model*

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

## Stage 1:

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continually monitored by the company.

## Stage 2:

If a significant increase in credit risk ('SICR') since initial recognition is identified, but the financial instrument is not yet deemed to be credit-impaired, the financial instrument is moved to 'Stage 2'.

## Stage 3:

Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. POCI financial assets and financial assets for which there has been a significant increase in credit risk since initial recognition such that the financial assets are determined to be credit impaired are moved to 'Stage 3'.

<b>Change in credit quality since initial recognition</b>		
<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iv) Expected credit loss measurement (continued)

*Key judgments and assumptions in determining impairment*

The key judgments and assumptions adopted by the company in addressing the requirements of the standard are presented below:

## (i) Significant increase in credit risk (SICR):

The company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- Short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last 12 months

Qualitative criteria:

**Investments**

The external credit rating grades are used as a basis for the assessment of increases in credit risk. Movements within investment grade are not construed as significant increases in credit risk; however, exceptional conditions may be taken into consideration. The number of notches required to trigger a migration to Stage 2 is two notches.

For corporate or sovereign portfolios, a significant increase in credit risk is determined to have occurred if the borrower or issuer is on the watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*The key judgments and assumptions adopted by the company in addressing the requirements of the standard are presented below (continued)*

## (i) Significant increase in credit risk (SICR) (continued):

## Qualitative criteria (continued):

For corporate or sovereign portfolios, a significant increase in credit risk is determined to have occurred if the borrower or issuer is on the watchlist and/or the instrument meets one or more of the following criteria (continued):

- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all financial instruments held by the company. In relation to corporate and sovereign financial instruments, where a watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

## Backstop

Delinquency is applied as a backstop; thus, the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The company has used the low credit risk exemption for intercompany exposures in the years ended December 31, 2025 and 2024.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*The key judgments and assumptions adopted by the company in addressing the requirements of the standard are presented below (continued)*

## (ii) Definition of default and credit-impaired assets:

The company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- 1) The counterparty is more than 90 days past due on its contractual payments.
- 2) The counterparty meets unlikeliness-to-pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - The counterparty is in long-term forbearance;
  - The counterparty is deceased;
  - The counterparty is insolvent;
  - The counterparty is in breach of financial covenant(s);
  - An active market for that financial asset has disappeared because of financial difficulties;
  - Concessions have been made by the lender relating to the counterparty's financial difficulty;
  - It is becoming probable that the counterparty will enter bankruptcy;
  - Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the company's expected credit loss calculations.

An instrument is considered to no longer be in default (i.e., default has been cured) when it no longer meets any of the default criteria for a consecutive period of three (3) months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*The key judgments and assumptions adopted by the company in addressing the requirements of the standard are presented below (continued)*

## (iii) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Expected credit losses are measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD and LGD defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The EAD is based on the amounts the company is owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- The LGD represents the company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout its lifetime. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*Key judgments and assumptions in determining impairment (continued)*

## (iii) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by asset type.

- For amortising assets, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving assets, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by asset type and current limit utilisation band, based on analysis of the company’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured assets, this is primarily based on collateral type and projected collateral values, historical discounts to market or book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured assets, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type. The assumptions underlying the ECL calculation, such as the maturity profile of the financial instruments, performance of the portfolio, and changes in collateral values, are monitored and reviewed at least annually.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*Key judgments and assumptions in determining impairment (continued)*

## (iv) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Prior to May 31, 2025, forecasts of these economic variables (the “base economic scenario”) are provided by the JN Group’s Risk and Compliance Unit on a quarterly basis and provide the best-estimate view of the economy over the next five years.

Effective June 1, 2025, forward-looking information was incorporated in the ECL computation by use of a BCIC’s management overlay. Based on the economic factors a proxy of 1.03 (2024: 1.03) times ECL was determined to be appropriate.

The macro-economic variables that were statistically significant with NPLs were then weighted and calibrated to the Through the Cycle (TTC) PDs of each entity by using the Vasicek Model. This model takes into consideration the effects of the business cycle to capture the changes in the macro-environment. Expert judgement was utilised in the process to help determine the impact the change in the macro-environment will have on the components of LGD and EAD. Forecasts provided by the International Monetary Fund along with historical assessments of losses during down times informed the possible impact on the company’s credit portfolio default rates.

Prior to May 31, 2025, in addition to the base economic scenario, the JN Group’s Risk and Compliance Unit also provides other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date.

Effective June 1, 2025, BCIC management also provides other possible scenarios along with scenario weightings.

At the year end the Company concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes of which each chosen scenario is representative. The assessment of SICR is performed using the Lifetime PD under each of the base and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

*Key judgments and assumptions in determining impairment (continued)*

## (iv) Forward-looking information incorporated in the ECL models (continued)

This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability-weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

## Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at December 31, 2025 and December 31, 2024 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

**The weightings assigned to each economic scenario  
at December 31, 2025 and December 31, 2024 were as follows:**

	Base	Upside	Downside
<b>December 31, 2025</b>			
Investments and resale agreements	65%	15%	20%
<b>December 31, 2024</b>			
Investments and resale agreements	65%	15%	20%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness quarterly.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (b) Credit risk (continued)

## (iii) Expected credit loss measurement (continued)

## (v) Expected credit loss

- Debt instruments at FVOCI:

	<u>2025</u> Stage 1 12-month ECL \$'000	<u>2024</u> Stage 1 12-month ECL \$'000
Balance as at January 1	(3,510)	(3,510)
Net remeasurement of expected credit loss	<u>(2,549)</u>	<u>-</u>
Balance as at December 31	<u>(6,059)</u>	<u>(3,510)</u>

- Resale agreements and debt instruments at amortised cost:

	<u>2025</u> Stage 1 12-month ECL \$'000	<u>2024</u> Stage 1 12-month ECL \$'000
Balance as at January 1	(43)	(43)
Net remeasurement of expected credit loss	<u>43</u>	<u>-</u>
Balance as at December 31	<u>-</u>	<u>(43)</u>

## (iv) Concentrations of credit risk:

The specific concentration of risk from one counterparty or group of connected counterparties from whom amounts of \$25,000,000 or more are due is as follows:

	<u>2025</u> \$'000	<u>2024</u> \$'000
Allied Insurance Brokers Limited	58,629	61,643
BCMG Insurance Brokers Limited	312,231	275,875
Gallagher Insurance Brokers Jamaica Limited	116,119	114,189
Desmond Mair Insurance Brokers Limited	86,696	90,206
Fraser Fontaine & Kong Insurance Brokers Limited	253,689	272,637
Jamaica Citadel Insurance Brokers Limited	54,286	59,005
Nationwide Insurance Agents & Consultants Limited	75,154	77,081
Thwaites Finson Sharp Insurance Brokers Limited	46,286	45,987
JMMB Insurance Brokers Limited	<u>59,085</u>	<u>53,163</u>
	<u>1,062,175</u>	<u>1,049,786</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the potential for loss to the company arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Although the relatively illiquid nature of insurance contracts allows the company to invest in less liquid but higher-yielding assets, liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities. Liquidity risk is broken down into two primary categories:

- i. *Funding Liquidity Risk* - the risk that the company will not be able to meet the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition; and
- ii. *Asset/Market Liquidity Risk* - the risk that the company will not be able to liquidate assets in an orderly fashion and the resulting loss on liquidation. This usually stems from illiquid markets or market disruptions.

*Management of liquidity risk*

The company's objective in managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the company invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due, and in the event of reasonably foreseeable, abnormal circumstances. The company also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The company is subject to a liquidity limit imposed by the regulator. The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The actual ratio at the reporting date was 57% (2024: 48%). The level set by the regulator is 95%.

An analysis of the contractual maturities of the company's financial, insurance and reinsurance contract liabilities is presented below. The analysis provided is by estimating the timing of the settlement of the amounts recognised in the statement of financial position.

	2025						
	Contractual undiscounted cash flows						
	Total carrying amount	Total cash outflow	Less than 3 months	3-12 months	1-2 years	2-5 years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance contract liabilities	13,281,475	14,607,019	-	9,766,772	1,272,915	2,164,752	1,402,580
Other financial liabilities:							
Accounts payable and accrued charges	6,374,904	6,374,904	6,374,904	-	-	-	-
Due to related party	18,987	18,987	18,987	-	-	-	-
Lease liabilities	<u>20,272</u>	<u>23,682</u>	<u>1,920</u>	<u>5,507</u>	<u>14,028</u>	<u>2,227</u>	<u>-</u>
	<u>19,695,638</u>	<u>21,024,592</u>	<u>6,395,811</u>	<u>9,772,279</u>	<u>1,286,943</u>	<u>2,166,979</u>	<u>1,402,580</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (c) Liquidity risk (continued)

*Management of liquidity risk (continued)*

	2024						
	Contractual undiscounted cash flows						
	Total carrying amount	Total cash outflow	Less than 3 months	3-12 months	1-2 years	2-5 years	Over 5 years
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Insurance contract liabilities	8,214,133	10,766,985	-	6,247,869	1,151,834	1,905,101	1,462,181
Other financial liabilities:							
Bank overdraft	1,399	1,399	1,399	-	-	-	-
Accounts payable and accrued charges	147,785	147,785	147,785	-	-	-	-
Lease liabilities	6,153	8,291	2,448	3,467	2,200	176	-
Due to related parties	<u>34,582</u>	<u>34,582</u>	<u>34,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,404,052</u>	<u>10,959,042</u>	<u>186,214</u>	<u>6,251,336</u>	<u>1,154,034</u>	<u>1,905,277</u>	<u>1,462,181</u>

There was no change during the year in the nature of exposure to liquidity risk to which the company is subject or its approach to measuring and managing the risk.

## (d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the fulfilment cash flows of insurance and reinsurance contracts, value of the company's assets, the amount of the company's liabilities and/or the company's income. Market risk arises in the company due to fluctuations in the value of liabilities and the value of investments held. The company is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the company's exposures to market risks and its objectives, policies and processes for managing market risk have not changed significantly from the prior period.

*Management of market risk:*

The Investment and Loans Committee manages market risks in accordance with the company's Investment Policy. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk, the company has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of market risk and the exposure of the company at the reporting date to each major risk are addressed below.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (d) Market risk (continued)

*Management of market risk (continued):*

## (i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and arises primarily from the company's investments in debt securities.

The company manages its interest rate risk by regularly re-evaluating the yield, duration and modified duration on given financial instruments and by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest-bearing financial assets primarily comprise of long-term investments, which have been contracted at fixed and floating interest rates for the duration of the term.

The nature of the company's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

The following table summarises the carrying amounts of recognised assets, liabilities and equity to arrive at the company's interest rate gap based on the earlier of contractual repricing and maturity dates. There were no off-balance sheet financial instruments giving rise to interest rate risk.

	2025						Weighted average interest rate
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<u>Financial instruments</u>							
<i>Financial Assets</i>							
Accrued investment income	-	-	-	-	64,019	64,019	
Investments	-	23,639	700,184	1,276,939	258,936	2,259,698	7.01
Other receivables	-	-	-	-	133,270	133,270	
Cash and cash equivalents	<u>10,453,128</u>	-	-	-	-	<u>10,453,128</u>	0.2
Total financial assets	<u>10,453,128</u>	<u>23,639</u>	<u>700,184</u>	<u>1,276,939</u>	<u>456,225</u>	<u>12,910,115</u>	
<i>Financial Liabilities</i>							
Accounts payable and accrued charges	-	-	-	-	6,374,904	6,374,904	-
Due to related	-	-	-	-	18,987	18,987	
Lease liabilities	-	-	-	-	<u>20,272</u>	<u>20,272</u>	10
Total financial liabilities	-	-	-	-	<u>6,414,163</u>	<u>6,414,163</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	<u>10,453,128</u>	<u>23,639</u>	<u>700,184</u>	<u>1,276,939</u>	<u>(5,957,938)</u>	<u>6,495,952</u>	
Cumulative gap	<u>10,453,128</u>	<u>10,476,767</u>	<u>11,176,952</u>	<u>12,453,890</u>	<u>6,495,952</u>	-	

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (d) Market risk (continued)

Management of market risk (continued):

## (i) Interest rate risk (continued):

	2024					Total \$'000	Weighted average interest rate %
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000		
<u>Financial instruments</u>							
<i>Financial Assets</i>							
Accrued investment income	-	-	-	-	52,802	52,802	-
Investments	-	2,343,794	696,188	1,522,036	268,850	4,830,868	7.33
Securities purchased under resale agreements	-	689,384	-	-	-	689,384	6.02
Other receivables	-	-	-	-	13,789	13,789	-
Due from related parties	-	-	-	-	442,815	442,815	-
Cash and cash equivalents	<u>662,551</u>	-	-	-	-	<u>662,551</u>	0.20
Total financial assets	<u>662,551</u>	<u>3,033,178</u>	<u>696,188</u>	<u>1,522,036</u>	<u>778,256</u>	<u>6,692,209</u>	
<i>Financial Liabilities</i>							
Bank overdraft	1,399	-	-	-	-	1,399	7.00
Accounts payable and accrued charges	-	-	-	-	147,785	147,785	-
Lease liabilities	-	-	-	-	6,153	6,153	10.00
Due to related entities	-	-	-	-	<u>34,582</u>	<u>34,582</u>	-
Total financial liabilities	<u>1,399</u>	-	-	-	<u>188,520</u>	<u>189,919</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	<u>661,152</u>	<u>3,033,178</u>	<u>696,188</u>	<u>1,522,036</u>	<u>589,736</u>	<u>6,502,290</u>	
Cumulative gap	<u>661,152</u>	<u>3,694,330</u>	<u>4,390,518</u>	<u>5,912,554</u>	<u>6,502,290</u>	-	

The sensitivity of the company's financial assets and financial liabilities to interest rate risk is evaluated by assessing the impact on reserves and profit of a reasonably possible change in interest rates, at the reporting date, using the following scenarios:

	Increase in interest rate		Decrease in interest rate	
	2025	2024	2025	2024
J\$ denominated instruments	basis points	25 basis points	basis points	50 basis points
US\$ denominated Instruments	basis points	25 basis points	basis points	50 basis points

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (d) Market risk (continued)

Management of market risk (continued):

## (i) Interest rate risk (continued):

*Fair value sensitivity analysis for fixed rate instruments:*

An (increase)/decrease, using the above scenarios, would adjust reserves by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2025		2024	
	Effect on profit or loss		Effect on profit or loss	
	<u>Increase</u> \$'000	<u>Decrease</u> \$'000	<u>Increase</u> \$'000	<u>Decrease</u> \$'000
Profit or loss	<u>(832)</u>	<u>833</u>	<u>(1,003)</u>	<u>2,011</u>

*Cash flow sensitivity analysis for variable rate instruments:*

An (increase)/decrease using the above scenarios would adjust reserves and profit or loss by the amounts shown. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Effect on profit or loss</u>	
	<u>Increase</u> \$'000	<u>Decrease</u> \$'000
December 31, 2025		
Variable rate instruments	<u>125</u>	<u>(250)</u>
December 31, 2024		
Variable rate instruments	<u>68</u>	<u>(136)</u>

There was no change during the year in the company's exposure to interest rate risk or the manner in which it manages and measures the risk.

## (ii) Equity price risk:

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all instruments traded in the market.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (d) Market risk (continued)

Management of market risk (continued):

## (ii) Equity price risk (continued):

Equity price risk arises from equity instruments measured at FVTPL held by the company as part of its investment portfolio. A 1.5% (2024: 6%) increase or 1% (2024: 2%) decrease in quoted bid prices of the underlying equity investments at the reporting date would result in a gain of \$3,884,000 (2024: \$16,131,000) and a loss of \$5,179,000 (2024: \$5,377,000), respectively.

There was no change during the year in the company's exposure to equity price risk or the manner in which it measures and manages risk.

## (iii) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or cash flow from, financial instruments will fluctuate because of changes in foreign exchange rates.

The company is exposed to foreign currency risk primarily on investments that are denominated in a currency other than the Jamaica dollar. Foreign currency transaction risk arising from reinsurance contracts is managed by holding cash and investing in assets denominated in currencies that match the related liabilities, to the extent that it is deemed by management to be both practical and appropriate. The principal foreign currency risks of the company arise from its holding of financial instruments denominated in the United States dollar (US\$). The company ensures that the net exposure is kept to an acceptable level by monitoring its daily positions against approved limits.

At the reporting date, net foreign currency asset exposure was as follows:

	<u>2025</u>	<u>2024</u>
United States dollar (US\$'000)	2,586	899
Pound Sterling (£'000)	<u>1</u>	<u>1</u>
	<u>2025</u>	<u>2024</u>
Exchange rates were as follows:	<u>£</u>	<u>US\$</u>
At December 31, 2025 (J\$)	209.00	158.20
At December 31, 2024 (J\$)	<u>192.08</u>	<u>154.79</u>

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

26. Financial risk management (continued)

## (d) Market risk (continued)

## (iii) Foreign currency risk (continued):

Sensitivity analysis:

Movement of J\$ against the US\$ and £

	Effect on loss before taxation			
	£		US\$	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
0.5% (2024: 4%) weakening (£/US\$)	7	8	8,658	5,568
0.25% (2024: 1%) strengthening (£/US\$)	(2)	(2)	(2,142)	(1,392)

There was no change during the year in the company's exposure to foreign currency risk or the manner in which it manages and measures the risk.

## (e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors, other than credit, market and liquidity risks, such as those arising from natural and man-made disasters and from the need to comply with legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risks is assigned, centrally, to the Group's Risk and Compliance Unit, and, in daily operations, to the senior management team of the company.

This responsibility is supported by the development of overall JN Group standards for the management of operational risks with requirements specified in the following areas:

- risk policies/guidelines for assisting management to understand the ways in which risks can be measured, managed, identified and controlled;
- appropriate segregation of duties, including the independent authorisation of transactions;
- reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- reporting of operational losses and proposed remedial actions;
- development of business continuity programmes, including contingency plans, testing and training;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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26. Financial risk management (continued)

## (e) Operational risk (continued)

The Group Risk and Compliance Unit conducts frequent operational risks reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by the Group's Internal Audit Unit. The results of all operational risk reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Audit Committee and to the Board of Directors.

There was no change during the year in the company's exposure to operational risks or the manner in which it managed the risks.

## (f) Capital management

The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the regulators of the insurance industry within which the company operates;
- (ii) To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- (iii) To maintain a strong capital base to support the development of its business.

There was no change during the year to the company's approach to managing or measuring capital.

## Regulatory capital:

The company's main regulator is the Financial Services Commission (FSC), which monitors the capital requirements for the company. General insurers must maintain at least a minimum level of assets, capital and surplus to meet the liabilities of the company. The primary measure used to assess capital adequacy is the Minimum Capital Test (MCT) which is used by the FSC to determine solvency of the company.

The regulator requires general insurance companies to achieve a minimum Prescribed Capital Ratio of 150% (2024: 150%). At December 31, 2025, the company's capital ratio was 144.66% (2024: 264%). The company has developed a restoration plan which has been filed with the insurance regulator.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

## (a) Intangible asset:

## (i) Computer software:

Expenditure relating to the acquisition of computer software is measured at cost less accumulated amortisation and impairment losses [note 27(p)].

## (ii) Amortisation:

Amortisation is charged to profit or loss on the straight-line basis over the estimated useful lives of the intangible assets unless such lives are infinite.

The estimated useful life of computer software is 3 years.

## (iii) Customer relationships:

This represents the carrying value of acquired customer relationships, primarily for the insurance business and is measured at cost less impairment losses.

## (b) Property and equipment and depreciation:

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses [note 27(p)]. Costs include expenditures that are directly attributable to the acquisition of the assets. The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

If material parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Property and equipment, with the exception of freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates, to write down the assets to their estimated residual values at the end of their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2 ½ %
Furniture and fixtures	10%
Office equipment	20%
Motor vehicles	20%
Computers	33 1/3 %
Right-of-use asset	33 1/3% - 50%

The depreciation methods, useful lives and residual values are re-assessed at each reporting date.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (c) Investment property:

Investment property is measured at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

## (d) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, due from related parties and other accounts receivable. Financial liabilities include accounts payable, lease liabilities and due to related parties.

## Financial assets

## (i) Recognition and initial measurement

Financial assets are recognised when the company becomes a party to the contractual provisions of the instruments. Regular purchases and sales of financial assets are recognised on trade date, the date on which the company commits to purchase or sell the asset.

## (ii) Classification and subsequent measurement

The company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients.

Classification and subsequent measurement of debt instruments depend on the company's business model for managing the asset and the cash flow characteristics of the asset.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (d) Financial instruments (continued):

Financial assets (continued)

## (ii) Classification and subsequent measurement (continued)

*Debt instruments (continued)*

Based on these factors, the company classifies its debt instruments into one of the following three measurement categories:

## i. Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss recognised and measured as described in note 27(d)(iii). Interest income from these financial assets is included in 'Interest revenue' using the effective interest rate method.

## ii. Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instruments which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in fair value gains. Interest income from these financial assets is included in interest income using the effective interest rate method.

## iii. Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Fair value gains' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in "Interest revenue". Interest income from these financial assets is included in interest income using the effective interest rate method.

*Business model:* The business model reflects how the company manages the assets in order to generate cash flows. The measurement category, from the three above, that the company selects for a particular financial instrument depends on the business model applicable to that instrument. There are three models, namely, 'hold and collect', 'hold to collect and sell' and 'other'. The company determines whether its objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (d) Financial instruments (continued):

Financial assets (continued)

## (ii) Classification and subsequent measurement (continued)

If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

*Solely payments of principal and interest (SPPI):* Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement - i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

*Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The company subsequently measures all equity investments at fair value through profit or loss, except where the company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

The company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (d) Financial instruments (continued):

Financial assets (continued)

## (ii) Classification and subsequent measurement (continued)

*Equity instruments (continued)*

Impairment losses and reversal of impairment losses are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the fair value gains, net in the statement of profit or loss.

## (iii) Derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Financial liabilities

## (i) Classification and subsequent measurement

Financial liabilities are classified and subsequently measured at amortised cost.

## (ii) Recognition and initial measurement

A financial liability is measured initially at fair value, plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

## (iii) Derecognition

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

## (iv) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (d) Financial instruments (continued):

Financial assets and liabilities (continued)

## (i) Identification and measurement of impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss for any asset is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of the company's investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## (e) Revenue recognition:

Revenues comprise:

- insurance revenue [see note 27(f)D(i)];
- interest revenue calculated using the effective interest method;
- other investment revenue

Nature of interest revenue and other investment revenue:

- Interest revenue calculated using the effective interest method:

Interest revenue calculated using the effective interest method and other finance costs presented in profit or loss include interest on financial assets and financial liabilities measured at amortised cost and debt investments measured at FVOCI.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (e) Revenue recognition (continued):

Nature of interest revenue and other investment revenue (continued):

- Other investment revenue:

Other investment revenue includes net gains on financial assets at FVTPL and net gains on derecognition of debt investments at FVOCI (and available-for-sale financial assets in 2024), dividends on equity investments, lease income and fair value gains from investment and owner-occupied properties.

## (f) Insurance and reinsurance contracts

## A. Classification

Contracts under which the company accepts material insurance risk are classified as insurance contracts. Contracts held by the company under which it transfers material insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The company uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is material. Insurance and reinsurance contracts also expose the company to financial risk. The company does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the company or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the company, unless otherwise stated.

The company does not issue insurance contracts with direct or indirect participating features nor any features that should be accounted for separately in accordance with the requirements of IFRS 17 *Insurance Contracts*. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

The company measures insurance contracts issued and reinsurance contracts held by applying the Premium Allocation Approach ("PAA").

## (i) Aggregation and recognition of insurance and reinsurance contracts

*Insurance contracts*

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together.

The company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## A. Classification (continued)

## (i) Aggregation and recognition of insurance and reinsurance contracts (continued)

*Insurance contracts (continued)*

All insurance contracts within a product line together comprise a portfolio of contracts.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- (i) contracts that are onerous at initial recognition;
- (ii) contracts that at initial recognition have no material possibility of becoming onerous subsequently; or
- (iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the company determines that a group of contracts becomes onerous.

Before a group of insurance contracts is recognised, the company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the fulfillment cash flows at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## A. Classification (continued)

## (i) Aggregation and recognition of insurance and reinsurance contracts (continued)

*Insurance contracts (continued)*

For each portfolio of contracts, the company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a material possibility of becoming onerous. This level of granularity determines sets of contracts. The company uses judgement to determine at what level of granularity the company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a material possibility of becoming onerous.

*Reinsurance contracts*

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- (i) contracts for which there is a net gain at initial recognition;
- (ii) contracts for which, at initial recognition, there is no material possibility of a net gain arising subsequently; and
- (iii) remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements at the line of business level. The company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a material possibility of a net gain arising subsequently.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## A. Classification (continued)

## (i) Aggregation and recognition of insurance and reinsurance contracts (continued)

*Reinsurance contracts(continued)*

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - i. the beginning of the coverage period of the group; and
  - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

unless the company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohort's restriction. Composition of the groups is not reassessed in subsequent periods.

## (ii) Insurance acquisition cash flows

The company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- a. to that group; and
- b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## A. Classification (continued)

## (ii) Insurance acquisition cash flows (continued)

Before a group of insurance contracts is recognised, the company could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

## (iii) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

*Insurance contracts*

The company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation ends when:

- a. the company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## A. Classification (continued)

## (iii) Contract boundaries (continued)

*Insurance contracts (continued)*

A substantive obligation ends when (continued):

In assessing the practical ability to reprice, risks transferred from the policyholder to the company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

*Reinsurance contracts*

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the company that exist during the reporting period in which the company is compelled to pay amounts to the reinsurer or in which the company has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the company's substantive rights and obligations and, therefore, may change over time.

## B. Measurement

The company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the liability for remaining coverage (LRC) that would not differ materially from the one that would be produced by applying the General Measurement Model (GMM) based on qualitative assessment.

*Insurance contracts*

For insurance contracts issued, on initial recognition, the company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the liability for incurred claims (LIC), comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

(f) Insurance and reinsurance contracts (continued):

## B. Measurement (continued)

*Insurance contracts (continued)*

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group.

The company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires material judgement and estimation.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the company increases the carrying amount of the LRC to the amounts of the fulfilment cash flows with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognised as insurance service expenses.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

(f) Insurance and reinsurance contracts (continued):

## B. Measurement (continued)

*Insurance contracts (continued)*

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the company fulfills insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

*Reinsurance contracts*

For reinsurance contracts held, on initial recognition, the company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the remaining coverage; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a. increased for ceding premiums paid in the period;
- b. increased for broker fees paid in the period; and
- c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the company to the reinsurer.

The company adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

(f) Insurance and reinsurance contracts (continued):

## B. Measurement (continued)

*Reinsurance contracts (continued)*

Where applicable, changes in the loss-recovery component are recognised as net income from reinsurance contracts held.

For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

## C. Derecognition and contract modification

An insurance contract is derecognised when it is:

- extinguished; or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the company as a result of an agreement with the counterparties or due to a change in regulations, the company treats changes in cash flows caused by the modification as an adjustment to the LRC, unless the conditions for the derecognition of the original contract are met.

The company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the company would have concluded that the modified contract:
  - i. is not within the scope of IFRS 17;
  - ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- b. the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## C. Derecognition and contract modification (continued)

When an insurance contract is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss (continued):

- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

## D. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under 27(f)A(ii)) are included in the carrying amount of the related portfolios of contracts.

The company disaggregates amounts recognised in the statement of profit or loss into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

## (i) Insurance revenue

The company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the effect of financial risk) allocated to the period.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## D. Presentation (continued)

## (ii) Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims and benefits, reduced by loss component allocations;
- b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- c. insurance acquisition cash flows amortisation;
- d. changes that relate to past service – changes in the fulfilment cash flows relating to the LIC;
- e. changes that relate to future service – changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses; and
- f. insurance acquisition cash flows assets impairment.

Amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses that do not meet the above categories are included in other operating expenses in the statement of profit or loss.

## (iii) Net expenses from reinsurance contracts

The company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses;
- b. incurred claims recovery, reduced by loss-recovery component allocations;
- c. other incurred directly attributable expenses;
- d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- e. effect of changes in the risk of reinsurers' non-performance; and
- f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the company expects to pay in exchange for those services. Broker fees are included within reinsurance expenses.

The company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (f) Insurance and reinsurance contracts (continued):

## D. Presentation (continued)

## (iii) Net expenses from reinsurance contracts (continued)

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

## (iv) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

The company does not apply the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money and changes in financial risk on the LIC for insurance contracts issued and reinsurance contracts held are reflected in profit or loss.

The company does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

## (g) Taxation:

Income tax on profit or loss for the year comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case, it is recognised in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year as adjusted for tax purposes, using tax rates enacted as at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted as at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (h) Accounts receivable:

Trade and other receivables are measured at amortised cost, less impairment losses [note 27(d)].

## (i) Cash and cash equivalents:

Cash and cash equivalents are measured at amortised cost. They comprise cash balances, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months from the reporting date, are readily convertible to known amounts of cash, are subject to an immaterial risk of changes in value, and are held for the purpose of meeting short-term commitments. Bank overdrafts are repayable on demand. Bank overdrafts that form an integral part of the company's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## (j) Accounts payable and provision:

Accounts payable are measured at amortised cost.

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## (k) Employee benefits:

Employee benefits are all forms of consideration given by the company in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, national insurance scheme contributions and vacation leave; non-monetary benefits such as medical care; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged to income when incurred.

The ultimate parent company is the sponsor of a separate, trustee-administered plan that provides post-retirement pension benefits to employees who have satisfied certain minimum service requirements (note 28). As it is a defined-contribution pension plan, the company's only obligation is to make contributions to the fund established in accordance with the plan rules. The obligation for contributions is recognised as an expense in the profit or loss as incurred.

Effective June 6, 2025, the Company was sold, and JN Financial Group Limited assumed responsibility for providing post-retirement medical benefits to existing pensioners and to all employees who elected early retirement at the date of sale.

## (l) Dividends:

Dividends are recognised as a liability in the period in which they are declared and become irrevocably payable.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (m) Determination of fair value:

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk. Some financial instruments lack an available trading market. These instruments have been valued using present value or other generally accepted valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

The company’s accounting policy on the determination of fair value is disclosed in note 25.

## (n) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica’s weighted average rates [see note 26(d)(iii)], being the rates of exchange ruling on that date.

Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments.

## (o) Leases:

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property, the company has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

*The company as lessee*

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (o) Leases (continued):

*The company as lessee (continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period, if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets [note 14(a)] in property and equipment (note 7) and lease liabilities in the statement of financial position.

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
December 31, 2025

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27. Material accounting policies (continued)

## (o) Leases (continued):

*The company as lessor*

When the company is a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

To classify each lease as finance or operating, the company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the company applies the applicable standard to allocate the consideration in the contract.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'investment income'.

## (p) Impairment of non-financial assets:

At each reporting date, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists for any assets, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

## (q) New and amended standards that became effective during the year:

Certain amended standards were effective as at January 1, 2025, which did not have any impact on the Company's financial statements.

New and amended standards issued but not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Company has not early-adopted. The Company has assessed them with respect to its operations and has determined that the following are relevant:

JN GENERAL INSURANCE COMPANY LIMITED

Notes to the Financial Statements (Continued)  
 December 31, 2025

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27. Material accounting policies (continued)

(q) New and amended standards that became effective during the year (continued):

- Amendments to IFRS 9 Financial Instruments will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

Derecognition of a financial liability through electronic transfer:

The amendment allows the Company to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The Company is assessing the impact the standard will have on its 2026 financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements, is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company’s main business activities.

All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a company’s operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.

IFRS 18 requires some ‘non-GAAP’ measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management’s view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

The Company is assessing the impact that this standard will have on its future financial statements.

JN GENERAL INSURANCE COMPANY LIMITEDNotes to the Financial Statements (Continued)  
December 31, 202528. Pension scheme

Up to June 6, 2025, the ultimate parent company provided post-retirement pension benefits to employees who have satisfied certain minimum service requirements [note 27(k)].

Employees contributed at a mandatory rate of 5% of pensionable salary but may make additional contributions not exceeding a further 10%. The company made matching contributions at the rate of 5% to 10% of pensionable salaries, depending on the employees' years of pensionable service. Contributions to the scheme for the period amounted to \$17,120,000 (2024: \$25,673,000).

Subsequent to the sale of the business to BCIC Limited and ICD Group Limited, the pension scheme was discontinued, and all pension obligations were assumed JN Financial Group Limited (see note 15).

29. Commitment*Capital commitment:*

As at December 31, 2024 and 2025, the company had no commitment for capital expenditure.