

Assuranceforeningen Gard - gjensidig - Statement of comprehensive income

Amounts in USD 000's	Quarterly		YTD 20.05.	
	Current year 21.02 - 20.05.16	Previous year 21.02 - 20.05.15	Current year 21.02-20.05.16	Previous year 21.02-20.05.15
Technical account				
Gross written premium	189,958	167,628	189,958	167,628
Ceded reinsurance	(87,031)	(72,832)	(87,031)	(72,832)
Change in gross premium reserve	(142,130)	(125,959)	(142,130)	(125,959)
Change in RI premium reserve	65,347	54,832	65,347	54,832
Earned premium for own account	26,144	23,670	26,144	23,670
Other insurance related income	16	0	16	0
Gross settled claims	22,279	26,146	22,279	26,146
Reinsurers' share of gross settled claims	(8,885)	(11,789)	(8,885)	(11,789)
Change in gross claims reserve	10,481	79,621	10,481	79,621
Reinsurers' share of change in claims reserve	(4,760)	(74,447)	(4,760)	(74,447)
Claims incurred for own account	19,115	19,531	19,115	19,531
Acquisition costs	1,565	1,177	1,565	1,177
Agents' commission	2,193	2,389	2,193	2,389
Commission received	(2,385)	(2,117)	(2,385)	(2,117)
Insurance related expenses for own account	1,374	1,449	1,374	1,449
Other insurance related expenses	261	638	261	638
Technical result	5,409	2,052	5,409	2,052
Non-technical account				
Interest and similar income (cost)	944	(151)	944	(151)
Change in unrealised gain on investments	5,581	344	5,581	344
Gain/(loss) on realisation of investments	(1,111)	803	(1,111)	803
Investment management expenses	(56)	(176)	(56)	(176)
Non-technical result	5,358	820	5,358	820
Profit before tax	10,767	2,872	10,767	2,872
Taxation	(413)	638	(413)	638
Net result	11,180	2,234	11,180	2,234
Other comprehensive income/(loss)				
Remeasurement due to change in pension assumptions	0	0	0	0
Total comprehensive income/(loss)	11,180	2,234	11,180	2,234

Assuranceforeningen Gard - gjensidig -

Balance sheet

Amounts in USD 000's	As at 20.05.16	As at 20.02.16
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	28,960	27,255
Bonds	173,341	188,003
Financial derivative assets	878	1,333
Other financial investments	24,394	11,682
Total investments	227,574	228,272
<hr/>		
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	65,347	0
Reinsurers' share of gross claims reserve	400,165	395,405
Total reinsurers' share of technical provisions	465,512	395,405
<hr/>		
Receivables		
Policyholders	145,390	19,490
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	3,634	1
Receivables from group companies	609	1,855
Other receivables	0	9
Total receivables	149,633	21,353
<hr/>		
Other assets		
Equipment	2,201	2,201
Cash and cash equivalents	62,499	30,908
Other financial assets	1,824	1,778
Total other assets	66,523	34,887
<hr/>		
Prepayments and accrued income		
Accrued income and other prepayments	8,562	483
Total prepayments and accrued income	8,562	483
Total assets	917,805	680,401

Assuranceforeningen Gard - gjensidig -

Balance sheet

Amounts in USD 000's	As at 20.05.16	As at 20.02.16
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Other equity	112,557	101,376
Total equity	112,557	101,376
Technical provisions		
Gross premium reserve	142,130	0
Gross claims reserve	553,202	542,721
Total technical provisions	695,331	542,721
Provision for other liabilities		
Pension obligations	2,122	2,122
Total provisions for other liabilities	2,122	2,122
Payables		
Payables arising out of direct insurance operations	15,205	2,436
Payables arising out of reinsurance operations	43,176	5,734
Payables group companies	393	35
Financial derivative liabilities	1,347	1,549
Other payables	40,231	23,762
Total payables	100,351	33,517
Accruals and deferred income		
Accruals and deferred income	7,443	666
Total accruals and deferred income	7,443	666
Total liabilities	805,248	579,025
Total equity and liabilities	917,805	680,401

Assuranceforeningen Gard - gjensidig -

Cash flow analysis

Amounts in USD 000's	21.02.16 to 20.05.16	21.02.15 to 20.05.15
Cash flow from operating activities		
Profit from ordinary operations before tax	10,767	2,872
Tax paid	413	(638)
Change in unrealised gain/(loss) on investments	944	(344)
Change in pension obligation	(0)	(81)
Change in receivables and payables	(61,444)	(59,957)
Change in technical provisions and other accruals	81,157	77,646
Purchase/sale of other investments	(246)	(4,669)
Net cash flow from operating activities	31,591	14,828
Cash flow from investment activities		
Disposal of equipment	0	0
Investment in equipment	0	0
Net cash flow from investment activities	0	0
Net change in cash and cash equivalents	31,591	14,828
Cash and cash equivalents at beginning of year	30,908	23,342
Cash and cash equivalents at end of year	62,499	38,170

Assuranceforeningen Gard - gjensidig -

Notes to the accounts

Note 1. Accounting Policies

Corporate information

Assuranceforeningen Gard - gjensidig - is a mutual insurance association registered with the Norwegian Companies Register (organisation number 939 717 609). The registered office of the Association is Kittelsbuktveien 31, 4836 Arendal. The Association is licensed by the Norwegian Ministry of Finance to carry out marine liability and legal costs insurances. As a mutual insurance association costs insurances. As a mutual insurance association the Association is owned by its Members being the owners and charterers of the ships from time to time insured by the Association for Protection and indemnity (P&I) risks. There are no external capital owners.

The principal activity of the Association are; the insurance of marine Protection and Indemnity risk on behalf of its Members, including the reinsurance behalf of its Members, including the reinsurance of a proportion of the Protection and Indemnity risk underwritten by Gard P. & I. (Bermuda) Ltd. as direct insurer, and management of assets covering the technical provisions. The Members of the Association are also Members of Gard P. & I. (Bermuda) Ltd. and vice versa.

Assuranceforeningen Gard - gjensidig- is consolidated into the accounts of Gard P. & I. (Bermuda) Ltd. and the consolidated accounts are available at the office of Gard P. & I. (Bermuda) Ltd's management company Lingard Ltd in Bermuda.

Basis of preparation of the Accounts

The quarterly accounts include the activity from 21 February 2016 to 20 May 2016.

The accounts of insurance companies are subjects to regulations established by the Ministry of Finance.

The quarterly Accounts have been prepared in accordance with the "Regulations for annual accounts for insurance companies" approved by the Norwegian Ministry of Finance, except for the departures from these regulations listed below. The Association fulfils the exemption criteria in paragraphs 3-12 of Regulations for annual accounts for insurance companies which require limited use of international Financial Reporting Standards (IFRS).

Departures from regulations for annual accounts for insurance companies:

1. A part of the financial income is not allocated to the technical result.

The financial statements of insurance companies with operation in Norway are subject to regulations established by the Norwegian Ministry of Finance. According to a resolution from the Financial Supervisory Authority of Norway (FSA) the Association has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20.05.2016 has not been audited.

Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect assets, liabilities, revenues, expenses and contingent liabilities. Due to circumstances in the future these estimates can change. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

Insurance contract liabilities are the main items in the balance sheet based upon judgments and estimates. Estimates are made both for the expected total cost of claims reported and for the expected total cost of claims incurred but not reported at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial method uses historical data as one of the elements in the model to estimate the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

Assuranceforeningen Gard - gjensidig -

Notes to the accounts

Note 2. Related party transactions

Reinsurance agreements

The Association and Gard P. & I. (Bermuda) Ltd have entered into mutual reinsurance agreements. The Association reinsures a proportion amounting to 2 per cent of Gard P. & I. (Bermuda Ltd.) risks that is not reinsured elsewhere (15 per cent for policy years up to and including 2009).

The Association cedes to Gard P. & I. (Bermuda) Ltd by way of reinsurance 25 per cent of the Association's risks that are not reinsured elsewhere (85 per cent for policy years up to and including 2009).

The Association has entered into a stop loss reinsurance agreement protecting the former against and adverse claims development with Gard Reinsurance Co Ltd (a company owned by Gard P.& I. (Bermuda) Ltd).

The Association has entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Association's segregated account (cell) in Hydra is covering the former comny's liability to a layer of the International Group (IG) Pool and retention in the first market excess layer.

Insurance agency agreements

The Association has entered into an insurance agency agreements with Gard AS, a company owned by Gard P. & I. (Bermuda) Ltd. being the general agent, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the Association. The Association has entered into agreements with the subsidiaries of Gard AS for services rendered to the Association.

Note 3. Changes in retained earnings

Amounts in USD 000's	As at 20.05.16	As at 20.02.16
Retained earnings opening balance	101,376	116,685
Net result for the period	11,180	(15,308)
Retained earnings closing balance	112,556	101,376

Note 4. Capital requirements

Amounts in USD 000's	As at 20.05.16
Own funds	
Reconciliation reserve	106,473
Net deferred tax assets	
Excess of assets over liabilities	106,473
Tier 1 - Unrestricted	106,473
Total basic own funds / (equal to Excess of assets over liabilities)	106,473
Tier 2 - Supplementary calls	62,985
Total ancillary own funds	62,985

Assuranceforeningen Gard - gjensidig -

Notes to the accounts

Note 4. Capital requirements continues

Amounts in USD 000's	As at 20.05.16
Total available own funds to meet the SCR	169,458
Total available own funds to meet the MCR	169,458
Total eligible own funds to meet the SCR	169,458
Total eligible own funds to meet the MCR	106,473
SCR	125,970
MCR	36,745
Ratio of eligible own funds to SCR	134.52 %
Ratio of eligible own funds to MCR	289.76 %
Minimum Capital Requirement (MCR)	
Linear MCR	36,745
SCR	125,970
MCR cap (45% of SCR)	56,686
MCR floor (25% of SCR)	31,492
Combined MCR	36,745
Absolute floor of the MCR	4,146
MCR	36,745
Solvency Capital Requirement (SCR)	
Market risk	26,676
Counterparty default risk	21,020
Non-life underwriting risk	83,032
Diversification	(24,988)
Basic SCR	105,740
Calculation of SCR	
Operational risk	20,230
SCR	125,970

The Board of Directors
ASSURANCEFORENINGEN GARD -gjensidig-

15 June 2016

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Eriksson Åsheim

Morten W. Høegh

Ian Beveridge