

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

Amounts in USD 000's	Q3		YTD 20.11.	
	Current year 21.08 - 20.11.18	Previous year 21.08 - 20.11.17	Current year 21.02 - 20.11.18	Previous year 21.02 - 20.11.17
Technical account				
Gross earned premium	44,145	45,458	130,137	134,849
Ceded reinsurance	(19,933)	(20,652)	(59,163)	(61,349)
Earned premium for own account	24,211	24,806	70,974	73,500
Other insurance related income	71	71	202	170
Gross incurred claims	27,253	22,635	34,488	65,831
Reinsurers' share of gross incurred claims	(8,048)	(5,267)	15,180	(5,581)
Claims incurred for own account	19,205	17,368	49,668	60,250
Acquisition costs	2,248	1,858	6,120	5,081
Agents' commission	2,112	2,164	6,176	5,503
Commission received	(2,729)	(2,260)	(8,009)	(6,513)
Insurance related expenses for own account	1,630	1,762	4,287	4,070
Other insurance related expenses	564	375	1,536	1,024
Technical result	2,883	5,372	15,685	8,325
Non-technical account				
Interest and similar income	59	396	352	163
Change in unrealised gain/(loss) on investments	11,331	2,183	5,199	9,567
Gain on realisation of investments	(14,390)	368	(11,765)	368
Other investment expenses	(8)	(6)	(25)	(36)
Non-technical result	(3,007)	2,942	(6,239)	10,062
Profit before tax	(124)	8,314	9,446	18,387
Taxation	(821)	2,200	2,083	7,467
Net result	697	6,114	7,364	10,920
Other comprehensive income				
Change in pension assumptions	(73)	0	(73)	0
Total comprehensive income	624	6,114	7,291	10,920

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Balance sheet

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	25,434	24,474
Bonds and bond funds	208,595	177,518
Other financial investments	121	7,456
Total investments	234,150	209,448
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	19,433	32
Reinsurers' share of gross claims reserve	183,510	219,360
Total reinsurers' share of technical provisions	202,943	219,391
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Receivables		
Policyholders	37,652	5,582
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations - group companies	1,087	16,441
<i>Other receivables</i>		
Other receivables	12	11
Other receivables - group companies	20	133
Total receivables	38,771	22,168
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Other assets		
Equipment	2,201	2,201
Cash and cash equivalents	48,376	49,271
Prepaid tax	0	748
Other financial assets	1,776	1,869
Total other assets	52,353	54,088
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Prepayments and accrued income		
Accrued income and other prepayments	4,089	3,860
Total prepayments and accrued income	4,089	3,860
 Total assets	 532,306	 508,954

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Balance sheet

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Equity and liabilities		
Equity		
Other equity	119,477	112,186
Total equity	119,477	112,186
Technical provisions		
Gross premium reserve	41,718	126
Gross claims reserve	338,527	370,920
Total technical provisions	380,245	371,046
Provision for other liabilities		
Pension obligations	1,799	2,018
Income tax payable	2,165	0
Deferred tax	8,265	9,005
Total provisions for other liabilities	12,229	11,023
Payables		
Payables arising out of direct insurance operations	6,965	4,922
Payables arising out of reinsurance operations	2,381	3,352
Payables arising out of reinsurance operations - group companies	7,373	1,047
Payables group companies	771	279
Financial derivative liabilities	0	652
Other payables	106	208
Total payables	17,597	10,459
Accruals and deferred income		
Accruals and deferred income	2,758	4,241
Total accruals and deferred income	2,758	4,241
Total liabilities	412,830	396,769
Total equity and liabilities	532,306	508,954

Assuranceforeningen Gard - gjensidig - Statement of changes in equity

Amounts in USD 000's	Other equity	Total
Equity as at 21.02.2017	109,313	109,313
Net result	3,025	3,025
Remeasurement due to change in pension assumptions	(153)	(153)
Equity as at 20.02.2018	112,186	112,186
Equity as at 21.02.2018	112,186	112,186
Net result	7,291	7,291
Equity as at 20.11.2018	119,477	119,477

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Cash flow analysis

Amounts in USD 000's	21.02.18 to 20.11.18	21.02.17 to 20.11.17
Cash flow from operating activities		
Profit from ordinary operations before tax	9,446	18,387
Tax paid	(1,335)	(7,467)
Change in unrealised gain/(loss) on investments	5,199	163
Change in pension obligation	1,133	4,736
Change in receivables and payables	(9,465)	(51,824)
Change in technical provisions and other accruals	24,028	24,516
Purchase/sale of other investments	(29,901)	18,558
Net cash flow from operating activities	(895)	7,069
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	(895)	7,070
Cash and cash equivalents at beginning of period	49,271	48,295
Cash and cash equivalents at end of period	48,376	55,366

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 activities 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.

The Association established a branch in UK as from 21 February 2017 in addition to the other branches in Hong Kong and Japan.

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 2018 to 20 November 2018.

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

The quarterly Accounts have been prepared in accordance with Regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

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 November 2018 have 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.

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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 are 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. Capital requirements

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Own funds		
Share premium account	119,477	112,186
Reconciliation reserve	2,120	(2,431)
Excess of assets over liabilities	121,597	109,754
Tier 1 - Unrestricted	121,597	109,754
Total basic own funds / (equal to Excess of assets over liabilities)	121,597	109,754
Tier 2 - Supplementary calls	198,162	217,000
Total ancillary own funds	198,162	217,000

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Notes to the accounts

Note 3. Capital requirements continues

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Total available own funds to meet the SCR	319,759	326,755
Total available own funds to meet the MCR	121,597	109,754
Total eligible own funds to meet the SCR	165,413	157,380
Total eligible own funds to meet the MCR	121,597	109,754
SCR	87,633	95,251
MCR	27,957	25,974
Ratio of eligible own funds to SCR	189 %	165 %
Ratio of eligible own funds to MCR	435 %	423 %
Minimum Capital Requirement (MCR)		
Linear MCR	27,957	25,974
SCR	87,633	95,251
MCR cap (45% of SCR)	39,435	42,863
MCR floor (25% of SCR)	21,908	23,813
Combined MCR	27,957	25,974
Absolute floor of the MCR	4,306	4,306
MCR	27,957	25,974
Solvency Capital Requirement (SCR)		
Market risk	16,512	19,149
Counterparty default risk	15,577	17,279
Non-life underwriting risk	70,405	77,073
Diversification	(25,705)	(28,742)
Basic SCR	76,790	84,759
Calculation of SCR		
Operational risk	10,843	10,492
SCR	87,633	95,251

The Board of Directors
ASSURANCEFORENINGEN GARD - gjensidig -

28 January 2019

 Trond Eilertsen
 Chairman

 Jane Sy
 Deputy-chairman

 Yngvil Eriksson Åsheim

 Nils Aden

 Ian Beveridge

 Rolf-Thore Roppestad
 Managing Director