

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

	Q2		YTD 20.08	
	Current year 21.05.19 to 20.08.19	Previous year 21.05.18 to 20.08.18	Current year 21.02.19 to 20.08.19	Previous year 21.02.18 to 20.08.18
Amounts in USD 000's				
Technical account				
Gross written premium	30,678	30,762	52,353	48,428
Gross earned premium	24,044	21,581	46,366	41,977
Ceded reinsurance	(17,706)	(16,415)	(34,563)	(31,821)
Earned premium for own account	6,338	5,166	11,803	10,156
Other insurance related income	16	8	34	19
Gross incurred claims	31,492	18,386	47,768	32,967
Reinsurers' share of gross incurred claims	(23,371)	(14,536)	(33,399)	(25,117)
Claims incurred for own account	8,121	3,850	14,368	7,850
Acquisition costs	1,296	1,290	2,913	2,766
Agents' commission	2,869	2,491	5,453	4,784
Commission received	(4,237)	(3,676)	(8,149)	(7,339)
Insurance related expenses for own account	(72)	106	218	211
Other insurance related expenses	141	141	317	301
Technical result	(1,836)	1,078	(3,066)	1,812
Non-technical account				
Interest and similar income/(expenses)	0	(395)	(143)	(1,218)
Change in unrealised gain/(loss) on investments	231	(45)	379	(418)
Gain on realisation of investments	0	0	0	317
Non-technical result	232	(440)	236	(1,319)
Profit before tax	(1,605)	638	(2,830)	493
Taxation	-92	611	(143)	1,129
Net result	(1,513)	27	(2,687)	(636)

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.08.19	As at 20.02.19
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	2,220	2,285
Interest-bearing securities and funds	43,979	37,800
Other financial investments	3	4
Total investments	46,202	40,088
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	37,651	33,429
Reinsurers' share of gross claims reserve	81,907	79,107
Total reinsurers' share of technical provisions	119,558	112,536
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	1,171	1,135
Intermediaries	55,121	52,091
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	4,017	1,914
Receivables from group companies	275	5,791
<i>Other receivables</i>		
Other receivables	12	9
Other receivables from group companies	247	56
Total receivables	60,843	60,997
Other assets		
Cash and cash equivalents	9,695	10,670
Total other assets	9,695	10,670
Prepayments and accrued income		
Accrued income and other prepayments	6,646	5,767
Total prepayments and accrued income	6,646	5,767
Total assets	242,944	230,059

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.08.19	As at 20.02.19
Equity and liabilities		
Equity		
Statutory reserve	43,449	43,449
Other equity	3,031	5,717
Total equity	46,479	49,166
Technical provisions		
Gross premium reserve	52,062	46,075
Gross claims reserve	104,851	98,814
Total technical provisions	156,913	144,889
Provisions for other liabilities		
Income tax payable	13	23
Deferred tax	918	1,127
Total provisions for other liabilities	931	1,149
Payables		
Payables arising out of direct insurance operations	1,273	3,601
Payables arising out of reinsurance operations	2,868	528
Payables arising out of reinsurance operations - group companies	24,446	21,570
Payables to group companies	162	273
Other payables	339	173
Total payables	29,088	26,145
Accruals and deferred income		
Accruals and deferred income	9,532	8,709
Total accruals and deferred income	9,532	8,709
Total liabilities	196,464	180,892
Total equity and liabilities	242,944	230,059

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

Amounts in USD 000's	Statutory reserve	Other equity	Total
Equity as at 21.02.2018	43,449	9,704	53,153
Net result	0	(3,987)	(3,987)
Equity as at 20.02.2019	43,449	5,717	49,166
Equity as at 21.02.2019	43,449	5,717	49,166
Net result	0	(2,687)	(2,687)
Equity as at 20.08.2019	43,449	3,031	46,480

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	21.02.19 to 20.08.19	21.02.18 to 20.08.18
Cash flow from operating activities		
Profit before tax	(2,830)	493
Tax paid	(26)	0
Change in unrealised gain/(loss) on investments	(379)	(418)
Change in receivables and payables	3,097	149
Change in technical provisions and other accruals	4,946	1,308
Financial investments	(5,734)	(74)
Change in valuation due to change in exchange rates	(49)	0
Net cash flow from operating activities	(975)	1,458
Cash flow from financial activities		
Increase of share capital	0	0
Net cash flow from financial activities	0	0
Net change in cash and cash equivalents	(975)	1,459
Cash and cash equivalents at beginning of period	10,670	12,694
Cash and cash equivalents at end of period	9,695	14,153

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Accounting policies

Corporate information

Gard Marine & Energy Insurance (Europe) AS ("the Company") is a wholly owned subsidiary of Gard Marine & Energy Ltd ("Gard M&E Ltd."). The Company is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of Marine and Energy risks.

Gard Marine & Energy Insurance (Europe) AS is consolidated into the accounts of Gard M&E Ltd. and the consolidated accounts are available at the office of Gard M&E Ltd's management company Lingard Ltd in Bermuda.

The Company has established a branch in UK.

Basis of preparation of the Accounts

The quarterly accounts includes activity from 21 February 2019 to 20 August 2019.

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 the Company has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 August 2019 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 unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates. Estimates have to be 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.

Note 2 – Related party transactions

Reinsurance agreements

The Company cedes to Gard M&E Ltd by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS, Gard (UK) Ltd., and Oy Gard Baltic Ab. Gard (UK) Ltd. and Oy Gard Baltic Ab are fully owned by Gard AS. Gard AS is a fully owned subsidiary of Gard P. & I. (Bermuda) Ltd.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 – Capital Requirements

Amounts in USD 000's	As at 20.08.19
Own funds	
Ordinary share capital	42,572
Share premium account	3,907
Reconciliation reserve	170
Excess of assets over liabilities	46,649
Tier 1 - Unrestricted	46,649
Total basic own funds / (equal to Excess of assets over liabilities)	46,649
Total available own funds to meet the SCR	46,649
Total available own funds to meet the MCR	46,649
Total eligible own funds to meet the SCR	46,649
Total eligible own funds to meet the MCR	46,649
SCR	31,530
MCR	7,882
Ratio of eligible own funds to SCR	148%
Ratio of eligible own funds to MCR	587%
Minimum Capital Requirement (MCR)	
Linear MCR	7,498
SCR	31,530
MCR cap (45% of SCR)	14,188
MCR floor (25% of SCR)	7,882
Combined MCR	7,882
Absolute floor of the MCR	4,188
MCR	7,882
Solvency Capital Requirement (SCR)	
Market risk	1,972
Counterparty default risk	10,648
Non-life underwriting risk	24,692
Diversification	(6,447)
Basic SCR	30,866
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(3,623)
Operational risk	4,286
SCR	31,530

The eligible own funds are calculated based on a partial internal model approved by the Financial Supervisory Authority of Norway (Finanstilsynet) as from 20 February 2019.

Board of Directors
Gard Marine & Energy Insurance (Europe) AS

27 September 2019

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director