

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.19 to 20.11.19	Previous year 21.08.18 to 20.11.18	Current year 21.02.19 to 20.11.19	Previous year 21.02.18 to 20.11.18
Amounts in USD 000's				
Technical account				
Gross written premium	19,241	18,510	71,594	66,938
Gross earned premium	23,368	21,667	69,735	63,644
Ceded reinsurance	(17,043)	(16,443)	(51,606)	(48,264)
Earned premium for own account	6,325	5,224	18,128	15,380
Other insurance related income	(2)	14	32	33
Gross incurred claims	32,719	35,478	80,487	68,445
Reinsurers' share of gross incurred claims	(18,967)	(27,813)	(52,366)	(52,929)
Claims incurred for own account	13,752	7,665	28,120	15,515
Acquisition costs	1,548	1,617	4,461	4,383
Agents' commission	2,856	2,488	8,308	7,272
Commission received	(4,154)	(3,663)	(12,302)	(11,002)
Insurance related expenses for own account	250	442	467	653
Other insurance related expenses	169	176	486	477
Technical result	(7,848)	(3,045)	(10,914)	(1,233)
Non-technical account				
Interest and similar income/(expenses)	(359)	132	(502)	(1,086)
Change in unrealised gain on investments	304	1,385	683	967
Gain/(loss) on realisation of investments	0	(1,475)	0	(1,158)
Other investment expenses	(3)	(7)	(3)	(8)
Non-technical result	(58)	35	178	(1,284)
Profit before tax	(7,906)	(3,010)	(10,736)	(2,517)
Taxation	(559)	(1,591)	(701)	(462)
Net result	(7,347)	(1,419)	(10,034)	(2,055)

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.11.19	As at 20.02.19
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	2,404	2,285
Interest-bearing securities and funds	43,730	37,800
Other financial investments	1	4
Total investments	46,135	40,088
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	34,304	33,429
Reinsurers' share of gross claims reserve	88,314	79,107
Total reinsurers' share of technical provisions	122,618	112,536
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	1,216	1,135
Intermediaries	53,765	52,091
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	2,326	1,914
Receivables from group companies	0	5,791
<i>Other receivables</i>		
Other receivables	11	9
Other receivables from group companies	10	56
Total receivables	57,327	60,997
Other assets		
Cash and cash equivalents	9,297	10,670
Deferred tax asset	877	0
Total other assets	10,174	10,670
Prepayments and accrued income		
Accrued income and other prepayments	6,417	5,767
Total prepayments and accrued income	6,417	5,767
Total assets	242,670	230,059

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.11.19	As at 20.02.19
Equity and liabilities		
Equity		
Statutory reserve	43,449	43,449
Other equity	(4,317)	5,717
Total equity	39,132	49,166
Technical provisions		
Gross premium reserve	47,935	46,075
Gross claims reserve	119,571	98,814
Total technical provisions	167,506	144,889
Provisions for other liabilities		
Income tax payable	0	23
Deferred tax	0	1,127
Total provisions for other liabilities	0	1,149
Payables		
Payables arising out of direct insurance operations	402	3,601
Payables arising out of reinsurance operations	1,971	528
Payables arising out of reinsurance operations - group companies	23,888	21,570
Payables to group companies	180	273
Other payables	153	173
Total payables	26,593	26,145
Accruals and deferred income		
Accruals and deferred income	9,439	8,709
Total accruals and deferred income	9,439	8,709
Total liabilities	203,538	180,892
Total equity and liabilities	242,670	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	(10,034)	(10,034)
Equity as at 20.11.2019	43,449	(4,317)	39,132

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	21.02.19 to 20.11.19	21.02.18 to 20.11.18
Cash flow from operating activities		
Profit before tax	(10,736)	(2,517)
Tax paid	(1,334)	0
Change in unrealised gain/(loss) on investments	(683)	967
Change in receivables and payables	4,118	(1,114)
Change in technical provisions and other accruals	12,616	5,467
Financial investments	(5,363)	(6,959)
Change in valuation due to change in exchange rates	9	0
Net cash flow from operating activities	(1,373)	(4,157)
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	(1,374)	(4,156)
Cash and cash equivalents at beginning of period	10,670	12,694
Cash and cash equivalents at end of period	9,297	8,538

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 November 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 November 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 20.11.19
Own funds	
Ordinary share capital	42,572
Share premium account	(3,440)
Reconciliation reserve	(1,076)
Net deferred tax assets	877
Excess of assets over liabilities	38,933
Tier 1 - Unrestricted	38,056
Tier 1 - Restricted	0
Tier 3 - Net deferred tax assets	877
Total basic own funds / (equal to Excess of assets over liabilities)	38,933
Total available own funds to meet the SCR	38,933
Total available own funds to meet the MCR	38,056
Total eligible own funds to meet the SCR	38,933
Total eligible own funds to meet the MCR	38,056
SCR	31,805
MCR	8,293
Ratio of eligible own funds to SCR	122%
Ratio of eligible own funds to MCR	459%
Minimum Capital Requirement (MCR)	
Linear MCR	8,293
SCR	31,805
MCR cap (45% of SCR)	14,312
MCR floor (25% of SCR)	7,951
Combined MCR	8,293
Absolute floor of the MCR	4,188
MCR	8,293
Solvency Capital Requirement (SCR)	
Market risk	2,603
Counterparty default risk	11,232
Non-life underwriting risk	22,629
Diversification	(7,465)
Basic SCR	28,999
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(1,828)
Operational risk	4,633
SCR	31,805

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 January 2020

Trond Eilertsen

Chairman

Jane Sy

Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad

Managing Director