

# Assuranceforeningen Gard - gjensidig -

## 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				
<b>Technical account</b>				
Gross written premium	4,471	4,905	160,527	168,293
Gross earned premium	41,855	43,592	81,294	85,992
Ceded reinsurance	(19,546)	(19,728)	(38,373)	(39,229)
<b>Earned premium for own account</b>	<b>22,309</b>	<b>23,864</b>	<b>42,921</b>	<b>46,763</b>
<b>Other insurance related income</b>	<b>121</b>	<b>91</b>	<b>199</b>	<b>131</b>
Gross incurred claims	29,421	(7,962)	52,021	7,235
Reinsurers' share of gross incurred claims	(6,416)	25,609	(11,817)	23,228
<b>Claims incurred for own account</b>	<b>23,005</b>	<b>17,647</b>	<b>40,204</b>	<b>30,463</b>
Acquisition costs	1,632	1,851	3,847	3,873
Agents' commission	2,013	1,966	3,895	4,064
Commission received	(2,603)	(2,687)	(5,021)	(5,280)
<b>Insurance related expenses for own account</b>	<b>1,043</b>	<b>1,130</b>	<b>2,721</b>	<b>2,657</b>
<b>Other insurance related expenses</b>	<b>1,031</b>	<b>410</b>	<b>1,587</b>	<b>972</b>
<b>Technical result</b>	<b>(2,648)</b>	<b>4,768</b>	<b>(1,391)</b>	<b>12,802</b>
<b>Non-technical account</b>				
Interest and similar income	604	425	847	522
Change in unrealised gain/(loss) on investments	3,333	(1,295)	4,571	(6,132)
Gain/(loss) on realisation of investments	856	(229)	1,077	2,396
Other investment expenses	5	7	(5)	(17)
<b>Non-technical result</b>	<b>4,798</b>	<b>(1,092)</b>	<b>6,490</b>	<b>(3,231)</b>
<b>Profit before tax</b>	<b>2,150</b>	<b>3,676</b>	<b>5,098</b>	<b>9,570</b>
Taxation	651	868	993	2,904
<b>Net result</b>	<b>1,499</b>	<b>2,808</b>	<b>4,106</b>	<b>6,667</b>

# Assuranceforeningen Gard - gjensidig -

## Balance sheet

Amounts in USD 000's	As at 20.08.19	As at 20.02.19
<b>Assets</b>		
<b>Investments</b>		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	26,324	26,696
Interest-bearing securities and funds	186,467	183,275
Other financial investments	122	122
<b>Total investments</b>	<b>212,914</b>	<b>210,092</b>
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<b>Reinsurers' share of technical provisions</b>		
Reinsurers' share of gross premium reserve	38,332	37
Reinsurers' share of gross claims reserve	161,330	169,796
<b>Total reinsurers' share of technical provisions</b>	<b>199,661</b>	<b>169,833</b>
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<b>Receivables</b>		
<i>Receivables from direct insurance operations</i>		
Policyholders	81,637	19,015
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	0	1,721
Receivables from group companies	2,620	103
<i>Other receivables</i>		
Other receivables	12	26
Other receivables - group companies	806	202
<b>Total receivables</b>	<b>85,075</b>	<b>21,067</b>
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<b>Other assets</b>		
Equipment	2,148	2,148
Cash and cash equivalents	65,510	56,885
Prepaid tax	154	0
Other financial assets	2,002	1,806
<b>Total other assets</b>	<b>69,814</b>	<b>60,838</b>
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<b>Prepayments and accrued income</b>		
Accrued income and other prepayments	6,419	3,299
<b>Total prepayments and accrued income</b>	<b>6,419</b>	<b>3,299</b>
 <b>Total assets</b>	 <b>573,883</b>	 <b>465,131</b>

# Assuranceforeningen Gard - gjensidig -

## Balance sheet

Amounts in USD 000's	As at 20.08.19	As at 20.02.19
<b>Equity and liabilities</b>		
<b>Equity</b>		
<i>Retained earnings</i>		
Guarantee scheme	9	0
Other equity	119,700	115,603
<b>Total equity</b>	<b>119,709</b>	<b>115,603</b>
<b>Technical provisions</b>		
Gross premium reserve	79,357	124
Gross claims reserve	313,995	320,294
<b>Total technical provisions</b>	<b>393,352</b>	<b>320,419</b>
<b>Provisions for other liabilities</b>		
Pension obligations	1,585	1,795
Income tax payable	0	998
Deferred tax	12,467	11,659
<b>Total provisions for other liabilities</b>	<b>14,051</b>	<b>14,452</b>
<b>Payables</b>		
Payables arising out of direct insurance operations	8,614	5,230
Payables arising out of reinsurance operations	14,536	3,391
Payables arising out of reinsurance operations - group companies	18,157	2,305
Payables group companies	143	463
Other payables	235	69
<b>Total payables</b>	<b>41,685</b>	<b>11,456</b>
<b>Accruals and deferred income</b>		
Accruals and deferred income	5,086	3,201
<b>Total accruals and deferred income</b>	<b>5,086</b>	<b>3,201</b>
<b>Total liabilities</b>	<b>454,174</b>	<b>349,528</b>
<b>Total equity and liabilities</b>	<b>573,883</b>	<b>465,131</b>

# Assuranceforeningen Gard - gjensidig -

## Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
<b>Equity as at 21.02.2018</b>	<b>0</b>	<b>112,186</b>	<b>112,186</b>
Net result	0	3,494	3,494
Remeasurement due to change in pension assumptions	0	(102)	(102)
Income tax related to change in pension assumptions	0	26	26
<b>Equity as at 20.02.2019</b>	<b>0</b>	<b>115,603</b>	<b>115,603</b>
<b>Equity as at 21.02.2019</b>	<b>0</b>	<b>115,603</b>	<b>115,603</b>
Net result	0	4,106	4,106
Provisions to obliged fund	9	(9)	0
<b>Equity as at 20.08.2019</b>	<b>9</b>	<b>119,700</b>	<b>119,709</b>

# Assuranceforeningen Gard - gjensidig -

## Cash flow analysis

Amounts in USD 000's	21.02.19 to 20.08.19	21.02.18 to 20.08.18
<b>Cash flow from operating activities</b>		
Profit before tax	5,098	9,570
Tax (paid)/refunded	(1,147)	(2,156)
Change in unrealised gain/(loss) on investments	(4,571)	(6,132)
Change in pension obligation	(401)	1,156
Change in receivables and payables	(33,974)	(16,101)
Change in technical provisions and other accruals	41,870	44,485
Financial investments	1,750	(25,539)
<b>Net cash flow from operating activities</b>	<b>8,626</b>	<b>5,283</b>
<b>Cash flow from investment activities</b>		
Disposal of equipment	0	0
Investment in equipment	0	0
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>0</b>
Net change in cash and cash equivalents	8,626	5,283
Cash and cash equivalents at beginning of period	56,885	49,271
<b>Cash and cash equivalents at end of period</b>	<b>65,510</b>	<b>54,554</b>

# 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, 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: to insure its Members for marine P&I risks, including the reinsurance of a proportion of the P&I risk underwritten by Gard P. & I. (Bermuda) Ltd. as a direct insurer; and management of its assets which are used to cover the technical provisions. The Members of the Association are also Members of Gard P. & I. (Bermuda) Ltd. and vice versa.

The Association has established branches in the UK, 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 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 (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 August 2019 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 the valuation of 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 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.

### Note 2 - Related party transactions

#### Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and the Association 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. 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. Premiums are calculated on financial year basis, claims are calculated on a claim year basis.

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 and Gard P. & I. (Bermuda) Ltd. have 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 companies' 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 agreement 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 also entered into agreements with the subsidiaries of Gard AS for services rendered to the Association.

# Assuranceforeningen Gard - gjensidig -

## Notes to the accounts

### Note 3 - Capital requirements

Amounts in USD 000's	As at 20.08.19
<b>Own funds</b>	
Share premium account	119,700
Reconciliation reserve	(1,774)
<b>Excess of assets over liabilities</b>	<b>117,926</b>
Tier 1 - Unrestricted	117,926
<b>Total basic own funds / (equal to Excess of assets over liabilities)</b>	<b>117,926</b>
Tier 2 - Supplementary calls	195,234
<b>Total ancillary own funds</b>	<b>195,234</b>
Total available own funds to meet the SCR	313,160
Total available own funds to meet the MCR	117,926
Total eligible own funds to meet the SCR	169,537
Total eligible own funds to meet the MCR	117,926
SCR	103,221
MCR	30,604
<b>Ratio of eligible own funds to SCR</b>	<b>164 %</b>
<b>Ratio of eligible own funds to MCR</b>	<b>385 %</b>
<b>Minimum Capital Requirement (MCR)</b>	
Linear MCR	30,604
SCR	103,221
MCR cap (45% of SCR)	46,450
MCR floor (25% of SCR)	25,805
Combined MCR	30,604
Absolute floor of the MCR	4,188
<b>MCR</b>	<b>30,604</b>
<b>Solvency Capital Requirement (SCR)</b>	
Market risk	14,051
Counterparty default risk	17,262
Non-life underwriting risk	97,012
Diversification	(25,886)
<b>Basic SCR</b>	<b>102,439</b>
<b>Calculation of SCR</b>	
Adj - Loss Absorbing Capacity of Deferred Tax	(10,428)
Operational risk	11,210
<b>SCR</b>	<b>103,221</b>

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  
Assuranceforeningen Gard - gjensidig -

27 September 2019

\_\_\_\_\_  
Trond Eilertsen  
Chairman

\_\_\_\_\_  
Jane Sy  
Deputy-chairman

\_\_\_\_\_  
Yngvil Åsheim

\_\_\_\_\_  
Nils Aden

\_\_\_\_\_  
Ian Beveridge

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Rolf-Thore Roppestad  
Managing Director