

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.21 to 20.05.21	Previous year 21.02.20 to 20.05.20	Current year 21.02.21 to 20.05.21	Previous year 21.02.20 to 20.05.20
Amounts in USD 000's				
Technical account				
Gross written premium on ETC basis *	175,799	162,701	175,799	162,701
Gross earned premium	42,577	61,727	42,577	61,727
Ceded reinsurance	(19,803)	(19,825)	(19,803)	(19,825)
Earned premium for own account	22,773	41,902	22,773	41,902
Other insurance related income	0	27	0	27
Gross incurred claims	50,155	42,111	50,155	42,111
Reinsurers' share of gross incurred claims	(22,506)	(9,036)	(22,506)	(9,036)
Claims incurred for own account	27,648	33,074	27,648	33,074
Acquisition costs	2,301	1,346	2,301	1,346
Agents' commission	2,104	7,361	2,104	7,361
Commission received	(2,498)	(2,874)	(2,498)	(2,874)
Insurance related expenses for own account	1,906	5,833	1,906	5,833
Other insurance related expenses	656	610	656	610
Technical result	(7,437)	2,412	(7,437)	2,412
Non-technical account				
Interest and similar income/(expenses)	(277)	533	(277)	533
Change in unrealised gain on investments	1,339	(5,361)	1,339	(5,361)
Gain on realisation of investments	0	556	0	556
Other investment expenses	(1)	(5)	(1)	(5)
Non-technical result	1,061	(4,277)	1,061	(4,277)
Profit before tax	(6,377)	(1,865)	(6,377)	(1,865)
Taxation	119	316	119	316
Net result	(6,496)	(2,181)	(6,496)	(2,181)
* Owners' General Discount included in Gross written premium	6,155	0	6,155	0

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Balance sheet

Amounts in USD 000's	As at 20.05.21	As at 20.02.21
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	35,754	34,023
Interest-bearing securities and funds	190,144	198,029
Other financial investments	1	1
Total investments	225,899	232,052
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	60,798	521
Reinsurers' share of gross claims reserve	179,528	165,225
Total reinsurers' share of technical provisions	240,326	165,745
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	118,856	22,192
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	4,510	2,782
<i>Other receivables</i>		
Other receivables	13	10
Other receivables - group companies	695	2,163
Total receivables	124,074	27,148
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Other assets		
Equipment	2,150	2,150
Cash and cash equivalents	77,586	54,723
Other financial assets	7,344	7,404
Total other assets	87,079	64,278
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Prepayments and accrued income		
Accrued income and other prepayments	6,583	3,877
Total prepayments and accrued income	6,583	3,877
Total assets	683,961	493,101

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Balance sheet

Amounts in USD 000's	As at 20.05.21	As at 20.02.21
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	117,119	123,615
Total equity	117,123	123,619
Technical provisions		
Gross premium reserve	129,178	2,111
Gross claims reserve	356,806	335,239
Total technical provisions	485,984	337,350
Provisions for other liabilities		
Pension obligations	1,820	1,847
Income tax payable	679	693
Deferred tax	14,109	13,874
Total provisions for other liabilities	16,608	16,414
Payables		
Payables arising out of direct insurance operations	10,029	11,709
Payables arising out of reinsurance operations	11,860	1,363
Payables arising out of reinsurance operations - group companies	34,145	1,201
Payables group companies	126	715
Other payables	316	20
Total payables	56,477	15,007
Accruals and deferred income		
Accruals and deferred income	7,768	712
Total accruals and deferred income	7,768	712
Total liabilities	566,838	369,482
Total equity and liabilities	683,961	493,101

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Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.20	4	93,368	93,372
Net result	0	30,366	30,366
Remeasurement due to change in pension assumptions	0	(160)	(160)
Income tax related to change in pension assumptions	0	41	41
Equity as at 20.02.21	4	123,615	123,619
Equity as at 21.02.21	4	123,615	123,619
Net result	0	(6,496)	(6,496)
Equity as at 20.05.21	4	117,119	117,123

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Cash flow analysis

Amounts in USD 000's	21.02.21 to 20.05.21	21.02.20 to 20.05.20
Cash flow from operating activities		
Profit before tax	(6,377)	(1,865)
Tax (paid)/refunded	(14)	(162)
Change in unrealised gain/(loss) on investments	(1,339)	5,361
Change in pension obligations	(28)	(122)
Financial investments	7,492	(20,604)
Change in valuation due to change in exchange rates	117	(316)
Change in receivables and payables	(55,394)	(45,151)
Change in technical provisions and other accruals	78,405	75,307
Net cash flow from operating activities	22,863	12,448
Net change in cash and cash equivalents	22,863	12,448
Cash and cash equivalents at beginning of period	54,723	54,549
Cash and cash equivalents at end of period	77,586	66,997

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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, Finland 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 2021 to 20 May 2021.

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 May 2021 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.

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Notes to the accounts

Note 3 - Capital requirements

Amounts in USD 000's	As at 20.05.21
Own funds	
Share premium account	117,123
Reconciliation reserve	(8,683)
Excess of assets over liabilities	108,440
Tier 1 - Unrestricted	108,440
Total basic own funds / (equal to Excess of assets over liabilities)	108,440
Tier 2 - Supplementary calls	229,492
Total ancillary own funds	229,492
Total available own funds to meet the SCR	337,932
Total available own funds to meet the MCR	108,440
Total eligible own funds to meet the SCR	165,519
Total eligible own funds to meet the MCR	108,440
SCR	114,158
MCR	43,218
Ratio of eligible own funds to SCR	145 %
Ratio of eligible own funds to MCR	251 %
Minimum Capital Requirement (MCR)	
Linear MCR	43,218
SCR	114,158
MCR cap (45% of SCR)	51,371
MCR floor (25% of SCR)	28,540
Combined MCR	43,218
Absolute floor of the MCR	4,328
MCR	43,218
Solvency Capital Requirement (SCR)	
Market risk	25,600
Counterparty default risk	17,257
Non-life underwriting risk	110,132
Diversification	(33,689)
Basic SCR	119,300
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(19,227)
Operational risk	14,086
SCR	114,158

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

Board of Directors
Assuranceforeningen Gard - gjensidig -

18 June 2021

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director