

# Assuranceforeningen Gard - gjensidig -

## Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.21 to 20.11.21	Previous year 21.08.20 to 20.11.20	Current year 21.02.21 to 20.11.21	Previous year 21.02.20 to 20.11.20
Amounts in USD 000's				
<b>Technical account</b>				
Gross written premium on ETC basis *	3,313	3,838	183,815	163,934
Gross earned premium **	45,939	62,526	134,270	190,983
Ceded reinsurance	(21,155)	(25,477)	(61,988)	(64,853)
<b>Earned premium for own account</b>	<b>24,784</b>	<b>37,049</b>	<b>72,282</b>	<b>126,131</b>
<b>Other insurance related income/(expenses)</b>	<b>0</b>	<b>(4)</b>	<b>2</b>	<b>25</b>
Gross incurred claims	44,356	19,551	124,581	85,626
Reinsurers' share of gross incurred claims	(20,772)	(6,411)	(46,306)	(9,795)
<b>Claims incurred for own account</b>	<b>23,584</b>	<b>13,140</b>	<b>78,275</b>	<b>75,831</b>
Acquisition costs	2,159	1,566	6,421	4,182
Agents' commission	2,158	2,729	6,441	19,060
Commission received	(2,686)	(4,418)	(7,882)	(9,994)
<b>Insurance related expenses for own account</b>	<b>1,631</b>	<b>(124)</b>	<b>4,980</b>	<b>13,247</b>
<b>Other insurance related expenses</b>	<b>636</b>	<b>674</b>	<b>1,833</b>	<b>1,780</b>
<b>Technical result</b>	<b>(1,067)</b>	<b>23,355</b>	<b>(12,805)</b>	<b>35,298</b>
<b>Non-technical account</b>				
Interest and similar income/(expenses)	(456)	104	(90)	449
Change in unrealised gain/(loss) on investments	(2,104)	2,716	(704)	6,710
Gain on realisation of investments	0	627	86	1,183
Other investment income	20	17	11	4
<b>Non-technical result</b>	<b>(2,541)</b>	<b>3,464</b>	<b>(697)</b>	<b>8,347</b>
<b>Profit/(loss) before tax</b>	<b>(3,608)</b>	<b>26,819</b>	<b>(13,502)</b>	<b>43,644</b>
Taxation	(15)	6,963	138	11,909
<b>Net result</b>	<b>(3,593)</b>	<b>19,856</b>	<b>(13,639)</b>	<b>31,735</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement due to change in pension assumptions	(106)	(106)	(106)	(106)
Income tax related to change in pension assumptions	0	26	0	26
<b>Other comprehensive income, net of tax</b>	<b>(106)</b>	<b>(79)</b>	<b>(106)</b>	<b>(79)</b>
<b>Total comprehensive income</b>	<b>(3,700)</b>	<b>19,777</b>	<b>(13,746)</b>	<b>31,656</b>
* Owners' General Discount not included in Gross written premium	23	0	6,262	0
** Owners' General Discount included in Gross earned premium	1,585	0	4,691	0

# Assuranceforeningen Gard - gjensidig -

## Balance sheet

Amounts in USD 000's	As at 20.11.21	As at 20.02.21
<b>Assets</b>		
<b>Investments</b>		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	36,925	34,023
Interest-bearing securities and funds	208,520	198,029
Other financial investments	1	1
<b>Total investments</b>	<b>245,446</b>	<b>232,052</b>
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<b>Reinsurers' share of technical provisions</b>		
Reinsurers' share of gross premium reserve	21,100	521
Reinsurers' share of gross claims reserve	154,135	165,225
<b>Total reinsurers' share of technical provisions</b>	<b>175,235</b>	<b>165,745</b>
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<b>Receivables</b>		
<i>Receivables from direct insurance operations</i>		
Policyholders	23,649	22,192
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	2,352	2,782
<i>Other receivables</i>		
Other receivables	13	10
Other receivables - group companies	112	2,163
<b>Total receivables</b>	<b>26,125</b>	<b>27,148</b>
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<b>Other assets</b>		
Equipment	2,150	2,150
Cash and cash equivalents	73,099	54,723
Other financial assets	7,255	7,404
<b>Total other assets</b>	<b>82,504</b>	<b>64,278</b>
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<b>Prepayments and accrued income</b>		
Accrued income and other prepayments	3,376	3,877
<b>Total prepayments and accrued income</b>	<b>3,376</b>	<b>3,877</b>
<b>Total assets</b>	<b>532,686</b>	<b>493,101</b>

# Assuranceforeningen Gard - gjensidig -

## Balance sheet

Amounts in USD 000's	As at 20.11.21	As at 20.02.21
<b>Equity and liabilities</b>		
<b>Equity</b>		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	109,869	123,615
<b>Total equity</b>	<b>109,873</b>	<b>123,619</b>
<b>Technical provisions</b>		
Gross premium reserve	45,394	2,111
Gross claims reserve	341,966	335,239
<b>Total technical provisions</b>	<b>387,360</b>	<b>337,350</b>
<b>Provisions for other liabilities</b>		
Pension obligations	1,724	1,847
Income tax payable	287	693
Deferred tax	13,200	13,874
<b>Total provisions for other liabilities</b>	<b>15,211</b>	<b>16,414</b>
<b>Payables</b>		
Payables arising out of direct insurance operations	6,962	11,709
Payables arising out of reinsurance operations	1,637	1,363
Payables arising out of reinsurance operations - group companies	8,001	1,201
Payables group companies	570	715
Other payables	218	20
<b>Total payables</b>	<b>17,387</b>	<b>15,007</b>
<b>Accruals and deferred income</b>		
Accruals and deferred income	2,855	712
<b>Total accruals and deferred income</b>	<b>2,855</b>	<b>712</b>
<b>Total liabilities</b>	<b>422,813</b>	<b>369,482</b>
<b>Total equity and liabilities</b>	<b>532,686</b>	<b>493,101</b>

# Assuranceforeningen Gard - gjensidig -

## Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
<b>Equity as at 21.02.20</b>	<b>4</b>	<b>93,368</b>	<b>93,372</b>
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
<b>Equity as at 20.02.21</b>	<b>4</b>	<b>123,615</b>	<b>123,619</b>
<b>Equity as at 21.02.21</b>	<b>4</b>	<b>123,615</b>	<b>123,619</b>
Net result	0	(13,639)	(13,639)
Remeasurement due to change in pension assumptions	0	(106)	(106)
<b>Equity as at 20.08.21</b>	<b>4</b>	<b>109,869</b>	<b>109,873</b>

# Assuranceforeningen Gard - gjensidig -

## Cash flow analysis

Amounts in USD 000's	21.02.21 to 20.11.21	21.02.20 to 20.11.20
<b>Cash flow from operating activities</b>		
Profit/(loss) before tax	(13,502)	43,644
Tax (paid)/refunded	(116)	(127)
Change in unrealised (gain)/loss on investments	704	(6,710)
Pension cost charged to statement of comprehensive income	106	0
Change in pension obligations	(123)	(54)
Financial investments	(13,394)	(3,404)
Change in receivables and payables	2,857	(51,777)
Change in technical provisions and other accruals	41,843	34,361
<b>Net cash flow from operating activities</b>	<b>18,376</b>	<b>15,933</b>
<b>Cash flow from investment activities</b>		
Investment in equipment	0	2
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>2</b>
Net change in cash and cash equivalents	18,376	15,935
Cash and cash equivalents at beginning of period	54,723	54,549
<b>Cash and cash equivalents at end of period</b>	<b>73,099</b>	<b>70,484</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, 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 November 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 November 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.

# Assuranceforeningen Gard - gjensidig -

## Notes to the accounts

### Note 3 - Capital requirements

Amounts in USD 000's	As at 20.11.21
<b>Own funds</b>	
Share premium account	109,873
Reconciliation reserve	(9,550)
<b>Excess of assets over liabilities</b>	<b>100,323</b>
Tier 1 - Unrestricted	100,323
<b>Total basic own funds / (equal to Excess of assets over liabilities)</b>	<b>100,323</b>
Tier 2 - Supplementary calls	231,326
<b>Total ancillary own funds</b>	<b>231,326</b>
Total available own funds to meet the SCR	331,649
Total available own funds to meet the MCR	100,323
Total eligible own funds to meet the SCR	162,705
Total eligible own funds to meet the MCR	100,323
SCR	124,763
MCR	34,154
<b>Ratio of eligible own funds to SCR</b>	<b>130 %</b>
<b>Ratio of eligible own funds to MCR</b>	<b>294 %</b>
<b>Minimum Capital Requirement (MCR)</b>	
Linear MCR	34,154
SCR	124,763
MCR cap (45% of SCR)	56,143
MCR floor (25% of SCR)	31,191
Combined MCR	34,154
Absolute floor of the MCR	4,328
<b>MCR</b>	<b>34,154</b>
<b>Solvency Capital Requirement (SCR)</b>	
Market risk	22,484
Counterparty default risk	16,527
Non-life underwriting risk	125,371
Diversification	(32,637)
<b>Basic SCR</b>	<b>131,746</b>
<b>Calculation of SCR</b>	
Adj - Loss Absorbing Capacity of Deferred Tax	(18,319)
Operational risk	11,336
<b>SCR</b>	<b>124,763</b>

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 -

24 January 2022

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Trond Eilertsen  
Chairman

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

\_\_\_\_\_  
Yngvil Åsheim

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

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

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Rolf-Thore Roppestad  
Managing Director