



## **GARD AS**

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### **Circular No. 05/2011**

May 2011

### **To the Members**

Dear Sirs,

### **REVIEW OF POLICY YEARS**

At their recent meetings your Boards received reports on matters of importance for the business activities of Gard P. & I. (Bermuda) Ltd and Assuranceforeningen Gard - gjensidig (the "Associations") and were pleased to note that the financial position of the Associations had strengthened further.

To summarize,

- The Boards decided to levy a 15 per cent Deferred Call for the 2010 policy year, 10 per cent less than the 25 per cent originally forecast.
- As at 20 February 2011 the consolidated contingency reserves of the Associations, which provide security and stability for the joint membership, stood at USD 790 million (USD 638 million last year) based on a 15 per cent Deferred Call for the 2010 policy year.
- No further Deferred Calls or Supplementary Calls are expected for the 2008 and 2009 policy years.

More detailed information will be provided in the Financial Statement and Report to be issued in July.

When discussing the policy years below, the term "Supplementary Call" is only used for a call exceeding the forecast "Deferred Call" for the year.

### **Closed years**

Closed policy years are developing as previously forecast.

## **Open years**

### *The 2008 policy year*

In May 2009 it was decided to levy a Deferred Call of 25 per cent as budgeted. The value of reported claims for the policy year 2008 has developed favorably although the year is expected to result in a substantial deficit due to negative non-technical performance in the year.

The year can at the earliest be closed in October 2011. No Supplementary Calls is expected to be levied for this policy year.

The Release Call for the year was set at Nil.

### *The 2009 policy year*

In May 2010 it was decided to levy a Deferred Call of 10 per cent, 15 per cent less than budgeted.

The value of reported claims for the policy year 2009 amounts to 12 per cent more than the value of reported liabilities at the same time in the previous policy year. Considering the increase in entered tonnage the year is expected to be in line with, or somewhat better than budgeted. The year has also produced a substantial non-technical surplus.

No further Deferred Calls or Supplementary Calls are expected to be levied for this policy year. The year can at the earliest be closed in October 2012.

The Release Call for the year was set at 5 per cent of the Advance Call.

### *The 2010 policy year*

The value of reported claims for the policy year 2010 is above the value of reported liabilities at the same time in the two previous policy years. Although the technical result for the year at this stage is negative, the year is expected to result in a surplus due to a positive non-technical result even with a reduced Deferred Call.

Against this background the Boards of Directors decided that a Deferred Call of 15 per cent (against a forecast of 25 per cent) should be levied to fall due for payment on 1 September 2011.

The 2010 policy year can at the earliest be closed in October 2013.

The Release Call for the year was set at 40 per cent of the Advance Call (to be reduced to 25 per cent when the Deferred Call has been paid)

*The 2011 policy year*

The Boards of Directors confirmed that the Release Call for the year should be set at 50 per cent of the Advance Call, which is 25 per cent above the budgeted Deferred Call for the year.

**Summary**

To summarize, the following decisions were taken:

- (i) The 2008 policy year: No Supplementary Calls will be made for this policy year.
- (ii) The 2009 policy year: No further Deferred Calls or Supplementary Calls are anticipated for this policy year.
- (iii) The 2010 policy year: A Deferred Call of 15 per cent has been ordered for this policy year for payment on 1 September 2011.
- (iv) Release Calls:
  - The 2008 policy year: Nil
  - The 2009 policy year: 5 per cent of Advance Call.
  - The 2010 policy year: 40 per cent of Advance Call.\*
  - The 2011 policy year: 50 per cent of Advance Call.

\*To be reduced to 25 per cent once the Deferred Call of 15 per cent has been paid.

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If you have any questions, please contact the P&I underwriting department.

Yours faithfully,

**GARD AS**



Claes Isacson  
Chief Executive Officer