

ASSURANCEFORENINGEN GARD -gjensidig- Income Statement

Amounts in USD 000's

	21.05.13 to 20.08.13	21.05.12 to 20.08.12	21.02.13 to 20.08.13	21.02.12 to 20.08.12
Technical account				
Gross written premium	19,587	13,783	94,992	68,600
Estimated deferred call	4,830	3,026	9,558	6,996
Change in premium for unearned premiums	9,872	8,016	(38,140)	(26,299)
Ceded reinsurance	(6,568)	(4,069)	(45,215)	(34,751)
Reinsurers' share of change in provision	(8,009)	(6,890)	16,752	13,410
Net earned premium	19,712	13,866	37,947	27,956
Gross settled claims	45,221	68,821	73,942	98,953
Reinsurers' share of gross settled claims	(32,435)	(65,745)	(48,031)	(81,161)
Change in gross claims reserve	26,223	(62,531)	14,164	(67,300)
Reinsurers' share of change in claims reserve	(15,059)	67,195	(3,370)	82,364
Net claims cost	23,949	7,740	36,704	32,855
Acquisition costs	1,669	1,846	3,799	4,337
Net operating expenses	826	467	1,774	1,818
Technical result before change in contingency reserve	(6,733)	3,813	(4,331)	(11,054)
Change in the contingency reserve	7,556	(8,290)	(56)	9,528
Technical result	823	(4,477)	(4,387)	(1,526)
Non-technical account				
Investment income	4,637	853	5,373	414
Change in unrealized gain of investments	(3,573)	3,506	(612)	840
Loss on realization of investments	(639)	250	606	930
Investment management expenses	(1,210)	(109)	(881)	(570)
Non-technical result	(785)	4,499	4,487	1,614
Profit before tax	38	23	100	88
Taxation	(38)	(23)	(100)	(88)
Net result	0	(0)	0	(0)

ASSURANCEFORENINGEN GARD -gjensidig-**Balance sheet**

Amounts in USD 000's

	As at 20.08.13	As at 20.02.13
ASSETS		
Investments		
Investments at amortised cost	2,123	2,123
Reinsurers' share of gross settled claims	192,228	194,040
Total investments	194,351	196,163
Reinsurers' share of technical provisions		
Reinsurers' share of gross claims reserve	273,067	252,278
Total reinsurers' share of technical provisions	273,067	252,278
Receivables		
Receivables from direct insurance operations	39,042	10,352
Receivables from reinsurance operations	3,351	4,316
Receivables from group companies	30,732	34,584
Other receivables	4,384	1,313
Total receivables	77,509	50,565
Other assets		
Equipment	2,946	2,967
Cash and cash equivalents	32,946	9,258
Total other assets	35,892	12,225
Prepayments and accrued income		
Accrued interest	1,026	933
Accrued income and other prepayments	1,385	295
Total prepayments and accrued income	2,411	1,229
TOTAL ASSETS	583,230	512,460

ASSURANCEFORENINGEN GARD -gjensidig-**Balance sheet**

Amounts in USD 000's

	As at 20.08.13	As at 20.02.13
LIABILITIES		
Technical provisions		
Gross premium reserve	38,067	0
Gross claims reserve	402,106	387,937
Total technical provisions	440,173	387,937
Contingency reserve		
Contingency reserve	111,988	111,949
Total contingency reserve	111,988	111,949
Provision for other liabilities		
Pension obligations	2,892	3,324
Total provisions for other liabilities	2,892	3,324
Payables		
Payables arising out of direct insurance operations	111	256
Payables arising out of reinsurance operations	19,344	1,057
Payables group companies	113	4,645
Other payables	7,747	2,321
Total payables	27,316	8,280
Accruals and deferred income		
Accruals and deferred income	860	970
Total accruals and deferred income	860	970
Total liabilities	583,230	512,460
TOTAL EQUITY AND LIABILITIES	583,230	512,460

ASSURANCEFORENINGEN GARD -gjensidig-**Cash flow analysis**

(All amounts are stated in USD 000's)

	21.02.13 to 20.08.13	21.02.12 to 20.08.12
Cash flow from operating activities		
Profit from ordinary operations before tax	100	88
Income tax expense	(100)	(88)
Change in unrealised gain/loss of investments	(612)	840
Change in pension obligation	(432)	(232)
Change in receivables and creditors	(7,907)	(19,689)
Change in technical provisions and other accruals	30,193	18,308
Net cash flow from operating activities	A 21,243	(772)
Cash flow from investment activities		
Purchase of fixed assets	22	(5)
Purchase/sale of other investment	2,424	(2,191)
Net cash flow from investment activities	B 2,446	(2,196)
Net change in cash and cash equivalents	A+B 23,688	(2,969)
Cash and cash equivalents at opening balance	9,258	37,191
Cash and cash equivalents at closing balance	32,946	34,222

NOTE 1. Accounting Policies

Corporate information

Assuranceforeningen Gard –gjensidig- is a mutual insurance association.

As a mutual insurance association it is owned by its Members. The registered office of the association is Kittelsbuktveien 31, 4836 Arendal. The association carries out marine liability and legal costs insurances. The principal activity of the association is the insurance of marine Protection and Indemnity risk on behalf of its Members, including the reinsurance of a proportion of the Protection and Indemnity risk underwritten by Gard P. & I. (Bermuda) Ltd as direct insurer.

Basis of preparation of the Accounts

The accounts of insurance companies are subjects to regulations established by the Ministry of Finance. The quarterly Accounts have been prepared in accordance with “Regulations for annual accounts for insurance companies” approved by the Norwegian Ministry of Finance, which includes a limited use of IFRS regarding disclosures to the accounts.

The Association has a dispensation from the requirement to allocate investment return to the technical account.

According to a resolution from the Financial Supervisory Authority of Norway the Association can present the accounts in English language and USD, since the functional currency of the Association is USD. The association is exempted from presenting the statutory administrative expense reserve and the contingency reserve separately.

The quarterly accounts are based on the same accounting principles as used in the annual accounts for the year ended 20.02.2013.

The accounts as at 20.08.2013 has not been audited.

Use of accounting estimates when preparing the accounts

The preparation of the accounts requires the Management to make estimates and assumptions that affects assets, liabilities, revenues, expenses and contingent liabilities. Due to circumstances in the future these estimates can change. 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. Actuarial methods are used in estimating the total cost of outstanding claims.

Note 2. Related party transactions

Reinsurance agreements

The Association and Gard P. & I. (Bermuda) Ltd have entered into mutual reinsurance agreements. The Association reinsures with effect from 20 February 2010 a proportion amounting to 2 per cent (15 per cent for policy years up to 2009) of Gard P. & I. (Bermuda) Ltd’s Protection and Indemnity risk underwritten that is not reinsured elsewhere. With effect from the same date the Association cedes to Gard P. & I. (Bermuda) Ltd by way of reinsurance 25 per cent (85 per cent for policy years up to 2009) of the Association’s retained Protection and Indemnity risk underwritten that is not reinsured elsewhere.

The Association have entered into a stop loss reinsurance agreement protecting the former against an adverse claims development with Gard Reinsurance Co Ltd (a company owned by Gard P.& I. (Bermuda) Ltd).

The Association has entered into a reinsurance agreement with the Gard Cell of Hydra Insurance Company Ltd (the Gard Cell is owned by Gard P. & I. (Bermuda) Ltd), Hydra Insurance Company Limited is a reinsurance company established by the parties to the International Group of P&I Clubs’ Pooling Agreement pursuant to the Bermuda Segregated Accounts Companies Act 2000 as amended for the purpose of reinsuring certain layers of risks retained by the insurers being parties to the said Pooling Agreement.

Insurance agency agreements

The Association has entered into insurance agency agreements with Gard AS and its subsidiaries (Gard AS is owned by Gard P. & I. (Bermuda) Ltd) whereby the companies are delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the Association.

Note 3. Changes in the contingency reserve

All amounts are stated in USD 000's

	20.08.13	20.02.13
Contingency reserve carried forward	111,949	112,691
Transfer from contingency reserve	56	(742)
Correction previous year	(17)	0
Contingency reserve brought forward	111,988	111,949

26 September 2013

The Board of Directors

ASSURANCEFORENINGEN GARD -gjensidig-

Trond Eilertsen
Chairman

Morten W. Høegh

Jane Sy

Tadeusz Niszczoła
Deputy Chairman

Michael Say

Claes Isacson
Managing Director