

Assuranceforeningen Gard - gjensidig -

Income statement

Amounts in USD 000's	21.02.15 to 20.05.15	21.02.14 to 20.05.14
Technical account		
Gross written premium	167,628	125,983
Ceded reinsurance	(72,832)	(60,746)
Change in gross premium reserve	(125,959)	(91,261)
Change in reinsurers' share of premium reserve	54,832	44,838
Earned premium for own account	23,670	18,814
Other insurance related income	0	25
Gross settled claims	26,146	42,102
Reinsurers' share of gross settled claims	(11,789)	(18,491)
Change in gross claims reserve	79,621	(15,593)
Reinsurers' share of change in claims reserve	(74,447)	11,077
Claims incurred for own account	19,531	19,095
Acquisition costs	1,177	2,817
Agents' commission	2,389	2,436
Commission received	(2,117)	(1,804)
Insurance related expenses for own account	1,449	3,449
Other insurance related expenses	638	511
Technical result before change in contingency reserve	2,052	(4,216)
Change in contingency reserve	2,234	(4,758)
Technical result	(182)	542
Non-technical account		
Interest and similar income	(151)	2,248
Change in unrealised gain/loss on investments	344	(5,283)
Gains/(loss) on realisation of investments	803	4,113
Investment management expenses	(176)	(1,579)
Non-technical result	820	(501)
Profit before tax	638	41
Taxation	638	41
Net result	0	0
Other comprehensive income / loss		
Remeasurement due to change in pension assumptions	0	0
Total result	0	0

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Balance sheet

Amounts in USD 000's	As at 20.05.15	As at 20.02.15
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	32,606	32,104
Bonds	170,033	169,531
Financial derivative assets	2,669	2,487
Other financial investments	9,955	6,127
Total investments	215,263	210,249
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	54,832	0
Reinsurers' share of gross claims reserve	273,303	198,857
Total reinsurers' share of technical provisions	328,136	198,857
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Receivables		
Policyholders	123,268	14,266
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	5,299	0
Receivables from subsidiaries	535	6,092
Other receivables	12	11
Total receivables	129,113	20,368
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Other assets		
Equipment	2,201	2,201
Cash and cash equivalents	38,170	23,342
Other financial assets	1,690	1,696
Total other assets	42,060	27,238
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Prepayments and accrued income		
Accrued income and other prepayments	7,450	2,518
Total prepayments and accrued income	7,450	2,518
Total assets	722,022	459,229

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Balance sheet

Amounts in USD 000's	As at 20.05.15	As at 20.02.15
Equity and liabilities		
Technical provisions		
Gross premium reserve	125,947	0
Gross claims reserve	403,247	323,628
Total technical provisions	529,195	323,628
Contingency reserve		
Contingency reserve	118,919	116,685
Total contingency reserve	118,919	116,685
Provision for other liabilities		
Pension obligations	2,969	3,050
Total provisions for other liabilities	2,969	3,050
Payables		
Payables arising out of direct insurance operations	10,347	1,300
Payables arising out of reinsurance operations	37,857	3,083
Payables group companies	0	2,023
Financial derivative liabilities	511	439
Other payables	15,457	8,539
Total payables	64,172	15,384
Accruals and deferred income		
Accruals and deferred income	6,767	482
Total accruals and deferred income	6,767	482
Total liabilities	722,022	459,229
Total equity and liabilities	722,022	459,229

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Cash flow analysis

Amounts in USD 000's	21.02.15 to 20.05.15	21.02.14 to 20.05.14
Cash flow from operating activities		
Profit from ordinary operations before tax	2,872	(4,717)
Tax paid	(638)	(41)
Change in unrealised gain/loss on investments	(344)	5,283
Change in pension obligation	(81)	569
Implementation of IAS 19 regarding pensions	0	(582)
Change in receivables and payables	(59,957)	(29,463)
Change in technical provisions and other accruals	77,646	49,007
Purchase/sale of other investments	(4,669)	(21,616)
Net cash flow from operating activities	14,828	(1,560)
Cash flow from investment activities		
Disposal of equipment		
Investment in equipment	0	(848)
Net cash flow from investment activities	0	(848)
Net change in cash and cash equivalents	14,828	(2,408)
Cash and cash equivalents at beginning of year	23,342	42,743
Cash and cash equivalents at end of year	38,170	40,335

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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 Kittelsbuktheien 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 activity of the Association are; 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, and management of assets covering the technical provisions.

The Members of the Association are also Members of Gard P. & I. (Bermuda) Ltd. and vice versa.

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 2015 to 20 May 2015.

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, except for the departures from these regulations listed below.

The Association fulfils the exemption criteria in paragraphs 1-5 and 1-6 of Regulations for annual accounts for insurance companies which require limited use of international Financial Reporting Standards (IFRS). Paragraph 7-3 of the Regulations for annual accounts for insurance companies which allows late adoption of IFRS 13 and certain paragraphs in IFRS 7 have been applied.

Departures from regulations for annual accounts for insurance companies:

1. A part of the financial income is not allocated to the technical result

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 20.05.2015 has 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 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.

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.

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Notes to the accounts

Note 2. Related party transactions

Reinsurance agreements

The Association and Gard P. & I. (Bermuda) Ltd 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 (15 per cent for policy years up to and including 2009).

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 (85 per cent for policy years up to and including 2009).

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 has 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 company's 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 agreements 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 entered into agreements with the subsidiaries of Gard AS for services rendered to the Association.

Note 3. Changes in the contingency reserve

All amounts are stated in USD 000's

	20.05.15	20.02.15
Contingency reserve carried forward	116,685	128,380
Transfer from contingency reserve	2,234	(11,695)
Implementation of IAS 19		
Contingency reserve brought forward	118,919	116,685

The Board of Directors
ASSURANCEFORENINGEN GARD -gjensidig-

18 June 2015

Trond Eilertsen
Chariman

Tadeusz Niszczoła
Deputy Chairman

Jane Sy

Morten W. Høegh

Ian Beveridge

Rolf Thore Roppestad
Managing Director