

# Assuranceforeningen Gard - gjensidig -

## Income statement

	Quarterly		YTD	
	Current year	Previous year	Current year	Previous year
Amounts in USD 000's	21.05 - 20.08.15	21.05 - 20.08.14	21.02 - 20.08.15	21.02 - 20.08.14
<b>Technical account</b>				
Gross written premium	2,760	5,547	170,388	131,530
Ceded reinsurance	(1,704)	6,639	(74,536)	(54,107)
Change in gross premium reserve	40,441	21,928	(85,518)	(69,333)
Change in RI premium reserve	(17,347)	(18,386)	37,485	26,452
<b>Earned premium for own account</b>	<b>24,150</b>	<b>15,728</b>	<b>47,820</b>	<b>34,542</b>
<b>Other insurance related income</b>	<b>0</b>	<b>(25)</b>	<b>0</b>	<b>0</b>
Gross settled claims	24,231	(40)	50,377	42,062
Reinsurers' share of gross settled claims	(6,311)	12,637	(18,100)	(5,854)
Change in gross claims reserve	7,479	(12,064)	87,100	(27,657)
Reinsurers' share of change in claims reserve	2,183	5,439	(72,264)	16,516
<b>Claims incurred for own account</b>	<b>27,582</b>	<b>5,971</b>	<b>47,113</b>	<b>25,067</b>
Acquisition costs	1,116	(373)	2,293	2,444
Agents' commission	2,088	1,770	4,477	4,206
Commission received	(2,087)	(1,258)	(4,204)	(3,062)
<b>Insurance related expenses for own account</b>	<b>1,118</b>	<b>139</b>	<b>2,567</b>	<b>3,588</b>
<b>Other insurance related expenses</b>	<b>603</b>	<b>2,601</b>	<b>1,241</b>	<b>3,112</b>
<b>Technical result before change in contingency reserve</b>	<b>(5,153)</b>	<b>6,992</b>	<b>(3,101)</b>	<b>2,776</b>
Change in contingency reserve	(7,037)	5,348	(4,803)	590
<b>Technical result</b>	<b>1,884</b>	<b>1,644</b>	<b>1,702</b>	<b>2,186</b>
<b>Non-technical account</b>				
Interest and similar income	3,231	1,178	3,080	3,426
Change in unrealised gain/loss on investments	(6,434)	(2,898)	(6,090)	(8,181)
Gain/loss on realisation of investments	414	572	1,217	4,685
Investment management expenses	797	(145)	621	(1,724)
<b>Non-technical result</b>	<b>(1,992)</b>	<b>(1,293)</b>	<b>(1,172)</b>	<b>(1,794)</b>
<b>Profit before tax</b>	<b>(108)</b>	<b>352</b>	<b>530</b>	<b>393</b>
Taxation	(108)	352	530	393
<b>Net result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income/cost</b>				
Remeasurement due to change in pension assumptions	0	0	0	0
<b>Total result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## Balance sheet

Amounts in USD 000's	As at 20.08.15	As at 20.02.15
<b>Assets</b>		
<b>Investments</b>		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	30,702	31,447
Bonds	178,256	168,976
Financial derivative assets	573	2,487
Other financial investments	12,465	8,767
<b>Total investments</b>	<b>221,997</b>	<b>211,677</b>
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<b>Reinsurers' share of technical provisions</b>		
Reinsurers' share of gross premium reserve	37,485	0
Reinsurers' share of gross claims reserve	271,120	198,857
<b>Total reinsurers' share of technical provisions</b>	<b>308,605</b>	<b>198,857</b>
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<b>Receivables</b>		
Policyholders	79,049	14,266
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	2,841	0
Receivables from subsidiaries	811	6,092
Other receivables	12	11
<b>Total receivables</b>	<b>82,713</b>	<b>20,368</b>
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<b>Other assets</b>		
Equipment	2,201	2,201
Cash and cash equivalents	41,960	23,342
Other financial assets	1,623	1,696
<b>Total other assets</b>	<b>45,783</b>	<b>27,238</b>
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<b>Prepayments and accrued income</b>		
Accrued income and other prepayments	6,444	1,210
<b>Total prepayments and accrued income</b>	<b>6,444</b>	<b>1,210</b>
<b>Total assets</b>	<b>665,542</b>	<b>459,351</b>

# Assuranceforeningen Gard - gjensidig -

## Balance sheet

Amounts in USD 000's	As at 20.08.15	As at 20.02.15
<b>Equity and liabilities</b>		
<b>Technical provisions</b>		
Gross premium reserve	85,518	0
Gross claims reserve	410,728	323,628
<b>Total technical provisions</b>	<b>496,246</b>	<b>323,628</b>
<b>Contingency reserve</b>		
Contingency reserve	111,882	116,685
<b>Total contingency reserve</b>	<b>111,882</b>	<b>116,685</b>
<b>Provision for other liabilities</b>		
Pension obligations	2,944	3,050
<b>Total provisions for other liabilities</b>	<b>2,944</b>	<b>3,050</b>
<b>Payables</b>		
Payables arising out of direct insurance operations	96	1,300
Payables arising out of reinsurance operations	31,587	3,083
Payables group companies	108	2,023
Financial derivative liabilities	877	439
Other payables	16,157	8,661
<b>Total payables</b>	<b>48,825</b>	<b>15,506</b>
<b>Accruals and deferred income</b>		
Accruals and deferred income	5,645	482
<b>Total accruals and deferred income</b>	<b>5,645</b>	<b>482</b>
<b>Total liabilities</b>	<b>665,542</b>	<b>459,351</b>
<b>Total equity and liabilities</b>	<b>665,542</b>	<b>459,351</b>

# Assuranceforeningen Gard - gjensidig -

## Cash flow analysis

Amounts in USD 000's	21.02.15 to 20.08.15	21.02.14 to 20.08.14
<b>Cash flow from operating activities</b>		
Profit from ordinary operations before tax	(4,273)	393
Tax paid	(530)	(393)
Change in unrealised gain/loss on investments	6,090	(8,181)
Change in pension obligation	(106)	447
Implementation of IAS 19 regarding pensions	0	0
Change in receivables and payables	(29,025)	(24,881)
Change in technical provisions and other accruals	62,799	28,410
Purchase/sale of other investments	(16,336)	(25,261)
<b>Net cash flow from operating activities</b>	<b>18,618</b>	<b>(29,466)</b>
<b>Cash flow from investment activities</b>		
Disposal of equipment		
Investment in equipment	0	0
<b>Net cash flow from investment activities</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>18,619</b>	<b>(29,466)</b>
Cash and cash equivalents at beginning of year	23,342	42,743
<b>Cash and cash equivalents at end of year</b>	<b>41,961</b>	<b>13,277</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 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 August 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 20.08.2015 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.

# Assuranceforeningen Gard - gjensidig -

## 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

	<b>20.08.15</b>	<b>20.02.15</b>
Contingency reserve carried forward	116,685	128,380
Transfer from contingency reserve	(4,803)	(11,695)
Implementation of IAS 19		
Contingency reserve brought forward	111,882	116,685

The Board of Directors  
**ASSURANCEFORENINGEN GARD -gjensidig-**

23 September 2015

Trond Eilertsen  
Chariman

Tadeusz Niszczoła  
Deputy Chairman

Jane Sy

Morten W. Høegh

Ian Beveridge

Rolf Thore Roppestad  
Managing Director