

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

Amounts in USD 000's	Q1		YTD 20.05	
	Current year 21.02 - 20.05.18	Previous year 21.02 - 20.05.17	Current year 21.02 - 20.05.18	Previous year 21.02-20.05.17
Technical account				
Gross earned premium	42,400	44,051	42,400	44,051
Ceded reinsurance	(19,501)	(19,976)	(19,501)	(19,976)
Earned premium for own account	22,899	24,075	22,899	24,075
Other insurance related income	40	50	40	50
Gross incurred claims	15,197	13,295	15,197	13,295
Reinsurers' share of gross incurred claims	(2,381)	6,895	(2,381)	6,895
Claims incurred for own account	12,816	20,190	12,816	20,190
Acquisition costs	2,022	1,742	2,022	1,742
Agents' commission	2,099	2,067	2,099	2,067
Commission received	(2,594)	(2,192)	(2,594)	(2,192)
Insurance related expenses for own account	1,527	1,617	1,527	1,617
Other insurance related expenses	562	351	562	351
Technical result	8,034	1,966	8,034	1,966
Non-technical account				
Interest and similar income	97	308	97	308
Change in unrealised gain/(loss) on investments	(4,837)	4,100	(4,837)	4,100
Gain on realisation of investments	2,625	0	2,625	0
Other investment expenses	(24)	(26)	(24)	(26)
Non-technical result	(2,140)	4,382	(2,140)	4,382
Profit before tax	5,894	6,348	5,894	6,348
Taxation	2,036	4,226	2,036	4,226
Net result	3,858	2,122	3,858	2,122
Other comprehensive income				
remeasurement due to change in pension assumptions	0	0	0	0
Total comprehensive income	3,858	2,122	3,858	2,122

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Balance sheet

Amounts in USD 000's	As at 20.05.18	As at 20.02.18
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	29,257	24,474
Bonds and bond funds	191,958	177,518
Other financial investments	2,529	7,456
Total investments	223,744	209,448
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	57,135	32
Reinsurers' share of gross claims reserve	212,930	219,360
Total reinsurers' share of technical provisions	270,066	219,391
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Receivables		
Policyholders	111,584	5,582
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations - group companies	5,747	16,441
<i>Other receivables</i>		
Other receivables	13	11
Other receivables - group companies	201	133
Total receivables	117,546	22,168
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Other assets		
Equipment	2,201	2,201
Cash and cash equivalents	51,080	49,271
Prepaid tax	0	748
Other financial assets	375	1,869
Total other assets	53,655	54,088
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Prepayments and accrued income		
Accrued income and other prepayments	6,697	3,860
Total prepayments and accrued income	6,697	3,860
Total assets	671,708	508,954

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Balance sheet

Amounts in USD 000's	As at 20.05.18	As at 20.02.18
Equity and liabilities		
Equity		
Other equity	116,044	112,186
Total equity	116,044	112,186
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Technical provisions		
Gross premium reserve	121,114	126
Gross claims reserve	362,227	370,920
Total technical provisions	483,341	371,046
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Provision for other liabilities		
Pension obligations	1,896	2,018
Deferred tax	8,697	9,005
Total provisions for other liabilities	10,593	11,023
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Payables		
Payables arising out of direct insurance operations	11,755	4,922
Payables arising out of reinsurance operations	41,753	4,399
Payables group companies	88	279
Financial derivative liabilities	229	652
Other payables	339	208
Total payables	54,164	10,459
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Accruals and deferred income		
Accruals and deferred income	7,566	4,241
Total accruals and deferred income	7,566	4,241
Total liabilities	555,664	396,769
Total equity and liabilities	671,708	508,954

Assuranceforeningen Gard - gjensidig - Statement of changes in equity

Amounts in USD 000's	Other equity	Total
Equity as at 21.02.2017	109,313	109,313
Net result	3,025	3,025
Remeasurement due to change in pension assumptions	(153)	(153)
Equity as at 20.02.2018	112,186	112,186
Equity as at 21.02.2018	112,186	112,186
Net result	3,858	3,858
Remeasurement due to change in pension assumptions	0	0
Equity as at 20.05.2018	116,044	116,044

Assuranceforeningen Gard - gjensidig -

Cash flow analysis

Amounts in USD 000's	21.02.18 to 20.05.18	21.02.17 to 20.05.17
Cash flow from operating activities		
Profit from ordinary operations before tax	5,894	6,348
Tax paid	(1,288)	(4,226)
Change in unrealised gain/(loss) on investments	(4,837)	4,100
Change in pension obligation	(430)	2,353
Change in receivables and payables	(51,673)	(53,607)
Change in technical provisions and other accruals	63,602	73,526
Purchase/sale of other investments	(9,459)	(23,728)
Net cash flow from operating activities	1,809	4,766
Cash flow from investment activities		
Disposal of equipment	0	0
Investment in equipment	0	0
Net cash flow from investment activities	0	0
Net change in cash and cash equivalents	1,809	4,766
Cash and cash equivalents at beginning of period	49,271	48,295
Cash and cash equivalents at end of period	51,080	53,061

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 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; the insurance of marine Protection and Indemnity risk on behalf of its Members, including the reinsurance 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.

The Association established a branch in UK as from 21 February 2017 in addition to the other branches in Hong Kong 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 2018 to 20 May 2018.

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 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 May 2018 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 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 are 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 comny'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. Capital requirements

Amounts in USD 000's	As at 20.05.18	As at 20.02.18
Own funds		
Share premium account	116,044	112,186
Reconciliation reserve	(1,185)	(2,431)
Excess of assets over liabilities	114,859	109,754
Tier 1 - Unrestricted	114,859	109,754
Total basic own funds / (equal to Excess of assets over liabilities)	114,859	109,754
Tier 2 - Supplementary calls	208,098	217,000
Total ancillary own funds	208,098	217,000

Assuranceforeningen Gard - gjensidig -

Notes to the accounts

Note 3. Capital requirements continues

Amounts in USD 000's	As at 20.05.18	As at 20.02.18
Total available own funds to meet the SCR	322,956	326,755
Total available own funds to meet the MCR	114,859	109,754
Total eligible own funds to meet the SCR	166,387	157,380
Total eligible own funds to meet the MCR	114,859	109,754
SCR	103,056	95,251
MCR	31,729	25,974
Ratio of eligible own funds to SCR	161 %	165 %
Ratio of eligible own funds to MCR	362 %	423 %
Minimum Capital Requirement (MCR)		
Linear MCR	31,729	25,974
SCR	103,056	95,251
MCR cap (45% of SCR)	46,375	42,863
MCR floor (25% of SCR)	25,764	23,813
Combined MCR	31,729	25,974
Absolute floor of the MCR	4,306	4,306
MCR	31,729	25,974
Solvency Capital Requirement (SCR)		
Market risk	32,004	19,149
Counterparty default risk	16,859	17,279
Non-life underwriting risk	74,972	77,073
Diversification	(34,494)	(28,742)
Basic SCR	89,341	84,759
Calculation of SCR		
Operational risk	13,715	10,492
SCR	103,056	95,251

The Board of Directors
ASSURANCEFORENINGEN GARD -gjensidig-

21 June 2018

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Eriksson Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director