

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.18 to 20.11.18	Previous year 21.08.17 to 20.11.17	Current year 21.08.18 to 20.11.18	Previous year 21.08.17 to 20.11.17
Amounts in USD 000's				
Technical account				
Gross earned premium	21,667	19,298	63,644	57,948
Ceded reinsurance	(16,443)	(14,510)	(48,264)	(43,489)
Earned premium for own account	5,224	4,788	15,380	14,458
Other insurance related income	14	31	33	42
Gross incurred claims	35,478	17,324	68,445	68,249
Reinsurers' share of gross incurred claims	(27,813)	(15,029)	(52,929)	(56,595)
Claims incurred for own account	7,665	2,295	15,515	11,655
Acquisition costs	1,617	1,597	4,383	4,409
Agents' commission	2,488	2,240	7,272	6,677
Commission received	(3,663)	(3,407)	(11,002)	(9,160)
Insurance related expenses for own account	442	431	653	1,927
Other insurance related expenses	176	158	477	437
Technical result	(3,045)	1,934	(1,233)	482
Non-technical account				
Interest and similar income/(cost)	132	(1,478)	(1,086)	2,067
Change in unrealised gain on investments	1,385	123	967	223
Gain/(loss) on realisation of investments	(1,475)	0	(1,158)	61
Other investment expenses	(7)	0	(8)	(15)
Non-technical result	35	(1,355)	(1,284)	2,336
Profit before tax	(3,010)	579	(2,517)	2,818
Taxation	(1,591)	267	(462)	54
Net result	(1,419)	312	(2,055)	2,764

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	2,178	2,500
Bonds and bond funds	49,369	43,057
Other financial investments	3	1
Total investments	51,550	45,558
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	33,841	30,161
Reinsurers' share of gross claims reserve	81,192	59,449
Total reinsurers' share of technical provisions	115,033	89,610
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	922	1,361
Intermediaries	44,210	42,994
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	1,535	6,960
<i>Other receivables</i>		
Other receivables	10	10
Total receivables	46,677	51,325
Other assets		
Cash and cash equivalents	8,538	12,694
Total other assets	8,538	12,694
Prepayments and accrued income		
Accrued income and other prepayments	5,817	5,070
Total prepayments and accrued income	5,817	5,070
Total assets	227,614	204,257

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Equity and liabilities		
Equity		
Statutory reserve	43,449	43,449
Other equity	7,650	9,704
Total equity	51,099	53,153
Technical provisions		
Gross premium reserve	44,999	41,705
Gross claims reserve	99,835	71,502
Total technical provisions	144,834	113,207
Provision for other liabilities		
Income tax payable	0	115
Deferred tax	614	1,173
Total provisions for other liabilities	614	1,288
Payables		
Payables arising out of direct insurance operations	1,003	2,483
Payables arising out of reinsurance operations	2,644	6,280
Payables arising out of reinsurance operations group companies	18,778	19,479
Payables to group companies	284	168
Other payables	145	207
Total payables	22,854	28,617
Accruals and deferred income		
Accruals and deferred income	8,214	7,992
Total accruals and deferred income	8,214	7,992
Total liabilities	176,516	151,104
Total equity and liabilities	227,614	204,257

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

Amounts in USD 000's	Statutory reserve	Other equity	Total
Equity as at 20.02.2017	33,268	2,236	35,504
Net result		7,469	7,469
Capital increase	10,181		10,181
Equity as at 20.02.2018	43,449	9,704	53,153
Equity as at 21.02.2018	43,449	9,704	53,153
Net result		(2,055)	(2,055)
Equity as at 20.11.2018	43,449	7,650	51,099

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	21.02.18 to 20.11.18	21.02.17 to 20.11.17
Cash flow from operating activities		
Profit from ordinary operations before tax	(2,517)	2,818
Change in unrealised gain/(loss) on investments	967	223
Change in receivables and payables	(1,114)	(9,995)
Change in technical provisions and other accruals	5,467	13,345
Financial investments	(6,959)	(24,699)
Net cash flow from operating activities	(4,157)	(18,308)
Cash flow from investment activities		
Investment management expenses	(0)	0
Net cash flow from investment activities	(0)	0
Cash flow from financial activities		
Increase of share capital	0	10,181
Net cash flow from financial activities	0	10,181
Net change in cash and cash equivalents	(4,156)	(8,127)
Cash and cash equivalents at beginning of period	12,694	18,006
Cash and cash equivalents at end of period	8,538	9,879

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Corporate information

Corporate information

Gard Marine & Energy Insurance (Europe) AS ("the Company") is a wholly owned subsidiary of Gard Marine & Energy Ltd ("Gard M&E"). The Company is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of Marine and Energy risks.

Gard Marine & Energy Insurance (Europe) AS is consolidated into the accounts of Gard M&E Ltd. and the consolidated accounts are available at the office of Gard M&E Ltd's management company Lingard Ltd in Bermuda.

The Company has established a branch in UK with effect from 01 January 2017.

Basis of preparation of the Accounts

The quarterly accounts includes activity from 21 February 2018 to 20 November 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 the Company has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 November 2018 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 judgements and estimates. Estimates have to be 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.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 2 – Related party transactions

Reinsurance agreements

The Company cedes to Gard M&E Ltd by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere (90 per cent for net claims incurred related to claim years up to and including 2016).

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediarie Gard AS.

Gard AS is a fully owned daughter company of Gard P. & I. (Bermuda) Ltd.

Note 3 – Capital Requirements

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Own funds		
Ordinary share capital	42,572	42,572
Share premium account	8,526	10,581
Reconciliation reserve	(3,386)	(2,139)
Net deferred tax assets	0	1,027
Excess of assets over liabilities	47,713	52,041
Tier 1 - Unrestricted	47,713	51,014
Tier 3 - Net deferred tax assets	0	1,027
Total basic own funds / (equal to Excess of assets over liabilities)	47,713	52,041
Total available own funds to meet the SCR	47,713	52,041
Total available own funds to meet the MCR	47,713	51,014
Total eligible own funds to meet the SCR	47,713	52,041
Total eligible own funds to meet the MCR	47,713	51,014
SCR	34,787	35,442
MCR	8,697	8,861
Ratio of eligible own funds to SCR	137 %	147%
Ratio of eligible own funds to MCR	549 %	576%

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 – Capital Requirements continued

Amounts in USD 000's	As at 20.11.18	As at 20.02.18
Minimum Capital Requirement (MCR)		
Linear MCR	6,249	6,478
SCR	34,787	35,442
MCR cap (45% of SCR)	15,654	15,949
MCR floor (25% of SCR)	8,697	8,861
Combined MCR	8,697	8,861
Absolute floor of the MCR	4,306	4,306
MCR	8,697	8,861
Solvency Capital Requirement (SCR)		
Market risk	1,754	3,043
Counterparty default risk	9,943	9,888
Non-life underwriting risk	23,934	24,945
Diversification	(4,931)	(5,799)
Basic SCR	30,699	32,076
Calculation of SCR		
Operational risk	4,087	3,366
SCR	34,787	35,442

The Board of Directors

Gard Marine & Energy Insurance (Europe) AS

28 Januar 2019

Trond Eilertsen
Chairman

Nils Aden

Jane Sy

Yngvil Åsheim

Ian Beveridge

Rolf-Thore Roppestad
Managing Director