

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.19 to 20.05.19	Previous year 21.02.18 to 20.05.18	Current year 21.02.19 to 20.05.19	Previous year 21.02.18 to 20.05.18
Amounts in USD 000's				
Technical account				
Gross written premium	156,055	163,388	156,055	163,388
Gross earned premium	39,439	42,400	39,439	42,400
Ceded reinsurance	(18,827)	(19,501)	(18,827)	(19,501)
Earned premium for own account	20,612	22,899	20,612	22,899
Other insurance related income	79	40	79	40
Gross incurred claims	22,600	15,197	22,600	15,197
Reinsurers' share of gross incurred claims	(5,401)	(2,381)	(5,401)	(2,381)
Claims incurred for own account	17,199	12,816	17,199	12,816
Acquisition costs	2,215	2,022	2,215	2,022
Agents' commission	1,882	2,099	1,882	2,099
Commission received	(2,418)	(2,594)	(2,418)	(2,594)
Insurance related expenses for own account	1,679	1,527	1,679	1,527
Other insurance related expenses	556	562	556	562
Technical result	1,257	8,034	1,257	8,034
Non-technical account				
Interest and similar income	243	97	243	97
Change in unrealised gain/(loss) on investments	1,238	(4,837)	1,238	(4,837)
Gain on realisation of investments	221	2,625	221	2,625
Other investment expenses	(11)	(24)	(11)	(24)
Non-technical result	1,691	(2,140)	1,691	(2,140)
Profit before tax	2,948	5,894	2,948	5,894
Taxation	341	2,036	341	2,036
Net result	2,607	3,858	2,607	3,858

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Balance sheet

Amounts in USD 000's	As at 20.05.19	As at 20.02.19
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	26,412	26,696
Interest-bearing securities and funds	180,135	183,275
Other financial investments	122	122
Total investments	206,668	210,092
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	56,927	37
Reinsurers' share of gross claims reserve	170,109	169,796
Total reinsurers' share of technical provisions	227,036	169,833
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Receivables		
Policyholders	122,164	19,015
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	0	1,721
Receivables from group companies	2,633	103
<i>Other receivables</i>		
Other receivables	1,845	26
Other receivables - group companies	46	202
Total receivables	126,687	21,067
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Other assets		
Equipment	2,148	2,148
Cash and cash equivalents	61,622	56,885
Prepaid tax	92	0
Other financial assets	1,924	1,806
Total other assets	65,786	60,838
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Prepayments and accrued income		
Accrued income and other prepayments	7,293	3,299
Total prepayments and accrued income	7,293	3,299
 Total assets	 633,470	 465,131

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Balance sheet

Amounts in USD 000's	As at 20.05.19	As at 20.02.19
Equity and liabilities		
Equity		
Other equity	118,210	115,603
Total equity	118,210	115,603
Technical provisions		
Gross premium reserve	116,741	124
Gross claims reserve	321,582	320,294
Total technical provisions	438,323	320,419
Provisions for other liabilities		
Pension obligations	1,716	1,795
Income tax payable	0	998
Deferred tax	12,303	11,659
Total provisions for other liabilities	14,019	14,452
Payables		
Payables arising out of direct insurance operations	9,941	5,230
Payables arising out of reinsurance operations	18,050	3,391
Payables arising out of reinsurance operations - group companies	27,065	2,305
Payables group companies	342	463
Other payables	87	69
Total payables	55,485	11,456
Accruals and deferred income		
Accruals and deferred income	7,434	3,201
Total accruals and deferred income	7,434	3,201
Total liabilities	515,260	349,528
Total equity and liabilities	633,470	465,131

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Statement of changes in equity

Amounts in USD 000's	Other equity
Equity as at 21.02.2018	112,186
Net result	3,494
Remeasurement due to change in pension assumptions	(102)
Income tax related to change in pension assumptions	26
Equity as at 20.02.2019	115,603
Equity as at 21.02.2019	115,603
Net result	2,607
Equity as at 20.05.2019	118,210

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Cash flow analysis

Amounts in USD 000's	21.02.19 to 20.05.19	21.02.18 to 20.05.18
Cash flow from operating activities		
Profit before tax	2,948	5,894
Tax (paid)/refunded	(433)	(1,288)
Change in unrealised gain/(loss) on investments	(1,238)	(4,837)
Change in pension obligation	(434)	(430)
Change in receivables and payables	(61,709)	(51,673)
Change in technical provisions and other accruals	60,941	63,602
Financial investments	4,662	(9,459)
Net cash flow from operating activities	4,737	1,809
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	4,737	1,809
Cash and cash equivalents at beginning of period	56,885	49,271
Cash and cash equivalents at end of period	61,622	51,080

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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 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, 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: to insure its Members for marine P&I risks, including the reinsurance of a proportion of the P&I risk underwritten by Gard P. & I. (Bermuda) Ltd. as a direct insurer; and management of its assets which are used to cover the technical provisions. The Members of the Association are also Members of Gard P. & I. (Bermuda) Ltd. and vice versa.

The Association has established branches in the UK, 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 2019 to 20 May 2019.

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 2019 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 the valuation of assets, liabilities, revenues, expenses and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. 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.

Note 2 - Related party transactions

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and the Association 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. 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. Premiums are calculated on financial year basis, claims are calculated on a claim year basis.

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 and Gard P. & I. (Bermuda) Ltd. have 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 companies' 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 agreement 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 also entered into agreements with the subsidiaries of Gard AS for services rendered to the Association.

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Notes to the accounts

Note 3 - Capital requirements

Amounts in USD 000's	As at 20.05.19
Own funds	
Share premium account	118,210
Reconciliation reserve	(1,119)
Excess of assets over liabilities	117,091
Tier 1 - Unrestricted	117,091
Total basic own funds / (equal to Excess of assets over liabilities)	117,091
Tier 2 - Supplementary calls	202,255
Total ancillary own funds	202,255
Total available own funds to meet the SCR	319,346
Total available own funds to meet the MCR	117,091
Total eligible own funds to meet the SCR	170,006
Total eligible own funds to meet the MCR	117,091
SCR	105,831
MCR	32,389
Ratio of eligible own funds to SCR	161 %
Ratio of eligible own funds to MCR	362 %
Minimum Capital Requirement (MCR)	
Linear MCR	32,389
SCR	105,831
MCR cap (45% of SCR)	47,624
MCR floor (25% of SCR)	26,458
Combined MCR	32,389
Absolute floor of the MCR	4,188
MCR	32,389
Solvency Capital Requirement (SCR)	
Market risk	13,106
Counterparty default risk	20,380
Non-life underwriting risk	99,210
Diversification	(28,881)
Basic SCR	103,814
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(10,265)
Operational risk	12,281
SCR	105,831

Board of Directors
Assuranceforeningen Gard - gjensidig -

20 June 2019

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director