

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.19 to 20.11.19	Previous year 21.08.18 to 20.11.18	Current year 21.02.19 to 20.11.19	Previous year 21.02.18 to 20.11.18
Amounts in USD 000's				
Technical account				
Gross written premium	4,030	3,436	164,557	171,729
Gross earned premium	42,792	44,145	124,086	130,137
Ceded reinsurance	(20,150)	(19,933)	(58,522)	(59,163)
Earned premium for own account	22,643	24,211	65,564	70,974
Other insurance related income	60	71	259	202
Gross incurred claims	63,311	27,253	115,331	34,488
Reinsurers' share of gross incurred claims	(29,843)	(8,048)	(41,659)	15,180
Claims incurred for own account	33,468	19,205	73,672	49,668
Acquisition costs	2,130	2,248	5,977	6,120
Agents' commission	2,151	2,112	6,047	6,176
Commission received	(2,663)	(2,729)	(7,684)	(8,009)
Insurance related expenses for own account	1,618	1,630	4,340	4,287
Other insurance related expenses	847	564	2,433	1,536
Technical result	(13,231)	2,883	(14,622)	15,685
Non-technical account				
Interest and similar income	391	59	1,238	581
Change in unrealised gain on investments	2,954	11,331	7,525	5,199
Gain/(loss) on realisation of investments	0	(14,390)	1,077	(11,994)
Other investment expenses	(133)	(8)	(138)	(25)
Non-technical result	3,213	(3,007)	9,703	(6,239)
Profit before tax	(10,018)	(124)	(4,920)	9,446
Taxation	(1,801)	(803)	(808)	2,101
Net result	(8,217)	679	(4,111)	7,345
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement due to change in pension assumptions	(168)	(73)	(168)	(73)
Income tax related to change in pension assumptions	42	18	42	18
Other comprehensive income, net of tax	(126)	(55)	(126)	(55)
Total comprehensive income	(8,343)	624	(4,238)	7,291

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Balance sheet

Amounts in USD 000's	As at 20.11.19	As at 20.02.19
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	28,439	26,696
Interest-bearing securities and funds	180,161	183,275
Other financial investments	1	122
Total investments	208,601	210,092
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	19,616	37
Reinsurers' share of gross claims reserve	178,120	169,796
Total reinsurers' share of technical provisions	197,736	169,833
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	38,025	19,015
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	0	1,721
Receivables from group companies	2,050	103
<i>Other receivables</i>		
Other receivables	11	26
Other receivables - group companies	97	202
Total receivables	40,184	21,067
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Other assets		
Equipment	2,148	2,148
Cash and cash equivalents	65,726	56,885
Other financial assets	1,957	1,806
Total other assets	69,831	60,838
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Prepayments and accrued income		
Accrued income and other prepayments	4,761	3,299
Total prepayments and accrued income	4,761	3,299
Total assets	521,114	465,131

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Balance sheet

Amounts in USD 000's	As at 20.11.19	As at 20.02.19
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	9	0
Other equity	111,357	115,603
Total equity	111,366	115,603
Technical provisions		
Gross premium reserve	40,595	124
Gross claims reserve	338,101	320,294
Total technical provisions	378,696	320,419
Provisions for other liabilities		
Pension obligations	1,805	1,795
Income tax payable	360	998
Deferred tax	9,716	11,659
Total provisions for other liabilities	11,880	14,452
Payables		
Payables arising out of direct insurance operations	8,837	5,230
Payables arising out of reinsurance operations	1,944	3,391
Payables arising out of reinsurance operations - group companies	4,783	2,305
Payables group companies	637	463
Other payables	274	69
Total payables	16,475	11,456
Accruals and deferred income		
Accruals and deferred income	2,697	3,201
Total accruals and deferred income	2,697	3,201
Total liabilities	409,748	349,528
Total equity and liabilities	521,114	465,131

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Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.2018	0	112,186	112,186
Net result	0	3,494	3,494
Remeasurement due to change in pension assumptions	0	(102)	(102)
Income tax related to change in pension assumptions	0	26	26
Equity as at 20.02.2019	0	115,603	115,603
Equity as at 21.02.2019	0	115,603	115,603
Net result	0	(4,238)	(4,238)
Provisions to obliged fund	9	(9)	0
Equity as at 20.11.2019	9	111,357	111,366

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Cash flow analysis

Amounts in USD 000's	21.02.19 to 20.11.19	21.02.18 to 20.11.18
Cash flow from operating activities		
Profit before tax	(4,920)	9,446
Tax (paid)/refunded	(2,068)	(1,335)
Change in unrealised gain/(loss) on investments	(7,525)	5,199
Pension cost charged to statement of comprehensive income	168	0
Change in pension obligation	10	1,133
Change in receivables and payables	(14,249)	(9,465)
Change in technical provisions and other accruals	28,409	24,028
Financial investments	9,016	(29,901)
Net cash flow from operating activities	8,841	(895)
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	8,841	(895)
Cash and cash equivalents at beginning of period	56,885	49,271
Cash and cash equivalents at end of period	65,726	48,376

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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 November 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 November 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 20.11.19
Own funds	
Share premium account	111,357
Reconciliation reserve	(1,420)
Excess of assets over liabilities	109,937
Tier 1 - Unrestricted	109,937
Total basic own funds / (equal to Excess of assets over liabilities)	109,937
Tier 2 - Supplementary calls	195,739
Total ancillary own funds	195,739
Total available own funds to meet the SCR	305,676
Total available own funds to meet the MCR	109,937
Total eligible own funds to meet the SCR	164,918
Total eligible own funds to meet the MCR	109,937
SCR	109,962
MCR	29,232
Ratio of eligible own funds to SCR	150 %
Ratio of eligible own funds to MCR	376 %
Minimum Capital Requirement (MCR)	
Linear MCR	29,232
SCR	109,937
MCR cap (45% of SCR)	49,483
MCR floor (25% of SCR)	27,491
Combined MCR	29,232
Absolute floor of the MCR	4,188
MCR	29,232
Solvency Capital Requirement (SCR)	
Market risk	14,856
Counterparty default risk	15,956
Non-life underwriting risk	103,646
Diversification	(27,766)
Basic SCR	106,693
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(7,678)
Operational risk	10,947
SCR	109,962

The eligible own funds are calculated based on a partial internal model approved by the Financial Supervisory Authority of Norway (Finanstilsynet) as from 20 February 2019.

Board of Directors
Assuranceforeningen Gard - gjensidig -

27 January 2019

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director