

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.20 to 20.05.20	Previous year 21.02.19 to 20.05.19	Current year 21.02.20 to 20.05.20	Previous year 21.02.19 to 20.05.19
Amounts in USD 000's				
Technical account				
Gross written premium	182,701	156,055	182,701	156,055
Gross earned premium	61,727	39,439	61,727	39,439
Ceded reinsurance	(19,825)	(18,827)	(19,825)	(18,827)
Earned premium for own account	41,902	20,612	41,902	20,612
Other insurance related income	27	79	27	79
Gross incurred claims	42,111	22,600	42,111	22,600
Reinsurers' share of gross incurred claims	(9,036)	(5,401)	(9,036)	(5,401)
Claims incurred for own account	33,074	17,199	33,074	17,199
Acquisition costs	1,346	2,215	1,346	2,215
Agents' commission	7,361	1,882	7,361	1,882
Commission received	(2,874)	(2,418)	(2,874)	(2,418)
Insurance related expenses for own account	5,833	1,679	5,833	1,679
Other insurance related expenses	610	556	610	556
Technical result	2,412	1,257	2,412	1,257
Non-technical account				
Interest and similar income	533	243	533	243
Change in unrealised gain/(loss) on investments	(5,361)	1,238	(5,361)	1,238
Gain on realisation of investments	556	221	556	221
Other investment expenses	(5)	(11)	(5)	(11)
Non-technical result	(4,277)	1,691	(4,277)	1,691
Profit before tax	(1,865)	2,948	(1,865)	2,948
Taxation	316	341	316	341
Net result	(2,181)	2,607	(2,181)	2,607

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Balance sheet

Amounts in USD 000's	As at 20.05.20	As at 20.02.20
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	24,174	29,541
Interest-bearing securities and funds	190,544	169,933
Total investments	214,718	199,475
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	59,594	308
Reinsurers' share of gross claims reserve	167,166	162,688
Total reinsurers' share of technical provisions	226,760	162,997
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	114,698	8,864
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	2,446	58
<i>Other receivables</i>		
Other receivables	11	10
Other receivables - group companies	1,816	474
Total receivables	118,971	9,406
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Other assets		
Equipment	2,148	2,148
Cash and cash equivalents	66,997	54,549
Prepaid tax	0	237
Other financial assets	1,976	1,895
Total other assets	71,121	58,829
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Prepayments and accrued income		
Accrued income and other prepayments	7,045	3,163
Total prepayments and accrued income	7,045	3,163
Total assets	638,614	433,870

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Balance sheet

Amounts in USD 000's	As at 20.05.20	As at 20.02.20
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	91,187	93,368
Total equity	91,190	93,372
Technical provisions		
Gross premium reserve	122,035	1,061
Gross claims reserve	333,187	316,851
Total technical provisions	455,221	317,912
Provisions for other liabilities		
Pension obligations	1,629	1,751
Income tax payable	640	635
Deferred tax	6,260	6,664
Total provisions for other liabilities	8,529	9,049
Payables		
Payables arising out of direct insurance operations	10,949	6,434
Payables arising out of reinsurance operations	18,926	1,818
Payables arising out of reinsurance operations - group companies	44,992	403
Payables group companies	8	1,658
Other payables	183	250
Total payables	75,058	10,564
Accruals and deferred income		
Accruals and deferred income	8,616	2,974
Total accruals and deferred income	8,616	2,974
Total liabilities	547,424	340,498
Total equity and liabilities	638,614	433,870

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Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.2019	0	115,603	115,603
Net result	0	(22,100)	(22,100)
Remeasurement due to change in pension assumptions	0	(175)	(175)
Income tax related to change in pension assumptions	0	44	44
Provision for Norwegian Non-life insurance Guarantee Scheme	4	(4)	0
Equity as at 20.02.2020	4	93,368	93,372
Equity as at 21.02.2020	4	93,368	93,372
Net result	0	(2,181)	(2,181)
Equity as at 20.05.2020	4	91,187	91,190

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Cash flow analysis

Amounts in USD 000's	21.02.20 to 20.05.20	21.02.19 to 20.05.19
Cash flow from operating activities		
Profit before tax	(2,181)	2,948
Tax (paid)/refunded	(162)	(433)
Change in unrealised gain/(loss) on investments	5,361	(1,238)
Change in pension obligation	(122)	(434)
Change in receivables and payables	(45,151)	(61,709)
Change in technical provisions and other accruals	75,307	60,941
Financial investments	(20,604)	4,662
Net cash flow from operating activities	12,448	4,737
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Net change in cash and cash equivalents	12,448	4,737
Cash and cash equivalents at beginning of period	54,549	56,885
Cash and cash equivalents at end of period	66,997	61,622

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, 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, Finland 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 2020 to 20 May 2020.

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 2020 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 20.05.20
Own funds	
Share premium account	91,187
Reconciliation reserve	(9,976)
Excess of assets over liabilities	81,211
Tier 1 - Unrestricted	81,211
Total basic own funds / (equal to Excess of assets over liabilities)	81,211
Tier 2 - Supplementary calls	197,474
Total ancillary own funds	197,474
Total available own funds to meet the SCR	278,685
Total available own funds to meet the MCR	81,211
Total eligible own funds to meet the SCR	141,387
Total eligible own funds to meet the MCR	81,211
SCR	120,353
MCR	36,951
Ratio of eligible own funds to SCR	117 %
Ratio of eligible own funds to MCR	220 %
Minimum Capital Requirement (MCR)	
Linear MCR	36,951
SCR	120,353
MCR cap (45% of SCR)	54,159
MCR floor (25% of SCR)	30,088
Combined MCR	36,951
Absolute floor of the MCR	4,127
MCR	36,951
Solvency Capital Requirement (SCR)	
Market risk	20,146
Counterparty default risk	15,614
Non-life underwriting risk	103,814
Diversification	(27,672)
Basic SCR	111,902
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(4,763)
Operational risk	13,214
SCR	120,353

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

Board of Directors
Assuranceforeningen Gard - gjensidig -

19 June 2020

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director