

Status report as at 20 August 2020

We are pleased to report that as at 20 August 2020, on a consolidated basis¹, the financial position of Gard P. & I. (Bermuda) Ltd. (the “Association”) and its subsidiaries (together, “Gard” or the “group”), remains robust and healthy. This is despite our half year results being negatively affected by several major incidents within the International Group Pool, and spread of the COVID-19 pandemic.

Key accounting and performance figures and decisions by the Association’s Board of Directors can be summarised as follows:

- Total equity for the Gard group, which provides security and stability for the joint membership, stands at USD 1,117 million (compared to USD 1,179 million as at 20 February 2020).
- The net result on an Estimated Total Call (ETC) basis was a total comprehensive loss of USD 62.4 million with a Combined Ratio Net (CRN) of 116%.
- Gross written premium on a consolidated basis was USD 685 million.
- Gard’s investment portfolio experienced some losses due to the uncertainty in the financial markets caused by the pandemic. However, as at 20 August 2020, most of those losses have been recouped. The group made a non-technical loss of USD 9 million, including taxation and other comprehensive income/loss.
- The group’s capital adequacy ratio fell to 236%, caused mainly by the adjusted risk picture, but remains well within the Comfort Zone.

Gard continues to balance its ability to help individual Members and clients with the maintenance of the long-term financial health of the group. The Association’s Board of Directors typically sets the level of the last instalment of the ETC for the policy year at its May Board meeting. This year however the Board decided to support our Members’ cash flow by delaying the decision on the final premium instalment for 2019 policy year until November 2020. The Board is now pleased to report that it has authorised that the last premium instalment for the 2019 policy year be set at of 15 % per cent of the original Estimated Total Call, which represents a 5% reduction on the agreed ETC at renewal.

¹ The term “consolidated” means the consolidated accounts of Gard P. & I. (Bermuda) Ltd., Assuranceforeningen Gard – gjensidig, and their subsidiaries.

Review of policy years

Following this meeting, the Board of Directors approved the following decisions regarding the estimated Last Instalments and Release Calls for open policy years for the Group's Members:

Last instalment and Supplementary Calls:

2018 policy year: The year is expected to be closed in October 2021 with no further calls.
2019 policy year: The year is expected to be closed in October 2022. The last premium instalment has been set at 15 per cent of the original Estimated Total Call, to be levied in November 2020 representing 5% reduction on the ETC
2020 policy year: The estimated Last Instalment level should remain at 20 per cent of Estimated Total Call and will be evaluated by BoDs in May 2021.

Release calls:

2018 policy year: 5 per cent
2019 policy year: 5 per cent
2020 policy year: 10 per cent
2021 policy year: 10 per cent

As a result of the negative development of the claims environment with emphasis on several large claims in the International Group Pool and Gards own entries, Members can expect a moderate increase in the ETC for owners mutual P&I for the 2021 renewal. The Board has however decided that, instead of a General Increase, individual members rates will be adjusted to reflect their risk profile and claims record. Overall, we seek to price Owners' Mutual P&I to target a CRN of 102.5% on an ETC basis.

If you have any questions, please contact [Bjørnar Andresen](#), Chief Underwriting Officer, Gard, Arendal.

Yours faithfully,
GARD AS



Rolf Thore Roppestad
Chief Executive Officer