

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.20 to 20.11.20	Previous year 21.08.19 to 20.11.19	Current year 21.02.20 to 20.11.20	Previous year 21.02.19 to 20.11.19
Amounts in USD 000's				
Technical account				
Gross written premium	22,839	4,030	229,934	164,557
Gross earned premium	62,526	42,792	190,983	124,086
Ceded reinsurance	(25,477)	(20,150)	(64,853)	(58,522)
Earned premium for own account	37,049	22,643	126,131	65,564
Other insurance related income	(4)	60	25	259
Gross incurred claims	19,551	63,311	85,626	115,331
Reinsurers' share of gross incurred claims	(6,411)	(29,843)	(9,795)	(41,659)
Claims incurred for own account	13,140	33,468	75,831	73,672
Acquisition costs	1,566	2,130	4,182	5,977
Agents' commission	2,729	2,151	19,060	6,047
Commission received	(4,418)	(2,663)	(9,994)	(7,684)
Insurance related expenses for own account	(124)	1,618	13,247	4,340
Other insurance related expenses	674	847	1,780	2,433
Technical result	23,355	(13,231)	35,298	(14,622)
Non-technical account				
Interest and similar income/(expenses)	104	391	449	1,238
Change in unrealised gain on investments	2,716	2,954	6,710	7,525
Gain on realisation of investments	627	0	1,183	1,077
Other investment expenses	17	(133)	4	(138)
Non-technical result	3,464	3,213	8,347	9,703
Profit before tax	26,819	(10,018)	43,644	(4,920)
Taxation	6,963	(1,801)	11,909	(808)
Net result	19,856	(8,217)	31,735	(4,111)
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement due to change in pension assumptions	(106)	(168)	(106)	(168)
Income tax related to change in pension assumptions	26	42	26	42
Other comprehensive income, net of tax	(79)	(126)	(79)	(126)
Total comprehensive income	19,777	(8,343)	31,656	(4,238)

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Balance sheet

Amounts in USD 000's	As at 20.11.20	As at 20.02.20
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	30,265	29,541
Interest-bearing securities and funds	179,323	169,933
Total investments	209,589	199,475
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	19,802	308
Reinsurers' share of gross claims reserve	161,803	162,688
Total reinsurers' share of technical provisions	181,605	162,997
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	59,534	8,864
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	1,921	58
<i>Other receivables</i>		
Other receivables	11	10
Other receivables - group companies	661	474
Total receivables	62,896	9,406
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Other assets		
Equipment	2,150	2,148
Cash and cash equivalents	70,484	54,549
Prepaid tax	0	237
Other financial assets	7,441	1,895
Total other assets	80,075	58,829
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Prepayments and accrued income		
Accrued income and other prepayments	3,428	3,163
Total prepayments and accrued income	3,428	3,163
Total assets	537,594	433,870

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Balance sheet

Amounts in USD 000's	As at 20.11.20	As at 20.02.20
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	125,024	93,368
Total equity	125,027	93,372
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Technical provisions		
Gross premium reserve	40,012	1,061
Gross claims reserve	331,159	316,851
Total technical provisions	371,171	317,912
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Provisions for other liabilities		
Pension obligations	1,697	1,751
Income tax payable	487	635
Deferred tax	18,440	6,664
Total provisions for other liabilities	20,623	9,049
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Payables		
Payables arising out of direct insurance operations	9,490	6,434
Payables arising out of reinsurance operations	2,979	1,818
Payables arising out of reinsurance operations - group companies	5,099	403
Payables group companies	175	1,658
Other payables	79	250
Total payables	17,823	10,564
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Accruals and deferred income		
Accruals and deferred income	2,949	2,974
Total accruals and deferred income	2,949	2,974
 Total liabilities	 412,566	 340,498
 Total equity and liabilities	 537,594	 433,870

Assuranceforeningen Gard - gjensidig - 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	31,656	31,656
Equity as at 20.11.2020	4	125,024	125,027

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Cash flow analysis

Amounts in USD 000's	21.02.20 to 20.11.20	21.02.19 to 20.11.19
Cash flow from operating activities		
Profit before tax	43,644	5,098
Tax (paid)/refunded	(127)	(1,147)
Change in unrealised gain/(loss) on investments	(6,710)	(4,571)
Change in pension obligation	(54)	(401)
Change in receivables and payables	(51,777)	(33,974)
Change in technical provisions and other accruals	34,361	41,870
Financial investments	(3,404)	1,750
Net cash flow from operating activities	15,933	8,626
Cash flow from investment activities		
Investment in equipment	2	0
Net cash flow from investment activities	2	0
Net change in cash and cash equivalents	15,935	8,626
Cash and cash equivalents at beginning of period	54,549	56,885
Cash and cash equivalents at end of period	70,484	65,510

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 November 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 November 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 20.11.20
Own funds	
Share premium account	125,027
Reconciliation reserve	(10,646)
Excess of assets over liabilities	114,381
Tier 1 - Unrestricted	114,381
Total basic own funds / (equal to Excess of assets over liabilities)	114,381
Tier 2 - Supplementary calls	206,769
Total ancillary own funds	206,769
Total available own funds to meet the SCR	321,150
Total available own funds to meet the MCR	114,381
Total eligible own funds to meet the SCR	170,422
Total eligible own funds to meet the MCR	114,381
SCR	112,082
MCR	37,500
Ratio of eligible own funds to SCR	152 %
Ratio of eligible own funds to MCR	305 %
Minimum Capital Requirement (MCR)	
Linear MCR	37,500
SCR	112,082
MCR cap (45% of SCR)	50,437
MCR floor (25% of SCR)	28,021
Combined MCR	37,500
Absolute floor of the MCR	4,127
MCR	37,500
Solvency Capital Requirement (SCR)	
Market risk	22,526
Counterparty default risk	19,998
Non-life underwriting risk	106,568
Diversification	(31,034)
Basic SCR	118,057
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(16,943)
Operational risk	10,968
SCR	112,082

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 -

25 January 2021

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director