

Status report as at 20 February 2021

We are pleased to report that as at 20 February 2021, after a year with exceptional challenges related to the Covid-19 pandemic and claims under the International Group Pool, the financial position of Gard P. & I. (Bermuda) Ltd (the “Association”) and its subsidiaries (together, “Gard” or the “group”), remains strong.

After a review of the group’s results and capitalisation, the Association’s Board of Directors has decided that the Last Instalment for the 2020 policy year be reduced to 10 per cent. This represents a 10 per cent reduction in the Estimated Total Call agreed at the renewal of the policy year and amounts to USD 38 million. The 2020 policy year is the final year with a deferred Last Instalment. Any reduction in the agreed Estimated Total Call due to the group’s results and capitalisation will in future be made by way of an Owners’ General Discount. The Owners’ General Discount was set at 5 per cent for the 2021 policy year. Please see [Member Circular No. 12/2020](#) for details.

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

- Total equity of the Gard group, which provides security and stability for the joint membership, stands at USD 1,263 million (compared to USD 1,179 million as at 20 February 2020).
- The net result after tax on an Estimated Total Call (ETC) basis was USD 68 million with a Combined Ratio Net (CRN) of 104 per cent. The Last Instalment for the 2019 policy year, set at 15% and deferred to ease Members’ cashflow in a period of great uncertainty, together with a reduction in the Last Instalment for the 2020 policy year of 10%, resulted in an accounting surplus of USD 84 million.
- The CRN on an ETC basis for P&I was 112 per cent and M&E 93 per cent.
- The investment return on a group basis was USD 113 million.

Release Calls

The Association’s Board of Directors, and the Boards of its subsidiaries, have determined that the Release Call shall be assessed as a percentage of the Estimated Total Call (ETC) for the relevant entry for the relevant Policy Year.

When assessing the relevant percentage of the ETC the Board of Directors will take into account the following factors:

- The risk that any previously published levels of estimated premiums may be exceeded, when assessed using the Association's methodology for calculating the capital required, which is determined by taking into account premium risk, reserve risk, market risk, and other significant risk categories.
- The wish to maintain a set structure for reducing the Release Call percentage for each policy year under normal circumstances.

The Board of Directors has determined that the Release calls be set at

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

Open policy years

The Board of Directors approved the following decisions regarding the estimated Last Instalments and Supplementary Calls for open policy years for the group's Members:

2018 policy year:	The year is expected to be closed in November 2021 with no further calls.
2019 policy year:	The year is expected to be closed in November 2022 with no further calls.
2020 policy year:	The originally estimated Last Instalment of 20 per cent of the Estimated Total Call shall be reduced to 10 per cent of the Estimated Total Call and be levied in September 2021. This is a reduction in premium of USD 38 million from the original estimate.

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

Yours faithfully,
GARD AS

Rolf Thore Roppestad
Chief Executive Officer