

## Status report as at 20 August 2021

We are pleased to report that as at 20 August 2021, on a consolidated basis,<sup>1</sup> the financial position of Gard P. & I. (Bermuda) Ltd. (the “Association”) and its subsidiaries (together, “Gard” or the “group”), remains strong with a confirmed A+ rating by Standard and Poor’s. This is despite the half year result having been negatively affected by major claims falling within the International Group Pool, a continued impact of COVID-19, and an increase in own claims.

### Highlights

Key accounting and performance figures, and decisions taken 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 1,226 million (compared to USD 1,263 million as at 20 February 2021).
- The net result after tax on an Estimated Total Call (ETC) basis was a total comprehensive loss of USD 27.2 million with a Combined Ratio Net (CRN) of 113%.
- The investment return on a group basis was USD 30.4 million.
- Gross written premium on a consolidated basis was USD 717.7 million.
- For the 2022 policy year, the Board has agreed a 5% Owners’ General Discount.

### 2022 P&I renewal

The financial result, including the insurance result, has improved since 20 August and a review of the Gard group’s capital situation has allowed the Board to give an Owners’ General Discount of 5% on the agreed ETC for the 2022 policy year.

The Board has also decided that premiums will have to be increased for P&I for the 2022 policy year to achieve a balanced underwriting result for owners P&I going forward. There will be no general increase applied across the portfolio. Instead, individual Members’ rates will be adjusted to reflect their risk profile and claims record.

It is expected that International Group reinsurance rates will increase, and these will be passed on to Members in accordance with usual practice.

After a long period of a benign claims experience and corresponding reduction in premium levels, the last years have seen an increase in the severity of claims. This has been accompanied by a stagnation in the reduction in claims frequency. Although Gard has a high-quality membership, premium adjustments will have to be applied to maintain predictability and relative stability in the portfolio.

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

As a result of the negative claims development, Members can expect an increase in the ETC for owners mutual P&I at the 2022 renewal.

### Review of policy years

At its recent meeting, the Board of Directors approved the following decisions regarding the Estimated Total Call and Release Calls for open policy years for the group's Members:

#### Open policy years

2019 policy year: The year is expected to be closed in October 2022 with no further calls, which is 5% below original Estimated Total Call (ETC).  
2020 policy year: The year is expected to be closed in October 2023 with no further calls, which is 10% below original ETC.  
2021 policy year: The year was underwritten with a 5% Owners' General Discount (OGD) on the ETC. The ETC less the OGD should be maintained.

#### Release calls

2019 policy year: 5 per cent  
2020 policy year: 5 per cent  
2021 policy year: 10 per cent  
2022 policy year: 10 per cent

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

Yours faithfully,

**GARD AS**



Rolf Thore Roppestad  
Chief Executive Officer