

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

Amounts in USD 000's	Q2		YTD 30.06	
	Current year	Previous year	Current year	Previous year
	01.04.23 to 30.06.23	01.04.22 to 30.06.22	01.01.23 to 30.06.23	21.02.22 to 30.06.22
Technical account				
Gross written premium on ETC basis *	5,986	3,916	237,270	208,531
Gross earned premium **	58,051	52,810	111,615	75,407
Ceded reinsurance	(29,319)	(26,693)	(56,492)	(38,054)
Earned premium for own account	28,732	26,117	55,123	37,353
Other insurance related income	239	22	413	23
Gross incurred claims	27,175	41,157	63,175	57,722
Reinsurers' share of gross incurred claims	(1,961)	(13,208)	(17,072)	(20,448)
Claims incurred for own account	25,214	27,949	46,103	37,274
Acquisition costs	2,175	2,462	4,911	3,860
Agents' commission	2,867	2,567	5,434	3,699
Commission received	(2,765)	(2,622)	(5,334)	(3,774)
Insurance related expenses for own account	2,277	2,406	5,010	3,784
Other insurance related expenses	631	841	1,439	1,317
Technical result	849	(5,058)	2,984	(4,999)
Non-technical account				
Interest and similar income/(expenses)	725	486	1,494	(153)
Change in unrealised gain/(loss) on investments	(408)	(13,298)	5,819	(16,955)
Gain on realisation of investments	0	0	317	0
Other expenses	(176)	(156)	(337)	(207)
Non-technical result	141	(12,968)	7,294	(17,315)
Profit/(loss) before tax	990	(18,027)	10,278	(22,314)
Corporate income tax	695	(2)	4,807	33
Net result	296	(18,024)	5,471	(22,347)
* Owners' General Discount not included in Gross written premium	(25)	(29)	8,434	7,266
** Owners' General Discount included in Gross earned premium	2,086	1,829	4,004	2,637

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Balance sheet

Amounts in USD 000's	As at 30.06.23	As at 31.12.22
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	33,664	30,994
Interest-bearing securities and funds	196,962	210,167
Total investments	230,627	241,162
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	74,207	15,027
Reinsurers' share of gross claims reserve	117,517	118,398
Total reinsurers' share of technical provisions	191,724	133,425
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	129,189	16,373
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	0	2,202
Receivables from group companies	2,226	948
<i>Other receivables</i>		
Other receivables	1	1
Other receivables - group companies	1,154	378
Total receivables	132,570	19,901
Other assets		
Equipment	3,531	3,429
Cash and cash equivalents	87,422	78,253
Other financial assets	7,050	7,084
Total other assets	98,002	88,766
Prepayments and accrued income		
Accrued income and other prepayments	7,677	4,641
Total prepayments and accrued income	7,677	4,641
Total assets	660,600	487,895

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Balance sheet

Amounts in USD 000's	As at 30.06.23	As at 31.12.22
Equity and liabilities		
Equity		
Retained earnings		
Guarantee scheme	3	3
Other equity	109,939	104,468
Total equity	109,942	104,471
Technical provisions		
Gross premium reserve	147,520	30,299
Gross claims reserve	306,584	320,074
Total technical provisions	454,104	350,372
Provisions for other liabilities		
Pension obligations	1,524	1,559
Income tax payable	8,228	3,005
Deferred tax	9,178	10,854
Total provisions for other liabilities	18,931	15,418
Payables		
Payables arising out of direct insurance operations	8,889	6,297
Payables arising out of reinsurance operations	27,442	3,674
Payables arising out of reinsurance operations - group companies	33,681	4,986
Payables group companies	122	647
Other payables	331	121
Total payables	70,466	15,726
Accruals and deferred income		
Accruals and deferred income	7,157	1,907
Total accruals and deferred income	7,157	1,907
Total liabilities	550,658	383,423
Total equity and liabilities	660,600	487,895

Assuranceforeningen Gard - gjensidig - Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.22	4	108,104	108,108
Net result	0	(3,503)	(3,503)
Remeasurement due to change in pension assumptions	0	(177)	(177)
Income tax related to change in pension assumptions	0	44	44
Provision for Norwegian Non-life insurance Guarantee Scheme	(1)	0	(1)
Equity as at 31.12.22	3	104,468	104,471
Equity as at 01.01.23	3	104,468	104,471
Net result	0	5,471	5,471
Equity as at 30.06.23	3	109,939	109,942

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Cash flow analysis

Amounts in USD 000's	01.01.23 to 30.06.22	21.02.22 to 30.06.22
Cash flow from operating activities		
Profit/(loss) before tax	10,278	(22,314)
Tax paid	(245)	(139)
Change in unrealised (gain)/loss on investments	(5,819)	16,955
Change in pension obligations	(35)	(223)
Financial investments	16,353	4,986
Change in valuation due to change in exchange rates	(1,014)	(958)
Change in receivables and payables	(57,894)	(50,144)
Change in technical provisions and other accruals	47,647	69,429
Net cash flow from operating activities	9,271	17,593
Cash flow from investment activities		
Purchase of equipment net of sales	(102)	0
Net cash flow from investment activities	(102)	0
Net change in cash and cash equivalents	9,169	17,593
Cash and cash equivalents at beginning of period	78,253	69,277
Cash and cash equivalents at end of period	87,422	86,870

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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 Kittelsbuktheien 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 1 January 2023 to 30 June 2023.

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 30 June 2023 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.

Assuranceforeningen Gard - gjensidig -

Notes to the accounts

Note 3 - Capital requirements

Amounts in USD 000's	As at 30.06.23	As at 31.12.22
Own funds		
Share premium account	109,942	104,471
Reconciliation reserve	7,535	3,982
Excess of assets over liabilities	117,477	108,453
Tier 1 - Unrestricted	117,477	108,453
Total basic own funds / (equal to Excess of assets over liabilities)	117,477	108,453
Tier 2 - Supplementary calls - Available	241,408	237,806
Tier 2 - Supplementary calls - Eligible	47,262	43,318
Total ancillary own funds	241,408	237,806
Total available own funds to meet the SCR	358,885	346,259
Total available own funds to meet the MCR	117,477	108,453
Total eligible own funds to meet the SCR	164,739	151,771
Total eligible own funds to meet the MCR	117,477	108,453
SCR	94,524	86,636
MCR	42,536	38,986
Ratio of eligible own funds to SCR	174 %	175 %
Ratio of eligible own funds to MCR	276 %	278 %
Minimum Capital Requirement (MCR)		
Linear MCR	46,959	39,846
SCR	94,524	86,636
MCR cap (45% of SCR)	42,536	38,986
MCR floor (25% of SCR)	23,631	21,659
Combined MCR	42,536	38,986
Absolute floor of the MCR	3,966	3,966
MCR	42,536	38,986
Solvency Capital Requirement (SCR)		
Market risk	6,851	3,806
Counterparty default risk	19,270	16,028
Non-life underwriting risk	103,696	104,039
Diversification	(36,184)	(30,346)
Basic SCR	93,633	93,528
Calculation of SCR		
Adj - Loss Absorbing Capacity of Deferred Tax	(11,162)	(16,496)
Operational risk	12,053	9,604
SCR	94,524	86,636

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 -

4 September 2023

Trond Eilertsen
Chairman

Jane Sy
Deputy Chairman

Sandra Gluck

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director