

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.19 to 20.05.19	Previous year 21.02.18 to 20.05.18	Current year 21.02.19 to 20.05.19	Previous year 21.02.18 to 20.05.18
Amounts in USD 000's				
Technical account				
Gross written premium	21,676	17,666	21,676	17,666
Gross earned premium	22,322	20,396	22,322	20,396
Ceded reinsurance	(16,857)	(15,406)	(16,857)	(15,406)
Earned premium for own account	5,465	4,991	5,465	4,991
Other insurance related income	18	11	18	11
Gross incurred claims	16,276	14,580	16,276	14,580
Reinsurers' share of gross incurred claims	(10,029)	(10,580)	(10,029)	(10,580)
Claims incurred for own account	6,247	4,000	6,247	4,000
Acquisition costs	1,617	1,476	1,617	1,476
Agents' commission	2,584	2,293	2,584	2,293
Commission received	(3,912)	(3,663)	(3,912)	(3,663)
Insurance related expenses for own account	289	106	289	106
Other insurance related expenses	176	161	176	161
Technical result	(1,229)	734	(1,229)	734
Non-technical account				
Interest and similar income/(cost)	(143)	(823)	(143)	(823)
Change in unrealised gain/(loss) on investments	148	(373)	148	(373)
Gain on realisation of investments	0	317	0	317
Other investment expenses	0	(0)	0	(0)
Non-technical result	5	(879)	5	(879)
Profit before tax	(1,225)	(144)	(1,225)	(144)
Taxation	(51)	518	(51)	518
Net result	(1,174)	(662)	(1,174)	(662)

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.05.19	As at 20.02.19
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	2,254	2,285
Interest-bearing securities and funds	37,090	37,800
Other financial investments	4	4
Total investments	39,348	40,088
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	33,755	33,429
Reinsurers' share of gross claims reserve	70,626	79,107
Total reinsurers' share of technical provisions	104,381	112,536
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	2,043	1,135
Intermediaries	47,403	52,091
<i>Receivables from reinsurance operations</i>		
Receivables from reinsurance operations	4,729	1,914
Receivables from group companies	3,539	5,791
<i>Other receivables</i>		
Other receivables	12	9
Other receivables from group companies	0	56
Total receivables	57,726	60,997
Other assets		
Cash and cash equivalents	10,414	10,670
Total other assets	10,414	10,670
Prepayments and accrued income		
Accrued income and other prepayments	5,194	5,767
Total prepayments and accrued income	5,194	5,767
Total assets	217,063	230,059

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Balance sheet

Amounts in USD 000's	As at 20.05.19	As at 20.02.19
Equity and liabilities		
Equity		
Statutory reserve	43,449	43,449
Other equity	4,544	5,717
Total equity	47,993	49,166
Technical provisions		
Gross premium reserve	45,429	46,075
Gross claims reserve	90,519	98,814
Total technical provisions	135,948	144,889
Provisions for other liabilities		
Income tax payable	22	23
Deferred tax	1,052	1,127
Total provisions for other liabilities	1,074	1,149
Payables		
Payables arising out of direct insurance operations	1,162	3,601
Payables arising out of reinsurance operations	2,586	528
Payables arising out of reinsurance operations - group companies	20,006	21,570
Payables to group companies	186	273
Other payables	303	173
Total payables	24,243	26,145
Accruals and deferred income		
Accruals and deferred income	7,805	8,709
Total accruals and deferred income	7,805	8,709
Total liabilities	169,070	180,892
Total equity and liabilities	217,063	230,059

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of changes in equity

Amounts in USD 000's	Statutory reserve	Other equity	Total
Equity as at 20.02.2018	43,449	9,704	53,153
Net result	0	(3,987)	(3,987)
Equity as at 20.02.2019	43,449	5,717	49,166
Equity as at 21.02.2019	43,449	5,717	49,166
Net result	0	(1,174)	(1,174)
Equity as at 20.05.2019	43,449	4,544	47,993

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Statement of cash flow

Amounts in USD 000's	21.02.19 to 20.05.19	21.02.18 to 20.05.18
Cash flow from operating activities		
Profit before tax	(1,225)	(144)
Change in unrealised gain/(loss) on investments	(148)	(373)
Change in receivables and payables	1,370	1,423
Change in technical provisions and other accruals	(1,117)	(1,049)
Financial investments	888	(1,109)
Change in valuation due to change in exchange rates	(24)	0
Net cash flow from operating activities	(256)	(1,251)
Cash flow from investment activities		
Investment management expenses	0	0
Net cash flow from investment activities	0	0
Net change in cash and cash equivalents	(256)	(1,251)
Cash and cash equivalents at beginning of period	10,670	12,694
Cash and cash equivalents at end of period	10,414	11,443

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 1 - Accounting policies

Corporate information

Gard Marine & Energy Insurance (Europe) AS ("the Company") is a wholly owned subsidiary of Gard Marine & Energy Ltd ("Gard M&E Ltd."). The Company is registered and domiciled in Norway and licensed by the Norwegian Ministry of Finance to carry out direct insurance of Marine and Energy risks.

Gard Marine & Energy Insurance (Europe) AS is consolidated into the accounts of Gard M&E Ltd. and the consolidated accounts are available at the office of Gard M&E Ltd's management company Lingard Ltd in Bermuda.

The Company has established a branch in UK.

Basis of preparation of the Accounts

The quarterly accounts includes activity from 21 February 2019 to 20 May 2019.

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 the Company has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 May 2019 has 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 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 judgements and estimates. Estimates have to be 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

The Company cedes to Gard M&E Ltd by way of reinsurance 70 per cent of the Company's Marine & Energy risk underwritten by the Company that is not reinsured elsewhere.

Insurance agency agreement

The operations and insurance activities of the Company are carried out by the insurance intermediaries Gard AS, Gard (UK) Ltd., and Oy Gard Baltic Ab. Gard (UK) Ltd. and Oy Gard Baltic Ab are fully owned by Gard AS. Gard AS is a fully owned subsidiary of Gard P. & I. (Bermuda) Ltd.

GARD MARINE & ENERGY INSURANCE (EUROPE) AS

Notes to the accounts

Note 3 – Capital Requirements

Amounts in USD 000's	As at 20.05.19
Own funds	
Ordinary share capital	42,572
Share premium account	5,420
Reconciliation reserve	(228)
Excess of assets over liabilities	47,765
Tier 1 - Unrestricted	47,765
Total basic own funds / (equal to Excess of assets over liabilities)	47,765
Total available own funds to meet the SCR	47,765
Total available own funds to meet the MCR	47,765
Total eligible own funds to meet the SCR	47,765
Total eligible own funds to meet the MCR	47,765
SCR	34,534
MCR	8,633
Ratio of eligible own funds to SCR	138%
Ratio of eligible own funds to MCR	553%
Minimum Capital Requirement (MCR)	
Linear MCR	6,558
SCR	34,534
MCR cap (45% of SCR)	15,540
MCR floor (25% of SCR)	8,633
Combined MCR	8,633
Absolute floor of the MCR	4,188
MCR	8,633
Solvency Capital Requirement (SCR)	
Market risk	1,425
Counterparty default risk	9,917
Non-life underwriting risk	29,753
Diversification	(6,505)
Basic SCR	34,590
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(3,757)
Operational risk	3,700
SCR	34,534

Board of Directors

Gard Marine & Energy Insurance (Europe) AS

20 June 2019

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director