

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q3		YTD 20.11	
	Current year 21.08.22 to 20.11.22	Previous year 21.08.21 to 20.11.21	Current year 21.02.22 to 20.11.22	Previous year 21.02.21 to 20.11.21
Amounts in USD 000's				
Technical account				
Gross written premium on ETC basis *	3,986	3,313	213,986	183,815
Gross earned premium **	53,827	45,939	191,819	134,270
Ceded reinsurance	(27,721)	(21,155)	(80,531)	(61,988)
Earned premium for own account	26,106	24,784	111,288	72,282
Other insurance related income	141	0	179	2
Gross incurred claims	25,415	44,356	101,728	124,581
Reinsurers' share of gross incurred claims	(5,023)	(20,772)	(30,977)	(46,306)
Claims incurred for own account	20,392	23,584	70,750	78,275
Acquisition costs	2,547	2,159	7,422	6,421
Agents' commission	2,555	2,158	16,659	6,441
Commission received	(2,616)	(2,686)	(7,775)	(7,882)
Insurance related expenses for own account	2,486	1,631	16,306	4,980
Other insurance related expenses	847	636	2,491	1,833
Technical result	2,521	(1,067)	21,920	(12,805)
Non-technical account				
Interest and similar income/(expenses)	439	(456)	(11)	(90)
Change in unrealised loss on investments	(3,531)	(2,104)	(19,703)	(704)
Gain/(loss) on realisation of investments	(331)	0	(331)	86
Other income/(expenses)	(127)	20	(454)	11
Non-technical result	(3,550)	(2,541)	(20,499)	(697)
Profit/(loss) before tax	(1,028)	(3,608)	1,421	(13,502)
Corporate income tax	3,167	(15)	3,879	138
Net result	(4,195)	(3,594)	(2,458)	(13,639)
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement due to change in pension assumptions	(68)	(106)	(68)	(106)
Income tax related to change in pension assumptions	17	0	17	0
Other comprehensive loss, net of tax	(51)	(106)	(51)	(106)
Total comprehensive loss	(4,246)	(3,700)	(2,509)	(13,746)
* Owners' General Discount not included in Gross written premium	14	23	7,299	6,262
** Owners' General Discount included in Gross earned premium	1,824	1,585	5,483	4,691

Assuranceforeningen Gard - gjensidig -

Balance sheet

Amounts in USD 000's	As at 20.11.22	As at 20.02.22
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	30,683	35,005
Interest-bearing securities and funds	212,974	188,027
Total investments	243,657	223,032
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	26,829	894
Reinsurers' share of gross claims reserve	117,847	115,718
Total reinsurers' share of technical provisions	144,676	116,613
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	28,690	14,877
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	1,113	2,108
<i>Other receivables</i>		
Other receivables	13	12
Other receivables - group companies	551	187
Total receivables	30,367	17,183
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Other assets		
Equipment	2,150	2,150
Cash and cash equivalents	73,771	69,277
Other financial assets	6,958	7,233
Total other assets	82,879	78,660
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Prepayments and accrued income		
Accrued income and other prepayments	4,100	3,828
Total prepayments and accrued income	4,100	3,828
Total assets	505,678	439,315

Assuranceforeningen Gard - gjensidig -

Balance sheet

Amounts in USD 000's	As at 20.11.22	As at 20.02.22
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	105,595	108,104
Total equity	105,599	108,108
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Technical provisions		
Gross premium reserve	52,563	3,694
Gross claims reserve	313,252	299,856
Total technical provisions	365,815	303,550
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Provisions for other liabilities		
Pension obligations	1,451	1,746
Income tax payable	4,313	1,279
Deferred tax	9,820	10,425
Total provisions for other liabilities	15,584	13,450
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Payables		
Payables arising out of direct insurance operations	3,239	10,628
Payables arising out of reinsurance operations	6,189	658
Payables arising out of reinsurance operations - group companies	5,861	1,093
Payables group companies	361	173
Other payables	217	111
Total payables	15,866	12,664
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Accruals and deferred income		
Accruals and deferred income	2,815	1,544
Total accruals and deferred income	2,815	1,544
Total liabilities	400,080	331,208
Total equity and liabilities	505,678	439,315

Assuranceforeningen Gard - gjensidig -

Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.21	4	123,615	123,619
Net result	0	(15,371)	(15,371)
Remeasurement due to change in pension assumptions	0	(186)	(186)
Income tax related to change in pension assumptions	0	47	47
Equity as at 20.02.22	4	108,104	108,108
Equity as at 21.02.22	4	108,104	108,108
Net result	0	(2,458)	(2,458)
Remeasurement due to change in pension assumptions	0	(68)	(68)
Income tax related to change in pension assumptions	0	17	17
Equity as at 20.11.22	4	105,595	105,599

Assuranceforeningen Gard - gjensidig -

Cash flow analysis

Amounts in USD 000's	21.02.22 to 20.11.22	21.02.21 to 20.11.21
Cash flow from operating activities		
Profit/(loss) before tax	1,421	(13,502)
Tax paid	(207)	(116)
Change in unrealised loss on investments	19,703	704
Pension cost charged to statement of comprehensive income	68	106
Change in pension obligations	(295)	(123)
Financial investments	(40,328)	(13,394)
Change in valuation due to change in exchange rates	(1,362)	(696)
Change in receivables and payables	(9,708)	3,553
Change in technical provisions and other accruals	35,202	41,843
Net cash flow from operating activities	4,493	18,376
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Net change in cash and cash equivalents	4,493	18,376
Cash and cash equivalents at beginning of period	69,277	54,723
Cash and cash equivalents at end of period	73,771	73,099

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 2022 to 20 November 2022.

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 2022 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 20.11.22
Own funds	
Share premium account	105,599
Reconciliation reserve	3,162
Excess of assets over liabilities	108,761
Tier 1 - Unrestricted	108,761
Total basic own funds / (equal to Excess of assets over liabilities)	108,761
Tier 2 - Supplementary calls - Available	237,960
Tier 2 - Supplementary calls - Eligible	52,071
Total ancillary own funds	52,071
Total available own funds to meet the SCR	346,720
Total available own funds to meet the MCR	108,761
Total eligible own funds to meet the SCR	160,831
Total eligible own funds to meet the MCR	108,761
SCR	104,141
MCR	40,671
Ratio of eligible own funds to SCR	154 %
Ratio of eligible own funds to MCR	267 %
Minimum Capital Requirement (MCR)	
Linear MCR	40,671
SCR	104,141
MCR cap (45% of SCR)	46,863
MCR floor (25% of SCR)	26,035
Combined MCR	40,671
Absolute floor of the MCR	3,966
MCR	40,671
Solvency Capital Requirement (SCR)	
Market risk	4,380
Counterparty default risk	15,176
Non-life underwriting risk	121,855
Diversification	(31,788)
Basic SCR	109,623
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(15,461)
Operational risk	9,979
SCR	104,141

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 -

26 January 2023

Trond Eilertsen
Chairman

Jane Sy
Deputy Chairman

Sandra Gluck

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director