

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q2		YTD 20.08	
	Current year 21.05.20 to 20.08.20	Previous year 21.05.19 to 20.08.19	Current year 21.02.20 to 20.08.20	Previous year 21.02.19 to 20.08.19
Amounts in USD 000's				
Technical account				
Gross written premium	24,395	4,471	207,096	160,527
Gross earned premium	66,730	41,855	128,458	81,294
Ceded reinsurance	(19,551)	(19,546)	(39,376)	(38,373)
Earned premium for own account	47,179	22,309	89,082	42,921
Other insurance related income	3	121	30	199
Gross incurred claims	23,965	29,421	66,076	52,021
Reinsurers' share of gross incurred claims	5,653	(6,416)	(3,384)	(11,817)
Claims incurred for own account	29,617	23,005	62,692	40,204
Acquisition costs	1,270	1,632	2,616	3,847
Agents' commission	8,970	2,013	16,331	3,895
Commission received	(2,702)	(2,603)	(5,576)	(5,021)
Insurance related expenses for own account	7,539	1,043	13,371	2,721
Other insurance related expenses	496	1,031	1,106	1,587
Technical result	9,531	(2,648)	11,943	(1,391)
Non-technical account				
Interest and similar income/(expenses)	(187)	604	346	847
Change in unrealised gain on investments	9,355	3,333	3,993	4,571
Gain on realisation of investments	0	856	556	1,077
Other investment expenses	(8)	5	(13)	(5)
Non-technical result	9,159	4,798	4,882	6,490
Profit before tax	18,690	2,150	16,825	5,098
Taxation	4,630	651	4,946	993
Net result	14,060	1,499	11,879	4,106

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Balance sheet

Amounts in USD 000's	As at 20.08.20	As at 20.02.20
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	28,149	29,541
Interest-bearing securities and funds	211,989	169,933
Total investments	240,138	199,475
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	39,326	308
Reinsurers' share of gross claims reserve	157,801	162,688
Total reinsurers' share of technical provisions	197,126	162,997
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	74,536	8,864
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	11,616	58
<i>Other receivables</i>		
Other receivables	15	10
Other receivables - group companies	1,961	474
Total receivables	88,129	9,406
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Other assets		
Equipment	2,148	2,148
Cash and cash equivalents	68,401	54,549
Prepaid tax	0	237
Other financial assets	2,002	1,895
Total other assets	72,551	58,829
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Prepayments and accrued income		
Accrued income and other prepayments	4,905	3,163
Total prepayments and accrued income	4,905	3,163
Total assets	602,849	433,870

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Balance sheet

Amounts in USD 000's	As at 20.08.20	As at 20.02.20
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	105,247	93,368
Total equity	105,250	93,372
Technical provisions		
Gross premium reserve	79,699	1,061
Gross claims reserve	338,606	316,851
Total technical provisions	418,305	317,912
Provisions for other liabilities		
Pension obligations	1,710	1,751
Income tax payable	863	635
Deferred tax	11,380	6,664
Total provisions for other liabilities	13,953	9,049
Payables		
Payables arising out of direct insurance operations	9,392	6,434
Payables arising out of reinsurance operations	15,112	1,818
Payables arising out of reinsurance operations - group companies	35,068	403
Payables group companies	68	1,658
Other payables	116	250
Total payables	59,755	10,564
Accruals and deferred income		
Accruals and deferred income	5,585	2,974
Total accruals and deferred income	5,585	2,974
Total liabilities	497,599	340,498
Total equity and liabilities	602,849	433,870

Assuranceforeningen Gard - gjensidig - Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.2019	0	115,603	115,603
Net result	0	(22,100)	(22,100)
Remeasurement due to change in pension assumptions	0	(175)	(175)
Income tax related to change in pension assumptions	0	44	44
Provision for Norwegian Non-life insurance Guarantee Scheme	4	(4)	0
Equity as at 20.02.2020	4	93,368	93,372
Equity as at 21.02.2020	4	93,368	93,372
Net result	0	11,879	11,879
Equity as at 20.08.2020	4	105,247	105,250

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Cash flow analysis

Amounts in USD 000's	21.02.20 to 20.08.20	21.02.19 to 20.08.19
Cash flow from operating activities		
Profit before tax	16,825	5,098
Tax (paid)/refunded	(128)	(1,147)
Change in unrealised gain/(loss) on investments	(3,993)	(4,571)
Change in pension obligation	(41)	(401)
Change in receivables and payables	(29,638)	(33,974)
Change in technical provisions and other accruals	67,133	41,870
Financial investments	(36,670)	1,750
Change in valuation due to change in exchange rates	364	0
Net cash flow from operating activities	13,852	8,626
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Net change in cash and cash equivalents	13,852	8,626
Cash and cash equivalents at beginning of period	54,549	56,885
Cash and cash equivalents at end of period	68,401	65,510

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 2020 to 20 August 2020.

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 August 2020 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 20.08.20
Own funds	
Share premium account	105,247
Reconciliation reserve	(9,035)
Excess of assets over liabilities	96,212
Tier 1 - Unrestricted	96,212
Total basic own funds / (equal to Excess of assets over liabilities)	96,212
Tier 2 - Supplementary calls	208,952
Total ancillary own funds	208,952
Total available own funds to meet the SCR	305,164
Total available own funds to meet the MCR	96,212
Total eligible own funds to meet the SCR	154,393
Total eligible own funds to meet the MCR	96,212
SCR	116,363
MCR	39,070
Ratio of eligible own funds to SCR	133 %
Ratio of eligible own funds to MCR	246 %
Minimum Capital Requirement (MCR)	
Linear MCR	39,070
SCR	116,363
MCR cap (45% of SCR)	52,363
MCR floor (25% of SCR)	29,091
Combined MCR	39,070
Absolute floor of the MCR	4,127
MCR	39,070
Solvency Capital Requirement (SCR)	
Market risk	22,053
Counterparty default risk	16,672
Non-life underwriting risk	103,773
Diversification	(28,542)
Basic SCR	113,956
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(9,883)
Operational risk	12,290
SCR	116,363

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 -

25 September 2020

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director