SOLVENCY FINANCIAL CONDITION REPORT

• Gard group •

|

20 February 2020

2020

Contents

EXECUTIVE SUMMARY

This report covers Gard's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate administrative body that has the responsibility for these matters is the Board of Directors, with the help of various governance and control functions that are put in place to monitor and manage the business.

This report is a joint report for Gard P. & I. (Bermuda) Ltd. on a consolidated basis (Gard group), Assuranceforeningen Gard – gjensidig – (Gard Norway) and Gard Marine & Energy Insurance (Europe) AS (Gard M&E Europe)[1].

The main body of the report applies to all unless otherwise stated. Where the legal entities differ from Gard group, this is elaborated in the Appendices 1 and 2.

In 2018, the internal risk capital model ("internal model") for the Gard group was approved for regulatory purposes by the Norwegian Financial Supervisory Authority ("Finanstilsynet") in so far as concerned insurance and market risk. All figures displayed in relevant solvency tables are based on a partial internal model.

The full extent of impacts and consequences of COVID-19 had not yet been seen at the date of reporting. Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

Due to the high volatility and uncertainty in the global financial markets as a consequence of the COVID-19 pandemic, the Board of Directors resolved in their meeting in May 2020 to defer the decision regarding the last premium instalment for the 2019 policy year until autumn 2020. Hence no such instalment is included in the financial or solvency numbers presented in this report.

In the tables, values are stated in USD million. Values below USD 500,000 are displayed as "0". An empty cell means that there is no value to state. Rounding differences +/– one unit can occur.

Gard fulfils the minimum and solvency capital requirements (hereafter referred to as MCR and SCR) stipulated by the supervisory authorities as of the reporting date of 20 February 2020.

The principles used to determine the solvency ratio are explained in this document. Chapter D describes the valuation principles used to determine the eligible own funds, and Chapter E those used to determine the SCR.

[1] According to Article 256 of Directive 2009/138/EC, where a participating insurance or reinsurance undertaking, or an insurance holding company so decides, and subject to the agreement of the group supervisor, it may provide a single solvency and financial condition report comprising of the information at the level of the group and the relevant subsidiaries within the group.

Key figures

USD million, as of 20.02	2020	2019
Solvency II balance sheet		
Assets	2,800	2,782
Technical provisions	1,523	1,473
Other liabilities	134	148
Excess of assets over liabilities	1,144	1,161
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	1,089	1,106
Tier 2 Ancillary own funds	255	245
Tier 3 Other own funds	0	0
Eligible own funds	1,344	1,351
Capital Requirement		
Solvency Capital Requirement (SCR)	511	490
Minimum Capital Requirement (MCR)	252	240
Solvency ratio		
Eligible own funds to meet SCR	263 %	276 %
Eligible own funds to meet MCR	433 %	460 %
Tier 1 share of total eligible own funds	81 %	82 %

A. Business and performance

Gard is a Marine and Energy insurance group which is active in Protection and Indemnity (P&I) and Marine and Energy (M&E) business. Gard operates in global markets, offering insurance solutions to corporate customers, often through insurance brokers. Its global presence and activities allow the company to achieve an efficient risk diversification.

The financial year ending 20 February 2020 delivered a strong result for the Gard group. The total comprehensive profit, on an Estimated Total Call (ETC) basis, i.e. including full last instalment for mutual members, was USD 93 million and USD 20 million excluding the last premium instalment.

Gross written premium on ETC basis increased by 10 per cent from last year. This is a strong result in a soft P&I insurance market, supported by contributions from hardening hull markets and growth in new business volume.

Claims incurred for own account was in line with expectations. There has been a higher level of Pool claims from the International Group clubs, which continued the trend from last year and contributed to P&I mutual performing below expectation. Operating expenses were in line with the plan.

Gard seeks to add returns through a diversified investment portfolio. The non-technical result for the year ending 20 February 2020 was USD 118 million. All major asset classes delivered strong returns, led by equity and credit markets. Details on business and performance can be found in section A.

B. System of governance

Gard has an effective system of governance, which provides for sound and prudent management.

The risk management system is assessed to be adequate considering the size and complexity of the operations.

The individual elements of the System of Governance can be found in section B.

C. Risk profile

In the context of its business operations Gard enters into a broad variety of risks, where the main risks are underwriting risk and market risk. Gard is also exposed to counterparty default risk, operational risk, liquidity risk, business risk, compliance risk and reputational risk. We describe how we deal with these individual risk elements in section C.

The material risks that Gard is facing are believed to be captured in the risk landscape.

D. Valuation for Solvency purposes

The fair value of assets is mainly measured on a mark-to-market basis, determined by references to published price quotations in active markets. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model).

Valuation methods are elaborated in section D.

E. Capital management

Gard aims to hold sufficient capital and liquidity as well as constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The probability that Gard would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

Gard group aims to manage its capital such that all its regulated entities meet local regulatory capital requirements at all times. This was the case throughout the financial year to 20 February 2020.

Gard has a simple capital structure consisting of Tier 1 capital through equity capital, which is earned and available and high-quality Tier 2 capital in the form of unbudgeted supplementary calls on mutual Members.

The solvency ratio as per 20 February was 263 per cent excluding last premium instalment and 275 per cent including the last premium instalment.

81 per cent of all available capital is assigned to the highest quality level (Tier 1). Capital management is described in section E.

A BUSINESS AND PERFORMANCE

A 1 Business

A 1.1 Group structure

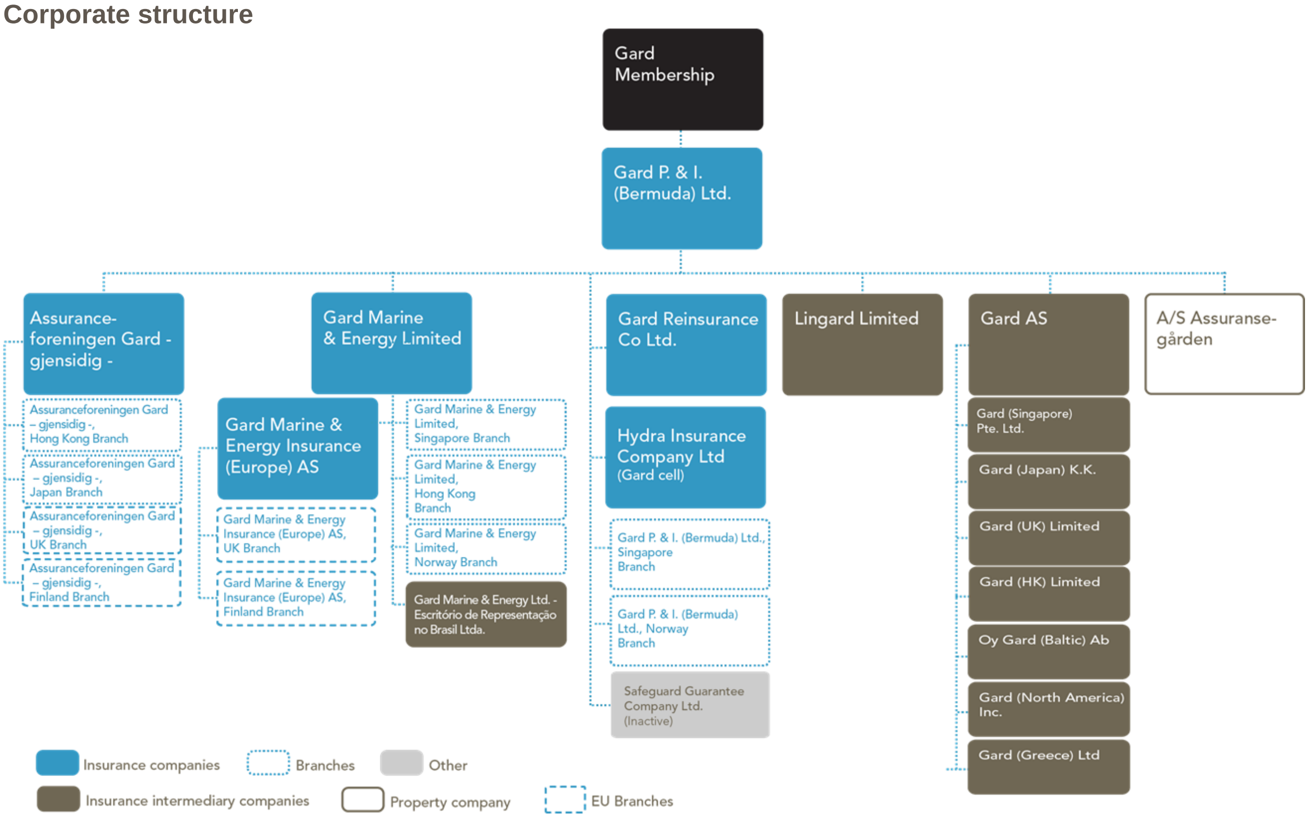
The parent company of the group, Gard Bermuda, is a mutual insurance association. The other companies in the group are joint-stock companies fully owned and controlled by Gard Bermuda, except for Gard Norway, which is a mutual insurance association controlled by Gard Bermuda through an agreement on the exercise of ownership rights.

There are no external capital owners involved who expect a return on capital invested, or who otherwise have voting rights at the general meetings of the companies.

The mutual Members of Gard Bermuda obtain the benefit of the value creation generated by the group's business through reduced mutual premiums. Correspondingly, the right and ability to levy unbudgeted supplementary calls to recapitalize the group is a fundamental element of the Members' mutual risk-sharing.

The Gard group consists of four direct insurance entities, two captive reinsurance companies, one insurance management company, eight insurance intermediary companies, one representative office and a property company. The insurance entities have eleven branches in six different jurisdictions.

Corporate structure



In general, there are separate direct insurance companies for the P&I business and the Marine & Energy business. There are EEA domiciled direct insurance companies and Bermuda based insurance entities. Risk and capital in the group are pooled through the captive Gard Re.

Hydra is a Bermuda registered segregated accounts company which was established by the 13 parties to the International Group of P&I Clubs' Pooling Agreement to reinsure certain layers of risk retained by the parties to the Pooling Agreement. The Hydra Gard cell is wholly owned by Gard Bermuda. Branches have been established where required to conduct business.

Gard Norway and Gard M&E Europe are entitled to carry out insurance business on a cross border basis pursuant to the Solvency II Directive (2009/138/EU) (Freedom to provide Services) in Finland. OY Gard (Baltic) AB provides marketing and claims handling services for Gard Norway based on an Insurance Agency Agreement.

However, in order to provide the marketing personnel with full underwriting authority and conduct all marketing and underwriting operations through OY Gard (Baltic) AB, Gard notified the Financial Supervision Authority of Norway, in August 2019, in accordance with the Solvency II Directive (2009/138/EU) to obtain a branch of Gard Norway and Gard M&E Europe in Finland.

The branches were approved in February 2020 and will begin writing business from the financial year starting 20 February 2020.

A 1.2 Legal entities

A 1.2.1 Gard group

The Gard group is under group supervision by the Norwegian Financial Supervisory Authority (FSA) (Finanstilsynet).

A 1.2.2 Gard Bermuda

Gard Bermuda is the parent company in the Gard group. The company is a mutual insurance association domiciled in Bermuda and registered by the Bermuda Monetary Authority (BMA). The manager of Gard Bermuda is Lingard Limited.

Gard Bermuda provides Protection & Indemnity (P&I) and related insurance products to its Members, who are shipowners, operators and charterers with ships entered in the association. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Gard Bermuda carries out its direct insurance business through branches in Norway and Singapore. The general agents of the branches are Gard AS in Norway and Gard (Singapore) Pte. Ltd. in Singapore.

The Members of Gard Bermuda are also Members of Gard Norway and *vice versa.*[2] However, all of the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E, Gard Re, Lingard, and Gard AS.

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs and both are parties to the International Group of P&I Clubs' Pooling Agreement. The Pooling Agreement is the contractual basis for the sharing of claims among the P&I Clubs and the collective purchase of market reinsurance. The two associations are recorded as "Paired Associations" in the Pooling Agreement, with Gard Bermuda as the principal.

Gard Bermuda is regulated by the BMA.

A 1.2.3 Gard Norway

Gard Norway is the Norwegian P&I Club founded in Arendal, Norway, in 1907. The company is registered and domiciled in Norway and is licensed by the Norwegian Ministry of Finance. The head office of Gard Norway is in Arendal, Norway. Gard AS acts as an intermediary for Gard Norway.

Gard Norway provides P&I and related insurance products to its Members, who are shipowners, operators and charterers with ships entered in the club. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Based on the group's governance structure, Gard Bermuda has the power to govern and control the business activities of Gard Norway. This includes the power to appoint the members of its Board of Directors. Based on internationally accepted accounting standards, this creates the legal basis required for consolidation of the two companies' accounts.[3]

Gard Norway is primarily used as a vehicle for writing direct P&I business in certain countries where an EU/EEA based insurer is required or preferred to comply with local regulations.

[2] See Article 2.6 of the Byelaws of Gard P&I Bermuda and Article 4.7 of the Statutes of Gard P&I Norway. Gard P&I Bermuda and Gard P&I Norway have entered into mutual reinsurance agreements whereby the two associations reinsure each other.

[3] Reference is made to the International Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27).

Gard Bermuda and Gard Norway are recorded as "Paired Associations" under the International Group of P&I Clubs' Pooling Agreement.

Gard Norway is regulated by the Norwegian FSA.

A 1.2.4 Gard M&E

Gard M&E is a joint-stock company and a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda. The manager of Gard M&E is Lingard Limited.

Gard M&E offers Marine and Energy insurance products on a commercial basis to shipowners and operators, and operators within the international oil and gas industry. Gard M&E carries out its direct insurance business through branches in Norway and Singapore. The general agents of the branches are Gard AS in Norway and Gard (Singapore) Pte. Ltd. in Singapore.

Gard Marine & Energy Limited – Escritório de Representação no Brasil Ltda. (Gard Brazil) is a subsidiary of Gard M&E and is registered and domiciled in Brazil. Gard Brazil is authorised to carry out insurance agency activities in Brazil on behalf of Gard M&E.

Gard M&E is regulated by the BMA.

A 1.2.5 Gard M&E Europe

Gard M&E Europe is a wholly-owned subsidiary of Gard M&E and is registered and domiciled in Arendal, Norway and licensed by the Norwegian Ministry of Finance to carry out Marine and Energy business.[4]

Gard M&E Europe is used as a vehicle for writing business in certain countries where an EU/EEA based insurer is required or preferred to comply with local regulations. Gard AS acts as an intermediary for Gard M&E Europe.

Gard M&E Europe is regulated by the Norwegian FSA.

A 1.2.6 Gard Re

Gard Reinsurance Co Ltd (Gard Re) is a joint-stock company and is a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda and is registered by the BMA. The manager of Gard Re is Lingard Limited.

Reinsurance agreements have been entered into between Gard Re, as the reinsurer, and Gard Bermuda and Gard M&E as the reassured, covering a certain proportion of these two direct insurers' retained risks. A stop-loss reinsurance agreement has also been entered into between Gard Re and Gard Norway.

Gard Re is regulated by the BMA.

A 1.2.7 Hydra Insurance Company Ltd

Hydra is a segregated accounts company. It is permitted to create "segregated accounts" or "cells" to segregate the assets and liabilities attributable to a particular segregated account from those attributable to other segregated accounts and the company's general account.

Hydra was established by the parties to the International Group of P&I Clubs' Pooling Agreement as a captive insurance company to reinsure certain layers of risk retained by the parties to the Pooling Agreement. Each party to the Pooling Agreement owns a segregated account in Hydra and is responsible for its own account, or cell, within the company. The Hydra Gard cell is wholly owned by Gard Bermuda.

Hydra Gard Cell is regulated by the BMA.

A 1.2.8 Lingard Limited

Lingard is a joint-stock company domiciled in Bermuda. It is a wholly-owned subsidiary of Gard Bermuda and is registered as an Insurance Manager by the Bermuda Monetary Authority.

Lingard has entered into management agreements with each of Gard Bermuda, Gard M&E, Gard Re and Safeguard whereby it has delegated the responsibility of administering the day-to-day business and corporate functions of these Bermuda domiciled companies. Certain insurance intermediary functions, such as, *inter alia*, underwriting and claims handling, are sub-delegated under an agency agreement with Gard AS as insurance intermediary.

Lingard is regulated by the BMA.

A 1.2.9 Gard AS

Gard AS is a Norwegian joint-stock company domiciled in Arendal, Norway, and a wholly-owned subsidiary of Gard Bermuda. Gard AS is registered

[4] Classes 6, 8, 9, 12 and 13 in the Norwegian regulations of 18 September 1995 on insurance classes.

with the Norwegian Financial Supervisory Authority as an insurance agent.

Gard AS has entered into separate agency agreements with Gard Norway, Gard M&E Europe and Lingard pursuant to which Gard AS acts as an agent and intermediary with regard to the portfolios of direct business of Gard Bermuda, Gard Norway, Gard M&E and Gard M&E Europe. The agency agreements give Gard AS, *inter alia*, the power to conclude contracts of insurance on behalf of the companies and to handle claims which fall within the scope of each company's insurance cover.

Gard AS has also established a service network of wholly-owned subsidiaries in;

i. Finland – Oy Gard (Baltic) Ab
ii. United Kingdom/England – Gard (UK) Limited
iii. United States – Gard (North America) Inc.
iv. Hong Kong – Gard (HK) Limited
v. Greece – Gard (Greece) Ltd
vi. Japan - Gard (Japan) K.K.
vii. Singapore - Gard (Singapore) Pte. Ltd.

These subsidiaries are the Members' and clients' local contact points and perform, *inter alia*, insurance intermediary services in their respective local markets on behalf of Gard AS' principals.

Gard AS is regulated by the Norwegian FSA.

Details of supervisory authorities and external auditors

Name	Function	Entity
Norwegian Financial Supervisory Authority (Finanstilsynet) Revierstredet 3 0151 Oslo Norway Phone: +47 22 93 98 00 Main contact: Linn Therese Soltvedt	Regulator	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda Phone: +441 295 5278	Regulator	Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Safeguard Lingard
PricewaterhouseCoopers AS Kystveien 14 4841 Arendal Norway Phone: +47 95 26 00 00	External auditor	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
PricewaterhouseCoopers Ltd. Dorchester House 7 Church Street West Hamilton HM 11 Bermuda Phone: +441 295 2000	External auditor	Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Lingard

A 1.3 Lines of business and geographical areas

Gard is a mutual Marine and Energy insurance group which principally provides two lines of insurance business:

- **Protection and Indemnity (P&I)** which is liability insurance for owners, charterers and operators of ships and mobile offshore units
- **Marine and Energy** which includes products such as Hull & Machinery and Loss of Hire insurance for shipowners, as well as Builder's Risk insurance to shipyards. Energy includes products such as property and casualty insurance for operators and contractors in the

upstream oil and gas industry, with a focus on offshore operations

Gard's mission "Together, we enable sustainable maritime development" - means we help Members and clients, people and society make the most of opportunity at sea. This sets the direction of our business. The core purpose of the Association is to help Gard's Members and clients in the Marine industries to manage risk and its consequences. The two main components of Gard's value proposition are strong financial security and excellent service. This is combined with effective and efficient claims handling, strong risk selection and good pricing skills.

Gard operates in global markets, offering insurance solutions to corporate customers, often through insurance brokers. Most markets where Gard operates are fragmented and highly competitive. The main competitors besides the other P&I clubs are the Lloyd's insurance market, large global insurance and reinsurance companies, and national and local insurance companies.

Gard is one of the world's leading Marine and Energy insurers. Fifteen per cent of all ocean-going vessels with IMO number, and 56 per cent on a gross tonnage basis, have one or more covers from Gard. Gard is also involved in a large part of all Mobile Offshore Units (MOUs).

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs (IG), which covers close to 90 per cent of the world's ocean-going tonnage. The 13 P&I clubs in the IG share claims above a certain level and collectively purchase reinsurance programs. Gard is the largest club in the IG and insures approximately 17 per cent of the tonnage and 16 per cent of the premium in the IG. Gard has a market share of 6 per cent in the global Marine Hull market and is a medium-sized capacity provider in Energy.

A 1.4 Significant events in the reporting period

Due to the UK leaving the EU Gard is currently in the process of establishing UK regulated branches of Gard M&E Europe and Gard Norway, which will replace the current EU branches. Due to the volume of work placed upon the UK regulators and the need for additional time, the UK Government has enacted legislation known as the Temporary Permissions Regime (TPR) to allow EEA regulated firms to continue passporting into the UK for up to three years from exit day. The effect of the TPR is that the UK Gard branches can continue to operate in the UK under the passport until the UK regulator has completed the authorisation process.

A 1.5 Operations and transactions within the group

Material intra-group operations and transactions within the group are:

- **Reinsurance.** Reinsurance of insurance risk between the insurance entities
- **Insurance intermediary services.** Services from the insurance intermediary companies to the insurance entities
- **Intra-group services** provided by Gard AS, such as technical, financial and human resource services
- **Financial services.** Loans and property leases between certain entities

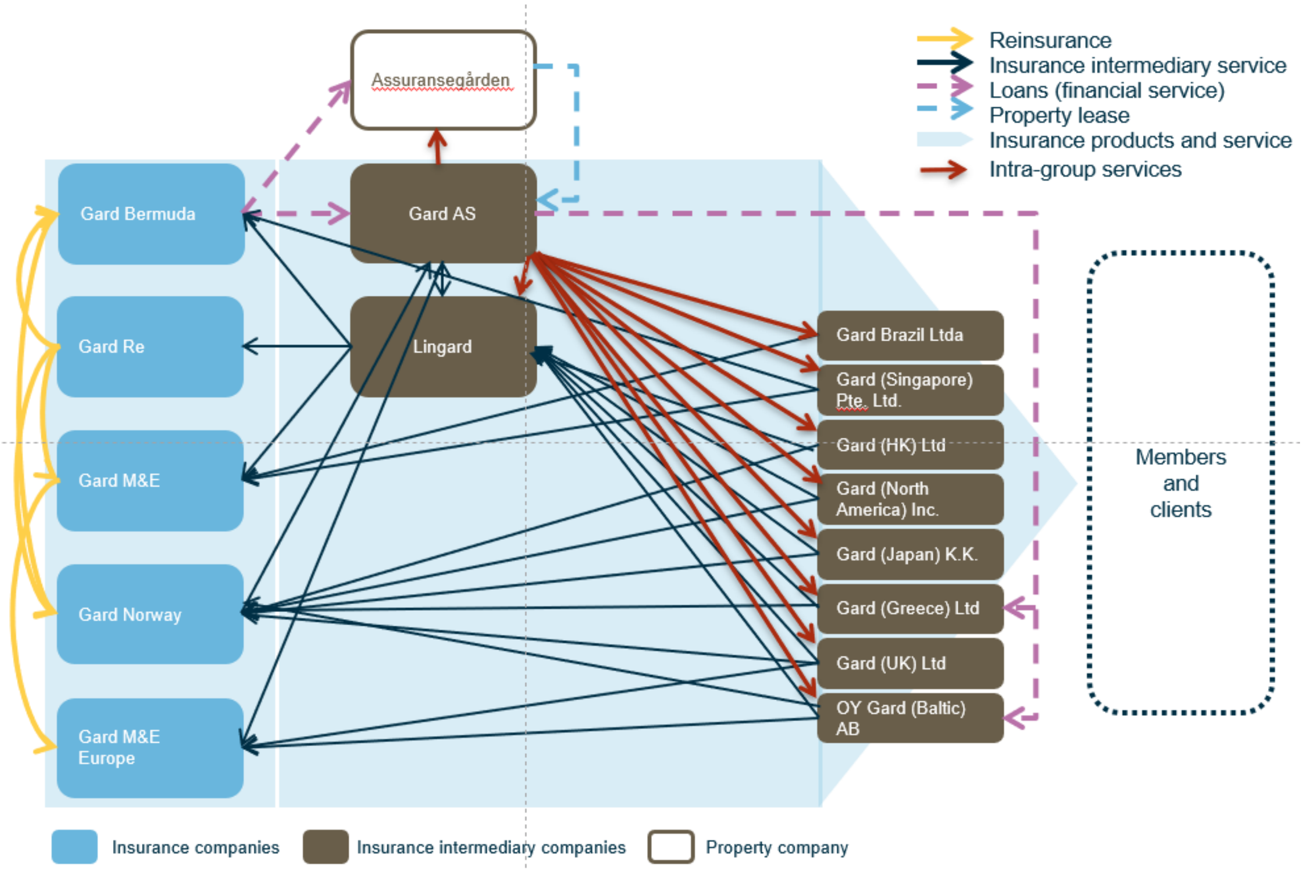
Other intercompany transactions that exist between entities in the group are not listed as any such transactions are deemed non-material. Gard AS and its subsidiaries act as intermediary agents and Lingard acts as Manager for the insurance entities in the Gard group. Some functions are sub-delegated from Lingard to Gard AS and subsidiaries.

Internal reinsurance agreements between entities in the group are established to achieve efficient utilisation of the capital in the group and to contain the risk profile of the direct insurance companies within their respective risk tolerance levels. Besides, the reinsurance arrangements between Gard Bermuda and Gard Norway facilitate the mutual membership of both associations.

A 1.6 Holders of qualifying holdings in the undertaking

Gard is established as a mutual insurance association, owned by its Members. There are no external capital owners. The Members of Gard P&I Bermuda are also Members of Gard Norway and vice versa. However, all the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard P&I Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard P&I Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E and Gard Re.

Intra-group transactions



A 1.7 Consolidation of group data

The consolidated financial statements comprise of Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. A controlling interest is normally obtained when ownership is more than 50 per cent of the shares in the company and can exercise control over the company. In as much as the Company has the right to exercise membership rights in Gard Norway, the Company controls all voting rights in Gard Norway, being the legal basis for consolidating the two associations' accounts pursuant to the International Accounting Standard 27 Consolidated and Separate Financial Statements. Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared following the same accounting principles for both parent and subsidiaries. The acquisition method is applied when accounting for business combinations.

A 2 Underwriting performance

Gross written premium on estimated total call (ETC) basis was USD 874 million, an increase of USD 76 million or 10 per cent from last year and above plan.

Claims incurred for own account totalled USD 586 million, an increase of USD 49 million from last year. Last year was low due to the positive impact from an Energy claims that developed favourably. There has been a higher level of Pool claims from the International Group clubs, which continued the trend from last year. P&I mutual has performed below plan.

The technical result was a negative USD 10 million with a combined ratio net of 102 per cent in accordance with the plan. The year demonstrated an acceptable technical performance even after a claim intensive second half of the financial year.

The Gard group reinsurance programs are stable. Gard benefits from secure, long-term relationships with reinsurers, improved claim records and changes in our risk profile.

The non-technical result was a strong USD 118 million with gains across all major asset classes. Markets were not affected by the escalating COVID-19 crisis until after the end of the financial year.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

Underwriting performance by line of business, Gard group ETC basis (before a reduction in the last instalment)

	2020		
USD million, as of 20.02	**P&I**	**M&E**	**Total**
Technical result			
Gross written premium	519	354	874
Gross earned premium	516	313	829
Ceded reinsurance	(98)	(75)	(173)
Earned premium for own account	**418**	**238**	**656**
Other insurance related income	**2**	**0**	**2**
Claims incurred, gross:			
Incurred this year	468	223	692
Incurred previous years	(39)	(31)	(70)
Total claims incurred, gross	429	192	622
Reinsurers' share of gross incurred claims	(24)	(12)	(36)
Claims incurred for own account	**405**	**181**	**586**
Insurance related expenses for own account	35	39	74
Other insurance related expenses	7	2	9
Technical result	**(27)**	**17**	**(10)**

	2019		
USD million, as of 20.02	P&I	M&E	Total
Technical result			
Gross written premium	519	279	798
Gross earned premium	519	254	773
Ceded reinsurance	(102)	(51)	(154)
Earned premium for own account	**417**	**202**	**619**
Other insurance related income	**2**	**0**	**2**
Claims incurred, gross:			
Incurred this year	486	263	749
Incurred previous years	(101)	(56)	(158)
Total claims incurred, gross	385	206	591
Reinsurers' share of gross incurred claims	(46)	(8)	(54)
Claims incurred for own account	**339**	**199**	**537**
Insurance related expenses for own account	43	38	81
Other insurance related expenses	61	3	64
Technical result	**(24)**	**(37)**	**(61)**

Gross written premium by geographical area, before a reduction in the deferred call, Gard group, based on the location of Member/client

USD million, as of 20.02	2020	2019
EEA	433	401
Norway	128	123
Other areas	313	274
Total gross written premium	**874**	**798**

For information related to underwriting performance specific to Gard Norway, see Appendix 1, section 1.2

For information related to underwriting performance specific to Gard M&E Europe, see Appendix 2, section 2.2.

A 3 Investment performance

The return on the investment portfolio ended at positive USD 121 million compared to a negative result of USD 3 million last year. In contrast to the previous year, all major asset classes delivered strong returns, led by equity and credit markets. Gard seeks to generate positive investment returns through a market cycle by holding a diversified investment portfolio. In general, we would expect to be compensated about 2 per cent above the risk-free rate given our investment risk profile. The return this year exceeds this expectation.

Income generated from equities (dividends) and bonds (interest payments) has remained on the same level in both periods. For investment funds, this is accounted for in the net asset value of the funds and is generally reinvested rather than paid out.

Most of the expenses related to investment activities are accounted for within the net asset value of investment funds and will have an impact on change in unrealised gain & loss. Expenses outside investment funds are mainly related to interest payments on swap contracts. Total expenses linked to investment activities are in line with expectations.

Total gain from equities and investment funds was positive USD 39 million this year, which is a notable change from last year's loss of USD 5 million. Broad strength in global equity markets combined with a fall in interest rates (US 10 year yield fell from 2.5 per cent to 1.9 per cent) as well as tightening spreads in corporate credits ensured that the vast majority of the portfolio's allocations delivered strong returns.

There were no major changes to the portfolio's strategic asset allocation between the two periods.

Investment performance by asset class, Gard group

20.02.2020 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	1	2	-	4	7
Expenses	-	-	-	-	-
Realised gain & loss	5	18	-	-	23
Change in unrealised gain & loss	34	57	-	-	91
Total	**40**	**77**	**-**	**4**	**121**

20.02.2019 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	0	1	0	1	2
Expenses	-	-	-	(1)	(1)
Realised gain & loss	105	(52)	(1)	(9)	43
Change in unrealised gain & loss	(109)	44	18	(0)	(47)
Total	**(5)**	**(7)**	**18**	**(8)**	**(3)**

Gard's investment in securitisation is part of the investment funds and recognised as securitised bonds. The exposure is mainly mortgage loan securities like government mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities. In addition, there are some exposures towards collateralised loan obligations, commercial paper and non-listed corporate loans. The portfolios which contain securitised bonds are broader fixed income portfolios with investment guidelines which limits issuer concentration and a minimum level of credit quality. As per 20 February 2020, the exposure towards securitised products was USD 228 million.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report.

See Impact and consequences of COVID19.

For information related to investment performance specific to Gard Norway, see Appendix 1, section 1.3.

For information related to investment performance specific to Gard M&E Europe, see Appendix 2, section 2.3.

A 4 Performance of other activities

Other material income and expenses

Other comprehensive income/loss consists of exchange differences on subsidiaries when converting from reporting currency to USD in the consolidation process and change in pension commitment valuation. Other comprehensive income/(loss) amounted to a loss of USD 1.8 million this year and a loss of USD 1.2 million last year.

Gard Norway and Gard M&E Europe do not have any other material income and expenses.

Gard group, Gard Norway and Gard M&E Europe have no material (external) leasing arrangements.

A 5 Any other material information

On 11 March 2020, the World Health Organization named the COVID-19 virus as a pandemic, following which, inter alia, many global financial markets experienced heavy losses due to the uncertainty surrounding the world-wide spread of the virus. The situation is monitored closely, not only the development of the market risk but also insurance risk, counterparty risk, operational risk and liquidity risk. The management is taking steps to manage the adverse financial and operational effects.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

There is no other material information to be disclosed.

B SYSTEM OF GOVERNANCE

B 1 General information on the system of governance

B 1.1 Governance structure

Governance Principles

Gard Bermuda is the parent company in the Gard group. Each subsidiary is a legal entity organised under the law of its country of incorporation and subject to its domestic laws and regulations. The Boards of Directors (BoD) of each subsidiary give due consideration to applicable laws and the constitutional documents of the relevant company. To the extent appropriate and consistent with such laws and regulations, the BoD of the individual subsidiary shall comply with directions from the BoD of Gard Bermuda as the ultimate shareholder of the relevant subsidiary.

Composition of Boards and Committees

The Members of Gard Bermuda and Gard Norway are the owners of the Gard group. For this reason, the composition of the governing corporate bodies of the various legal entities of the group should to the extent possible and practical, mirror the composition of the membership of the two associations with regard to, *inter alia*, the categories of tonnage entered and geographical spread. Participation in sub-committees established by the BoD of the parent company is widely distributed.

Roles and responsibilities for governing bodies

The General Meeting of Gard Bermuda is the highest authority in the group. It has no direct risk governance function.

The BoD of Gard Bermuda is ultimately responsible for the management of the group. It sets the overall strategy and is involved in all significant decisions, including the establishment of general principles for the administration of the company's funds. It determines the risk appetite and Comfort zone at the group level through the Gard group Risk Policy as well as the Investment Guidelines. The BoD shall be informed of any breach of minimum capital requirements. It has delegated authority in respect of overseeing the day-to-day management to the Executive Committee. The Risk Management function, the Compliance function and the Internal Audit function report to the BoD in matters relating to risk management and compliance.

The Executive Committee is given the task to implement strategies and decisions determined by the BoD and to make the operational decisions that are required for this purpose within the overall strategy, risk appetite and Comfort zone established by the BoD. It makes recommendations on the risk appetite and Comfort cone. The Executive Committee approves the risk tolerance and overall limits for material risk exposures and determines how much risk each of the subsidiaries is allowed to take. It monitors compliance with the overall risk appetite and Investment Guidelines and shall make recommendations to the BoD following the contingency procedures. The Executive Committee shall be informed about any significant weaknesses in the Risk Management System and/or the internal model.

The Audit Committee is responsible for overseeing the integrity of the financial reporting, compliance monitoring, performance of the external and internal auditors, internal control and treatment of complaints procedures. Reports from the Internal Audit function shall be addressed to the Audit Committee.

The Risk Committee shall have oversight of the group's risks with particular focus on reviewing the group's risk strategy, risk appetite, risk tolerance, risk profile and assessing the effectiveness of the risk management framework. The Risk Committee shall also consider the risks' impact on both the financial and non-financial goals of the group.

The Remuneration Committee's role is to establish transparent procedures for reviewing and determining the remuneration of the Directors and the Chief Executive Officer and to make recommendations thereon to the Executive Committee and the BoD as the case may be. The Remuneration Committee shall also review Gard's remuneration policy in general, including the operation of any employee incentive scheme from time to time. The Remuneration Committee shall ensure that the compensation structure is in line with the group risk appetite statement approved by the BoD.

The Boards of Directors of the subsidiary insurance companies (i.e., Gard M&E, Gard M&E Europe, Gard Norway and Gard Re) are responsible for considering and approving the financial plan and new business for underwriting and ensure compliance with local regulations. They review and endorse the group risk appetite statement approved by the BoD and the Executive Committee.

The President holds the office of Chief Executive Officer (CEO) of Gard Bermuda, Gard M&E, Gard AS and Gard Norway and is an *ex officio* member of the Executive Committee. The CEO is responsible for implementing the Risk Management System and for ensuring that risk-taking is aligned with the risk appetite. The CEO shall monitor that all risks are appropriately managed and shall inform the Executive Committee and the BoD of any breaches in accordance with the contingency procedures.

To reinforce the current practice, the BoD of Gard Bermuda, in May 2019, amended the Article 6.6 of the Bye-Laws of Gard Bermuda, which now limits the Board's ability to delegate its powers regarding the day-to-day management of the company. In addition, BoD of Gard Bermuda issued terms of reference for the CEO, which documents the role and authority of the CEO and Manager in line with current practices.

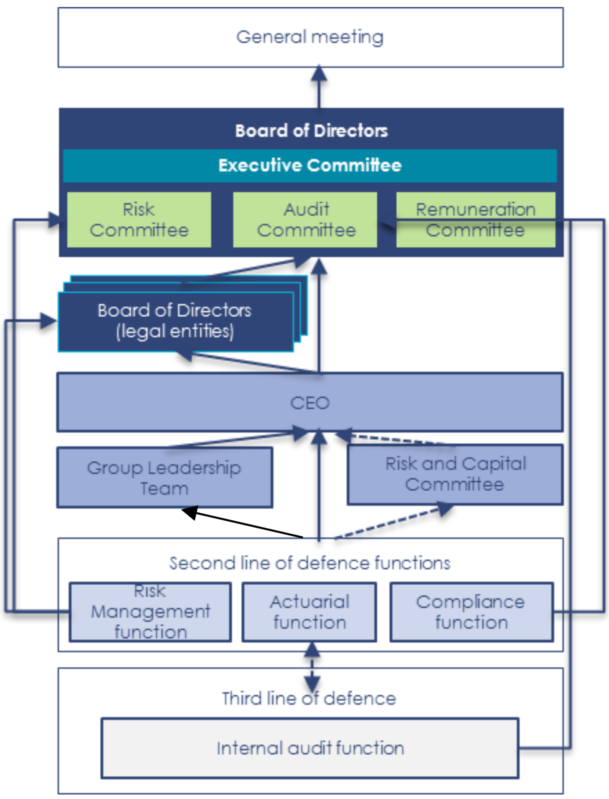
The Senior Vice Presidents (SVP) in the Group Leadership Team (GLT) report to the CEO.

The Risk and Capital Committee is an advisory forum to the CEO on matters relating to risk and capital management. It comprises the CEO, Chief Risk Officer (CRO), Chief Financial Officer (CFO), Chief Investment Officer (CIO), Chief Legal Counsel and others where required. Relevant reports to the Executive Committee, Risk Committee, Audit Committee and/or the BoD, shall be reviewed by the Risk and Capital Committee before submission.

All key functions are equipped with proper resources and skills. The reporting lines to one another and the BoD have been clearly defined.

The following figure illustrates the roles and responsibilities of the governing bodies, key decision-makers, and the second and third line of defence functions. The figure also illustrates how the risk management function is integrated into the decision-making process of Gard. For more information regarding the Three Lines of Defence model and how the risk management function is integrated into the organisational structure of Gard see chapter B 3.3.

Illustration of governance structure



B 1.2 Remuneration policy

The remuneration enables the Gard group to attract and retain superior talent and to provide competitive terms to motivate people towards their highest performance. It is in line with the group's business strategies, objectives and long-term interests. The remuneration shall encourage prudent risk management, ensuring that no employee is encouraged to take risk exceeding the risk appetite as defined in the Group Risk Policy approved by the BoD of Gard Bermuda.

The remuneration of all employees, including members of governing or supervisory bodies of companies within the group, is appropriate with regard to the individual's function and responsibilities and the nature, scope and complexity of the relevant business activities. It commensurates with industry standards and is proportional to the individual's respective duties.

The compensation structure is based on the philosophy that the success of Gard is the result of the joint efforts of the whole organisation. It underpins the value of teamwork and collective performance across the individual departments and offices.

The remuneration governance structure is clear, transparent and effective.

Governance

The remuneration of Directors and members of supervisory bodies of a legal entity of the group is determined by the General Meeting of the relevant legal entity. The remuneration of the CEO of a legal entity is determined by the BoD of that legal entity. The remuneration of staff below the CEO level is determined by the CEO or those being delegated authority by the CEO to determine such matters.

The members of the remuneration committee are independent and should not be employees of the Gard group. They must have sufficient knowledge and experience in risk analysis to independently assess the group's remuneration policy and the compensation programs' fitness.

Remuneration structure

The remuneration that employees receive for their professional activities with the group shall be stipulated in their individual contracts of employment. It consists of a salary, supplemented by a collective bonus scheme, pension plan and other benefits.

Remuneration for each role in the Gard group shall be reasonable and fair.

The majority of Gard's staff is employed by Gard AS in Norway. Their terms of employment with respect to remuneration is governed to a certain extent by the collective wage agreement, made between the finance sector union, Finansforbundet, and the Norwegian Financial Services Association (Finans Norge), which the Gard group has agreed to abide by.

The variable component of the remuneration shall be small relative to the overall compensation for all employees. The maximum bonus achievable for employees shall be in accordance with applicable regulatory requirements. The bonus shall be calculated using several key performance indicators. It shall not encourage any employee to take on risks outside of Gard's risk appetite.

For members of the Group Leadership Team (GLT) and defined Key Employees, there is a bonus scheme as defined in the Solvency II directive. The maximum bonus payable to members of GLT and other Key Employees under the collective scheme shall be 80 per cent of the bonus payable to employees in general.

The payment of a proportion of the bonus triggered by the collective scheme shall be deferred for a period of 39 months from the expiry of the financial year the bonus is linked. The payment after three years of the deferred component is subject to some further terms and conditions, including defined financial performance targets for the three years period.

In the bonus scheme, there is an individual bonus component based on an individual assessment conducted by the CEO in consultation with the Chairman of the Executive Committee of Gard P. & I. (Bermuda) Ltd.

Gard shall conduct annual reviews with each employee to determine a remuneration package for each employee that commensurates with that employee's contribution to the group.

Pension scheme

Most employees in Gard have a defined contribution pension plan. A contribution plan is a retirement plan in which a certain amount or percentage of salary is set aside each year by the association for the benefit of each of its employees.

Some members of the GLT and certain key personnel have a pension scheme that gives them right to retire at 60 years of age and covers income included and above 12 times G. G is a base rate used as the basis for calculation benefits. G is adjusted annually and is approved each year by the Norwegian parliament. This pension scheme is secured by an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledged deposit on a bank account owned by Gard AS.

B 1.3 Assessment of the adequacy of the system of governance

The system of governance is assessed as adequate considering the size, nature and complexity of the Gard group's operations, and sufficient to ensure that all the risks the entities in the group are exposed to are appropriately dealt with and that the applicable requirements in respect of the governance system are being met.

B 2 Fit and proper requirements

The regulations in Bermuda, Norway and other countries require insurance companies to ensure that the members of the governing corporate bodies collectively possess the right professional qualifications, knowledge and experience. This is known as the "fit and proper" requirement.

All persons who effectively run the group's business, including the members of the BoD, the Executive Committee, GLT, and key functions, hereunder, the Actuarial function, Risk Management function, Compliance function, and Internal Audit function, must at all times be fit and proper for the role. "Fit" implies that their professional qualifications, knowledge and experience must be adequate to enable sound and prudent management and 'proper' requires the person to be of good repute and integrity.

As a standard procedure, each year before the Annual General Meeting, the Election and Governance Committee reviews the current composition of the group's various boards and committees to ensure that they each meet the overall "fit and proper" criteria. Members of Gard's boards and committees, and candidates to be nominated for election to boards and committees, are required to complete a questionnaire and curriculum vitae prepared by the Election and Governance Committee.

B 3 Risk management system including the own risk and solvency assessment

B 3.1 Strategy

The purpose of the risk management system is to ensure that material risks are managed in accordance with our corporate objectives and risk carrying capacity.

Gard's risk strategy establishes, through the risk appetite statement, the level of risk that Gard deems to be acceptable as part of its "business as usual"-activities.

The risk appetite of Gard is to hold sufficient capital and liquidity as well as constraining its risk-taking to ensure that it can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The risk-taking must be aligned to Gard's risk carrying capacity.

Gard aims to fulfil the following key objectives:

- Have a high probability of meeting its insurance liabilities and providing its services
- Preserve the continuity of its offering after an extreme loss event
- Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise

The risk profile of Gard is managed to provide Members and customers with high security that Gard can meet its liabilities, protect the capital base, and minimise long-term premium cost for the Members.

The risk strategy is reviewed annually as part of the financial plan process.

The following principles define Gard's approach to risk management:

- **Controlled risk-taking**: We have an unambiguous definition of our risk appetite. We only accept risks in line with our risk appetite, which we understand and are able to manage
- **Clear accountability**: Authority is delegated and responsibilities are clearly defined. Individuals are accountable for the risks they take on. There is no reward for taking risks which are outside our risk appetite
- **Responsiveness:** Efficient information flow and effective decision-making procedures enable sufficient risk monitoring and prompt remediation if and when the risk profile deteriorates
- **Independent control**: Our Risk Management function, Compliance function and Internal Audit function provide independent advice, challenge the business functions, and monitor the effectiveness of the Risk Management System. The independent control functions shall have unrestricted access to the CEO, the Executive Committee, the Audit Committee, the Risk Committee and the BoD, and shall report any issues of concern in a timely manner
- **Risk culture**: We are open and transparent about losses and failures. We take corrective action and learn from mistakes

B 3.2 Key elements of Gard's risk management system

The risk management system consists of the following components:

Risk appetite and limits

Our overall risk appetite and Comfort zone (target range for capitalization) are defined in accordance with Gard's risk carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies

These are policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle

Risks are identified, assessed, managed, monitored and reported according to the following principles:

- **Identify** – Material risks are defined and described in the risk landscape (see chapter C)
- **Assess** – Material risks and emerging risks are assessed regularly and at least annually. The Own Risk and Solvency Assessment process is the main process for assessing the overall risk and solvency position at a group, legal entity level and branches
- **Manage** – Risk is managed proactively, on an individual and aggregated level, in line with the risk appetite and risk tolerance
- **Monitor** – There is regular monitoring of the risk exposures and the alignment with the risk appetite. The purpose of the monitoring is to ensure that adequate remedial actions can be taken swiftly if necessary
- **Report** – There is regular reporting of risk exposures from the 2nd line to the CEO and the BoD of the legal entities, as well as to the Executive Committee, the Audit Committee, the Risk Committee and the BoD of Gard Bermuda

Internal model

Gard's internal model is used to calculate the internal capital requirements of the group and all insurance entities. The internal model is also used to calculate regulatory capital of the Gard group, Gard Norway and Gard M&E Europe. For more information see section B 3.5 Determination of Gard's own solvency needs.

Contingency procedures

There are contingency procedures in place describing how to respond to a breach in Risk Appetite or limits, ensuring that appropriate and proportionate remedial actions are taken when needed.

Disclosure

There are procedures in place to ensure that information about risk and capital that is disclosed to regulators, rating agencies and other external stakeholders, is appropriate, accurate, timely and complete.

B 3.3 Implementation and integration of the risk management system

Risk governance is based on the three lines of defence model, with clearly defined roles and responsibilities. Risk execution is carried out in the business functions (1^{st} line), risk oversight is primarily carried out by the Risk management, Compliance and Actuarial functions (2^{nd} line), and independent assurance is provided by Internal Audit (3^{rd} line).

1st line of defence functions: Accountable for implementing, embedding and using the Risk Management System, hereunder:

- Establishing and delivering the business plan within the risk appetite and managing the risk exposure
- Identifying and evaluating all material risks within their area of responsibility
- Monitoring and analysing changes in the risk exposure regularly and assessing these against the risk appetite

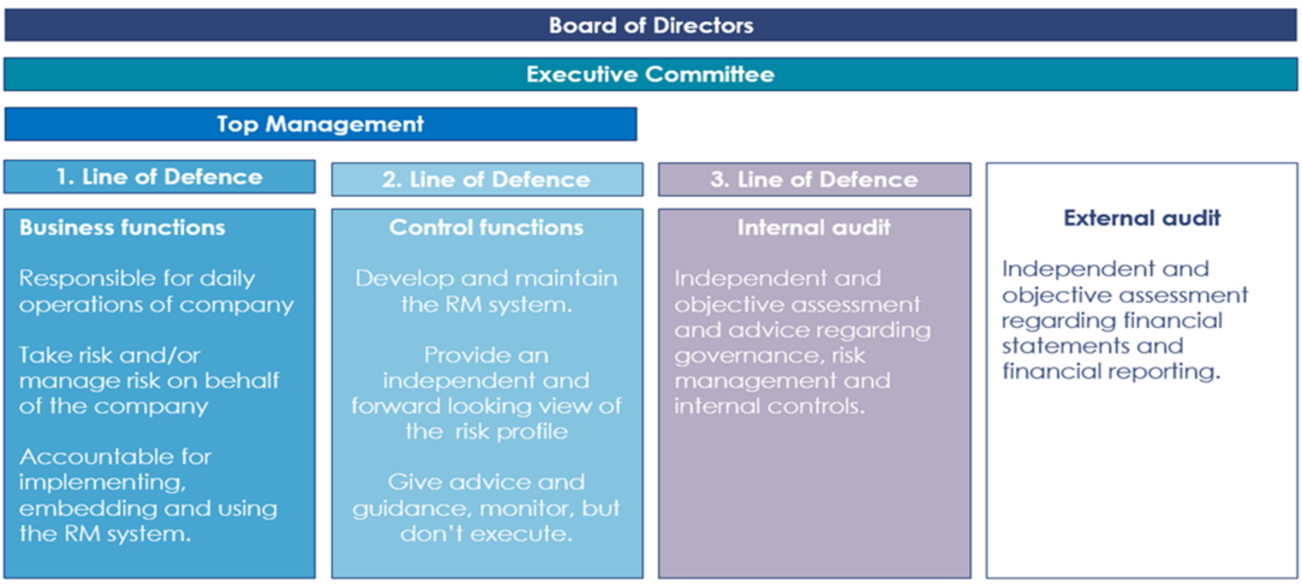
2^{nd} line of defence functions: Operate efficiently and effectively and be independent of the 1^{st} line of defence. The 2^{nd} line of defence functions shall be responsible for their respective tasks across the group, including all subsidiaries and associated companies. The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1^{st} line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the BoD and the Executive Committee, hereunder:

- Support the 1^{st} line of defence in assessing material risks
- Provide value-adding challenge and support to help ensure that risk has been adequately considered in all significant business decisions
- Assure the Executive Committee and BoD that the Risk Management System is being operated effectively by the 1^{st} line
- Make remedial recommendations in respect of limit breaches and improvements to the Risk Management System

3^{rd} line of defence function: Responsible for providing independent assurance on the adequacy and effectiveness of the Risk Management System to the Audit Committee, the Executive Committee, and the BoD. The internal audit function is appointed by and reports to the Audit Committee.

The three lines of defence-model is illustrated in the figure below.

3 lines of defence



B 3.4 Own Risk and Solvency Assessment (ORSA)

The ORSA process comprises the totality of processes that Gard utilises to identify, assess, monitor, manage and report risks in the short and long term, as well as determining capital requirements.

The ORSA report is prepared annually by the Risk Management function consistently for all areas and on behalf of all insurance companies, branches and management companies in Gard group. The risk profile, capital and solvency situation and outlook over the planning period is reviewed throughout the year for each legal entity by key executive members.

The ORSA process will normally be concluded in January following the financial planning process and finalized before the end of the financial year. Additional risk and solvency assessments will be conducted when required by changes in the capital adequacy or risk profile. The financial plan is used for projecting the future development of the risk profile and future capital and solvency requirements and the findings from the ORSA process is used in the financial planning process and any decisions on group contributions, capital contributions within the group and deferred call reductions.

The ORSA report is approved by the Executive Committee[5] and the Boards of Directors of all legal entities and distributed to the Norwegian FSA (Finanstilsynet), the Bermuda Monetary Authority (BMA) and other relevant authorities after the internal approval process is finalised.

B 3.5 Determination of Gard's own solvency needs

To determine the economic capital requirements given Gard's risk profile, Gard uses an internal model.

The first internal model in Gard was developed in 2004 and has since been refined to meet business needs and regulatory requirements. All insurance undertakings in Gard are included in the internal model. Economic capital is used for all internal purposes, such as capitalisation, hereunder assessment of capital against risk appetite and Comfort zone, financial planning, reinsurance and investment planning.

The model provides our best estimate of risk and ensures that we have a consistent understanding of our risk exposures and solvency requirements across all legal entities. Results from the internal model are communicated quarterly to the Executive Committee/BoD, the Risk Committee, Group Leadership Team and other key decision-makers.

The economic capital expresses the potential loss over a one-year time horizon with a confidence level of 99.5 per cent. This is consistent with industry practice and Solvency II.

B 3.6 Risk management system for internal model

B.3.6.1 Roles and responsibilities

The **Executive Committee** ensures effective governance of the internal model and decides on major changes to the model. The Executive Committee approves the output of the internal model four times a year.

The BoD of each insurance entity ensures that the model design and operations are aligned with the entity's risk profile and the use of the internal model output.

The **Risk Committee** ensures that the model design and operations are aligned with Gard's risk profile and that there are adequate independent review procedures in place around the internal model design, operation and validation. The Risk Committee reviews output from the internal model from the CRO four times a year.

The **Risk and Capital Committee** review the output from the model four times a year and challenges the assumptions and results. The Risk and Capital Committee will also review the model on an ad hoc basis.

The **CEO** ensures that there are sufficient resources to develop, monitor and maintain the model.

The **CRO** ensures appropriate design development and operations of the internal model, ensures testing and validation of the model takes place, analyses the performance of the internal model and reports to the

[5] The Board of Directors in Gard Bermuda has delegated the authority to approve the ORSA report to the Executive Committee.

various committees and communicates model results of major weaknesses and limitations in the internal model.

B.3.6.2 Internal model validation process

The internal model is validated at least annually to verify that the internal model is current, uses reliable and relevant data, remains fit for the purposes intended under changing conditions, and is operated and maintained by personnel with adequate expertise and experience.

The validation shall be conducted by an independent reviewer who can provide an objective challenge of the internal model design, parameterisation and implementation. The independent reviewer shall not have been directly involved in the development and operations of the internal model and should be free from influence from those responsible for the development and operations of the internal model.

B 3.7 Material intra-group outsourcing arrangements

See section A 1.2.8 Lingard and A 1.2.9 Gard AS for management and agency agreements within the Gard group.

B 4 Internal control system

B 4.1 Elements of internal control system

Gard's internal control system is built on the three lines of defence model as described in section B 3.3, where preventive and detective controls shall be carried out in the 1st line of defence, risk oversight, detective controls and monitoring shall be carried out by the 2nd line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3rd line of defence.

The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks. Effective prevention averts or mitigates risks before any loss occurs. The internal control system shall also contribute to the detection of irregular business conduct at an early stage, deviations from agreed standards for process execution or data errors which have caused or may cause losses/adverse outcomes. Early detection enables timely and effective actions to avoid any recurrence and to implement preventive measures for similar risks.

When Gard design and implement internal controls, the following key principles apply:

- Internal controls shall be embedded in the business to continually improve the quality of our operations and foster a positive risk culture
- Both preventive and detective controls shall be proportionate to the nature, scale and complexity of the operations and risks involved
- Periodic reviews of the adequacy and effectiveness of internal controls shall be carried out

The BoD is ultimately responsible for the internal control framework. The Audit Committee is responsible for assessing the adequacy of the internal control system. The Audit Committee receives an annual report from the management concerning internal control, as well as independent reports from the internal auditors on the adequacy and effectiveness of the internal control system.

The CEO must ensure that the organisation has an adequate and effective internal control system in place, with suitable processes, systems and activities to control and monitor that Gard's business is conducted properly.

B 4.2 Compliance function

Gard's compliance function consists of a Group Compliance function (Head of Compliance) and Regional Compliance Officers. The Regional Compliance Officers are appointed in all Gard offices outside of Norway. The Head of Compliance reports to the CRO but has a direct reporting line to the CEO and the Audit Committee of Gard P. & I. (Bermuda) Ltd. and the BoD and Managing Directors of each legal entity in the group. The Head of Compliance is fully independent and has no operational responsibilities within the 1st line of defence.

The Head of Compliance is responsible for ensuring that the Gard organisation operates within a clearly defined compliance framework. The Head of Compliance supports the Regional Compliance Officers and business functions in identifying, assessing, monitoring and reporting risks. In addition, the Head of Compliance provides advice and challenges the Regional Compliance Officers and business functions, contributing to adequate management of compliance risk.

The regional compliance function shall provide advice to and challenge the local business functions and contribute to adequate management of compliance risk. The Regional Compliance Officers secure that the entities registered in the specific jurisdiction remain in compliance with governing laws, regulations and administrative provisions. They are also the local contact point towards local FSAs.

The Regional Compliance Officers report to the Group Compliance Officer on compliance matters.

Members of the compliance function should normally not have operational responsibility or authority over any of the activities or operations it reviews. Given that the number of employees in the regional offices is limited and the nature of Gard's business is complex, the Regional Managing Directors may act as Regional Compliance Officers. The Regional Managing Directors have a wide perspective of the regional office as well as detailed knowledge about the Gard group and are also the local contact points for local regulatory bodies and authorities.

B 5 Implementation of the internal audit function

The internal audit function forms part of the 3rd line of defence function, assuring Gard's management and the Audit Committee that material risks are identified and managed within the group's stated risk appetite. The internal audit function also provides independent and objective assurance that the governance processes and systems of internal control are adequate and effective to identify and mitigate the most significant risks that could threaten the achievement of Gard's objectives.

The scope of work of the internal audit function is to determine whether Gard's system of risk management and internal controls and governance processes, as designed and represented by the management, are adequate and functioning effectively to ensure that:

a) Material risks are appropriately identified and managed

b) Established policies, procedures and processes are adequate, appropriate and implemented to manage risks within defined risk appetite, and are effective to meet regulatory and legal requirements

c) Significant financial, managerial, and operating information is accurate, reliable, and timely

d) Employees' actions comply with policies, standards, procedures, and applicable laws and regulations

e) Significant legislative or regulatory issues impacting the organisation are recognised and addressed properly

f) Opportunities for improving management control, profitability, business processes and Gard's reputation may be identified during audits. They will be communicated to the appropriate level of management

The internal audit function in Gard has been outsourced to EY. To provide for independence, the Internal Audit function principally reports to the Audit Committee of Gard Bermuda, as well as to other governing bodies in the Gard group that the Audit Committee may determine.

An annual plan is prepared based on the internal audit's risk assessment and Gard's targets. The audit plan is prepared in dialogue with the administration and is approved by the BoD. The internal audit function evaluates the appropriateness and effectiveness of the group's management and control processes. The function also provides targeted and structured feedback on the organisation's compliance with guidelines and relevant legal requirements. The internal audit function shall contribute to continuous improvement in management and control. All critical and less critical suggestions for improvements in internal control, established routines and control plans are summarised in internal audit reports, which are presented to the BoD. The group assesses whether the suggested recommendations are appropriate and should be implemented.

The principal point of contact and administrative reporting line is to the Head of Compliance and Quality Management.

The internal audit teams are functionally independent and objective from the activities audited and the day-to-day internal control processes of the organisation and shall be able to conduct an assignment on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the actions of outsourced activities.

Internal Audit is authorised to:

- Have unrestricted access to all functions, records, property, and personnel, including all documents pertaining to meetings of the boards and other governing bodies of the organisation
- Obtain the necessary assistance of personnel in the organisation, as well as other specialised services from within or outside the organisation
- Have full and free access to management and the Audit Committee
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives
- Report any material solvency challenges or other fraudulent activities directly to the Supervisory Authority. Under normal considerations, this will only take place after discussion and written consent from the Audit Committee leader

Internal Audit is not authorised to:

- Perform any operational duties for the organisation
- Initiate or approve accounting transactions
- Direct the activities of any organisation employee not employed by the internal audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors

B 6 Implementation of Actuarial function

The actuarial function is organised in the Actuary and Risk Capital team. The team is led by the actuarial function holder. The actuarial function holder reports to the CRO but has unrestricted access to the CEO, the Executive Committee and the BoD. The Actuarial function is independent from the actuary in the Actuarial Reserving team.

B 7 Outsourcing

Gard's core purpose is delivered through three pillars of excellence; knowledge and expertise, financial strength and long-term relationships. This also governs our approach to external service providers. We assess service providers thoroughly, ensuring that we only enter contractual relationships with providers that support our values and ethical standards. We take a long-term perspective when entering into agreements with external service providers.

An important element of Gard's value proposition to its Members and customers is a cost-efficient operation. To achieve this, our first option should be to use the group's internal resources to deliver insurance products and services to our Members and customers. By not outsourcing this to an external third-party provider, we keep the competence in house and we do not have to compensate any third party's need for profit or compensate a third party for the risks it has assumed in entering an agreement with Gard. The internal outsourcing arrangement is established in line with the business strategy and is managed on a long-term perspective.

Outsourcing is a way of getting access to sufficient scale and adequate competence which could not effectively be achieved by providing the service in-house. Where the benefit/risk profile of an activity or function would be more favourable if it was outsourced than if it was performed by a Gard department, consideration may be given to outsourcing that activity or function, either externally or internally, as a means of enhancing the performance of that function.

Gard's code of ethics and business conduct applies to all Gard employees at all times. All negotiations and dealings with service providers shall be conducted in a transparent, honest and professional manner.

Once a decision to outsource is made, Gard shall identify service providers, evaluate their capabilities and select the most suitable option.

Once a provider has been selected, whether internal or external, an appropriately detailed legal agreement capturing the key services established shall be put in place. Gard's legal department shall be consulted in all cases, with additional external legal advice sought where appropriate.

Outsourcing contracts must comply with all of the relevant regulatory requirements.

Internal Control

To ensure that the outsourcing of any critical or essential functions or activities does not lead to material impairment of the quality of Gard's governance system, the service provider must have in place adequate risk management and internal control system, and Gard must maintain the contractual right to issue instructions concerning the outsourced function or activity.

Business continuity and exit strategy

The outsourcing arrangement must be established in such a way that business can continue in the event the contract with the licensee is terminated. Thus, Gard shall secure title and ownership to all records, documents and information and rights to use computer software systems and programs for a certain period after the relevant outsourcing agreement has been terminated, as required to manage and operate the business without any interruptions.

The contractual terms and conditions with the service provider must have an agreed and embedded workable exit plan placing obligations on all parties to fully assist and co-operate to ensure the contract is terminated with the minimum disruption.

Monitoring and oversight

The governing body or role that has entered into an outsourcing contract is responsible for monitoring that the contractual terms are being adhered to and that all parties honour their obligations under the contract. The monitoring of significant outsourcing contracts should take place as part of the annual legal entity review.

Monitoring should include (but should not be limited to) the following:

- A review of performance (exact intervals must be determined per type of service provider). If applicable this may include a site visit and/or meeting with management and key personnel of the service provider when applicable
- A review of the service provider's continuing suitability in line with the selection criteria outlined in this policy. This should be conducted in light of any significant change to the service provider's business that pertains to the outsourced functions

If the service provider does not carry out the functions or activities effectively and in compliance with the terms of the outsourcing agreement, appropriate actions must be taken.

Reporting

Gard shall notify the relevant supervisory authorities before the outsourcing of critical or important functions or activities as required, and of any subsequent material developments for those functions or activities. This may include material changes in the outsourcing arrangements, a change of service provider or major problems with the performance of the service provider.

Roles and responsibilities

The CEO shall administer the daily business of the group on behalf of the Executive Committee. The CEO is responsible for entering into contracts on the group's behalf when this is required to implement its strategy, goals and financial plan, taking into consideration the risk appetite and Comfort zone as determined by the company's Board of Directors.

Major contracts which may significantly impact the way a Gard entity operates shall be signed by that entity's CEO or Managing Director. The Executive Committee shall be informed before the entry into any contracts that may alter the group's operating model and/or that may involve significant risk or costs.

All Senior Vice Presidents and most senior managers have been delegated authority to enter into contracts in their respective area of responsibility, however, the CEO shall be informed of any significant engagements before their execution. Contracts entered into in the ordinary course of business, for example, a contract with a local loss adjustor can be signed by personnel with the relevant level of authority.

When Gard legal entities enter into contracts between themselves, the signatory for each legal entity may be the same person, acting in a different capacity. For example, the Managing Director of Lingard may sign the contract on behalf of Gard Bermuda as its insurance manager, and on behalf of Gard M&E as its insurance manager.

The Legal Department shall be responsible for reviewing significant contracts before they are signed. They shall also keep a record of all contracts made between Gard legal entities.

Gard outsources the internal audit function, IT services and fund management. The Internal Audit function is based in Norway, the IT services provider is based in India and the Philippines and the fund management company is based in Ireland.

B 8 Any other information

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

There is no other material information to be disclosed.

C RISK PROFILE

In the context of its operations, Gard enters into a broad variety of risks. Gard aims to have a comprehensive understanding of its risk profile by identifying, assessing and measuring its risk through multiple approaches.

The material risks which Gard is facing, are believed to be captured in the risk landscape. The risk landscape comprises both quantifiable risks and non-quantifiable risks that arise from doing business. The risk landscape is shown in the figure below.

To determine its internal capital requirements, Gard uses an internal model for all material quantifiable risk types. This includes insurance (underwriting) risk, market risk, counterparty default risk and operational risk. Besides, Gard uses various exposure measures and stress tests to quantify its risk profile.

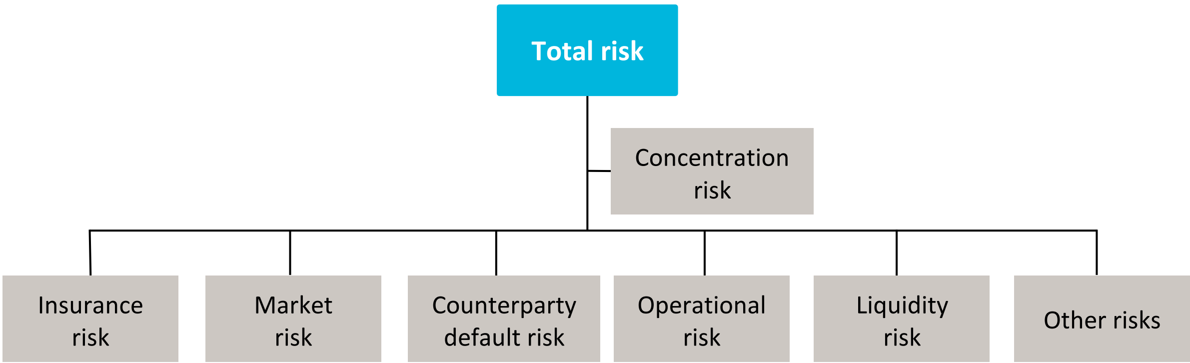
Gard group, Gard Norway and Gard M&E Europe have been granted approval to use its internal model to calculate insurance and market risk for regulatory purposes.

Non-quantifiable risks are assessed through various processes. See further descriptions in the sections below.

All financial and non-financial risks are assessed at least annually through the ORSA process and quarterly through the model updates. Significant internal or external events may require additional assessments. To test Gard's ability to withstand severe conditions, several stress tests are conducted regularly. For example, risks resulting from natural hazards are assessed through realistic disaster scenarios. For details see C9 Risk sensitivity.

The risk identification process ensures that material risks are identified and assessed from a group and legal entity perspective. It considers the industry, the type of Members and clients and the global nature of the organisation and covers existing and emerging risks.

Gard's risk landscape



The material risks for Gard group are described in sections C1-C6.

For information related to the material risks that Gard Norway is exposed to, see Appendix 1, section 1.4.

For information related to the material risks that Gard M&E Europe is exposed to, see Appendix 2, section 2.4.

C 1 SCR Insurance risk

Insurance (underwriting) risk arises from existing claims ("reserve risk") and future claims ("premium risk") and originates from claims being different from what is expected. Many of the covers provided by Gard have high exposures, and potentially, very high severity. These claims fluctuate from year to year and the results are volatile.

Insurance risk is calculated using Gard's internal model.

Premium risk is stochastically calculated, based on claims expectations adjusted for changes to the risk exposures on a more granular level. The basis for reserve risk is a stochastic simulation of the accident years for the different lines of business. Catastrophe risk is scenario-based, where each scenario represents possible catastrophic events. Lapse risk represents the loss in basic own funds that would result from the discontinuance of 40 per cent of the policies where the discontinuance would result in an increase in technical provision without risk margin. Lapse risk is not calculated for P&I homogenous risk groups as a P&I policy cannot be discontinued unless the vessel is sold or has a total loss.

SCR insurance risk decreased by 5 per cent during the year mainly caused by changes to the underlying risk levels. However, there have been some changes to modelling and parameterization of inputs to the internal model. The number of objects and tonnage has increased during the year. Claims frequency has been diminishing in the period and claims severity has been low and according to plan.

To manage its risk profile, Gard is extensively using reinsurance and claims sharing programs.

Insurance risk, Gard group

USD million, as of 20.02	2020	2019
Premium risk	342	374
Reserve risk	285	288
Cat risk	108	116
Lapse risk	4	5
Diversification	(281)	(301)
SCR insurance risk	**458**	**482**

For information related to insurance risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to insurance risk specific to Gard M&E Europe, see Appendix 2, section 2.4

C 2 SCR Market risk

Market risk is defined as the risk of economic losses resulting from deviations in the value of assets and/or liabilities caused by market prices or volatilities of market prices differing from their expected values.

Gard is mainly exposed to market risk through the investment portfolio. The primary functions of the assets are to offer security for payments of claims on behalf of policyholders as and when they arise and fall due. Besides, the assets shall over time create value to the Members in the form of reduced Mutual premium needs. Gard obtains diversification in its investment portfolio through asset allocation within and between different asset classes. On the liability side, Gard is exposed to market risk through changes in interest rates and exchange rates.

To assess market risk, Gard uses an external Economic Scenario Generator (ESG). The ESG simulates the probable future outcomes for key economic market risk variables (e.g. yield curves, returns on assets classes, exchange rates). These ESG simulations are then used in the internal model to calculate the economic value and the risk-adjusted capital of each market risk category over the one-year future time horizon.

Overall, the SCR market risk increased by 13 per cent over the year, largely a result of reduced diversification within the model. Equity and credit risk were reduced due to allocation changes within the portfolio and interest rate risk was reduced in part because of a reduction in rates as well as an overall reduction in total NAV due to increased capital requirements from the insurance business. The reduction in diversification was primarily the result of changes within the portfolio and the model, such as a reduction in holdings of mortgage-backed securities and a higher correlation between corporate credit and equities due to tightening credit spreads.

Concentration risk in the internal model relates to a single hedge fund holding which is stressed under a separate category, “Alternatives”.

Market risk, Gard group

USD million, as of 20.02	2020	2019
Equity risk	135	147
Interest rate risk	10	35
Credit risk	118	126
Currency risk	10	4
Property risk	39	39
Concentration risk		
Alternatives	41	41
Diversification	(126)	(191)
SCR market risk	**228**	**201**

For information related to market risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to market risk specific to Gard M&E Europe, see Appendix 2, section 2.4

C 2.1 Risk mitigation techniques for market risk

Risk mitigation techniques are embedded in Gard's management of market risks. A "neutral" or matched portfolio is generally considered as the starting point for investment portfolios in insurance companies. To match the interest rate duration and currency exposures on the asset and liability side, or to stay within allowed ranges and limits, risk mitigation techniques are applied. Allocation limits per asset classes are applied both on a group and legal entity level. There are also limits on how much market risk, as measured in the internal model, can be as a share of investable assets. These limits are also used on group and legal entity level.

C 2.2 Prudent person principle

The BoD of Gard Bermuda approves the overall investment policy. The investment policy contains the objectives, principals, risk appetite and constraints governing the investment related decisions.

The BoD has ultimate overall responsibility for decision-making on investment matters. The BoD has delegated responsibility for implementing the investment strategy to the Executive Committee (ExCom). The ExCom is responsible for determining the investment strategy and sets the Strategic Asset Allocation and benchmark. The composite benchmark is defined to make a representation of the asset allocation and liability structure of the group. The allocation should be reviewed at least annually. Besides, the ExCom monitors compliance with the Investment Policy and sets specific limits and restrictions on deviations from the strategic asset allocation and is required to notify the BoD when it is necessary to operate outside of the target ranges. The ExCom takes a total market risk view when implementing strategies within the overall policy.

The management is responsible for implementing the asset management strategy as determined by the BoD and the ExCom. The asset management is outsourced to independent fund managers and is mainly coordinated through the Gard Unit Trust Fund (Gard UTF) for insurers within the group. Gard is not doing any active internal asset management.

Gard's objective for its investment portfolio is to maximize long-term investment returns within its risk appetite and risk tolerances. Hence, the Gard group seeks to take on investment risks that are expected to be rewarded over the long-term, in the form of excess returns relative to liabilities, in a diversified manner. The combination of assets and investment management approaches shall be consistent with the investment objectives, risk tolerances and investment constraints detailed in the Investment Policy and the Risk Management Policy.

The currency exposure and maturity profile of the investments should broadly reflect the Gard group's liability structure, liquidity and cash flow requirements and solvency position. In effect, Gard considers its investment strategy on a holistic basis and assesses the risks of its investment portfolio on a net basis, after allowing for liabilities. Derivatives are permitted, but shall only be used for risk mitigation, efficient portfolio management or cost-efficient execution.

As a general principle, Gard does not rely only on one source of information to base its investments decisions on. Gard uses information provided by third parties (e.g. financial institutions, asset managers and rating agencies) in addition to an internal assessment of risk and return.

C 3 SCR Counterparty default risk

Counterparty default risks typically relate to the default of reinsurers, banks, derivative counterparties and Members/clients not paying the premium. Following a large claim, the exposure to counterparty default risk will increase due to the higher exposure to reinsurers.

The counterparty default risk reflects the change in the value of assets and liabilities caused by unexpected default or deterioration in the credit standing of independent counterparties and debtors. It applies to reinsurance arrangements, bank deposits and derivatives, which are classified as "type 1" exposures and are assumed not diversified but likely to be rated. Receivables from Members and clients are classified as "type 2" exposures, which are assumed to be well-diversified but unlikely to be rated.

External ratings of our counterparties are monitored on an ongoing ad hoc basis. Assessment of all our active counterparties (counterparties on risk and counterparties with open reserves) are regularly carried out. As for risk-reducing measures, we have a security downgrade clause in place on all our reinsurance contracts. This gives us the right/option to replace a counterparty if it is downgraded.

Derivatives are permitted as part of the investment strategy and counterparty default risk arises when unrealised positions are accrued. Normally, these unrealised positions will be very modest but as a risk mitigation tool, Gard may ask for cash collateral as security for an unrealised position. The use of collateral is regulated through standardised International Swaps and Derivative Association (ISDA) master agreements and the Credit Support Annex (CSA). Besides, all derivative activities are controlled through instructions in the Investment Manager Agreement.

For information related to counterparty default risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to counterparty default risk specific to Gard M&E Europe, see Appendix 2, section 2.4

Counterparty default risk, Gard group

USD million, as of 20.02	2020	2019
SCR counterparty default risk	42	38

C 4 SCR Operational risk

Operational risk is the risk of losses arising from inadequacy or failure of internal processes or because of events triggered by employee-related, system-induced or external factors. Operational risks are an "invisible" part of our business activities, and the focus is therefore on risk avoidance and risk minimisation.

Operational risk is reviewed annually through an internal self-assessment and reported to the Audit Committee. Within this operational risk review we consider, in particular, business process risks (including data quality), compliance risks, fraud risks and information security risks. This process enables us to identify, prioritise and manage risks.

The standard formula assumes a standardised level of risk management. The operational risk is therefore not risk-sensitive.

For information related to operational risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to operational risk specific to Gard M&E Europe, see Appendix 2, section 2.4

Operational risk, Gard group

USD million, as of 20.02	2020	2019
SCR operational risk	44	43

C 5 Liquidity risk

The size and timing of cash flows are to a certain extent unpredictable. However, the liquidity risk for Gard group is assessed to be low, given the pay-out profile of liabilities and the liquidity of assets. Gard Bermuda, Gard Norway and Gard M&E have branches in other countries than they are registered in. Branch regulators can set requirements for deposits to meet liabilities when a large claim has occurred. This can strain the liquidity situation for the relevant branch and Gard group.

- External and internal reinsurance arrangements are established to mitigate liability and liquidity exposure for the individual legal entities, their branches and the Gard group
- The investment portfolio is set up to match the maturity of the liabilities
- Gard Bermuda is part of a cash pool with Gard M&E, AS Assuransegården and Gard AS increasing available cash
- Gard Norway and Gard M&E Europe are not allowed to be a part of the cash pool and will, therefore, hold more average cash, relative to size, than the Bermuda entities
- Money market funds have been implemented for the insurance entities as buffers between operating cash and investment portfolio. Short term excess cash is transferred to and from money market fund to gain return above what is possible on operating cash. Internal limits (upper and lower) are set for operating cash and money market funds.

Liquidity risk is followed up weekly by the Risk and Capital Committee. Reports are given on available operating cash, money market fund, investment portfolio development and composition, premium income, claims exposure and outstanding overdue balances. The Risk and Capital Committee will take actions if there is a risk for a company/branch within the Gard group not being able to meet its payment obligations.

C 6 Other risks

Business risks

Business risk is the risk of losses or failure to meet business objectives due to unexpected changes to legal and regulatory conditions, changes in the economic and social environment, as well as changes in business profile and the general business cycle. Gard group has companies and branches in several jurisdictions. Unexpected changes initiated by e.g. the regulators in one part of the group may have consequences for other parts of the group.

Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, material economic loss, or loss to reputation the group may suffer as a result of its non-compliance with laws and regulations which govern our business activities.

Gard group comprises of companies and branches in several jurisdictions, as well as captive reinsurance companies, insurance intermediary companies, subsidiaries, and a property company. As a natural consequence of the group structure Gard is subject to several regulatory regimes such as those of Norway, Bermuda, Hong Kong, Singapore and Japan. Unexpected changes in legal and regulatory conditions, as well as changes in the economic and social environment in which the group operates, may pose a risk to Gard.

Compliance risk is managed through ongoing monitoring of regulatory environments that we operate in, as well as periodic regulatory reviews with participants from all jurisdictions where Gard conducts business. Tools that are implemented to reduce compliance risk are supplemented by compliance training programmes.

Reputational risks

Gard's business is built on the trust of its Members and clients, as well as other stakeholders. The Gard group must be seen to act with integrity towards all its Members and clients, regulators and other stakeholders.

The foremost reputational risk for Gard is considered to be related to claims handling. The reputation of the Gard may take damage due to poor claims handling, in addition to the risk of being associated with a major public claim as a result of beaching, oil spill, or a catastrophe involving loss of life or damage to public property.

Gard does not hold capital against reputational risk as such but holds capital against many of the risk events that could damage the reputation of the company. The level of reputational risk is deemed acceptable.

Climate-related risks

The insurance sector is exposed to climate-related risks and both sides of the balance sheet could potentially be affected. When approaching climate-related risks, Gard has used the risk categorisation proposed by the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Physical risks: Gard is mainly exposed to acute physical climate risks through increasing extreme weather. Assets in the Gulf of Mexico could be considered especially exposed, but after the 2005 hurricane season, Gard decided to reduce exposure in the region. It could be expected that Gard's portfolio is less exposed to acute physical climate-related risks than insurers focusing on other segments and industries. The most relevant effect for Gard related to chronic climate change could be an increase in Arctic shipping. An incident that took place in December 2018 north of Svalbard, and the following salvage operations, indicated some of the challenges associated with operations in the Arctic.

Transition risks: It is expected that policies will be increasingly stringent in the upcoming years, and this will again affect legal and reporting requirements. IMO has proposed emission reduction targets for 2050 and it is expected that policies, and uptake of alternative technologies, will cause the fuel configurations of the world fleet to be more fragmented in the future. This could affect claims related to machinery failure and necessitate further competence in the organisation. Gard could also be facing reputational risks related to increasing climate concerns.

Other climate-related risks: It is also possible that the investment portfolio could be facing climate-related financial risks as repricing of certain assets could cause considerable shifts in the financial markets. However, considering that the majority of the investment portfolio consists of government bonds, and there is an increasing focus on environmental, social and governance (ESG) factors in the equity strategies of the company, these risks could be considered fairly limited for Gard. Significant declines in equity markets are already reflected in the market risk calculations.

Climate-related risks related to reinsurance and third-party liabilities have also been considered. Reinsurers could, for example, be vulnerable if their portfolios are exposed to property or infrastructure in regions exposed to the impacts of acute physical climate risks. Liability risks associated with climate change are considered negligible for Gard.

C 7 Risk concentration

Risk concentration cuts through and across risk types as well as within single risks. The most material risk concentrations are within insurance and market risk.

Concentration within and between the other single risks are not considered material.

Risk concentration is mainly managed through limits, e.g., limit on exposures held for investments per rating category, exposures to a single counterparty, and maximum aggregated exposure to a single reinsurer. The limits are monitored and reported regularly.

C 8 Reinsurance

Reinsurance is a method to ensure that insurance liability risk is kept within the overall risk appetite and Comfort zone and that rating and regulatory requirements are met.

Reinsurance is used to ensure continuity after an extreme loss event; providing flexibility to help Members and clients manage new risks and pursue business opportunities.

The reinsurance program is established to protect against high severity, low-frequency claims.

Gard Bermuda is a member of the International Group of P&I Clubs' Pooling Agreement, which is an agreement between thirteen P&I clubs to mutually reinsure each other by sharing claims. This claim-sharing agreement is underpinned by an extensive market reinsurance program, which the International Group clubs arrange.

Gard follows the customary insurance practice of reinsuring with other insurance and reinsurance companies a portion of the risks under the policies it writes. These reinsurance arrangements are meant to protect Gard against the severity of losses on individual claims and unusually serious occurrences in which a number of claims produce an aggregate extraordinary loss.

Gard has different reinsurance programs for different classes of business.

The collectability of reinsurance retrocessions is largely a function of the solvency of reinsurers. The credit exposure on Gard's reinsurance program is in accordance with the guideline of only accepting reinsurers with an A- (Stable) or higher rating. The company is however faced with BBB rating exposures through the IG Pooling Agreement. Among the thirteen clubs, three have ratings of BBB+ or lower. Counterparty default risk on the pool and reinsurance is reduced through multiple layers of financial security

C 9 Risk sensitivity

Gard performs various set of stress tests. The main methods used are the following:

Insurance risk stress tests

A set of extreme events for insurance risk have been identified and the realistic possible loss to Gard has been estimated. The scenarios are calculated using Gard's exposure to actual insured objects, showing the expected loss, gross and net of external reinsurance, by line of business. Further, to calculate the loss by each legal entity, the internal reinsurance is applied. The scenarios have been selected to test the reinsurance protection and to illustrate extreme combinations of losses. The highest insurance loss for Gard's own account from the identified extreme events corresponds to 2.3 times the normalized annual profit for Gard and approximately 12 per cent of the equity. The most severe losses from a single extreme event would be a scenario where Gard is exposed across several product areas with separate reinsurance programs. The Gard group may experience multiple extreme events in a single year.

Reverse stress tests

Complementary to insurance risk stress tests and market risk stress tests, reverse stress testing is carried out to identify scenarios that would be the probable cause of business failure. "Business failure" is defined as the solvency position falling below a level where the business model becomes unviable. A consequence of this would be that counterparties and other stakeholders could be unwilling to transact with or provide capital to the Gard group and, where relevant, existing counterparties may seek to terminate their contracts.

The reverse stress tests identify events that will jeopardize the Gard group's solvency, but not circumstances which will cause Gard to "cease being a going concern". The results of the reverse stress tests answer the question of which scenarios that represent real risks to the existence of the company.

The reverse stress tests are based on one insurance scenario and one market scenario.

The stress tests are of a quantitative nature. Gard is aware of other non-quantifiable situations which could also render the business model unviable.

The reverse stress test conducted showed that for Gard group, an additional 34 claims above USD 20 million from an expectation of 9 will bring the solvency ratio down to 75 per cent. Similarly, a market loss of more than 66 per cent of the initial investment portfolio will jeopardize the Gard group's solvency ratio.

There are policies and contingency plans in place describing how to take immediate action, or act as precautionary measures in advance, to restore or improve the solvency capital adequacy.

Multi-year stress tests

To complement the one-year stress tests, multi-year stress scenarios have been developed to test the effect on the capitalisation of the group by an adverse development over time. Three scenarios have been assessed. The estimated total probability for each of the scenarios is low.

1. Increased demand for Marine transport

An increased demand in the world for Marine transport, resulting in high utilisation of the available ships and crew, affecting both claims frequency and severity. The regulatory solvency capital requirement ratio decreases from an unstressed expectation in year 0 of 275 per cent to 150 per cent at the end of year 3.

2. Financial market crisis

The scenario describes a situation where the market values are over-priced at t=0 and that the market is being re-priced over a three-year period. The regulatory solvency capital requirement ratio decreases from an unstressed expectation in year 0 of 275 per cent to 164 per cent at the end of year 3.

3. Combined insurance risk and market risk scenario

The scenario describes a situation where higher claims concur with adverse movements in global financial markets over a period of years. In the combined scenario, the regulatory solvency capital requirement ratio shows a decrease from an unstressed expectation in year 0 of 275 per cent to 157 per cent at the end of year 3.

The Gard group will in all the above scenarios still be compliant with regulatory requirements - without any management actions - at the end of the stress period.

Market risk stress and drawdown risk tests

Several stress tests using a range of scenarios for short-term market shocks as well as for longer, multi-year periods have been performed to estimate the potential impact on Gard's portfolio and capital situation.
Market shocks are assumed to be one-off instantaneous changes in asset prices and portfolio allocations. Combined scenarios, in which several factors experience simultaneous shifts in prices, have been designed in line with EIOPA's Insurance Stress Test specifications, published in May 2018.

We have also stressed the portfolio to model historical events. Especially drawdown risk happening at the same time for multiple asset classes constitute an adverse tail event and reduce diversification benefits.

C 10 Any other information regarding the risk profile

Gard does not make use of any *special purpose vehicle* as referred to in article 211 of the Solvency II Directive.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

There is no other material information to be disclosed.

D VALUATION FOR SOLVENCY PURPOSES

This section specifies and describes the valuation of assets and liabilities for solvency purposes, the differences between the bases, methods and main assumptions used for the valuation of assets for solvency purposes and those used for financial statements.

The bases, methods, and assumptions are similar for all legal entities and follow the principles outlined in the Solvency II directive, i.e.:

- Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction (fair value)
- Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction
- The materiality principle shall be considered when valuing assets and liabilities. Information is material if its omission or misstatement influences the decision-making or the judgement of the users of that information, including the supervisory authorities
- The valuation shall assume that the company will continue to operate and write new business for the foreseeable future ("going concern basis")

The economic balance sheet (Solvency II balance sheet) represents a risk-based view of the entire balance sheet as at a given date, where assets and liabilities are valuated in line with the above concepts. The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

Economic balance sheet, Gard group

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	18	(18)
Intangible assets	-	3	(3)
Deferred tax assets	24	24	-
Property, plant & equipment held for own use	29	29	-
Government bonds	59	59	-
Collective investments undertakings	2,043	2,043	-
Deposits other than cash equivalents	19	19	-
Investments	**2,121**	**2,121**	-
Loans and mortgages to individuals	22	22	-
Reinsurance recoverables	206	265	(60)
Insurance and intermediaries receivables	192	192	-
Reinsurance receivables	8	8	-
Receivables (trade, not insurance)	2	2	-
Cash and cash equivalents	184	184	-
Any other assets, not elsewhere shown	13	13	-
Total assets	**2,800**	**2,881**	**(81)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	1,467	1,567	(99)
Risk margin	56	-	56
Technical provisions – non-life	**1,523**	**1,567**	**(43)**
Pension benefit obligations	35	35	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	27	27	-
Reinsurance payables	23	23	-
Payables (trade, not insurance)	23	23	-
Any other liabilities, not elsewhere shown	25	28	(2)
Total liabilities	**1,657**	**1,702**	**(45)**
Excess of assets over liabilities	**1,144**	**1,179**	**(36)**

The statutory accounts values in the balance sheet are classified according to Solvency II rules and are different from the values in the balance sheet in the Financial Statements.

No changes have been made to the recognition and valuation bases used or to the estimates during the reporting period.

There are no differences in the major part of the balance sheet items in the valuation for solvency purposes and those used for the valuation in statutory accounts. The main difference is the discounting of reserves and risk margin that are included in the Solvency II values. The subsequent chapters describe assets and liabilities where the valuations differ, in addition to balance sheet items explicitly mentioned in the Solvency II regulations and guidelines (i.e., deferred taxes and pension obligations).

For information related to the value of assets and liabilities by asset class for Gard Norway, see Appendix 1, section 1.5.

For information related to the value of assets and liabilities by asset class for Gard M&E Europe, see Appendix 2, section 2.5.

D 1 Valuation of assets

Gard group has mainly investments in the following asset classes; investment funds, bonds, equities, other investments, and property. The investment assets are held in custody at Northern Trust.

In the statutory accounts balance sheet, the fair value of assets is mainly measured on a mark-to-market basis. The fair value is determined by reference to published price quotations in an active market. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model). There are no significant differences between the valuation of GAAP (statutory accounts) and Solvency II balance sheets.

D 1.1 Deferred acquisition costs

Deferred acquisition costs represent commission provision on gross premium and are related to contracts in force at the balance sheet date. Deferred acquisition costs are included (netted) in the technical provisions for Solvency II but are disclosed under deferred acquisition costs in the statutory accounts.

Deferred acquisition costs, Gard group

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	18

For information related to the deferred acquisition costs for Gard Norway, see Appendix 1, section 1.6.

For information related to the deferred acquisition costs for Gard M&E Europe, see Appendix 2, section 2.6.

D 1.2 Intangible assets

Intangible assets represent licences and development of software at cost. The intangible assets are valued at nil for Solvency II purposes in the balance sheet as intangible assets valued under fair value measurement are not saleable in the market place.

Intangible assets, Gard group

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Intangible assets	-	3

For information related to intangible assets for Gard Norway, see Appendix 1, section 1.7.

For information related to intangible assets for Gard M&E Europe, see Appendix 2, section 2.7.

D 1.3 Deferred tax assets

Deferred tax/tax assets of the Norwegian subsidiaries are calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised. Based on changes in tax regulations approved by the Norwegian Ministry of Finance 20 December 2018, the Norwegian branches have changed their basis for tax calculation to ordinary corporate tax. For previous years the Norwegian branches were liable to pay income tax based on gross earned premiums.

There are no differences between the bases, methods and main assumptions used for the valuation of "Deferred taxes" for solvency purposes and those used for their valuation in financial statements.

Deferred tax assets, Gard group

USD million, as of 20.02	2020	2019
Specification of tax effect resulting from temporary differences		
Pension obligations	33	34
Portfolio investments	(14)	(5)
Equipment	0	41
Tax loss carried forward	155	115
Deferred tax carried forward from earlier years	-	-
Equity	(83)	(102)
Other temporary differences	4	18
Total temporary differences	95	101
Net deferred tax asset of total temporary differences	24	25

For information related to deferred taxes for Gard Norway, see Appendix 1, section 1.8.

For information related to deferred taxes for own use by Gard M&E Europe, see Appendix 2, section 2.8.

D 2 Valuation of technical provisions

This section specifies and describes the valuation of technical provisions and reinsurance recoverables for Solvency purposes.

The technical provisions under Solvency II are determined as the sum of best estimate liabilities and the risk margin.

The best estimate liabilities are shown both on a gross basis and for the reinsurers' share. The risk margin is shown on a net basis reflecting the risk mitigation effect.

Best estimate liabilities

The calculation of the best estimate liabilities is based on the projection of future cash inflows and outflows like premiums, claims and expenses.

Risk margin

A risk margin is included in the technical provisions. The risk margin is calculated in accordance with the requirement set out for the Solvency II standard formula per legal entity. Diversification between legal entities is not considered. Risk margin is not included in the statutory accounts.

D 2.1 Valuation of technical provisions – basis (data) and methods

Basis

In the calculation of the best estimate liabilities under Solvency II, the business of the Gard group is split into homogenous risk groups, such that the nature, scale, complexity of the business is considered.

Methods

The evaluation of the best estimate liabilities is based on the estimation of future cash flows, including all expected (future) cash inflows and outflows. The best estimate liabilities are calculated separately for the best estimate premium provisions and the best estimate claims provisions.

The best estimate premium provisions relate to claim event occurring after the valuation date. All future cash flows from premium, losses and costs relating to unearned incepted and bound but not incepted (BBNI) business is calculated.

The best estimate claim provision relates to claim events occurring before the valuation date. All future cash flows from losses and costs relating to these losses are calculated considering the discounting effects.

The cash flows for premiums, claims and costs are modelled separately.

There is no deviation regarding the valuation methods between the different lines of business. Therefore, the valuation methods described below are valid for all risk categories.

Claim provisions

For the evaluation of claim provisions, total outstanding liabilities due to loss and allocated loss adjustment expenses, the reserves held are based on the following:

- For the calculation of the incurred but not reported claims (IBNR) we use the developments of the claim incurred i.e., claim paid plus claim reserves, as the basis for future expected developments. This is primarily due to the volatility of large single payments that can distort any paid development factors
- For the analysis of IBNR, we use accident and development quarters to calculate the ultimate incurred claims
- For the definition of risk categories, we use three main criteria:
    - A fit with our established business dimensions
    - Similar underlying drivers of risk.
    - Sufficient amount of data within each risk category
- The financial plan is used as the initial expected ultimate incurred (also known as "Apriori").

The current reinsurance program is on the same basis as last year's reinsurance program and is taken into account on a large claim's basis.

The claim provisions are broken down into case reserves, IBNR, unallocated loss adjustment expenses (ULAE) and binary events. The case reserves and IBNR figures are the reserves that directly attribute to the claims, while the ULAE estimate is related to expenses that cannot be directly attributed to a specific claim or incident. Binary events are the provisions held for potential claims that we do not have in the data. The IBNR, binary event and ULAE reserves are calculated and reported by the Actuarial Reserving team and controlled by the Actuarial function.

The only differences between the Solvency II and the statutory account figures for claims provisions are that the Solvency II figures include the discounting effect.

IBNR

The development of losses for the Gard group is typically analysed using standard actuarial methods such as the Chain ladder, Bornhuetter Ferguson and Benktander methods. The method selection is based on the quarter and the significance of large losses that may have occurred. External reinsurer's share is based on the reinsurer's share of the individual losses including development in excess of the retention. All internal reinsurance is calculated net of the effect of external reinsurance.

ULAE

To calculate ULAE, we divide the claim provisions (case reserves and IBNR) between reported claim provision and unreported claim provision.

The unreported claim provision is multiplied with a ratio of unallocated expenses paid to total claims paid, π. The reported future claim reserves are multiplied with π and (1-r), where r is the proportion of claims handling cost due to claim registration.

Binary events

The binary event reserve is meant to satisfy the additional coverage of technical liabilities from a best estimate basis to an all possible outcomes basis. This is a measure of the potential volatility that we envisage but have not experienced to date. To bring the best estimate to include "all possible outcomes", a binary event factor is calculated based on historical binary event factors, tail values from our internal model and estimated volatility in our claims data.

Best estimate premium provisions

The calculation of best estimate premium provisions is the best estimate of all future cash flows such as claim payments, expenses and future premiums due, relating to future exposure arising from unearned incepted and BBNI business. The future expected cash flow calculation is based on the expected combined ratio for the relevant business. This estimation is done on a gross basis and for the reinsurer's share of the business.

The difference in method for calculating premium provision under Solvency II and the statutory accounts is that the Solvency II method calculates the effect of all expected future cash flows, while the statutory accounts are depositing the unearned premium in full.

Main assumptions
The calculation of the best estimate liabilities, development pattern and estimated ultimates are applied to the segments used for N-GAAP reserving. The pattern and ultimates are determined on run-off triangles using traditional actuarial methods. The triangles are generated using reconciled data.

D 2.2 Uncertainty associated with the value of technical provisions

As with all insurance businesses, there is a degree of uncertainty over the exact amount that will be needed to settle claim liabilities, and there are several potential sources which contribute to this uncertainty.

- **Claims environment:** One of the key assumptions for the claim liabilities is that historical claim developments are an indicator for future developments. Uncertainty remains surrounding the ultimate outcome of long-tailed casualty claims. The early years are not necessarily fully developed and incurred values on these years help in forming our estimates for the more recent years. A sensitivity test on the loss development factors showed that with a 10 per cent point increase in the incremental development factor, the gross IBNR increases by 9.64 per cent. A 10 per cent decrease reduces the gross IBNR by 9.96 per cent

- **Financial Plan**: Another assumption for the claim liabilities is that our financial plan indication of the pure loss (Apriori) can be used in helping to assess the amount of liabilities for less mature development periods. This means that any uncertainty in the financial plan also applies to the best estimates. Sensitivity tests show that an increase of the Apriori estimate by 10 per cent increases gross IBNR by 8.08 per cent. A decrease of Apriori by 10 per cent decreases gross IBNR by 8.08 per cent.

- **Currency**: Even though we report our reserves in USD, parts of the liabilities are exposed to exchange rate fluctuations and inflation rates in other currencies. This means that fluctuations in foreign exchange rates can influence ultimate claims.

D 2.3 Best estimate liabilities

The difference between the Solvency II value and the Statutory account's value of technical provisions is due to discounting effects and BBNI gross. Further, commission provisions are deducted from the Solvency II values in the technical provisions, while they are reported as deferred acquisition costs for the statutory account values. The retained earnings are included in the statutory account values of technical provisions.

Best estimate liabilities Gard group

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Best estimate technical provisions	1,467	1,567
Risk margin	56	-
Technical provisions	**1,523**	1,567

For information related to the best estimate liabilities for Gard Norway, see Appendix 1, section 1.9.

For information related to the best estimate liabilities for Gard M&E Europe, see Appendix 2, section 2.9.

D 2.4 Risk margin

The risk margin is an estimated cost of capital due to the unpaid claim provisions held. The cost of capital is calculated by using a capital to provision percentage of 6 per cent, payment pattern, and expected yield of capital.

D 2.5 Reinsurance recoverables

The difference in valuation of reinsurance recoverables is due to discounting effects, reinsurers' share of BBNI net and losses occurring during (LOD), which are all reducing the value of reinsurance recoverables for Solvency II values compared to statutory account values. Additionally, reinsurance commission provisions are deducted from reinsurance recoverables in the Solvency II values and are included in Any other liabilities, not elsewhere shown in the statutory account values.

Reinsurance recoverables, Gard group

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	265
Best estimate - reinsurance recoverables	206	-
Reinsurance recoverables	**206**	265

For information related to reinsurance recoverables for Gard Norway, see Appendix 1, section 1.10. For information related to reinsurance recoverables for Gard M&E Europe, see Appendix 2, section 2.10.

D 3 Valuation of other liabilities

D 3.1 Contingent liabilities

The Gard group had no contingent liabilities as per 20 February 2020.

D 3.2 Pension benefit obligations

Gard has set up pension plans for employees according to local law and regulations, depending on the country in which Gard operates. For Gard AS a defined contribution plan is in place, and the previously closed defined benefit plan has few remaining active employees.

For the defined benefit pension plan, actuarial calculations are made with regards to pension commitments and funds at year-end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

There are no differences between the bases, methods and main assumptions used for the valuation of pension benefit obligations for Solvency purposes and those used for their valuation in statutory accounts.

Pension benefit obligations, Gard group

USD million, as of 20.02	2020	2019
Liabilities according to the actuarial calculations		
Pension obligation gross	61	64
Pension funds at market value	27	28
Net pension obligation at the end of the year	**35**	**36**

For information related to pension benefit obligations for Gard Norway, see Appendix 1, section 1.12. For information related to pension benefit obligations for Gard M&E Europe, see Appendix 2, section 2.12.

D 3.3 Any other liabilities, not elsewhere shown

The difference between Solvency II and statutory accounts values of USD 2 million is covering reinsurance commission provision, which is included in reinsurers' share of expected cash flow for unexpired cover in the statutory accounts balance sheet.

Any other liabilities, Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Any other liabilities	25	28

For information related to other liabilities for Gard Norway, see Appendix 1, section 1.13.

For information related to other liabilities for Gard M&E Europe, see Appendix 2, section 2.13.

D 4 Alternative methods for valuations

When determining the value of an asset it is necessary to assess whether the market is active or not. If the market is active, the value can be taken directly from the market or comparable assets traded in the same market. If the market cannot be categorised as active, the market value is determined using valuation models.

Gard's assets are mainly valued using quoted market prices in active markets for the same or similar assets. Listed shares are valued on an item-by-item basis and bonds are valued based on realised quoted prices in active markets. Alternative valuation methods can occur for real estate funds, where there are no active markets, or the relevant markets are deemed to be inactive.

Alternative valuation methods are only used for a non-significant part of the investment portfolio and the same principles are used both in the Solvency II balance sheet and statutory balance sheet.

D 5 Any other material information

Gard has no material provisions other than technical provisions.

Gard does not apply a *matching adjustment to the relevant risk-free interest rate term structure* as referred to in Article 77b of Directive 2009/138/EC.

Gard does not apply a *volatility adjustment to the relevant risk-free interest rate term structure* as referred to in Article 77d of Directive 2009/138/EC.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

There is no other material information to be disclosed.

E CAPITAL MANAGEMENT

Gard has a policy in place that sets out the principles and guidelines for capital management. The policy describes the main activities and governance structure that supports capital management and is part of the risk management framework.

The Group Risk Policy states the following:

"Gard should hold sufficient capital and liquidity as well as constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk."

In which "extreme loss event" means an annual loss with a probability of occurring once every 100 years.

The probability that Gard would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

In addition to the statement given about capital adequacy in the Group Risk Policy, Gard bases its capital management on following three general principles:

Simple capital structure: Gard aims to have a simple capital structure and seeks to fund expected growth in required capital through internal capital generation.

Efficient use of capital: Capital is scarce and has a cost. The approach to capital management shall balance the needs and requirements of all stakeholders, including mutual Members, policyholders, regulators and rating agencies.

Pooling and upstreaming capital: Available capital and liquidity, as well as risks, shall be pooled centrally as much as possible to minimise the risk of limited capital transferability. This also allows the group to consider the benefits that arise from such pooling in those jurisdictions where these benefits are recognised under the capital adequacy regime.

The group shall maintain sufficient capital from its legal entities without jeopardising regulatory requirements and the minimum financial strength rating.

Procedures are established for when a breach of limits has occurred to ensure that appropriate and proportionate remedial actions are duly taken, including reporting requirements. The procedures include increased frequency of monitoring, escalation of reporting, and procedures for proposing and approving mitigating actions.

E 1 Own funds

Under Solvency II a company's own funds consist of basic own funds and ancillary own funds:

Basic own funds consist of excess of assets over liabilities.

Ancillary own funds consist of items other than basic own funds which can be called upon to absorb losses.

Basic own funds can be classified in Tiers 1, 2 or 3. Tier 1 funds are equity capital which is fully paid in and available. Tier 1 is further classified as either “unrestricted” or “restricted”. Tier 3 is deferred tax assets.

Ancillary own fund is classified as Tier 2. This is high-quality capital in the form of unbudgeted supplementary calls. Ancillary own fund items require the prior approval of the supervisory authority to be considered when determining own funds.

The classification into tiers is relevant to the determination of eligible own funds. These are the own funds that are eligible for covering the regulatory capital requirements – Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). The MCR must be covered by basic own funds classified as Tier 1 and Tier 2 eligible own funds.

E 1.1 Available capital

Gard has a simple capital structure consisting of Tier 1 capital through equity capital, which is fully paid in and available, high-quality Tier 2 capital in the form of unbudgeted supplementary calls and deferred tax assets included as Tier 3 capital.

Gard aims to manage the capital for the group so that all its regulated entities always meet local regulatory capital requirements. Gard is subject to different capital requirements depending on the country of operation, and the type of business conducted. In each country, the local regulator specifies the minimum amount and type of capital that each regulated entity must hold. Gard targets to hold, in addition to the minimum capital required to comply with the solvency requirements, an adequate buffer to ensure that each of its regulated subsidiaries meets the local capital requirements over time. If an entity should fall below the target capital level, the management action will be to increase capitalisation or de-risk to bring the capital ratio back to an acceptable level. The different management actions will vary with the company and the type of business it writes.

Means to strengthen the capitalization may be:

- No reductions in the last instalment
- Make an unbudgeted supplementary call on members
- Dividend payment from subsidiaries

- Sale of assets of participations
- Issue subordinated debt
- Parent company guarantee
- Capital injection – group contribution from parent company
- De-risk assets (e.g. reduce equities exposure)
- De-risk liabilities (e.g. changes to reinsurance – reduce retention for own share)

Due to the high volatility and uncertainty in the global financial markets as a consequence of the Covid-19 pandemic, the Board of Directors resolved in their meeting in May 2020 to defer the decision regarding the last premium instalment for the 2019 policy year until autumn 2020. Hence no last premium instalment is included in the financial statements.

The equity of the Gard group in the statutory accounts was USD 1,179 million per 20 February 2020 compared to USD 1,159 million per 20 February 2019.

The excess of assets over liabilities as calculated in the economic balance sheet was USD 1,144 million. Any non-available own funds are deducted to arrive at the available or eligible capital to cover solvency capital needed. Deduction of non-available own funds amounts to USD 31 million, resulting in eligible capital, Tier 1 of USD 1,089 million. For the entities writing Mutual business and for the group, up to 50 per cent of the solvency capital requirement (SCR) can be included as Tier 2 capital through the possibility to call for capital from the Members through unbudgeted supplementary calls.

Difference between equity and excess of assets over liabilities, Gard group

USD million, as of 20.02	2020	2019
Excess of assets over liabilities	1,144	1,161
Statutory accounts equity	1,179	1,159
Difference between equity and excess of assets over liabilities	**(36)**	**2**
Specification of difference:		
Net technical provisions	39	17
Risk margin	(56)	(54)
Other	(19)	39
Difference between equity and excess of assets over liabilities	**(36)**	**2**

Total eligible own funds to meet SCR as under Solvency II, Gard group

USD million, as of 20.02	2020	2019
Tier 1	1,089	1,106
Tier 2	255	245
Tier 3	-	-
Total	**1,344**	**1,351**

The reduction in capital of USD 7 million, from USD 1,351 million to USD 1,344 million can be explained as follows:

Change in capital, Gard group

USD million	Change from 2019 to 2020	Change from 2018 to 2019
Total comprehensive income for the year	20	(90)
Change in non-available own funds	(1)	20
Other	(26)	14
Total	**(7)**	**(56)**

The reconciliation reserve[6] is attributable to Tier 1 capital. The reconciliation reserve was USD -59 million as per 20 February 2020.

Share premium account[7] covers accumulated results. The Solvency II regulation, as well as the Norwegian regulation for insurance companies ("Årsregnskapsforskriften for forsikringsselskaper"), no longer accept contingency reserve as part of technical provisions. The share premium account was USD 1,179 million as per 20 February 2020.

For information related to capital management in Gard Norway, see Appendix 1, section 1.14.

For information related to capital management in Gard M&E Europe, see Appendix 2, section 2.14.

E 1.2 Non-available own funds

For most of the Gard's branches, there are regulatory requirements to hold deposits. When the required deposits or the restricted equity held exceeds the notional SCR for the operation, it represents a restriction in fungibility of the equity in the group. This is only valid to Gard's Hydra cell which had non-available own funds of USD 31 million as of 20 February 2020. Non-available own funds reduce Tier 1 capital.

Net asset value for the insurance companies in the group is not dedicated to cover specific liabilities and is therefore available to absorb losses over time. No part of the net asset value is therefore defined as ring-fenced funds.

E 1.3 Tier 2 capital (ancillary own funds)

The right and ability to levy unbudgeted supplementary calls for recapitalising the Gard group is a fundamental element of the Members' mutual risk-sharing, which Gard is prepared to use when required.

The Norwegian FSA has given Gard Bermuda, Norwegian branch and Gard Norway permission to include the Gard group's right to levy supplementary calls as Tier 2 capital to cover the SCR under the Solvency II regulations. The permission was first granted for fours years until 20 February 2020 and is renewed until 20 February 2024. The utilisation of the right and ability to levy supplementary calls as Tier 2 capital is restricted to an amount corresponding to 50 per cent of the Estimated Total Call (ETC) premiums for the three last open policy years and is eligible to cover up to 50 per cent of the SCR (max aggregated Tier 2 and Tier 3 capital is set to 50 per cent of SCR). If an unbudgeted supplementary call is being called, a new supplementary call can immediately be called again, i.e., there will be a benefit in form of Tier 2 capital also after an unbudgeted supplementary call has been made. In practice, there is no limit to the amount of unbudgeted supplementary calls that can be called. Gard manages its risk and capital to have a low probability of making an unbudgeted supplementary call. The eligible own funds for supplementary calls (Tier 2 capital) was USD 255 million per 20 February 2019.

[6] The reconciliation reserve consists of excess of assets over liabilities less other basic own funds, where ordinary share capital (gross of own shares), share premium account related to ordinary share capital and an amount equal to the value of net deferred assets are relevant for Gard.

[7] Share premium account relating to ordinary share capital includes premium fund and retained earnings.

E 2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement under Solvency II approved partial internal model was USD 511 million. Total eligible own funds to meet the SCR was USD 1,344 million. The solvency ratio was 263 per cent.

Minimum Capital Requirement under the Solvency II standard formula was USD 252 million. Eligible own funds to meet MCR was USD 1,089 million, i.e., a ratio of 433 per cent. The MCR represents the lowest acceptable capital level.

The MCR is calculated by a "linear formula", i.e., a factor-based combination of volume measures. The MCR is calculated as the higher of:

- a fixed percentage of net technical provisions, reflecting underwriting risk for long-term business, and
- a fixed percentage of net written premiums, reflecting underwriting risk for the short-term business

E 1.4 Calculation of group solvency requirements

There are no material differences in the valuation bases, methods and main assumptions used at group level for the valuation for solvency purposes of the Gard group's assets, technical provisions and other liabilities from those used by any of its subsidiaries.

There are no significant restrictions to the fungibility and transferability of own funds eligible for covering the group solvency capital requirement when using partial internal model, see E1.2 Non-available own funds.

The main source of diversification effects is the elimination of transactions within the group, i.e. internal reinsurance.

All insurance undertakings in Gard are included in the internal model, namely:

- Gard Bermuda
- Gard Norway
- Gard M&E
- Gard M&E Europe
- Gard Re
- Gard Hydra

Gard group, Gard Norway and Gard M&E Europe have been granted approval to use the internal model for regulatory purposes to calculate insurance and market risk.

E 1.5 Solvency Capital Requirements by risk category

Insurance risk and market risk are calculated by using the internal model. Counterparty risk is calculated by using the standard formula with input from the internal model, while the operational risk is calculated by using the standard formula. Diversification is calculated by using the standard formula correlation between insurance risk, market risk and default risk. The SCR for the Gard group is reduced by the amount of USD 16 million, as the loss-absorbing capacity of deferred taxes covering the amount calculated for the Norwegian insurance companies, under the justification that the Gard group is expecting positive result based on the five-year plan.

Solvency capital requirement, Gard group

USD million, as of 20.02	2020	2019
Insurance risk	458	482
Market risk	228	201
Counterparty risk	42	38
Diversification	(245)	(250)
Basic Solvency Capital Requirement (BSCR)	483	471
Operational risk	44	43
Loss-absorbing capacity of deferred taxes (LACDT)	(16)	(24)
Solvency Capital Requirement (SCR)	**511**	**490**

For information related to capital requirements in Gard Norway, see Appendix 1, section 1.15.

For information related to capital requirements in Gard M&E Europe, see Appendix 2, section 2.15.

E 3 Use of the duration-based equity risk sub-module in the calculation of the SCR

Gard does not use a duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement as this only applies to life undertakings providing certain occupational retirement provisions or retirement benefits where the typical holding period of equity investments is assumed to be consistent with an average duration of liabilities for such businesses and exceeding 12 years[8].

E 4 Description of the internal model

E 1.6 Structure

"Internal model" refers to the entirety of the methodologies, processes, data and governance structure that Gard uses to determine the risk and economic capital required for the Gard group and all insurance entities. The Model Calculation Kernel (MCK) is the part of the internal model that carries out the actual statistical modelling. MCK creates simulations of the future financial position of the Gard group and each of its constituent legal entities. The MCK generates a large number of simulations for the future balance sheet of the group. By looking at the spread of the outcomes in those simulations we measure the amount of risk that Gard is exposed to.

E 1.7 Scope

All material quantifiable risk types are within the internal model scope. This includes premium risk, reserve risk, market risk, counterparty default risk and operational risk. All lines of business that are written by Gard are modelled within the internal model. Any new types of business written will be included in the scope, subject to the internal model change policy. Current lines of business are P&I Mutual, P&I Fixed, Marine, Energy and Builders. The lower level of granularity is the risk category. A risk category is a more detailed breakdown of the risks within a line a business.

E 1.8 Use

The output from the internal model defines the capital position of the group relative to a defined "Comfort zone". The internal model is used as part of the renewal process for the outwards reinsurance program, for calculating earnings volatility per legal entity and as a basis for profitability discussions when the financial plan of the Gard group is being prepared. The internal model is also used to estimate the capital requirement that may result from changing the investment strategy or entering into a new type of investment, geographical area, etc., as

[8] The underlying assumptions in the standard formula for the Solvency Capital Requirement calculation, EIOPA-14-322, 25 July 2014, page 19-20

well as used in the communication with stakeholders such as regulators and rating agencies.

E 1.9 Methods used

The internal model is a stochastic model built using industry-standard software. The economic capital expresses the potential loss over a one-year time horizon with a confidence level of 99.5 per cent. This is consistent with industry practice and Solvency II.

E 1.10 Main differences in the methodologies and underlying assumptions used in the standard formula and the internal model

All risks covered by the standard formula are quantified in the internal risk capital model, apart from concentration risk in the investment portfolio.

The standard formula is factor-based while the internal model uses a stochastic approach.

Gard's risk profile differs from the assumptions underlying the standard formula for the calculation of the SCR under Solvency II. Gard has a much larger portfolio than most insurers have in the "Marine, aviation, transportation" (MAT) line of business. Considering the actual insurance risks written, higher object diversification from a larger and broader portfolio and the use of reinsurance, the risk calculated in the internal risk capital model is significantly lower than the risk calculated by the standard formula under Solvency II.

E 1.11 Integration of partial internal model into the standard formula

See the first section of chapter E.2.1 Solvency Capital Requirements by risk category.

E 1.12 Data used

In principle, the data used in the internal model is derived from the production systems via the data warehouse, accounting systems, investments systems and financial plans. There are exceptions especially for the premium risk parameterisation where we also rely on expert judgments.

The data from the data warehouse, accounting systems, investments systems and financial plan are reconciled before being used in the internal model. There is also reconciliation procedures in place to verify that the input parameters are correctly used in the model.

E 1.13 Aggregation methodologies and diversification effects

Gard is operating on a global basis with many products and Members, which enables Gard to diversify its risks. The effects of diversification are found within the insurance, market, counterparty default and operational risk areas, as well as between them. Insurance risk achieves diversification mainly due to the number of objects insured, the wide range of products offered and the geographical spread of risks. Market risk generally has a lower degree of diversification than insurance risk, due to its higher level of correlation between the various market risk types. Between risk types, there are limited degrees of correlation which result in a diversification effect when calculating the total solvency capital requirement.

E 5 Compliance with SCR/MCR

The Gard group and each insurance company in the group have been compliant with both the Minimum Capital Requirement and the Solvency Capital Requirement during the last financial year.

E 6 Any other material information

Gard does not have any own funds items which are subject to the *transitional arrangements* as referred to in Delegated regulation art 297f, Articles 308b (9) and 308b (10) of Directive 2009/138/EC) and Guideline 12h of Guidelines on reporting and public disclosure.

Gard does not disclose any *additional solvency ratios* as referred in Guideline 11 of Guidelines on reporting and public disclosure.

Gard does not include any *subordinated debt* in its own funds as referred in Guideline 12d of Guidelines on reporting and public disclosure.

Description of *principal loss absorbency mechanism* used to comply with Article 71 (1)(e) of the Delegated Regulation as referred to in Guideline 11 of Guidelines on reporting and public disclosure is not relevant to Gard.

Gard does not have any *material own funds that are issued by an equivalent third country insurance or reinsurance undertaking* included via the Deduction and Aggregation method as referred to in Guideline 15b of Guidelines on reporting and public disclosure.

Gard does not have any *own funds issued by an undertaking that is not an insurance or reinsurance undertaking* as referred in Guideline 15cd of Guidelines on reporting and public disclosure.

Gard does not make use of the possibility to use any *undertaking-specific parameters* in the calculation of underwriting risk in the standard formula as referred to in article 104(7) of Directive 2009/138/EC. Gard uses its internal r model in the calculation of underwriting, see C1 Insurance risk and E4 Differences between the standard formula and internal models used.

Possible effects of the coronavirus are included and discussed in an own chapter at the end of the report. See Impact and consequences of COVID19.

There is no other material information to be disclosed.

Impact and consequences of COVID-19

Introduction

This section discusses the impact and consequences of COVID-19 on Gard's operations, and financial and solvency position after 20 February 2020.

After the COVID-19 virus was first reported in the Wuhan region of China back in early January, Gard quickly decided to establish a company-wide task force. The task force with its various sub-groups has been hands-on in handling the impact of the rapidly developing COVID-19 situation for Gard's business and operations. The main priorities during the coronavirus situation have been securing Gard's employees, members and clients and financial position.

The COVID-19 is to a certain extent an insurance event, but the effect of a global slowdown could be more significant than the direct losses. Some expect a deep recession, while others expect the drop in economic activity to be sharp but fairly short. The financial impact will take time to play-out and the path to recovery remains uncertain.

A. Business and performance

Consequences for Gard's investment portfolio

Going into the COVID-19 crisis, Gard's portfolio was relatively defensively positioned. Gard's largest allocation was to US Government bonds, whilst both the equity and corporate bond allocations reflected a cautious portfolio positioning, focused on company quality and shorter duration bonds. Despite this, the volatility of financial assets during March had a significant impact on the portfolio.

In the equity portfolio, losses were experienced across countries and sectors, with the largest impact from holdings in listed US firms involved in food preparation, lodging, banks and corporate services. Gard's option portfolio behaved as expected with a loss far smaller than the overall market and should benefit from a higher level of volatility in the market going forward. Gard's holdings in EM equities generally did better than the broader market.

In the corporate credit portfolio, spreads widened significantly in markets in March as a result of indiscriminate selling by passive and daily-liquidity investors and had an immediate impact throughout the portfolio. Mark-to-market losses in asset-backed securities and corporate loans were higher than in corporate bonds, reflecting exposure to BB-B rated loans and CLO liabilities as well as market structure and relatively lower market depth. Gard's portfolio was largely invested in corporations that have so far seen limited impact by the coronavirus and exposure to Leisure and Travel was further reduced in February in favour of Media and Healthcare. Furthermore, Gard's managers have not yet seen an increase in defaults in the portfolio and we remain confident that the portfolio offers significant value in the medium term. Gard's Emerging Market sovereign debt portfolio has held up well in the volatility and has further seen some benefit from active risk management by the managers.

In the fixed income portfolio, Gard's significant holding of US treasuries as well as G7 sovereign bonds helped protect a portion of the portfolio as interest rates fell due to Central Bank responses and a broad flight to quality. We saw more volatility in Gard's US MBS portfolio as US mortgage markets reacted to dropping interest rates and a worsening domestic credit situation, though very active risk management by Gard's manager helped alleviate some of the moves.

For the alternatives portfolio, the largest losses were seen in Gard's hedgefund allocation whilst real estate and private debt have so far seen less deterioration. Whilst we expect this to change, Gard's exposure means that the impact on the overall portfolio should be limited.

At the time of writing, we have decided not to re-balance the portfolio, or to make any significant changes to its composition as a result of the corona crisis. We remain less convinced of the resilience of recent sharp recovery in parts of US markets and are comfortable with Gard's current risk levels. However, as USD investors with significant government bond exposure, the drop in US interest rates present a challenge and we have started to explore changes to our asset allocation over the medium term.

Consequences for Gard's insurance business
The commercial effects of the pandemic are seen differently in each segment but there are a few common themes. The first is increasing use of lay-up by companies with the excess supply of vessels or simply their trade coming to a complete halt. This has an impact on premium income since lay-ups pose fewer risks and therefore, we will see some top-line impact. The second is that almost every segment – except for tankers and partly gas, has seen a severe drop in demand with a consequent reduction in income.

The passenger and cruise sectors are probably where the impact is most dramatic, followed by the car carriers and container vessels. COVID-19 has essentially put a full stop on cruises, whose owners now need to empty ships and find proper lay-ups as well as worry about possible litigation from passengers. Passenger ferries have been similarly hit, although the issues are less complicated. Some routes are being kept open as part of essential infrastructure. Car carriers and containers have also seen a steep dive in demand, and the collapsing demand for oil – and the drop in price has created significant uncertainty for the offshore industry. The only major exception, for now, is tankers where the overflow of oil has meant a sharp rise in demand for vessels to be used for storage.

Gard experiences an increase in COVID-19 related customer queries and claims. There is still much uncertainty around both the level of costs incurred and the coverability of corona related claims. Actual claims so far have been moderate, but there is a time-lag in the notification and registering of claims. On the other hand, with a global reduction in seaborne trade, we anticipate reduced claims costs in some of the other segments that Gard insures.

B. System of governance

COVID-19 does not lead to any material changes in the valuation of system of governance.

C. Risk profile

Consequences for Gard's insurance risk
A foreseen increase in COVID-19 related claims may be neutralized by an estimated reduction in expected claims due to a slowdown in activity and a decreased demand for marine transport. The total insurance risk is estimated to be stable.

Consequences for Gard's market risk
Losses in the investment portfolio lead to a reduction in investable assets, implicating the market risk to diminish. However, this was counteracted by higher volatility which increased the market risk. The overall market risk is expected to be stable or increase moderately.

Consequences for Gard's counterparty default risk

The counterparty default risk may increase somewhat due to possible delays in settlements from customers and members. An increase in counterparty default risk may also be caused by a weakening of credit rating over time for some reinsurers.

Consequences for Gard's operational risk

Most of Gard's operational expenses are denominated in NOK, while the reporting currency is USD. Therefore, the deterioration of the NOK reduces the operational expenses in Gard's USD financial statements. The operational risk as calculated by the standard formula is expected to be stable.

Sensitivity and stress tests performed

There is a high degree of uncertainty as to how deep the corona crisis will be or how long it may last. Gard has prepared a set of scenarios based on different assumptions on the development of the investment portfolio, changes to premium, and claims and expenses to assess the impact and consequence to the Profit & Loss, balance sheet and capital and solvency position. The scenarios are ranging from deep financial depression to quick recovery. Gard is compliant with regulatory requirements in all the anticipated scenarios.

D. Valuation for solvency purposes

COVID-19 does not lead to any changes in the valuation of assets and liabilities.

E. Capital management

Consequences for Gard's solvency and capital position

Gard is capitalized to withstand a one in one-hundred-year annual loss and continue to operate with the same risk tolerance. Despite COVID-19, the financial and solvency position of the Group at the time of reporting remains strong, with low probability of levying any unbudgeted supplementary call.

As of 20 February 2020, the Gard group had a Solvency ratio of 275 per cent, assuming no reduction in last instalment (263 per cent assuming a full reduction). The losses in the investment portfolio have reduced the Solvency ratio, but Gard is still strongly capitalized.

The development of the solvency and capital position is monitored continuously, to ensure that all legal entities and branches, as well as the Group, are sufficiently capitalized.

Appendix 1
SFCR information specific to Gard Norway

1.1 Summary

This section shows information specific to Gard Norway. The information in this section is provided only when it is different from what is already provided on a group level.

No last premium instalment is included in the financial or solvency numbers for Gard Norway.

Key figures, Gard Norway

USD million, as of 20.02	2020	2019
Solvency II balance sheet		
Assets	415	444
Technical provisions	303	295
Other liabilities	23	29
Excess of assets over liabilities	90	120
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	90	120
Tier 2 Ancillary own funds	55	51
Tier 3 Other own funds		0
Eligible own funds	145	171
Capital Requirement		
Solvency Capital Requirement (SCR)	110	102
Minimum Capital Requirement (MCR)	25	26
Solvency ratio		
Eligible own funds to meet SCR	132 %	168 %
Eligible own funds to meet MCR	356 %	457 %
Tier 1 share of total eligible own funds	62 %	70 %

1.2 Underwriting Performance

The statement of comprehensive income shows a negative total result of USD 22.2 million compared to a positive total result of USD 3.4 million last year for Gard Norway.

Due to the high volatility and uncertainty in the global financial markets as a consequence of the COVID-19 pandemic, the Board of Directors resolved in their meeting in May 2020 to defer the decision regarding the last premium instalment for the 2019 policy year until autumn 2020. Hence no last premium instalment is included in the financial statements. The originally estimated last instalment was 20 per cent of ETC or USD 25.2 million. In the comparative accounts of last year a 10 per cent reduction in agreed ETC, for the 2018 policy year, was included amounting to USD 13.4 million. The originally estimated last instalment was 20 per cent of agreed ETC or USD 26.8 million.

Gross written premium on ETC basis was USD 165.4 million, a decrease of USD 7.6 million (4.4 per cent) from last year. The decrease in premium from last year is a result of a softening market and loss of some clients. After a reduction in the agreed estimated total call, gross written premium was USD

140 million, a decrease of USD 20 million from last year.

Ceded reinsurance premiums on an earned basis were USD 72.0 million, a decrease of USD 3.1 million (4.2 per cent) from last year, due to no last instalment for PY 2019.

Earned premium for own account was USD 67.3 million, a decrease of USD 17.2 million (20.3 per cent) from last year.

Claims incurred for own account was USD 96.0 million, an increase of USD 28.4 million (41.9 per cent) from last year and USD 1.2 million (1.2 per cent) above plan. There were two new own pool claims, two claims above USD 5 million, besides, there has been an increase in the number of claims above USD 1 million and other Clubs' pool claims are above expected.

The negative technical result was USD 37.8 million compared to a positive technical result of USD 8.7 million last year. The CRN is 157 per cent against a CRN of 90 per cent last year.

Gard Norway has only one line of business, P&I.

Underwriting performance by line of business, Gard Norway
After reduction in last instalment

USD million, as of 20.02	2020	2019
	Total P&I	
Technical result		
Gross written premium	140	160
Gross earned premium	139	160
Ceded reinsurance	(72)	(75)
Earned premium for own account	**67**	**84**
Other insurance related income	**0**	**0**
Claims incurred, gross:		
Incurred this year	144	93
Incurred previous years	(12)	(48)
Total claims incurred, gross	132	45
Reinsurers' share of gross incurred claims	(36)	22
Claims incurred for own account	**96**	**68**
Insurance related expenses for own account	7	6
Other insurance related expenses	2	2
Technical result	**(38)**	**9**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in agreed estimated total call in 2018 and 2019.

Premium by geographical area, after reduction in the deferred call, Gard Norway

USD million, as of 20.02	2020	2019
EEA	55	75
Norway	1	1
Other areas	84	84
Total gross written premium	**140**	**160**

1.3 Investment performance

Gard's portfolio is constructed to obtain investment return in a diversified way between different asset classes. The return from the investment portfolio was positive USD 11 million compared to the negative USD 1 million last year.

Gain on equities ends investment funds amounted to USD 3 million this year, up from last year's loss of USD 3 million.

Income generated from equities (dividends) and bonds (interest payments) has remained on the same level in both periods. For investment funds, this is accounted for in the net asset value of the funds and is generally reinvested rather than paid out.

There were no changes to the portfolio's strategic asset allocation between periods.

Gard's investment in securitisation is part of the investment funds and recognised as securitised bonds. The exposure is mainly mortgage loan securities like government mortgages backed securities, commercial mortgage-backed securities and asset-backed securities. In addition, there are some exposure towards collateralised loan obligations, commercial paper and non-governmental collateralised mortgages. As of 20 February 2020, the exposure towards securitised products was USD 24 million.

Investment performance by asset class, Gard Norway

20.02.2020 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	-	-	-	1	1
Expenses	-	-	-	-	-
Realised gain & loss	-	3	-	-	3
Change in unrealised gain & loss	3	4	-	-	7
Total	**3**	**7**	**-**	**1**	**11**

20.02.2019 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	-	-	-	0	0
Expenses	-	-	-	0	0
Realised gain & loss	(0)	(12)	-	(0)	(12)
Change in unrealised gain & loss	(3)	12	1	-	10
Total	**(3)**	**1**	**1**	**0**	**(1)**

1.4 Risk profile

The material risks to Gard Norway and by which the undertaking holds capital can be seen in the tables below.

Insurance risk, Gard Norway

USD million, as of 20.02	**2020**	**2019**
Premium risk	77	78
Reserve risk	67	58
Cat risk	-	-
Lapse risk	1	1
Diversification	(38)	(36)
SCR insurance risk	**107**	**101**

Market risk, Gard Norway

USD million, as of 20.02	2020	2019
Equity risk	10	13
Interest rate risk	-	5
Credit risk	7	11
Currency risk	5	3
Property risk	-	-
Concentration risk		-
Alternatives	-	
Diversification	(6)	(20)
SCR market risk	**16**	**12**

Counterparty default risk, Gard Norway

USD million, as of 20.02	2020	2019
SCR counterparty default risk	16	21

Operational risk, Gard Norway

USD million, as of 20.02	2020	2019
SCR operational risk	9	9

1.5 Valuation for solvency purposes

The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

No changes have been made to the recognition and valuation bases used or to estimations during the reporting period.

Economic balance sheet, Gard Norway

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	0	(0)
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	2	2	-
Government bonds	-	-	-
Collective investments undertakings	199	199	-
Deposits other than cash equivalents	2	2	-
Investments	**201**	**201**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	145	163	(18)
Insurance and intermediaries receivables	9	9	-
Reinsurance receivables	0	0	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	55	55	-
Any other assets, not elsewhere shown	3	3	-
Total assets	**415**	**434**	**(18)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	297	318	(21)
Risk margin	6	-	6
Technical provisions – non-life	**303**	**318**	**(15)**
Pension benefit obligations	2	2	-
Deferred tax liabilities	7	7	-
Insurance & intermediaries payables	8	8	-
Reinsurance payables	2	2	-
Payables (trade, not insurance)	1	1	-
Any other liabilities, not elsewhere shown	3	3	(0)
Total liabilities	**326**	**340**	**(15)**
Excess of assets over liabilities	**90**	**93**	**(4)**

1.6 Deferred acquisition costs

Gard Norway had no deferred acquisition costs as per 20 February 2020.

1.7 Intangible assets

Gard Norway had no intangible assets as per 20 February 2020.

1.8 Deferred taxes

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expenses in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Deferred taxes, Gard Norway

USD million, as of 20.02	2020	2019
Specification of tax effect resulting from temporary differences		
Pension obligations	2	2
Portfolio investments	(13)	(5)
Tax loss carried forward	63	53
Other temporary differences	1	1
Equity	(80)	(97)
Total temporary differences	(27)	(47)
Deferred tax, 25 per cent of total temporary differences	**(7)**	**(12)**
Total deferred tax	(7)	(12)

1.9 Best estimate liabilities

Best estimate liabilities, Gard Norway

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Best estimate technical provisions	297	318
Risk margin	6	-
Technical provisions	**303**	318

1.10 Reinsurance Recoverables

Reinsurance recoverables, Gard Norway

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	163
Best estimate - reinsurance recoverables	145	-
Reinsurance recoverables	**145**	163

1.11 Contingent liabilities

Gard Norway had no contingent liabilities as per 20 February 2020.

1.12 Pension benefit obligations

Gard Norway has defined benefit plans covering two retired employees. This pension scheme covers the required occupational pension in accordance with the Norwegian Pension Act and is accounted for in accordance with IAS 19R. Actuarial calculations are made with regard to pension commitments and funds at year-end and resulting changes in pension obligations are charged to the income statement and other comprehensive income.

1.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 6 thousand covers reinsurance commission provision, which is included (netted) in Reinsurers' share of expected cash flow for unexpired cover for the Solvency II balance sheet.

1.14 Capital management

Assets over liabilities as calculated in the economic balance sheet were USD 90 million. The equity of Gard Norway was USD 93 million.

The table below explains the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 20 February 2020:

Difference between equity and excess of assets over liabilities, Gard Norway

USD million, as of 20.02	2020	2019
Excess of assets over liabilities	90	120
Statutory accounts equity	93	116
Difference between equity and Excess of assets over liabilities	**(4)**	**5**
Specification of difference:		
Net technical provisions	2	11
Risk margin	(6)	(6)
Difference between equity and excess of assets over liabilities	**(4)**	**5**

Total eligible own funds to meet SCR as under Solvency II, Gard Norway

USD million, as of 20.02	2020	2019
Tier 1	90	120
Tier 2	55	51
Tier 3	-	-
Total	**145**	**171**

The change in capital of USD 26 million, from USD 171 million to USD 145 million, can be explained as follows:

Change in tier 1 capital, Gard Norway

USD million	Change from 2019 to 2020	Change from 2018 to 2019
Total comprehensive income for the year	(22)	3
Tax on restatement of contingency reserves to equity		
Other	(4)	7
Total	**(26)**	**10**

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital. The reconciliation reserve for was USD -4 million as per 20 February 2020.

Share premium account includes retained earnings, which is covering accumulated results. The share premium account was USD 93 million as per 20 February 2020. Gard Norway did not have non-available own funds as per 20 February 2020.

1.15 Solvency capital requirement

SCR under the approved partial internal model was USD 110 million as at 20 February 2020. Total eligible own funds to meet the SCR was USD 145 million. The solvency ratio was 132 per cent.

The minimum capital requirement under the Solvency II standard formula was USD 25 million. Eligible own funds to meet MCR was USD 90 million, i.e. a ratio of 356 per cent.

Solvency capital requirement by risk type, Gard Norway

USD million, as of 20.02	2020	2019
Insurance risk	107	101
Market risk	16	12
Counterparty risk	16	21
Diversification	(28)	(31)
Basic Solvency Capital Requirement (BSCR)	111	103
Operational risk	9	9
Loss-absorbing capacity of deferred taxes (LACDT)	(10)	(10)
Solvency Capital Requirement (SCR)	**110**	**102**

The SCR for the Gard Norway is reduced by the amount of USD 10 million, as the loss-absorbing capacity of deferred taxes covering the justifiable amount calculated for the company.

Appendix 2
SFCR information specific to Gard M&E Europe

2.1 Summary

Key figures, Gard M&E Europe

USD million, as of 20.02	2020	2019
Solvency II balance sheet		
Assets	228	211
Technical provisions	148	134
Other liabilities	30	27
Excess of assets over liabilities	50	49
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	48	49
Tier 2 Ancillary own funds	0	0
Tier 3 Other own funds	2	0
Eligible own funds	50	49
Capital Requirement		
Solvency Capital Requirement (SCR)	36	35
Minimum Capital Requirement (MCR)	9	8
Solvency ratio		
Eligible own funds to meet SCR	138 %	139 %
Eligible own funds to meet MCR	516 %	643 %
Tier 1 share of total eligible own funds	96 %	100 %

2.2 Underwriting performance

The financial year ending 20 February 2020 shows a negative net result of USD 8.2 million compared to a negative net result of USD 4.0 million last year.

Gross written premiums were USD 98.1 million, an increase of USD 7.6 million (8.4 per cent) from last year. The increase is due to a hardening hull market and a growth in new business volume.

Earned premium for own account was USD 25.2 million, an increase of USD 4.3 million (20.4 per cent) from last year.

Claims incurred for own account was USD 34.3 million, an increase of USD 12.0 million (53 per cent) from last year. The entity has faced one large claim above USD 5 million in the third quarter and eight claims in the value band from USD 2 - 5 million.

The technical result was a loss of USD 10.4 million compared to a loss of USD 3.1 million last year. The combined ratio net is 142 per cent.

Gard M&E Europe has the benefit of taking part in the Gard group’s external reinsurance programs.

Underwriting performance by line of business, Gard M&E Europe

USD million, as of 20.02	2020	2019
	Total M&E	
Technical result		
Gross written premium	98	91
Gross earned premium	96	86
Ceded reinsurance	(70)	(65)
Earned premium for own account	**25**	**21**
Other insurance related income	**0**	**0**
Claims incurred, gross:		
Incurred this year	95	90
Incurred previous years	5	5
Total claims incurred, gross	100	95
Reinsurers' share of gross incurred claims	(66)	(72)
Claims incurred for own account	**34**	**22**
Insurance related expenses for own account	1	1
Other insurance related expenses	1	1
Technical result	**(10)**	**(3)**

Underwriting performance by geographical area, Gard M&E Europe

USD million, as of 20.02	2020	2019
EEA	85	80
Norway	0	0
Other areas	13	11
Total gross written premium	**98**	**91**

2.3 Investment performance

The portfolio is constructed to obtain investment return in a diversified way between different asset classes. The return from the investment portfolio remained positive USD 1 million, the same as last year.

Income generated from equities (dividends) and bonds (interest payments) has remained on the same level in both periods. For investment funds, this is accounted for in the net asset value of the funds.

There were no changes to the portfolio’s strategic asset allocation between periods.

Gard’s investment in securitisation is part of the investment funds and recognised as securitised bonds. The exposure is limited and is mainly collateralised mortgage obligations and commercial paper issued by corporations. As of 20 February 2020, the exposure towards securitised products was USD 0.2 million.

Investment performance by asset class, Gard M&E Europe

20.02.2020 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	-	-	-	-
Change in unrealised gain & loss	-	1	-	-	1
Total	**-**	**1**	**-**	**-**	**1**

20.02.2019 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	0	0
Expenses	-	-	-	-	-
Realised gain & loss	0	(1)	-	-	(1)
Change in unrealised gain & loss	(0)	2	-	-	1
Total	**(0)**	**0**	**-**	**0**	**1**

2.4 Risk profile

The material risks to Gard M&E Europe and by which the undertaking holds capital can be seen in the tables below:

Insurance risk, Gard M&E Europe

USD million, as of 20.02	2020	2019
Premium risk	23	27
Reserve risk	12	7
Cat risk	-	-
Lapse risk	0	2
Diversification	(9)	(6)
SCR insurance risk	**26**	**30**

Market risk, Gard M&E Europe

USD million, as of 20.02	2020	2019
Equity risk	1	1
Interest rate risk	-	1
Credit risk	1	1
Currency risk	3	2
Property risk	-	-
Concentration risk	-	-
Alternatives	-	-
Diversification	(2)	(4)
SCR market risk	**3**	**1**

Counterparty default risk, Gard M&E Europe

USD million, as of 20.02	2020	2019
SCR counterparty default risk	11	11

Operational risk, Gard M&E Europe

USD million, as of 20.02	2020	2019
SCR operational risk	4	4

2.5 Valuation for solvency purposes

The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

No changes have been made to the recognition and valuation bases used or to estimations during the reporting period.

Economic balance sheet, Gard M&E Europe

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	6	(6)
Intangible assets	-	-	-
Deferred tax assets	2	2	-
Property, plant & equipment held for own use	-	-	-
Government bonds	-	-	-
Collective investments undertakings	47	47	-
Deposits other than cash equivalents	-	-	-
Investments	**47**	**47**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	101	114	(13)
Insurance and intermediaries receivables	59	59	-
Reinsurance receivables	10	10	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	9	9	-
Any other assets, not elsewhere shown	0	0	-
Total assets	**228**	**247**	**(19)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	146	157	(11)
Risk margin	2	-	2
Technical provisions – non-life	**148**	**157**	**(9)**
Pension benefit obligations	-	-	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	3	3	-
Reinsurance payables	26	26	-
Payables (trade, not insurance)	0	0	-
Any other liabilities, not elsewhere shown	0	9	(9)
Total liabilities	**178**	**196**	**(18)**
Excess of assets over liabilities	**50**	**51**	**(1)**

2.6 Deferred acquisition costs

Deferred acquisition costs, Gard M&E Europe

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	6

2.7 Intangible assets

Gard M&E Europe had no intangible assets as at 20 February 2020.

2.8 Deferred taxes

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year.

Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expenses in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Deferred taxes, Gard M&E Europe

USD million, as of 20.02	2020	2019
Specification of tax effect resulting from temporary differences		
Portfolio investments	(1)	(0)
Tax loss carried forward	13	0
Other temporary differences	0	0
Equity	(4)	(4)
Total temporary differences	9	(5)
Deferred tax asset, 25 per cent of total temporary differences	2.0	(1.1)
Net deferred tax asset of total temporary differences	**2.0**	**(1.1)**

2.9 Best estimate liabilities

Best estimate liabilities, Gard M&E Europe

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Best estimate technical provisions	146	157
Risk margin	2	-
Technical provisions	**148**	157

2.10 Reinsurance recoverables

Reinsurance recoverables, Gard M&E Europe

USD million, as of 20.02.2020	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	114
Best estimate - reinsurance recoverables	101	-
Reinsurance recoverables	**101**	114

2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 20 February 2020.

2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 20 February 2020.

2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 9 million is covering reinsurance commission provision, which is included (netted) in Reinsurers' share of expected cash flow for unexpired cover for the Solvency II balance sheet.

2.14 Capital management

The equity of Gard M&E Europe was USD 51 million as of 20 February 2020.

Assets over liabilities as calculated in the economic balance sheet were USD 50 million.

The table below explains the differences between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as per 20 February 2020.

Difference between equity and excess of assets over liabilities, Gard M&E Europe

USD million, as of 20.02	2019	2019
Excess of assets over liabilities	50	49
Statutory accounts equity	51	49
Difference between equity and Excess of assets over liabilities	**(1)**	**(0)**
Specification of difference:		
Net technical provisions	(1)	(1)
Risk margin	(2)	(2)
Other	3	3
Difference between equity and Excess of assets over liabilities	**(1)**	**(0)**

Total eligible own funds to meet SCR as under Solvency II, Gard M&E Europe

USD million, as of 20.02	2020	2019
Tier 1	48	49
Tier 2	-	-
Tier 3	2	-
Total	**50**	**49**

Tier 1 capital is reduced from USD 49 million to USD 48 million during the year.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital.

The reconciliation reserve was USD -3 million as per 20 February 2020.

The share premium account was USD -2 million as per 20 February 2020.

2.15 Solvency capital requirement

Solvency capital requirement under the Solvency II approved partial internal model was USD 36 million. Total eligible own funds to meet the SCR was USD 50 million. The solvency ratio was 138 per cent.

MCR under Solvency II standard formula was USD 9 million. Eligible own funds to meet MCR was USD 48 million, i.e., a ratio of 516 per cent.

Solvency capital requirement by risk type, Gard M&E Europe

	2020	2019
Insurance risk	26	30
Market risk	3	1
Counterparty risk	11	11
Diversification	(8)	(7)
Basic Solvency Capital Requirement (BSCR)	32	35
Operational risk	4	4
Loss-absorbing capacity of deferred taxes (LACDT)	(1)	(4)
Solvency Capital Requirement (SCR)	**36**	**35**

The SCR for Gard M&E Europe is reduced by the amount of USD 1 million, as the loss-absorbing capacity of deferred taxes covering the amount calculated for the company, under the justification that Gard M&E Europe is expecting positive result based on the five-year plan.

Appendix 3
Abbreviations Gard companies

Gard companies
Below are the full names of all Gard companies with the short names in brackets. The short name is being used in the report.

Insurance Companies

- Gard P. & I. (Bermuda) Ltd. ("Gard Bermuda")
- Assuranceforeningen Gard - gjensidig - ("Gard Norway")
- Gard Marine & Energy Limited ("Gard M&E")
- Gard Marine & Energy Insurance (Europe) AS ("Gard M&E Europe")
- Gard Reinsurance Co Ltd ("Gard Re")

Branches to the insurance companies

- Gard P. & I. (Bermuda) Ltd., Norwegian Branch ("Gard Bermuda NUF")
- Gard P. & I. (Bermuda) Ltd., Singapore Branch ("Gard Bermuda Singapore")
- Assuranceforeningen Gard - gjensidig -, Japan Branch ("Gard Norway Japan")
- Assuranceforeningen Gard - gjensidig -, Hong Kong Branch ("Gard Norway Hong Kong")
- Assuranceforeningen Gard - gjensidig -, UK Branch ("Gard Norway UK")
- Gard Marine & Energy Limited, Norwegian Branch ("Gard M&E NUF")
- Gard Marine & Energy Limited, Singapore Branch ("Gard M&E Singapore")
- Gard Marine & Energy Insurance (Europe) AS, UK Branch ("Gard M&E Europe UK")
- Gard Marine & Energy Limited, Hong Kong Branch ("Gard M&E Hong Kong")

Subsidiaries to Gard Marine & Energy Limited

- Gard Marine & Energy Ltd.- Escritório de Representacao no Brasil Ltda.

Management company

- Lingard Limited ("Lingard")

Insurance Intermediary company

- Gard AS ("Gard AS")

Subsidiaries to Gard AS

- Gard (Singapore) Pte. Ltd.
- Gard (Japan) K.K.
- Gard (UK) Limited
- Gard (HK) Limited
- OY Gard (Baltic) Ab
- Gard (North America) Inc.
- Gard (Greece) Ltd.

Property company

- AS Assuransegården ("Assuransegården")

All the above companies and branches

- Jointly referred to as "Gard" or "Group"

Appendix 4 Other abbreviations

ALAE: ALLOCATED LOSS ADJUSTMENT EXPENSES

BBNI: BOUND BUT NOT INCEPTED INCOME

BEL: BEST ESTIMATE LIABILITY

BMA: BERMUDA MONETARY AUTHORITY

BOF: BASIC OWN FUNDS

BSCR: BASIC SOLVENCY CAPITAL REQUIREMENT

CEO: CHIEF EXECUTIVE OFFICER

CFO: CHIEF FINANCIAL OFFICER

CIO: CHIEF INVESTMENT OFFICER

CRO: CHIEF RISK OFFICER

ETC: ESTIMATED TOTAL CALL

EXCOM: EXECUTIVE COMMITTEE

FSA: FINANCIAL SERVICES AUTHORITY

GLT: GROUP LEADERSHIP TEAM

IBNR: INCURRED BUT NOT REPORTED

IFRS: INTERNATIONAL FINANCIAL REPORTING STANDARDS

IG: INTERNATIONAL GROUP

LOD: LOSSES OCCURRING DURING

MCR: MINIMUM CAPITAL REQUIREMENT

ORSA: OWN RISK AND SOLVENCY ASSESSMENT

RM: RISK MANAGEMENT

SAA: STRATEGIC ASSET ALLOCATION

SCR: SOLVENCY CAPITAL REQUIREMENT

SVP: SENIOR VICE PRESIDENT

ULAE: UNALLOCATED LOSS ADJUSTMENT EXPENSES

VP: VICE PRESIDENT

QRT: QUANTITATIVE REPORTING TEMPLATE

Appendix 5 - Quantitative reporting templates

Gard group quantitative reporting templates

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- Premiums, claims and expenses by country (S.05.02.01)
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- Undertakings in the scope of the group (S.32.01.22)

Gard Norway quantitative reporting templates

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- Balance Sheet (S.02.01.02)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Premiums, claims and expenses by country (S.05.02.01)
- Non-life Technical Provisions (S.17.01.02)
- Non-life Insurance Claims Information (S.19.01.21)
- Own funds (S.23.01.01)
- Solvency Capital Requirement — for undertakings using the standard formula and partial internal model (S.25.02.21)
- Minimum Capital Requirement (S.28.01.01)

Annex I
S.02.01.02
Balance sheet

Gard group
Quantitative reporting templates

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	23,751
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	29,118
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,121,186
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	9
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	9
Bonds	**R0130**	58,888
Government Bonds	**R0140**	58,888
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	2,043,416
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	18,872
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	21,797
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	21,797
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	205,582
Non-life and health similar to non-life	**R0280**	205,582
Non-life excluding health	**R0290**	205,582
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	192,440
Reinsurance receivables	**R0370**	8,152
Receivables (trade, not insurance)	**R0380**	1,548
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	184,134
Any other assets, not elsewhere shown	**R0420**	12,635
Total assets	**R0500**	2,800,344

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1,523,285
Technical provisions – non-life (excluding health)	R0520	1,523,285
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	1,467,264
Risk margin	R0550	56,021
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	65
Pension benefit obligations	R0760	34,615
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	26,582
Reinsurance payables	R0830	23,489
Payables (trade, not insurance)	R0840	23,427
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	25,414
Total liabilities	R0900	1,656,878
Excess of assets over liabilities	R1000	1,143,465

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						730,328											730,328
Gross - Proportional reinsurance accepted	**R0120**						69,503											69,503
Gross - Non-proportional reinsurance accepted	**R0130**															-		-
Reinsurers' share	**R0140**						195,847											195,847
Net	**R0200**						603,984									-		603,984
Premiums earned																		
Gross - Direct Business	**R0210**						696,390											696,390
Gross - Proportional reinsurance accepted	**R0220**						58,893											58,893
Gross - Non-proportional reinsurance accepted	**R0230**															-		-
Reinsurers' share	**R0240**						172,668											172,668
Net	**R0300**						582,615									-		582,615
Claims incurred																		
Gross - Direct Business	**R0310**						520,589											520,589
Gross - Proportional reinsurance accepted	**R0320**						14,403											14,403
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						35,883											35,883
Net	**R0400**						499,109									-		499,109
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						165,469									-		165,469
Other expenses	**R1200**																	308
Total expenses	**R1300**																	165,776

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		DK	DE	GR	NO	US	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	6,655	61,361	79,537	103,394	120,378	63,682	435,006
Gross - Proportional reinsurance accepted	R0120	8,829	11,293	312	436	6,819	204	27,893
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	3,251	17,431	20,030	26,043	31,451	16,029	114,236
Net	R0200	12,232	55,223	59,819	77,787	95,746	47,857	348,663
Premiums earned								
Gross - Direct Business	R0210	6,346	58,509	75,841	98,589	114,784	60,723	414,792
Gross - Proportional reinsurance accepted	R0220	7,481	9,569	264	370	5,778	173	23,635
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	2,867	15,368	17,659	22,961	27,729	14,132	100,716
Net	R0300	10,960	52,710	58,446	75,998	92,833	46,764	337,711
Claims incurred								
Gross - Direct Business	R0310	1,856	56,761	87,868	49,280	95,109	21,794	312,669
Gross - Proportional reinsurance accepted	R0320	548	2,523	(7)	25	408	1	3,498
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	(951)	4,373	6,134	(8,785)	16,893	386	18,050
Net	R0400	3,354	54,911	81,727	58,090	78,624	21,410	298,117
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	2,747	14,727	16,923	22,004	26,573	13,543	96,516
Other expenses	R1200							245
Total expenses	R1300							96,761

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		DK	DE	GR	NO	US	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	463	463			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,178,248	1,178,248			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	-58,996	-58,996			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	23,751				23,751
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190	30,885	30,885			
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	30,885	30,885	-	-	-
Total deductions	R0280	30,885	30,885	-	-	-
Total basic own funds after deductions	R0290	1,112,581	1,088,829			23,751
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	628,796			628,796	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390	-				
Total ancillary own funds	R0400	628,796			628,796	-
Own funds of other financial sectors						
Reconciliation reserve	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	1,741,376	1,088,829	-	628,796	23,751
Total available own funds to meet the minimum consolidated group SCR	R0530	1,088,829	1,088,829	-	-	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	1,344,166	1,088,829	-	255,336	-
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	1,088,829	1,088,829	-	-	
Minimum consolidated Group SCR	R0610	251,639				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	433 %				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	1,344,166	1,088,829	-	255,336	
Group SCR	R0680	510,673				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	263 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	1,143,465
Own shares (included as assets on the balance sheet)	R0710	
Forseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	1,202,462
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve before deduction for participations in other financial sector	R0760	-58,996
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	23,156
Total EPIFP	R0790	23,156

Annex I
S.25.02.22
Solvency Capital Requirement - for groups using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0080	C0090
1	Market risk	228,356	228,356		
7	Operational risk	44,018			
9	Loss absorbing capacity of deferred taxes	- 16,040			
2	Counterparty risk	41,893			
5	Non-life underwriting risk	457,830	457,830		

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	756,057
Diversification	R0060	- 245,384
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	510,673
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	510,673
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	- 16,040
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	251,639
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	510,673

Annex I
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
BR	LEI/213800396JKJ1UBIBJ37	1	Gard Marine & Energy Ltd. Escritorio de Representação no Brasil Ltda.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
FI	LEI/2138003GAO7REM2VXG04	1	OY Gard (Baltic) AB	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/21380084U7O1189W1Q41	1	Gard P. & I. (Bermuda) Ltd	2	Gjensidig selskap	1	Bermuda Monetary Authority							1		1
GB	LEI/2138008GLX45R5P25362	1	Gard (UK) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
GR	LEI/213800D8JGJCYQLS8V88	1	Gard (Greece) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
US	LEI/213800FY2T23ST15RW72	1	Gard (North America) Inc.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
JP	LEI/213800M7HGL8VMFH5228	1	Gard (Japan) KK	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
SG	LEI/213800O24Z6CETNDYK67	1	Gard (Singapore) Pte. Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800Q2POZHFSJGV914	1	Lingard Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800T4M3EDB4CNQN80	1	Gard Marine & Energy Limited	2	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
HK	LEI/213800TZYP2QXFEA7U98	1	Gard (HK) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800ZHTIW647JBKL75	1	Safeguard Guarantee Company Ltd	2	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800ZIGLMXFERBEC96	1	Gard Reinsurance Co Ltd.	3	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	LEI/5967007LIEEXZXAU8W91	1	Gard AS	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	LEI/5967007LIEEXZXAWK837	1	AS Assuransegaarden	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	SC/913861825	2	Gard Marine & Energy Insurance (Europe) AS	2	Aksjeselskap	2	Finanstilsynet	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	SC/939717609	2	Assuranceforeningen Gard - gjensidig -	2	Gjensidig selskap	1	Finanstilsynet	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	SC/HYDRA	2	Hydra Insurance Company Ltd Gard Cell	3	Gjensidig selskap	1	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1

Annex I
S.02.01.02
Balance sheet

Gard Norway
Quantitative reporting templates

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
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Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	199,481
Derivatives	R0190	
Deposits other than cash equivalents	R0200	1,895
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	144,532
Non-life and health similar to non-life	R0280	144,532
Non-life excluding health	R0290	144,532
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	8,864
Reinsurance receivables	R0370	58
Receivables (trade, not insurance)	R0380	484
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	54,550
Any other assets, not elsewhere shown	R0420	3,381
Total assets	R0500	415,392

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	303,048
Technical provisions – non-life (excluding health)	R0520	303,048
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	297,011
Risk margin	R0550	6,037
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	1,751
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	6,664
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	8,093
Reinsurance payables	R0830	2,221
Payables (trade, not insurance)	R0840	885
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	2,911
Total liabilities	R0900	325,572
Excess of assets over liabilities	R1000	89,820

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						130,739											130,739
Gross - Proportional reinsurance accepted	**R0120**						9,495											9,495
Gross - Non-proportional reinsurance accepted	**R0130**															-		-
Reinsurers' share	**R0140**						72,260											72,260
Net	**R0200**						67,974									-		67,974
Premiums earned																		
Gross - Direct Business	**R0210**						129,853											129,853
Gross - Proportional reinsurance accepted	**R0220**						9,445											9,445
Gross - Non-proportional reinsurance accepted	**R0230**															-		-
Reinsurers' share	**R0240**						71,989											71,989
Net	**R0300**						67,309									-		67,309
Claims incurred																		
Gross - Direct Business	**R0310**						102,298											102,298
Gross - Proportional reinsurance accepted	**R0320**						5,563											5,563
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						35,542											35,542
Net	**R0400**						72,319									-		72,319
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						32,814									-		32,814
Other expenses	**R1200**																	118
Total expenses	**R1300**																	32,932

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		BE	JP	KR	NL	TW	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	435	8,783	16,371	10,630	13,594	11,776	61,589
Gross - Proportional reinsurance accepted	R0120	284	269	501	325	416	361	2,157
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	363	4,675	8,714	5,658	7,235	6,268	32,912
Net	R0200	356	4,377	8,159	5,298	6,775	5,869	30,834
Premiums earned								
Gross - Direct Business	R0210	432	8,724	16,260	10,558	13,502	11,696	61,172
Gross - Proportional reinsurance accepted	R0220	284	266	495	322	411	356	2,134
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	362	4,657	8,681	5,636	7,208	6,244	32,789
Net	R0300	354	4,332	8,075	5,243	6,705	5,808	30,517
Claims incurred								
Gross - Direct Business	R0310	(460)	3,175	22,104	8,136	61,833	5,791	100,578
Gross - Proportional reinsurance accepted	R0320	(8)	122	850	313	2,378	223	3,877
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	(117)	908	6,320	2,326	35,278	1,657	46,372
Net	R0400	(352)	2,390	16,634	6,122	28,932	4,356	58,083
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	165	2,123	3,957	2,569	3,286	2,846	14,946
Other expenses	R1200							54
Total expenses	R1300							15,000

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		BE	JP	KR	NL	TW	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	**Income protection insurance**	**Workers' compensation insurance**	**Motor vehicle liability insurance**	**Other motor insurance**	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Legal expenses insurance**	**Assistance**	**Miscellaneous financial loss**	**Non-proportional health reinsurance**	**Non-proportional casualty reinsurance**	**Non-proportional marine, aviation and transport reinsurance**	**Non-proportional property reinsurance**	**Total Non-Life obligation**
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0170**	**C0180**
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**						(12,586)											(12,586)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						(14,532)											(14,532)
Net Best Estimate of Premium Provisions	**R0150**						1,946											1,946
Claims provisions																		
Gross	**R0160**						309,597											309,597
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						159,064											159,064
Net Best Estimate of Claims Provisions	**R0250**						150,533											150,533
Total Best estimate - gross	**R0260**						297,011											297,011
Total Best estimate - net	**R0270**						152,479											152,479
Risk margin	**R0280**						6,037											6,037
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**						303,048											303,048
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						144,532											144,532
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**						158,516											158,516

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	1

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											14,739
N-9	**R0160**	7,473	10,981	13,682	4,213	7,932	1,219	1,329	227	340	151	
N-8	**R0170**	12,671	21,547	17,224	6,521	3,140	1,461	766	1,194	85		
N-7	**R0180**	14,913	28,858	17,566	5,544	4,934	2,299	291	915			
N-6	**R0190**	11,463	18,753	8,403	5,374	5,242	1,523	2,812				
N-5	**R0200**	19,455	17,244	7,895	6,841	3,824	(674)					
N-4	**R0210**	66,660	69,575	32,323	18,270	8,541						
N-3	**R0220**	14,844	16,745	10,711	17,770							
N-2	**R0230**	19,571	19,611	16,097								
N-1	**R0240**	12,370	17,019									
N	**R0250**	33,850										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	14,739	14,739
	R0160	151	47,548
	R0170	85	64,608
	R0180	915	75,319
	R0190	2,812	53,571
	R0200	(674)	54,585
	R0210	8,541	195,368
	R0220	17,770	60,070
	R0230	16,097	55,279
	R0240	17,019	29,390
	R0250	33,850	33,850
Total	**R0260**	111,305	684,327

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											26,448
N-9	**R0160**	77,808	54,279	33,767	21,385	5,829	3,596	2,105	1,565	1,670	1,178	
N-8	**R0170**	69,899	43,565	24,579	16,378	8,147	5,302	4,278	3,514	3,534		
N-7	**R0180**	76,543	71,773	47,653	36,648	28,540	23,893	20,927	19,171			
N-6	**R0190**	62,215	25,424	20,963	15,091	8,253	7,951	4,812				
N-5	**R0200**	67,589	33,423	31,296	26,847	21,769	19,541					
N-4	**R0210**	279,064	121,816	70,529	50,893	43,798						
N-3	**R0220**	80,468	43,680	38,507	15,405							
N-2	**R0230**	81,177	38,516	41,943								
N-1	**R0240**	75,034	42,458									
N	**R0250**	98,563										

		Year end (discounted data)
		C0360
	R0100	26,180
	R0160	1,154
	R0170	3,455
	R0180	18,718
	R0190	4,693
	R0200	19,047
	R0210	42,689
	R0220	15,020
	R0230	40,920
	R0240	41,452
	R0250	96,270
Total	**R0260**	309,597

S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**					
Share premium account related to ordinary share capital	**R0030**	93,368	93,368			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	(3,548)	(3,548)			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	89,820	89,820	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	216,137			216,137	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**	-				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	216,137			216,137	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	305,958	89,820	-	216,137	-
Total available own funds to meet the MCR	**R0510**	89,820	89,820	-	-	
Total eligible own funds to meet the SCR	**R0540**	144,609	89,820	-	54,789	-
Total eligible own funds to meet the MCR	**R0550**	89,820	89,820	-	-	
SCR	**R0580**	109,578				
MCR	**R0600**	27,395				
Ratio of Eligible own funds to SCR	**R0620**	132 %				
Ratio of Eligible own funds to MCR	**R0640**	328 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	89,820
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	93,368
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	(3,548)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	778
Total Expected profits included in future premiums (EPIFP)	**R0790**	778

Annex I

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	15,799	15,799		
7	Operational risk	8,910			
9	Loss absorbing capacity of deferred taxes	- 10,386			
2	Counterparty risk	15,872			
5	Non-life underwriting risk	107,154	107,154		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	137,350
Diversification	R0060	- 27,772
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	109,578
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	109,578
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	- 10,386
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	25,222

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	152,479	67,974
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	25,222
SCR	R0310	109,578
MCR cap	R0320	49,310
MCR floor	R0330	27,395
Combined MCR	R0340	27,395
Absolute floor of the MCR	R0350	4,127
		C0070
Minimum Capital Requirement	R0400	27,395

Annex I
S.02.01.02
Balance sheet

Gard M&E Europe
Quantitative reporting templates

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	2,223
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	46,705
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	
Government Bonds	R0140	
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	46,705
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	101,235
Non-life and health similar to non-life	R0280	101,235
Non-life excluding health	R0290	101,235
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	58,968
Reinsurance receivables	R0370	10,068
Receivables (trade, not insurance)	R0380	58
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	8,539
Any other assets, not elsewhere shown	R0420	27
Total assets	R0500	227,822

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	148,099
Technical provisions – non-life (excluding health)	R0520	148,099
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	145,759
Risk margin	R0550	2,340
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	3,480
Reinsurance payables	R0830	25,922
Payables (trade, not insurance)	R0840	307
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	185
Total liabilities	R0900	177,993
Excess of assets over liabilities	R1000	49,829

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional reinsurance**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						92,433											92,433
Gross - Proportional reinsurance accepted	**R0120**						5,702											5,702
Gross - Non-proportional reinsurance accepted	**R0130**															-		-
Reinsurers' share	**R0140**						71,304											71,304
Net	**R0200**						26,831									-		26,831
Premiums earned																		
Gross - Direct Business	**R0210**						90,643											90,643
Gross - Proportional reinsurance accepted	**R0220**						4,882											4,882
Gross - Non-proportional reinsurance accepted	**R0230**															-		-
Reinsurers' share	**R0240**						70,351											70,351
Net	**R0300**						25,173									-		25,173
Claims incurred																		
Gross - Direct Business	**R0310**						94,357											94,357
Gross - Proportional reinsurance accepted	**R0320**						2,550											2,550
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						66,041											66,041
Net	**R0400**						30,865									-		30,865
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						4,745									-		4,745
Other expenses	**R1200**																	3
Total expenses	**R1300**																	4,748

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		FI	DE	GR	IT	NL	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	-	5,107	40,501	8,945	5,934	9,671	70,159
Gross - Proportional reinsurance accepted	R0120	(8)	5	(6)	171	1,760	146	2,068
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	(6)	3,716	29,435	6,625	5,584	7,135	52,490
Net	R0200	(2)	1,396	11,060	2,491	2,110	2,682	19,737
Premiums earned								
Gross - Direct Business	R0210	-	5,008	39,716	8,772	5,820	9,483	68,799
Gross - Proportional reinsurance accepted	R0220	(7)	4	(5)	146	1,507	125	1,770
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	(5)	3,666	29,042	6,537	5,510	7,039	51,788
Net	R0300	(1)	1,346	10,670	2,381	1,817	2,569	18,782
Claims incurred								
Gross - Direct Business	R0310	2	975	49,390	6,741	6,627	15,588	79,323
Gross - Proportional reinsurance accepted	R0320	0	-	(15)	-	589	126	701
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	1	664	33,605	4,588	4,931	10,700	54,489
Net	R0400	1	311	15,770	2,153	2,285	5,015	25,535
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500	-	-	-	-	-	-	-
Expenses incurred	R0550	(0)	247	1,959	441	372	475	3,493
Other expenses	R1200							2
Total expenses	R1300							3,495

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		FI	DE	GR	IT	NL	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**						39,318											39,318
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						23,146											23,146
Net Best Estimate of Premium Provisions	**R0150**						16,171											16,171
Claims provisions																		
Gross	**R0160**						106,441											106,441
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						78,089											78,089
Net Best Estimate of Claims Provisions	**R0250**						28,353											28,353
Total Best estimate - gross	**R0260**						145,759											145,759
Total Best estimate - net	**R0270**						44,524											44,524
Risk margin	**R0280**						2,340											2,340
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**						148,099											148,099
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						101,235											101,235
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**						46,864											46,864

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

Gross Claims Paid (non-cumulative)
(absolute amount)

		Development year										
	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-
N-9	R0160	2,307	5,982	2,561	432	272	161	80	292	51	(150)	
N-8	R0170	3,760	5,238	2,004	817	725	101	317	58	293		
N-7	R0180	3,631	6,345	3,554	770	603	238	288	6			
N-6	R0190	20,106	5,092	2,114	799	654	228	95				
N-5	R0200	9,875	6,650	1,835	1,601	1,097	564					
N-4	R0210	17,074	20,789	8,676	1,356	1,822						
N-3	R0220	25,720	21,416	8,756	2,001							
N-2	R0230	22,410	22,777	6,654								
N-1	R0240	29,066	38,810									
N	R0250	37,435										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	-	-
	R0160	(150)	11,989
	R0170	293	13,312
	R0180	6	15,435
	R0190	95	29,088
	R0200	564	21,623
	R0210	1,822	49,717
	R0220	2,001	57,894
	R0230	6,654	51,840
	R0240	38,810	67,876
	R0250	37,435	37,435
Total	R0260	87,531	356,210

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											-
N-9	R0160	8,594	3,384	1,995	750	385	363	359	128	80	205	
N-8	R0170	8,040	4,953	3,865	1,597	602	450	334	333	63		
N-7	R0180	8,899	6,317	2,794	2,135	1,398	1,281	342	300			
N-6	R0190	7,143	6,122	3,097	1,828	516	(360)	472				
N-5	R0200	12,162	4,961	3,416	8,642	7,229	6,780					
N-4	R0210	38,171	12,062	3,191	1,104	314						
N-3	R0220	37,578	18,423	8,191	4,906							
N-2	R0230	38,860	18,543	9,502								
N-1	R0240	63,351	24,414									
N	R0250	61,234										

		Year end (discounted data)
		C0360
	R0100	-
	R0160	201
	R0170	61
	R0180	295
	R0190	463
	R0200	6,649
	R0210	308
	R0220	4,816
	R0230	9,337
	R0240	24,013
	R0250	60,297
Total	R0260	106,441

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	52,307	52,307			
Share premium account related to ordinary share capital	**R0030**	(1,627)	(1,627)			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	(3,074)	(3,074)			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**	2,223				2,223
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	49,829	47,606	-	-	2,223
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**	-				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**				-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	49,829	47,606	-	-	2,223
Total available own funds to meet the MCR	**R0510**	47,606	47,606	-	-	
Total eligible own funds to meet the SCR	**R0540**	49,829	47,606	-	-	2,223
Total eligible own funds to meet the MCR	**R0550**	47,606	47,606	-	-	
SCR	**R0580**	36,063				
MCR	**R0600**	9,016				
Ratio of Eligible own funds to SCR	**R0620**	138 %				
Ratio of Eligible own funds to MCR	**R0640**	528 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	49,829	
Own shares (held directly and indirectly)	**R0710**	-	
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	52,903	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	(3,074)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	102	
Total Expected profits included in future premiums (EPIFP)	**R0790**	102	

Annex I

S.25.02.21

Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	2,791	2,791		
7	Operational risk	4,373			
9	Loss absorbing capacity of deferred taxes	- 689			
2	Counterparty risk	10,712			
5	Non-life underwriting risk	26,412	26,412		

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	43,598
Diversification	R0060	- 7,535
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	36,063
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	36,063
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	- 689
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	8,342

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	44,524	26,831
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	8,342
SCR	R0310	36,063
MCR cap	R0320	16,229
MCR floor	R0330	9,016
Combined MCR	R0340	9,016
Absolute floor of the MCR	R0350	4,127

		C0070
Minimum Capital Requirement	R0400	9,016