

Assuranceforeningen Gard - gjensidig -

Statement of comprehensive income

	Q2		YTD 20.08	
	Current year 21.05.21 to 20.08.21	Previous year 21.05.20 to 20.08.20	Current year 21.02.21 to 20.08.21	Previous year 21.02.20 to 20.08.20
Amounts in USD 000's				
Technical account				
Gross written premium on ETC basis *	4,703	(2,605)	180,503	160,096
Gross earned premium	45,754	66,730	88,331	128,458
Ceded reinsurance	(21,030)	(19,551)	(40,833)	(39,376)
Earned premium for own account	24,724	47,179	47,497	89,082
Other insurance related income	2	3	2	30
Gross incurred claims	30,071	23,965	80,226	66,076
Reinsurers' share of gross incurred claims	(3,028)	5,653	(25,535)	(3,384)
Claims incurred for own account	27,043	29,617	54,691	62,692
Acquisition costs	1,961	1,270	4,262	2,616
Agents' commission	2,179	8,970	4,283	16,331
Commission received	(2,697)	(2,702)	(5,196)	(5,576)
Insurance related expenses for own account	1,443	7,539	3,349	13,371
Other insurance related expenses	541	496	1,197	1,106
Technical result	(4,300)	9,531	(11,738)	11,943
Non-technical account				
Interest and similar income/(expenses)	644	(187)	367	346
Change in unrealised gain on investments	62	9,355	1,401	3,993
Gain on realisation of investments	86	0	86	556
Other investment expenses	(8)	(8)	(9)	(13)
Non-technical result	784	9,159	1,844	4,882
Profit/(loss) before tax	(3,517)	18,690	(9,893)	16,825
Taxation	34	4,630	152	4,946
Net result	(3,550)	14,060	(10,046)	11,879
* Owners' General Discount included in Gross written premium	84	0	6,239	0

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Balance sheet

Amounts in USD 000's	As at 20.08.21	As at 20.02.21
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	36,223	34,023
Interest-bearing securities and funds	193,824	198,029
Other financial investments	1	1
Total investments	230,049	232,052
Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	41,147	521
Reinsurers' share of gross claims reserve	171,532	165,225
Total reinsurers' share of technical provisions	212,678	165,745
Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	104,900	22,192
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	1,430	2,782
<i>Other receivables</i>		
Other receivables	12	10
Other receivables - group companies	1,504	2,163
Total receivables	107,846	27,148
Other assets		
Equipment	2,150	2,150
Cash and cash equivalents	59,522	54,723
Other financial assets	7,325	7,404
Total other assets	68,996	64,278
Prepayments and accrued income		
Accrued income and other prepayments	4,947	3,877
Total prepayments and accrued income	4,947	3,877
Total assets	624,516	493,101

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Balance sheet

Amounts in USD 000's	As at 20.08.21	As at 20.02.21
Equity and liabilities		
Equity		
Retained earnings		
Guarantee scheme	4	4
Other equity	113,569	123,615
Total equity	113,573	123,619
Technical provisions		
Gross premium reserve	88,044	2,111
Gross claims reserve	355,438	335,239
Total technical provisions	443,481	337,350
Provisions for other liabilities		
Pension obligations	1,695	1,847
Income tax payable	685	693
Deferred tax	12,951	13,874
Total provisions for other liabilities	15,331	16,414
Payables		
Payables arising out of direct insurance operations	9,218	11,709
Payables arising out of reinsurance operations	14,911	1,363
Payables arising out of reinsurance operations - group companies	22,323	1,201
Payables group companies	74	715
Other payables	270	20
Total payables	46,797	15,007
Accruals and deferred income		
Accruals and deferred income	5,334	712
Total accruals and deferred income	5,334	712
Total liabilities	510,943	369,482
Total equity and liabilities	624,516	493,101

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Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.20	4	93,368	93,372
Net result	0	30,366	30,366
Remeasurement due to change in pension assumptions	0	(160)	(160)
Income tax related to change in pension assumptions	0	41	41
Equity as at 20.02.21	4	123,615	123,619
Equity as at 21.02.21	4	123,615	123,619
Net result	0	(10,046)	(10,046)
Equity as at 20.08.21	4	113,569	113,573

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Cash flow analysis

Amounts in USD 000's	21.02.21 to 20.08.21	21.02.20 to 20.08.20
Cash flow from operating activities		
Profit/(loss) before tax	(9,893)	16,825
Tax (paid)/refunded	(152)	(128)
Change in unrealised gain/(loss) on investments	1,401	(3,993)
Change in pension obligations	(152)	(41)
Financial investments	603	(36,670)
Change in valuation due to change in exchange rates	(931)	364
Change in receivables and payables	(48,828)	(29,638)
Change in technical provisions and other accruals	62,751	67,133
Net cash flow from operating activities	4,798	13,852
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Net change in cash and cash equivalents	4,798	13,852
Cash and cash equivalents at beginning of period	54,723	54,549
Cash and cash equivalents at end of period	59,522	68,401

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Notes to the accounts

Note 1 - Accounting Policies

Corporate information

Assuranceforeningen Gard - gjensidig - is a mutual insurance association registered with the Norwegian Companies Register (organisation number 939 717 609). The registered office of the Association is Kittelsbuktveien 31, 4836 Arendal. The Association is licensed by the Norwegian Ministry of Finance to carry out marine liability and legal costs insurances. As a mutual insurance association, the Association is owned by its Members, being the owners and charterers of the ships from time to time insured by the Association for Protection and Indemnity (P&I) risks. There are no external capital owners.

The principal activities of the Association are: to insure its Members for marine P&I risks, including the reinsurance of a proportion of the P&I risk underwritten by Gard P. & I. (Bermuda) Ltd. as a direct insurer; and management of its assets which are used to cover the technical provisions. The Members of the Association are also Members of Gard P. & I. (Bermuda) Ltd. and vice versa.

The Association has established branches in the UK, Hong Kong, Finland and Japan.

Assuranceforeningen Gard - gjensidig - is consolidated into the accounts of Gard P. & I. (Bermuda) Ltd. and the consolidated accounts are available at the office of Gard P. & I. (Bermuda) Ltd's management company Lingard Ltd in Bermuda.

Basis of preparation of the Accounts

The quarterly accounts include the activity from 21 February 2021 to 20 August 2021.

The quarterly accounts have been prepared in accordance with Regulations for annual accounts for general insurance companies approved by the Norwegian Ministry of Finance.

The financial statements of insurance companies with operation in Norway are subject to regulations established by the Norwegian Ministry of Finance. According to a resolution from the Financial Supervisory Authority of Norway (FSA) the Association has been given dispensation to present the financial statements in the English language and in USD currency.

The accounts as at 20 August 2021 have not been audited.

Use of accounting estimates when preparing the accounts

The preparation of the accounts requires management to make estimates and assumptions that affect the valuation of assets, liabilities, revenues, expenses and contingent liabilities. Due to unforeseen circumstances, these estimates may change in the future. Estimates and their assumptions are considered continuously, and accounts adjusted accordingly.

Insurance contract liabilities are the main items in the balance sheet based upon judgments and estimates. Estimates are made both for the expected total cost of claims reported and for the expected total cost of claims incurred but not reported at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims. The actuarial method uses historical data as one of the elements in the model to estimate the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

Note 2 - Related party transactions

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. and the Association have entered into mutual reinsurance agreements. The Association reinsures a proportion amounting to 2 per cent of Gard P. & I. (Bermuda) Ltd. risks that is not reinsured elsewhere. The Association cedes to Gard P. & I. (Bermuda) Ltd. by way of reinsurance 25 per cent of the Association's risks that are not reinsured elsewhere. Premiums are calculated on financial year basis, claims are calculated on a claim year basis.

The Association has entered into a stop loss reinsurance agreement protecting the former against and adverse claims development with Gard Reinsurance Co Ltd (a company owned by Gard P.& I. (Bermuda) Ltd).

The Association and Gard P. & I. (Bermuda) Ltd. have entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Association's segregated account (cell) in Hydra is covering the former companies' liability to a layer of the International Group (IG) Pool and retention in the first market excess layer.

Insurance agency agreements

The Association has entered into an insurance agency agreement with Gard AS, a company owned by Gard P. & I. (Bermuda) Ltd. being the general agent, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the Association. The Association has also entered into agreements with the subsidiaries of Gard AS for services rendered to the Association.

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Notes to the accounts

Note 3 - Capital requirements

Amounts in USD 000's	As at 20.08.21
Own funds	
Share premium account	113,573
Reconciliation reserve	(6,961)
Excess of assets over liabilities	106,612
Tier 1 - Unrestricted	106,612
Total basic own funds / (equal to Excess of assets over liabilities)	106,612
Tier 2 - Supplementary calls	231,193
Total ancillary own funds	231,193
Total available own funds to meet the SCR	337,805
Total available own funds to meet the MCR	106,612
Total eligible own funds to meet the SCR	166,550
Total eligible own funds to meet the MCR	106,612
SCR	119,875
MCR	38,461
Ratio of eligible own funds to SCR	139 %
Ratio of eligible own funds to MCR	277 %
Minimum Capital Requirement (MCR)	
Linear MCR	38,461
SCR	119,875
MCR cap (45% of SCR)	53,944
MCR floor (25% of SCR)	29,969
Combined MCR	38,461
Absolute floor of the MCR	4,328
MCR	38,461
Solvency Capital Requirement (SCR)	
Market risk	24,560
Counterparty default risk	19,547
Non-life underwriting risk	115,778
Diversification	(34,897)
Basic SCR	124,987
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(18,069)
Operational risk	12,957
SCR	119,875

The eligible own funds are calculated based on a partial internal model approved by the Financial Supervisory Authority of Norway (Finanstilsynet).

Board of Directors
Assuranceforeningen Gard - gjensidig -

24 September 2021

Trond Eilertsen
Chairman

Jane Sy
Deputy-chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director