

Assuranceforeningen Gard - gjensidig - Statement of comprehensive income

	Q1		YTD 20.05	
	Current year 21.02.22 to 20.05.22	Previous year 21.02.21 to 20.05.21	Current year 21.02.22 to 20.05.22	Previous year 21.02.21 to 20.05.21
Amounts in USD 000's				
Technical account				
Gross written premium on ETC basis *	207,040	175,799	207,040	175,799
Gross earned premium **	51,489	42,577	51,489	42,577
Ceded reinsurance	(26,046)	(19,803)	(26,046)	(19,803)
Earned premium for own account	25,443	22,773	25,443	22,773
Other insurance related income	13	0	13	0
Gross incurred claims	46,573	50,155	46,573	50,155
Reinsurers' share of gross incurred claims	(15,328)	(22,506)	(15,328)	(22,506)
Claims incurred for own account	31,245	27,648	31,245	27,648
Acquisition costs	2,848	2,301	2,848	2,301
Agents' commission	2,577	2,104	2,577	2,104
Commission received	(2,589)	(2,498)	(2,589)	(2,498)
Insurance related expenses for own account	2,836	1,906	2,836	1,906
Other insurance related expenses	960	656	960	656
Technical result	(9,585)	(7,437)	(9,585)	(7,437)
Non-technical account				
Interest and similar expenses	(142)	(277)	(142)	(277)
Change in unrealised gain/(loss) on investments	(12,618)	1,339	(12,618)	1,339
Other expenses	(174)	(1)	(174)	(1)
Non-technical result	(12,933)	1,061	(12,933)	1,061
Loss before tax	(22,518)	(6,377)	(22,518)	(6,377)
Corporate income tax	39	119	39	119
Net result	(22,557)	(6,496)	(22,557)	(6,496)
* Owners' General Discount not included in Gross written premium	7,259	6,155	7,259	6,155
** Owners' General Discount included in Gross earned premium	1,825	1,495	1,825	1,495

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Balance sheet

Amounts in USD 000's	As at 20.05.22	As at 20.02.22
Assets		
Investments		
<i>Financial investments at fair value through profit or loss</i>		
Equities and investment funds	31,640	35,005
Interest-bearing securities and funds	176,780	188,027
Total investments	208,420	223,032
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Reinsurers' share of technical provisions		
Reinsurers' share of gross premium reserve	78,971	894
Reinsurers' share of gross claims reserve	119,684	115,718
Total reinsurers' share of technical provisions	198,655	116,613
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Receivables		
<i>Receivables from direct insurance operations</i>		
Policyholders	124,070	14,877
<i>Receivables from reinsurance operations</i>		
Receivables from group companies	5,170	2,108
<i>Other receivables</i>		
Other receivables	17	12
Other receivables - group companies	527	187
Total receivables	129,784	17,183
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Other assets		
Equipment	2,150	2,150
Cash and cash equivalents	107,357	69,277
Other financial assets	7,048	7,233
Total other assets	116,555	78,660
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Prepayments and accrued income		
Accrued income and other prepayments	8,705	3,828
Total prepayments and accrued income	8,705	3,828
Total assets	662,119	439,315

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Balance sheet

Amounts in USD 000's	As at 20.05.22	As at 20.02.22
Equity and liabilities		
Equity		
<i>Retained earnings</i>		
Guarantee scheme	4	4
Other equity	85,547	108,104
Total equity	85,551	108,108
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Technical provisions		
Gross premium reserve	151,986	3,694
Gross claims reserve	319,326	299,856
Total technical provisions	471,312	303,550
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Provisions for other liabilities		
Pension obligations	1,561	1,746
Income tax payable	1,166	1,279
Deferred tax	9,608	10,425
Total provisions for other liabilities	12,335	13,450
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Payables		
Payables arising out of direct insurance operations	17,421	10,628
Payables arising out of reinsurance operations	25,374	658
Payables arising out of reinsurance operations - group companies	41,596	1,093
Payables group companies	629	173
Other payables	311	111
Total payables	85,331	12,664
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Accruals and deferred income		
Accruals and deferred income	7,590	1,544
Total accruals and deferred income	7,590	1,544
Total liabilities	576,568	331,208
Total equity and liabilities	662,119	439,315

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Statement of changes in equity

Amounts in USD 000's	Guarantee Scheme	Other equity	Total equity
Equity as at 21.02.21	4	123,615	123,619
Net result	0	(15,371)	(15,371)
Remeasurement due to change in pension assumptions	0	(186)	(186)
Income tax related to change in pension assumptions	0	47	47
Equity as at 20.02.22	4	108,104	108,108
Equity as at 21.02.22	4	108,104	108,108
Net result	0	(22,557)	(22,557)
Equity as at 20.05.22	4	85,547	85,551

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Cash flow analysis

Amounts in USD 000's	21.02.22 to 20.05.22	21.02.21 to 20.05.21
Cash flow from operating activities		
Profit/(loss) before tax	(22,518)	(6,377)
Tax (paid)/refunded	(1)	(14)
Change in unrealised (gain)/loss on investments	12,618	(1,339)
Change in pension obligations	(184)	(28)
Financial investments	1,994	7,492
Change in valuation due to change in exchange rates	354	117
Change in receivables and payables	(39,750)	(55,394)
Change in technical provisions and other accruals	85,568	78,405
Net cash flow from operating activities	38,080	22,863
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Net change in cash and cash equivalents	38,080	22,863
Cash and cash equivalents at beginning of period	69,277	54,723
Cash and cash equivalents at end of period	107,357	77,586

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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 2022 to 20 May 2022.

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

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

The accounts as at 20 May 2022 have not been audited.

Use of accounting estimates when preparing the accounts

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

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

Note 2 - Related party transactions

Reinsurance agreements

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

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

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

Insurance agency agreements

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

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Notes to the accounts

Note 3 - Capital requirements

Amounts in USD 000's	As at 20.05.22
Own funds	
Share premium account	85,551
Reconciliation reserve	(1,661)
Excess of assets over liabilities	83,890
Tier 1 - Unrestricted	83,890
Total basic own funds / (equal to Excess of assets over liabilities)	83,890
Tier 2 - Supplementary calls - Available	220,542
Tier 2 - Supplementary calls - Eligible	58,630
Total ancillary own funds	58,630
Total available own funds to meet the SCR	304,432
Total available own funds to meet the MCR	83,890
Total eligible own funds to meet the SCR	142,520
Total eligible own funds to meet the MCR	83,890
SCR	117,260
MCR	42,309
Ratio of eligible own funds to SCR	122 %
Ratio of eligible own funds to MCR	198 %
Minimum Capital Requirement (MCR)	
Linear MCR	42,309
SCR	117,260
MCR cap (45% of SCR)	52,767
MCR floor (25% of SCR)	29,315
Combined MCR	42,309
Absolute floor of the MCR	4,309
MCR	42,309
Solvency Capital Requirement (SCR)	
Market risk	14,032
Counterparty default risk	16,517
Non-life underwriting risk	121,741
Diversification	(32,647)
Basic SCR	119,643
Calculation of SCR	
Adj - Loss Absorbing Capacity of Deferred Tax	(15,249)
Operational risk	12,866
SCR	117,260

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 -

13 June 2022

Trond Eilertsen
Chairman

Jane Sy
Deputy Chairman

Yngvil Åsheim

Nils Aden

Ian Beveridge

Rolf-Thore Roppestad
Managing Director