

# Solvency and Financial Condition Report

## Gard group

31 December

# 2023

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# 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 responsible 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 (Europe) AS (Gard M&E Europe)<sup>1</sup>. Information specific to the legal entities is elaborated in Appendices 1 and 2.

Gard has been granted approval by the Norwegian Financial Supervisory Authority ('Finanstilsynet') to use its internal model to calculate insurance and market risk for regulatory purposes for the Gard group, Gard Norway and Gard M&E Europe. All figures displayed in relevant solvency tables are based on a partial internal model.

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 31 December 2023 supervisory authority as of the reporting date.

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 describes the principles used to determine the Solvency Capital Requirements (SCR).

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<sup>1</sup> 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

## A. Business and performance

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

The financial statements for the year ending 31 December 2023 cover the activity for the period from 1 January 2023 to 31 December 2023 – a period of 365 days. However, the accounts for the previous year used as a comparison cover the period from 21 February 2022 to 31 December 2022, i.e. 314 days. Due to the different number of days in these two periods, the numbers for this year and the previous year will not be fully comparable.

The year ending 31 December 2023 produced a total comprehensive profit on an estimated total call (ETC) basis of USD 236 million. This is a very good result with a strong contribution from the technical result of USD 67 million and a very acceptable non-technical result of USD 161 million.

Gard has given a five per cent Owners' General Discount (OGD) to mutual entries renewed with Gard for the 2023 policy year amounting to USD 25 million, and ten per cent for those renewing for the 2024 policy year. The total comprehensive profit including OGD was USD 211 million for FY 2023.

Gross written premium on an ETC basis was USD 1,183 million and somewhat below Gard's expectations and targets. Still, we have seen a premium growth compared to the annualized figures of last year driven by an increase in business volume. The Marine area is down in premium due to value changes and a softer market.

Claims incurred for own account totalled USD 737.5 million. The claims development was better than the plan for P&I and below the plan for M&E. There have been nine claims above USD 5 million, within own retention, during the period. Pool claims from the Group of P&I Clubs have been better than expected. This is a satisfactory level considering the growth in business volume from last year.

solvency and financial condition report comprising of the information at the level of the group and the relevant subsidiaries within the group.



Operating costs were as expected, and the activity level is back to normal after reduced activity in the period with COVID-19.

The technical result was a strong profit of USD 67 million and a combined ratio net on an ETC basis of 93 per cent.

Gard's investment portfolio delivered a net return of USD 155 million (6.5 per cent), for the financial year, compared with USD -142 million (-6.3 per cent) in 2022.

Gains came from most asset classes in the portfolio, with the largest contribution from investments in corporate bonds and equities.

Risk in the portfolio has increased somewhat compared with 2022, but there have been no major changes to the overall strategic asset allocation.

Tax is an income of USD 11 million. The Bermudian Government has recognized that there is an option for a transition adjustment for entities in the scope of the Bermuda Company Insurance Tax (CIT), to ensure a fair and equitable transition into the new tax regime. The Economic Transition Adjustment (ETA) is an elective opening adjustment which Gard has implemented. The ETA's for Gard are the deferred tax assets linked to the fair value adjustment of assets and liabilities (technical provisions) and valuation of identifiable intangible assets (Customer relationships, brand name etc.) A deferred tax asset of USD 62 million, related to the ETA, has been implemented in the Bermuda accounts. This has been set off by an impairment of a deferred tax asset in the Gard P. & I (Bermuda) Ltd. NUF accounts amounting to USD 35 million, giving a positive net tax effect of USD 27 million.

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. These risks are illustrated in the risk landscape overview.

SCR for insurance risk increased by USD 31 million during the year to 31 December 2023. The change was mainly because of an increase in exposure for both premium risk and reserve risk.

The total SCR for market risk increased by USD 32 million over the period, primarily due to increased risk exposure caused by gains from equity and corporate credit holdings.

SCR counterparty default risk showed only a minor change from last year. SCR operational risk increased by USD 4 million, caused by higher gross technical provisions, where gross claims provisions are the main contributors to the increase.

Individual risk elements are described in section C.

## 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 on in Section D

## E. Capital management

Gard aims to hold sufficient capital and liquidity and 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 31 December 2023.

Gard has a 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 and Tier 3 capital as deferred tax assets.

The total SCR under the Solvency II approved partial internal model was USD 447 million as of 31 December 2023. The total eligible own funds to meet the SCR was USD 1,514 million, hence the solvency ratio was 338 per cent.

A share of 85 per cent of all available capital is assigned to the highest quality level (Tier 1). Capital management is described in section E.

<b>Gard Group, key figures</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Solvency II balance sheet</b>		
Assets	3,345	3,048
Technical provisions	1,708	1,578
Other liabilities	237	181
Excess of assets over liabilities	1,400	1,290
<b>Eligible own funds</b>		
Tier 1 Basic own funds (unrestricted)	1,290	1,160
Tier 2 Ancillary own funds	224	206
Tier 3 Other own funds	0	0
Eligible own funds	1,514	1,366
<b>Capital Requirement</b>		
Solvency Capital Requirement (SCR)	447	413
Minimum Capital Requirement (MCR)	284	299
<b>Solvency ratio</b>		
Eligible own funds to meet SCR	338%	331%
Eligible own funds to meet MCR	454%	388%
Tier 1 share of total eligible own funds	85%	85%

# A Business and performance

## A1 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.

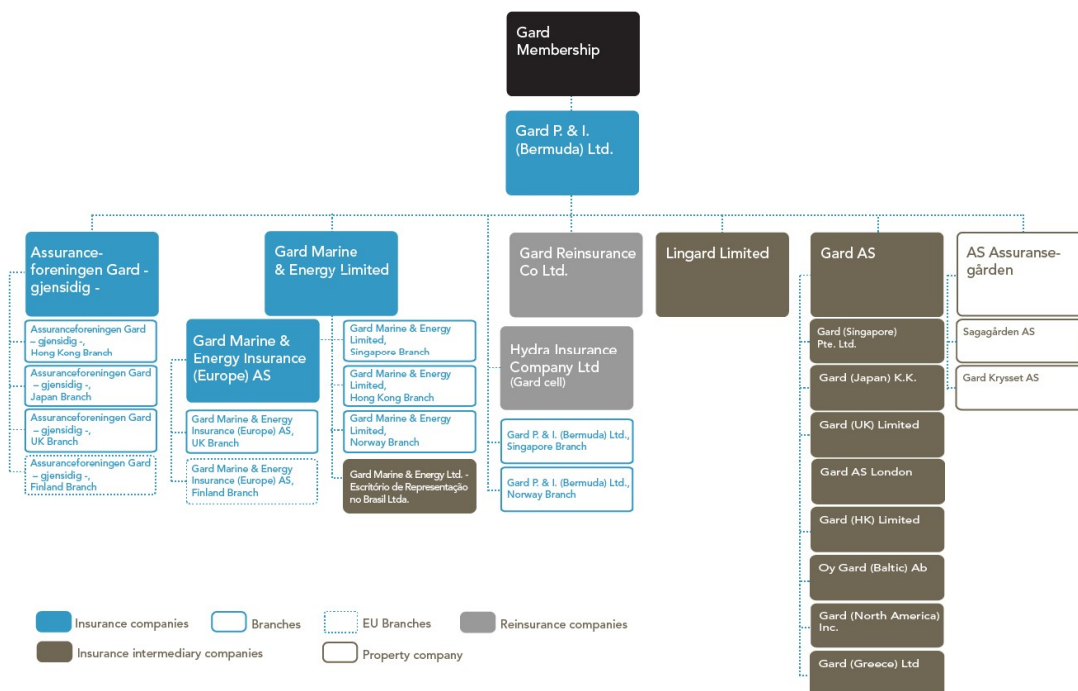
The mutual Members of Gard Bermuda obtain the benefit of the value creation generated by the group's business through reduced mutual premiums. Correspondingly, the right and ability to levy unbudgeted supplementary calls to recapitalize the group is a fundamental element of the Members' mutual risk-sharing.

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.

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 that 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.

### Group structure





## A 1.2 Legal entities

### Gard group

'Gard group' is the totality of legal entities ultimately controlled by Gard P. & I. (Bermuda) Ltd. The Gard group is under group supervision by the Norwegian Financial Supervisory Authority (FSA) (Finanstilsynet), based on an agreement between the FSA and the Bermuda Monetary Authority (BMA).

### Gard Bermuda

Gard P. & I. (Bermuda) Ltd. ('Gard Bermuda') is the parent company of 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 into 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*.<sup>2</sup> 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.

### Gard Norway

Assuranceforeningen Gard - gjensidig - ('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 into 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 the consolidation of the two companies' accounts.<sup>3</sup>

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.

Gard Norway is regulated by the Norwegian FSA.

### Gard M&E

Gard Marine & Energy Limited ('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,

<sup>2</sup> 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.

<sup>3</sup> Reference is made to the International Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27).

Hong Kong and Singapore. The general agents of the branches are Gard AS in Norway, Gard (HK) Ltd. in Hong Kong and Gard (Singapore) Pte. Ltd. in Singapore.

Gard Marine & Energy Limited – Escritório de Representação no Brasil Ltda. (Gard Brazil) is a wholly subsidiary of Gard M&E and is registered and domiciled in Brazil. Gard Brazil is a user to allow the Company to be registered as an Admitted Reinsurer in Brazil. The status as Admitted Reinsurer is required for the Company to get access to the Brazilian marine and energy market. Gard Brazil is the local representative of the Admitted Reinsurer.

#### Gard M&E Europe

Gard Marine & Energy Insurance (Europe) AS ('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.<sup>4</sup>

Gard M&E Europe is primarily used as a vehicle for writing M&E 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.

#### 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.

#### Hydra Insurance Company Ltd

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 Insurance Company is regulated by the BMA.

#### Lingard Limited

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 and Gard Re 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 an insurance intermediary.

Lingard is regulated by the BMA.

#### 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 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 coverage.

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<sup>4</sup> Classes 6, 8, 9, 12 and 13 in the Norwegian regulations of 18 September 1995 on insurance classes.

Gard AS has also established a service network of wholly-owned subsidiaries (random order);

- 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  
List of regulators and auditors

intermediary services in their respective local markets on behalf of Gard AS' principals.

In addition to these subsidiaries, Gard AS has established a branch in the UK, Gard AS London. The reason for this is due to the UK leaving the EU. For the underwriters situated in Norway to operate within UK borders, Gard AS has to have a license under the supervision of FCA in the UK.

Gard AS is regulated by the Norwegian FSA.

Name	Function	Entity
Norwegian Financial Supervisory Authority (Finanstilsynet) Revierstredet 3 0151 Oslo Norway  Phone: +47 22 93 98 00 Main contact: Linn Therese Jørgensen	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 Lingard
KPMG AS Kystveien 14 4841 Arendal Norway  Phone: +47 45 40 40 63	External auditor	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
KPMG Bermuda 4 Par-La-Ville RD Hamilton Bermuda  Phone: +441 295 5063	External auditor	Gard group 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) is liability insurance for owners, charterers and operators of ships and mobile offshore units.
- Marine and Energy (M&E) which includes Marine products such as Hull & Machinery and Loss of

Hire insurance for shipowners, as well as Builder's Risk insurance for 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. Energy also includes insurance for offshore wind farms.

Gard's mission 'Together, we enable sustainable maritime development' - means the Association helps Members and clients, people and society make

the most of opportunities 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 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 mainly corporate customers, often through insurance brokers. Most markets where Gard operates are highly competitive. The main competitors besides the other P&I clubs are the London insurance market, large global insurance and reinsurance companies, and national and local insurance companies.

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 12 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 20 per cent of the tonnage and represents about 15 per cent of the total premium written by the IG club. Gard is one of the world's leading Marine insurers with a market share of 8 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

There are no significant events in the reporting period to be disclosed.

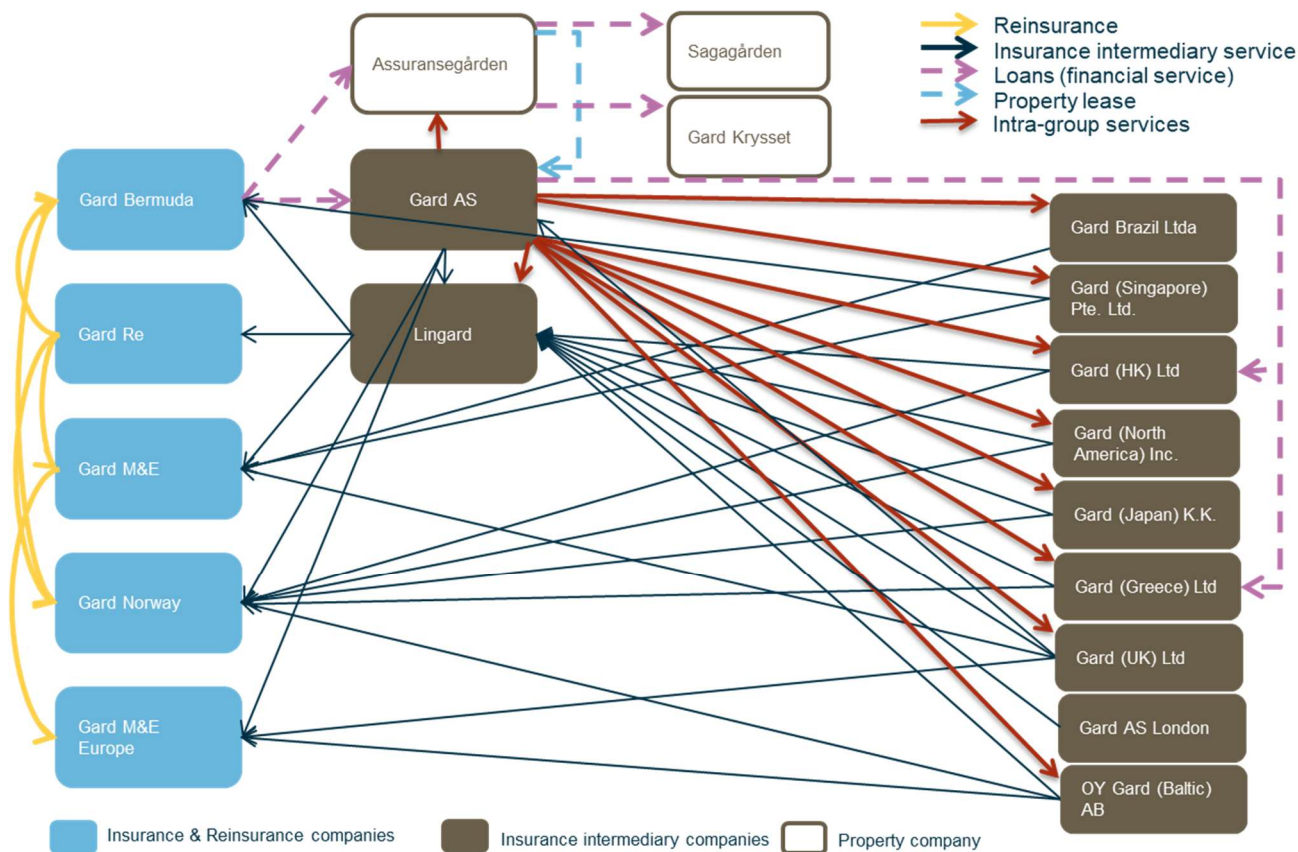
## A 1.5 Operations and transactions within the group

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.

### A 1.7 Consolidation of group data

The consolidated financial statements comprise Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. 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.



## A2 Underwriting performance

Gross written premium on an ETC basis was USD 1,182.6 million and is slightly below Gard's expectations and targets. The premium growth compared to annualized figures of last year was driven by volume increase for P&I. The Marine area has faced softer rates due to a reduction in object value both compared to last year and to Gard's expectations for 2023.

Claims incurred for own account totalled USD 737.5 million. There have been nine large claims above USD 5 million, within own retention, during the period. This was better than expected for P&I and worse for M&E. Pool claims from the IG Clubs have been better than expected. Last year the claims development was far better than expected.

Operating costs were close to plan and the activity after COVID-19 has normalised.

Gard's consolidated technical result, on an ETC basis, for the year to 31 December 2023 was a strong USD 67.0 million. This is equivalent to a Combined Ratio Net (CRN) of 92.8 per cent.

The panel of reinsurers on the Gard group reinsurance programs remains stable. There was an upward market pressure on the cost of reinsurance, but the impact on Gard has been acceptable due to strong, long-term relationships with reinsurers, satisfactory claims records relative to the overall market and changes to our risk profile.

Gard Group, technical result, ETC basis USD million	31.12.2023		
	P&I	M&E	Total
Gross written premium	675	508	1,183
Gross earned premium	668	497	1,165
Ceded reinsurance	(133)	(111)	(244)
<b>Earned premium for own account</b>	<b>534</b>	<b>387</b>	<b>921</b>
<b>Other insurance related income</b>	<b>5</b>	<b>1</b>	<b>7</b>
Claims incurred, gross:			
Incurred this year	426	355	781
Incurred previous years	25	(0)	25
<b>Total claims incurred, gross</b>	<b>452</b>	<b>354</b>	<b>806</b>
Reinsurers' share of gross incurred claims	(25)	(43)	(68)
<b>Claims incurred for own account</b>	<b>426</b>	<b>311</b>	<b>737</b>
Insurance related expenses for own account	79	30	108
Other insurance related expenses	11	3	14
<b>Technical result</b>	<b>23</b>	<b>44</b>	<b>67</b>

Gard Group, technical result, ETC basis USD million, as of 31.12	31.12.2022		
	P&I	M&E	Total
<b>Technical result</b>			
Gross written premium	612	383	995
Gross earned premium	532	469	1,001
Ceded reinsurance	(105)	(125)	(230)
<b>Earned premium for own account</b>	<b>427</b>	<b>344</b>	<b>771</b>
<b>Other insurance related income</b>	<b>2</b>	<b>0</b>	<b>2</b>
Claims incurred, gross:			
Incurred this year	351	215	566
Incurred previous years	(11)	(15)	(26)
Total claims incurred, gross	340	200	540
Reinsurers' share of gross incurred claims	8	(21)	(13)
<b>Claims incurred for own account</b>	<b>347</b>	<b>180</b>	<b>527</b>
Insurance related expenses for own account	39	46	85
Other insurance related expenses	9	2	11
<b>Technical result</b>	<b>33</b>	<b>117</b>	<b>150</b>

Gard Group, premium by geographical area, ETC USD million	31.12.2023	31.12.2022
	EEA	574
Norway	131	126
Other areas	478	417
<b>Total gross written premium</b>	<b>1183</b>	<b>995</b>

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.

## A3 Investment performance

Gard's investment portfolio delivered a return of USD 153 million for the financial year, or 6.5 per cent, for the financial year up to 31 December 2023. The result for the financial year 2022 was USD -142 million (-6.3 per cent). Gains were recorded across most asset classes in the portfolio, with the largest contributors being holdings in credit (corporate bonds), equities and fixed income (government bonds). The only segments of the portfolio that delivered negative returns were small losses in real estate and alternatives.

Much of the gains from equities and fixed income came in the last quarter of the year, as US inflation continued to fall faster than expected, causing the markets to price in an end to rising interest rates. As the US Federal Reserve started mentioning potential rate cuts in 2024, financial markets responded heartily, with US interest rates falling sharply, reversing all increases over the year, and global

equity markets rising sharply. The credit portfolio delivered strong returns over the year, as higher interest rates led to higher running yields whilst a benign credit risk environment held credit spreads at close to historical lows for most of the year.

Overall, it was a strong performance from the investment portfolio, which remained somewhat defensively positioned and diversified throughout the year. Whilst risk has increased over the year as opportunities have presented themselves, overall, there have only been limited changes to the strategic asset allocation, outside changes caused by portfolio movements. However, we remain vigilant to the risks in the portfolio and the wider economy. As markets deal with long-term structural changes to the global economic and political situation, we expect volatility across currencies, interest rates, inflation and commodities to remain higher than what investors are used to over the last 20 years (pre-pandemic).

More than ever, a more volatile and uncertain world increases the importance of ensuring the portfolio is well diversified and that risks are understood and managed.

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 changes in unrealised gains and losses. Expenses outside investment funds are mainly related to interest payments on swap contracts. Total expenses linked to investment activities are in line with expectations.

#### Gard Group, investment income and expenses by asset class

31.12.2023	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Amounts in USD million					
Income	5	6	-	2	13
Expenses	-	-	-	-	-
Realised gain & loss	3	(2)	-	-	1
Change in unrealised gain & loss	134	5	-	-	139
<b>Total</b>	<b>141</b>	<b>10</b>	<b>-</b>	<b>2</b>	<b>153</b>

#### Gard Group, investment income and expenses by asset class

31.12.2022	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Amounts in USD million					
Income	2	7	-	-	9
Expenses	-	-	-	-	-
Realised gain & loss	4	-	-	-	4
Change in unrealised gain & loss	(45)	(110)	-	-	(155)
<b>Total</b>	<b>(39)</b>	<b>(103)</b>	<b>-</b>	<b>-</b>	<b>(142)</b>

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.

## A4 Performance of other activities

### A 4.1 Other material income and expenses

Other comprehensive income/loss consists of exchange differences for subsidiaries when converting from reporting currency to USD in the consolidation process and changes in pension commitment valuation. On a consolidated basis, other comprehensive income/(loss) amounted to a loss of USD 4.0 million this year and an income of USD 0.6 million last year.

Gard Norway and Gard M&E Europe did not have any other material comprehensive income/loss.

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

### A 4.2 Any other material information regarding business and performance

There is no other material information to be disclosed.

# B System of governance

## B1 General information on the system of governance

### B 1.1 Governance structure

#### Governance Principles

Gard Bermuda is the parent company of 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 (ExCom). 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 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 zone. 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 statements and as regards financial reporting, monitoring compliance with legal and regulatory requirements, monitoring the appropriateness of the internal controls, and monitoring the qualifications, independence and performance of the external auditor. Reports from the Compliance and Internal Audit function shall be addressed to the Audit Committee, if relevant in relation to the assessment of the integrity of the financial statements

The Risk Committee shall have oversight of the group's risks with a particular focus on reviewing the group's risk strategy, risk appetite, risk tolerance, and risk profile and assess Risk in the portfolio has increased somewhat compared with 2022, but there have been no major changes to the overall strategic asset allocation.

ing 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 ensuring 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.

The Board's ability to delegate its powers regarding the day-to-day management of the company is limited as stated in the By-Laws of Gard Bermuda. BoD of Gard Bermuda has 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 (SVPs) 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

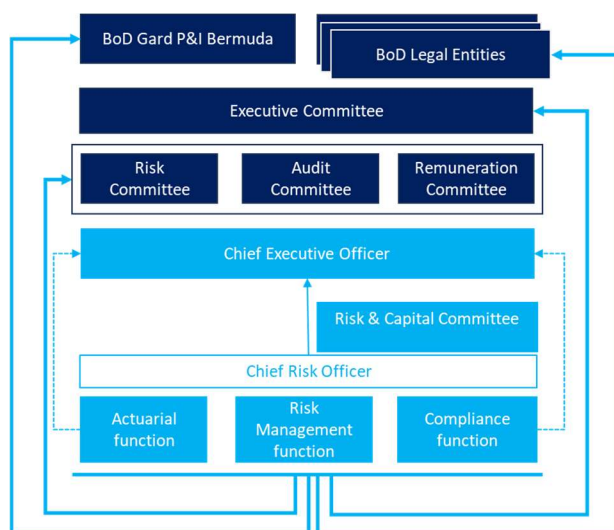
## B 1.2 Remuneration policy

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 risks exceeding the risk appetite as defined in the Group Risk Policy approved by the BoD of Gard Bermuda.

management. It comprises the CEO, Chief Risk Officer, Chief Financial Officer, Chief Investment Officer, Chief Legal Counsel, Group Chief Underwriting Officer, Head of Accounting and Head of Business Control. 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.



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 is commensurate 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 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 are 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 100 per cent of the bonus payable to employees in general, but a proportion of the bonus triggered by the collective scheme shall be deferred for a period of 36 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. Certain Key Employees are not participating in the collective bonus scheme due to the Solvency II requirement of independence between the control functions and the results achieved in the operating units.

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 is commensurate 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 the 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.

## B2 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.

## B3 Risk management system including ORSA

### 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 constrain 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 with 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 so that Gard can meet its liabilities, protect the capital base, and minimise long-term premium costs 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 that 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 2<sup>nd</sup> 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 the regulatory capital of the Gard group, Gard Norway and Gard M&E Europe. For more information see B 3.5 Determination of Gard's own solvency needs, B 3.6 Risk management system for internal model, and E 2.1 Calculation of group solvency requirements.

#### 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<sup>st</sup> line), risk oversight is primarily carried out by the Risk management, Compliance and Actuarial functions (2<sup>nd</sup> line), and independent assurance is provided by Internal Audit (3<sup>rd</sup> line). External audit conducts an independent and objective assessment of the financial statements and financial reporting.

1<sup>st</sup> 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

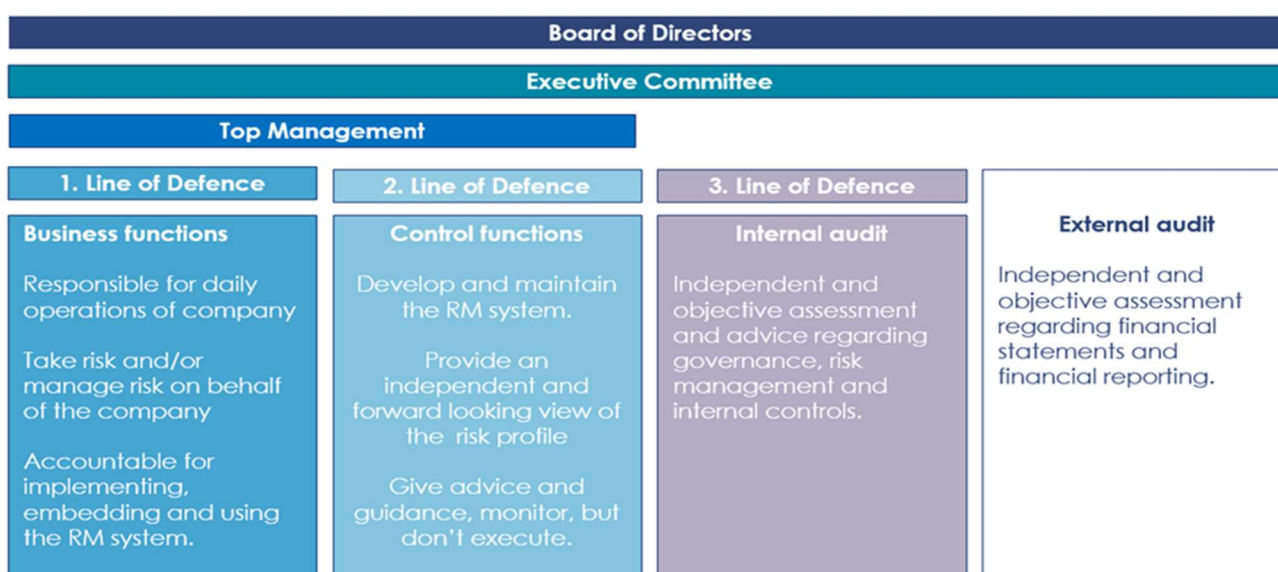
2<sup>nd</sup> line of defence functions: The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1<sup>st</sup> line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the BoD and the Executive Committee, hereunder:

- Support the 1<sup>st</sup> line of defence in assessing material risks
- Provide value-adding challenges 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<sup>st</sup> line
- Make remedial recommendations in respect of limit breaches and improvements to the Risk Management System

The 2<sup>nd</sup> line of defence functions shall operate efficiently and effectively and be independent of the 1<sup>st</sup> line of defence. The 2<sup>nd</sup> line of defence functions are responsible for their respective tasks across the group, including all subsidiaries and associated companies.

3<sup>rd</sup> 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.



### 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 determine 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 the Gard group. The risk profile, capital and solvency situation and outlook over the planning period are reviewed throughout the year for each legal entity by key executive members.

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 are used in the financial planning process and any decisions on group contributions, and capital contributions within the group and owners' general discount.

The ORSA report is approved by the Executive Committee<sup>5</sup> 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 the best estimate of risk and ensures a consistent understanding of the 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, the 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

#### 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 four times a year.

The Risk and Capital Committee reviews 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 that testing and validation of the model takes place, analyses the performance of the internal model, reports to the various committees and communicates

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<sup>5</sup> The Board of Directors in Gard Bermuda has delegated the authority to approve the ORSA report to the Executive Committee.



model results of major weaknesses and limitations in the internal model.

#### 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 A1.2:Lingard and A1.2: Gard AS for management and agency agreements within the Gard group.

## B4 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 2<sup>nd</sup> line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3<sup>rd</sup> 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 that 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 designs and implements internal controls, the following key principles apply:

- Internal controls shall be embedded in the business to continually improve the quality and security 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 and Regional Compliance Officers (RCO). The RCOs are appointed in all Gard offices outside of Norway but are supported by the Group Compliance function in identifying, assessing, monitoring and reporting risks. The Group Compliance Officer (GCO) 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 CGO is fully independent and has no operational responsibilities within the 1st line of defence.

The GCO is responsible for ensuring that Gard operates within a clearly defined compliance framework.

The regional compliance function shall provide advice to and challenge the local business functions and contribute to adequate management of compliance risk. The RCOs ensure that the entities

registered in the specific jurisdiction remain compliant with governing laws, regulations and administrative provisions. They are also the local point of contact with local FSAs. The RCO's report to the GCO on compliance matters. The segregation of duty between the Managing Director and the Regional Compliance Officer roles was completed in 2022 when a new Regional Compliance Officer was appointed in Gard Japan.

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.

## B5 Implementation of the internal audit function

The internal audit function forms part of the 3<sup>rd</sup> 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 in identifying and mitigating 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 in meeting 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

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 Audit Committee. 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 Audit Committee.

The principal point of contact and administrative reporting line is the CGO 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 their 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

## B6 Implementation of the actuarial function

The actuarial function is organised within 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 of the actuary in the Actuarial Reserving team.

## B7 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. Gard assesses service providers thoroughly, ensuring that Gard only enters contractual relationships with providers that support our values and ethical standards. Gard takes a long-term perspective when entering into agreements with external service providers.

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.

Outsourcing contracts must comply with all the relevant regulatory requirements. To ensure this, Gard's legal department shall be consulted in all cases, with additional external legal advice sought where appropriate.

Intra-Group outsourcing

During 2023 Group Risk together with Group Legal reviewed the Group's progress with regards to the implementation of the identified recommended actions vis-à-vis the 2022 report.

The assessment did not identify any material risks regarding the managerial bodies being able to meet their regulatory obligations.

The 2023 assessment identified no material changes to the risk types, except for operational risk, where the implementation of recommended actions from 2022 has reduced the risk. No new recommended actions have been identified in the 2023 assessment.

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.

Gard's outsourcing policy was reviewed in 2023 as per updated Norwegian regulations. The risk assessment process pertaining to entering outsourcing contracts is now an integral part of the Outsourcing Policy. The responsibility for the risk assessment process is now placed under the Chief Risk Officer

#### 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.

Based on the findings from the internal audit pertaining to third-party risk management from primo 2023, the monitoring guidelines pertaining to third-party risk – including outsourcing contracts – have been reviewed.

The monitoring of significant outsourcing contracts should take place as part of the annual legal entity review.

Monitoring should cover the following risk components of services provided by external parties:

- Business Continuity risk: to which extent will a failure in the provisioning of the service impact Gard's ability to continue to provide its services to its members and clients;

- Internal Control risk: the risk that contracted service cannot be delivered consistently at agreed quality levels due to inadequate control systems in place;

- Concentration risk: to which extent the sum of all contracted services to a single provider creates too great a dependency on this provider for the Group;

- Financial risk: to which extent does the provider's solvency or liquidity pose a risk to providing the necessary services to the Group;

- Compliance risk: to which extent does the service provider comply with the regulatory requirements that Gard is subject to pertaining to anti-money laundering, sanctions, data privacy, information security, business continuity and wider Environmental, Social and Governance (ESG) requirements.

#### Reporting

Gard shall notify the relevant supervisory authorities before the outsourcing of critical and 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 entering 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 areas 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.

Group Risk is responsible for ensuring that the necessary risk assessments are executed before entering relevant contracts. Group Risk shall also keep a record of all executed risk assessments and that identified, required mitigating actions are implemented.

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 fund management company is based in Ireland.

## B8 Any other information regarding the system of governance

There is no other material information to be disclosed regarding the system of governance.



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

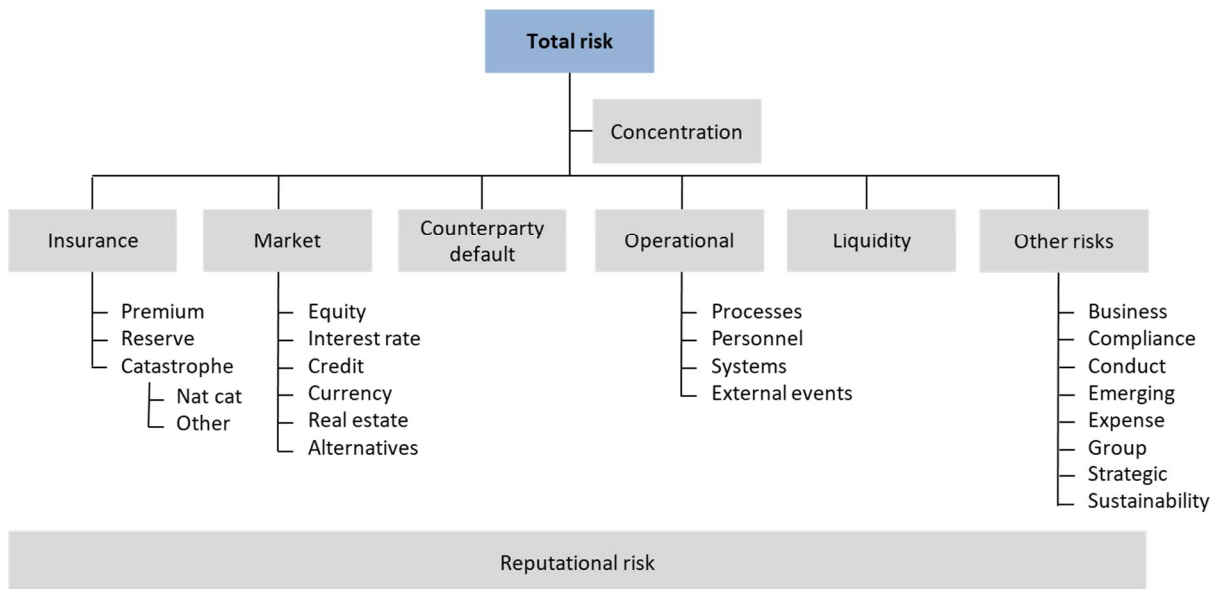
To determine its internal capital requirements, Gard uses an internal model for all material quantifiable risk types. This includes insurance (underwriting) risk, market risk, counterparty default risk and operational risk. Besides, Gard uses various exposure measures and stress tests to quantify its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

The 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.



The material risks for the 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.

## C1 SCR Insurance risk

Insurance risk is defined as «the risk that actual claims payments will be higher or lower than expected». This could be due to the company not having charged high enough premiums to cover incoming claims or due to claims becoming more expensive than the capital reserved. Insurance risk is therefore divided into “reserve risk” and “premium risk”

Insurance risk is calculated by using Gard’s internal model.

Premium risk is stochastically simulated, 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 for insurance risk has increased by 6 percent from 31 December 2022 to 31 December 2023. The increase is mainly because of an increase in exposure both for premium risk and reserve risk.

<b>Gard Group, insurance risk</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
Premium risk	387	365
Reserve risk	255	244
Cat risk	149	150
Lapse risk	1	6
Diversification	(291)	(295)
<b>SCR insurance risk</b>	<b>501</b>	<b>470</b>

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 1.1 Risk mitigation techniques for insurance risk

Gard uses reinsurance and claims-sharing programs to limit liability and manage the insurance risk profile. External reinsurance is used to manage the risk profile of the Group in total. Internal reinsurance arrangements ensure that the risk exposures of the legal entities are adequately managed. See section C8 Reinsurance.

Gard also balances the amount of insurance risk through risk limits. A set of limits is in place to ensure that the insurance risk remains within the risk

appetite of the Gard group and each legal entity. See section C7 Risk concentration.

## C2 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 primarily 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 for 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 employs an external Economic Scenario Generator (ESG). The ESG simulates the probable future values for key economic market risk variables such as yield curves, returns on asset classes and 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.

The total SCR for market risk increased over the period, from USD 144 million on 31 December 2022 to USD 176 million on 31 December 2023. The primary reason for this is an increase in risk exposure due to gains from equity and corporate credit holdings, which represent about two-thirds of the increase. The remaining increase comes from changes in expected returns, interest rates and a higher beta in the equity portfolio. This was partially offset by decreases in spread durations in the non-investment grade corporate bond portfolio.

Concentration risk in the internal model was limited and resulted from positions in US agency-backed mortgage-backed securities (MBS). For the Solvency II standard formulae concentration risk primarily relates to hedge fund holdings. As Gard has enough look-through information to determine that there is no issuer concentration risk in the portfolio Gard does not add concentration risk for this holding.

<b>Gard Group, market risk</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
Equity risk	147	115
Interest rate risk	44	49
Credit risk	98	100
Currency risk	16	11
Property risk	30	33
Concentration risk	4	-
Alternatives	47	45
Diversification	(211)	(210)
<b>SCR market risk</b>	<b>176</b>	<b>144</b>

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 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 ranges (as per cent of total assets) per asset class 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 both a group and legal entity level.

### C 2.2 Prudent person principle

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

The BoD has ultimate overall responsibility for decision-making on investment matters and has delegated responsibility for implementing the investment strategy to the Executive Committee (ExCom). ExCom is therefore responsible for determining the investment strategy and setting the Strategic Asset Allocation at the Group level and constructing an appropriate benchmark. The composite benchmark is defined to make a representation of the asset allocation and liability structure of the group. The allocation is reviewed at least annually. ExCom also 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 deems it necessary to operate outside of the target ranges. ExCom takes a total market risk view when implementing strategies within the overall policy.

The investment management team is responsible for implementing the asset management strategy as determined by the BoD and ExCom. The asset management is primarily outsourced to independent fund managers and is mainly coordinated through the Gard Unit Trust Fund (Gard UTF) for insurers within the group.

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 Guidelines 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 relies on several sources of information when making its investment decisions. 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.

## C3 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.

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 the counterparties are monitored on an ongoing basis. Assessment of all the active counterparties (counterparties on risk and

counterparties with open reserves) is regularly carried out. As for risk-reducing measures, Gard has a security downgrade clause in place on all the reinsurance contracts. This gives Gard 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 obligations related to non-covered claims, Gard would manage its counterparty credit risk by requiring counter security in the form of a cash deposit and signed pledge agreement, or a bank guarantee

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

#### Gard Group, counterparty default risk

USD million	31.12.2023	31.12.2022
SCR counterparty default risk	55	54

## C4 SCR Operational risk

Operational risk is calculated based on the standard method and is defined as the risk of loss arising from inadequate or failed internal processes, personnel and systems, or external events, such as outsourcing of critical operational functions. Operation risk is added to the Basic Solvency requirement (BSR) for the partial internal model without any diversification effects.

Operational risk is calculated based on a factor-based method, where the higher of 3 per cent of gross earned premium for the last 12 months plus an

additional 3 per cent of the excess gross earned premium compared to 1.2 times gross earned premium for the 12 months before the last 12 months if that excess is positive, and 3 per cent of gross technical provisions. The increase in operational risk by USD 4 million is due to an increase in gross technical provisions, where gross claims provisions are the main contributors to the increase.

#### Gard Group, operational risk

USD million	31.12.2023	31.12.2022
SCR operational risk	50	46

## C5 Liquidity risk

The size and timing of cash flows are to a certain extent unpredictable. However, the liquidity risk for the Gard group is assessed to be low, given the pay-out profile of liabilities and the liquidity of assets. Gard Bermuda, Gard Norway, Gard M&E Europe 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, Gard Krysset AS, Sagagården AS and Gard AS to increase 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 portfolios. Short-term excess cash is transferred to and from the money market fund to gain a return above what is possible on operating cash. Internal limits (upper and lower) are set for operating cash and money market funds

## C9 Risk sensitivity

Gard uses stress tests and scenario analysis to understand our exposure to significant risks and events. Stress tests and scenario analysis are essential tools for effective risk management and can enhance our understanding of the financial vulnerability and viability of Gard as a whole. 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, internal reinsurance is applied. 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

The purpose of a reverse stress test scenario is to identify a scenario or one or more events that result in a scenario, that is expected to give rise to a particular amount of financial loss. A reverse stress test starts from the opposite end with the identification of a pre-defined outcome and then looks for severe scenarios and circumstances that might cause this outcome to occur.

The reverse stress tests identify events that will jeopardize the Gard group's solvency, but not circumstances that will cause Gard to 'cease being a going concern. The results of the reverse stress tests

Liquidity risk is followed up frequently by the Risk and Capital Committee. The Risk and Capital Committee will act if there is a risk of a company/branch within the Gard group not being able to meet its payment obligations.

Gard does not hold capital against liquidity risk. The risk is managed by ensuring access to funds and by limiting the type of assets held.

answer the question of which scenarios 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 quantitative. Gard is aware of other non-quantifiable situations which could also render the business model unviable.

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, affects both claims frequency and severity.

#### 2. Financial market crisis

The scenario describes a situation where the market values are over-priced at  $t=0$  and the market is re-priced over three years.

#### 3. Combined insurance risk and market risk scenario

The scenario describes a situation where higher claims concur with adverse movements in global financial markets for years.

The Gard group will in all the above scenarios still be compliant with regulatory requirements without 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

## C6 SCR 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. The Gard group has companies and branches in several jurisdictions. Unexpected changes

### Compliance risks

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

Gard group comprises 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, the UK, Bermuda, Hong Kong, Singapore and Japan. Unexpected changes in legal and regulatory conditions, as well as changes in the

### 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.

Gard's reputation may be damaged due to e.g.:

- Data breach and privacy (GDPR)

factors experience simultaneous shifts in prices, have been designed in line with EIOPA's Insurance Stress Test specifications.

The portfolio has also been stressed to model historical events. Especially drawdown risk happening at the same time for multiple asset classes constitutes an adverse tail event and reduces diversification benefits.

initiated by e.g. the regulators in one part of the group may have consequences for other parts of the group.

Gard does not hold capital against business risk. The level of business risk is deemed acceptable given the business model and capital flexibility of the Group.

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 Gard operates 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.

Gard does not hold capital against compliance risk directly, but indirectly through the operational risk capital charge. The level of compliance risk is deemed acceptable given the business model.

- Misalignments (non-compliance) with regulatory requirements
- Sanctions non-compliance
- Failing to keep up with the changing beliefs of stakeholders, e.g., ESG issues
- Wrongdoing from top management, CEO or board members

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.

### Sustainability risks

The insurance sector is exposed to climate-related risks and both the insurance portfolio and the investments of a company could potentially be affected simultaneously. Increases in extreme weather could affect the covered assets while the investment portfolios could be vulnerable to transition risks. In the stakeholder assessments Gard has conducted, climate-related issues have scored high. Risks associated with climate change are also repeatedly highly ranked in the relevant risk outlooks.

Gard has taken a comprehensive approach to climate-related risks through materiality assessments and scenario analyses, and by establishing a Climate Expert Group with representatives from 10 different departments across the organisation.

**Sustainability risk assessment:** Gard has conducted a double materiality assessment to evaluate the sustainability risks that are important to its business and stakeholders. The assessment was based on the Corporate Sustainability Reporting Directive (CSRD) guidelines and the results will be published in the Annual Report for 2023.

**Human impact risk:** Gard publishes a Human Rights Due Diligence report every year, following the Norwegian Transparency Act. The latest internal risk assessment found no actual or significant potential adverse impacts, but it did find some common areas where practices can be improved. These areas include policies covering responsible business conduct, codifying decent working conditions and formal grievance mechanisms.

**Physical climate risk:** Climate change has increased the frequency and severity of extreme

weather events and is expected to continue to do so going forward. Gard has not observed significant trends in the number or cost of claims associated with extreme weather, but it continues to monitor the development. Gard is especially concerned about fixed objects that cannot avoid the weather, such as windfarms, ships in lay-up and shipyards. Gard's insurance portfolio could also be indirectly affected by the reinsurance market, which could face capacity or premium challenges due to extreme events.

**Transition climate risk:** The world is moving towards carbon neutrality and the shipping sector will have to comply with new emission targets and pricing mechanisms from the IMO and the EU. Gard expects to be able to adjust its pricing and investment portfolios rapidly, but it also sees a challenge in ensuring that it has the relevant skills and expertise to adapt to the changing regulations and requirements. Gard also anticipates that the transition will alter the market segments it insures, as some fossil fuel-related assets could decline in value or maintenance, while renewable energy assets could increase in demand and complexity.

**Gard's response to climate risk:** Gard has a Climate Expert Group that monitors the developments and identifies opportunities related to climate change. Gard also aims to increase its portfolio share of offshore wind and other renewables, such as tidal and solar power, and to support the energy transition with its competence and understanding. Gard's investments are exposed to transition risks, but a screening by MSCI showed that its equity portfolio has a low carbon intensity and a high ESG rating. Gard recognizes that transition risks go beyond carbon intensity and that ESG ratings have limitations.

**Litigation risks:** Gard has not identified significant litigation risks related to climate issues, as its coverage is limited to physical assets and specific events. However, it acknowledges that there has been a considerable increase in climate-related litigation taking place and that it will follow the developments closely.

## C7 Risk concentration

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

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

Risk concentration is mainly managed through limits, e.g., limits 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.

## C8 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 twelve 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 of P&I clubs arranges.

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 twelve clubs, five have ratings of BBB+ or lower. Counterparty default risk on the pool and reinsurance is reduced through multiple layers of financial security

## C10 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.

There is no other material information to be disclosed regarding the risk profile.

## D Valuation for solvency purposes

This section specifies and describes the valuation of assets and liabilities for solvency purposes, and 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 at a given date, where assets and liabilities are valued in line with the above concepts. The table below summarises 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.

The statutory account 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 major parts 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.



## Gard Group, economic balance sheet

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value	Difference
<b>Assets</b>			
Deferred acquisition costs	-	27	(27)
Intangible assets	-	14	(14)
Deferred tax assets	1	59	(58)
Property, plant & equipment held for own use	37	37	-
Equities	13	13	-
Government bonds	100	100	-
Collective investments undertakings	2,376	2,376	-
Deposits other than cash equivalents	34	34	-
<b>Investments</b>	<b>2,523</b>	<b>2,523</b>	-
Loans and mortgages to individuals	34	34	-
Reinsurance recoverables	140	180	(40)
Insurance and intermediaries receivables	273	273	-
Reinsurance receivables	11	11	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	310	310	-
Any other assets, not elsewhere shown	15	15	-
<b>Total assets</b>	<b>3,345</b>	<b>3,484</b>	<b>(139)</b>
	Solvency II value	Statutory accounts value	Difference
<b>Liabilities</b>			
Best estimate technical provisions	1,658	1,826	(168)
Risk margin	49	-	49
<b>Technical provisions – non-life</b>	<b>1,708</b>	<b>1,826</b>	<b>(119)</b>
Contingent liabilities	52	-	52
Provision other than technical provisions	0	0	-
Pension benefit obligations	37	37	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	75	75	-
Reinsurance payables	22	22	-
Payables (trade, not insurance)	21	21	-
Any other liabilities, not elsewhere shown	30	31	(1)
<b>Total liabilities</b>	<b>1,945</b>	<b>2,013</b>	<b>(68)</b>
<b>Excess of assets over liabilities</b>	<b>1,400</b>	<b>1,471</b>	<b>(71)</b>

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.

# D1 Valuation of assets

The Gard group has mainly investments in the following asset classes; fixed income, equities, funds, cash 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 or non-listed financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices or contracted cash flows (mark-to-model) and is performed by an independent third party.

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 provisions on gross premiums 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.

### Gard Group, deferred acquisition costs

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	27

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 the 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 marketplace.

### Gard Group, intangible assets

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Intangible assets	-	14

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 asset of the subsidiaries is calculated on all differences between the Solvency II balance sheet values 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.

<b>Gard Group, deferred tax assets</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Specification of tax effect resulting from temporary differences</b>		
Pension obligations	36	34
Portfolio investments	(20)	3
Equipment	1	0
Tax loss carried forward	1	140
Deferred tax carried forward from earlier years	-	-
Bermuda ETA	412	-
Equity	(38)	(49)
Other temporary differences	7	5
<b>Total temporary differences</b>	<b>399</b>	<b>132</b>
<b>Deferred tax, 25 per cent of total temporary difference</b>	<b>(3)</b>	<b>33</b>
<b>Deferred tax, 15 per cent of total temporary difference</b>	<b>62</b>	<b>-</b>
<b>Net deferred tax asset of total temporary differences</b>	<b>59</b>	<b>33</b>

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.

## D2 Valuation of technical provisions

This section specifies and describes the valuation of technical provisions and reinsurance recoverable 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, and complexity of the business are considered.

#### Methods

Best estimate provisions (on a net basis) represent the discounted best estimate of all future cash flows relating to future exposure arising from policies that the insurer is obligated to at the valuation date. The best estimate is the probability-weighted average of the present value of the future in and out-flow cashflows. 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 events occurring after the valuation date. All future cash flows from premiums, 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 in 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), Gard uses 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, Gard uses accident and development quarters to calculate the ultimate incurred claims
- For the definition of risk categories, the following three main criteria are used:
  - A fit with the 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 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 Gard does not have in the data. The IBNR, binary event and ULAE reserves are calculated and reported by the Actuarial Reserving and Reinsurance Support team and controlled by the Actuarial function.

The only difference between the Solvency II and the statutory account figures for claims provisions is 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 quarters and the significance of large losses that may have occurred. The 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, the Actuarial Reserving and Reinsurance Support team divides the claim provisions (case reserves and IBNR) between reported claim provisions and unreported claim provisions. The unreported claim provision is multiplied by a ratio of unallocated expenses paid to total claims paid,  $\pi$ . The reported future claim reserves are multiplied with  $\pi$  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 outcome basis. This is a measure of the potential volatility that is envisaged but has not been 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 the internal model and estimated volatility in the 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 the 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 deposit 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 that contribute to this uncertainty.

- **Claims environment:** One of the key assumptions for the claim liabilities is that historical claim developments are indicators 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 the 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 9.0 per cent. A 10 per cent decrease reduces the gross IBNR by 9.3 per cent

- **Financial Plan:** Another assumption for the claim liabilities is that the financial plan indication of the pure loss (Apriori) can be used in helping to assess the number 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 8.4 per cent. A decrease of Apriori by 10 per cent decreases gross IBNR by 8.4 per cent.
- **Currency:** Even though the reserves are reported 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 accounts' 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.

### Gard Group, best estimate liabilities

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Best estimate technical provisions	1,658	1,826
Risk margin	49	-
<b>Technical provisions</b>	<b>1,708</b>	<b>1,826</b>

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 recoverable is due to discounting effects, reinsurers' share of BBNI and losses occurring during (LOD), which are all reducing the value of reinsurance recoverable for Solvency II values compared to

statutory account values. Additionally, reinsurance commission provisions are deducted from reinsurance recoverable in the Solvency II values and are included in Any other liabilities, not elsewhere shown in the statutory account values.

#### Gard Group, reinsurance recoverables

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	180
Best estimate - reinsurance recoverables	140	-
<b>Reinsurance recoverables</b>	<b>140</b>	<b>180</b>

For information related to reinsurance recoverable for Gard Norway, see Appendix 1, section 1.10.

For information related to reinsurance recoverable for Gard M&E Europe, see Appendix 2, section 2.10.

## D3 Valuation of other liabilities

### D 3.1 Contingent liabilities

The Gard group has USD 51.8 million included as contingent liabilities as of 31 December 2023 covering a board decision in November 2023 for a 10

per cent owners' general discount on mutual P&I business for the policy year commencing on 20 February 2024.

### D 3.2 Pension benefit obligations

Gard has set up pension plans for employees according to local laws 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.

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.

For the defined benefit pension plan, actuarial calculations are made with regard to pension commitments and funds at year-end and resulting

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.

#### Gard Group, pension benefit obligations

USD million	31.12.2023	31.12.2022
<b>Liabilities according to the actuarial calculations</b>		
Pension obligation gross	60	60
Pension funds at market value	23	24
<b>Net pension obligation at the end of the year</b>	<b>37</b>	<b>35</b>

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 1.1 million is covering the net of a reinsurance commission provision of USD 1.6 million, which is included in reinsurers' share of

expected cash flows for unexpired cover in the statutory accounts balance sheet, while a provision for guarantee liabilities under Garantiordningen of USD 0.5 million is included in the Solvency II balance

sheet and is not included in the statutory accounts balance sheet.

## D4 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.

## D5 Any other material information regarding valuation for solvency purposes

1. Gard has no material provisions other than technical provisions.
2. Gard does not apply any of the below articles as the conditions they cover are found to be not relevant.
3. 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.
4. 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.
5. Gard does not apply a *transitional risk-free interest rate-term structure* referred to in Article 308c of Directive 2009/138/EC.
6. Gard does not apply a *transitional deduction* referred to in Article 308d of Directive 2009/138/EC.
7. There is no other material information to be disclosed regarding the valuation for solvency purposes.

# 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 Company can continue to operate following an extreme loss event with the same risk tolerance for insurance risk’.

An ‘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 the 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 for capital management is to 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.

## E1 Own funds

Under Solvency II a company's own funds may consist of basic own funds, ancillary own funds and deferred tax assets:

**Basic available capital:** Excess of assets over liabilities

**Ancillary own funds:** 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 represent equity capital that is fully paid in and is available. Tier 1 is further classified as either ‘unrestricted’ or ‘restricted’. Tier 3 represents deferred tax assets.

Ancillary own fund is classified as Tier 2 and is high-quality capital in the form of unbudgeted supplementary calls. Ancillary own fund items require the prior approval of the supervisory authority.

The classification into tiers is relevant to the determination of eligible own funds and 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 fully be covered by basic own funds classified as Tier 1.

### 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 falls below the target capital level, the management action will be to increase capitalisation or de-risk the portfolio to bring the capital ratio back to an acceptable level.

The different management actions will vary depending on the company and the type of business it writes.

Means to strengthen the capitalization may be:

- Adjust premium reduction to members
- Make an unbudgeted supplementary call on members
- Make dividend payments from subsidiaries
- Sale of assets of participations
- Issue subordinated debt
- Make parent company guarantee
- Inject capital – group contribution from the parent company
- De-risk assets (e.g., reduce equities exposure)
- De-risk liabilities (e.g., changes to reinsurance – reduce retention for own share)

<b>Gard Group, total eligible own funds to meet SCR as under Solvency II</b>		
USD million, as of 31.12	<b>31.12.2023</b>	<b>31.12.2022</b>
Tier 1	1,290	1,160
Tier 2	224	206
Tier 3	-	-
<b>Total</b>	<b>1,514</b>	<b>1,366</b>
<b>Gard group, change in tier 1 capital:</b>		
USD million	<b>Change from 2022 to 2023</b>	<b>Change from 2021 to 2022</b>
Total comprehensive income for the year	184	(14)
Change in non-available own funds	(13)	(42)
Change in discounting effect for net best estimate	(4)	78
Effect of Owners' General Discount BBNi	(28)	(1)
Other	(9)	(6)
<b>Total</b>	<b>130</b>	<b>15</b>
<b>Gard group, difference between equity and excess of assets over liabilities</b>		
USD million, as of 31.12	<b>2023</b>	<b>2022</b>
Excess of assets over liabilities	1,400	1,290
Statutory accounts equity	1,471	1,260
<b>Difference between equity and excess of assets over liabilities</b>	<b>(71)</b>	<b>29</b>
Specification of difference:		
Deferred tax assets	(58)	-
Intangible assets	(14)	-
Net technical provisions	102	82
Risk margin	(49)	(43)
Contingent liability (Owners' General Discount)	(52)	-
Other	-	(10)
<b>Difference between equity and excess of assets over liabilities</b>	<b>(71)</b>	<b>29</b>

The equity of the Gard group in the statutory accounts was USD 1,471 million on 31 December 2023 compared to USD 1,260 million on 31 December 2022.

The excess of assets over liabilities as calculated in the economic balance sheet was USD 1,400 million. Non-available own funds of USD 109 million are deducted to arrive at the available or eligible capital to cover the solvency capital needed. For the entities that write 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. As Tier 2 capital of USD 224 million is fully used, Tier 3 capital of USD 1 million is not available and is not included in Tier 1 capital of USD 1,290 million.

Eligible own funds increased by USD 148 million, from USD 1,366 million to USD 1,514 million during the period.

The reconciliation reserve was USD -45 million as of 31 December 2023 and is attributable to Tier 1 capital.

Share premium account covers accumulated results and was USD 1,444 million as of 31 December 2023.

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

Regulatory requirements to hold deposits exist for most of the Gard branches. When the required deposits or the restricted equity held exceed the notional SCR for the operation, they represent restrictions in the fungibility of the equity in the group, which is valid to Gard's Hydra cell that had non-available own funds of USD 109 million as of 31 December 2023.

## 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, the 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 four 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

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.

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) were USD 224 million as of 31 December 2023.

# E2 Solvency Capital Requirement and Minimum Capital Requirement

The Solvency Capital Requirement under the Solvency II approved partial internal model was USD 447 million as of 31 December 2023. The total eligible own funds to meet the SCR was USD 1,514 million. The solvency ratio was 338 per cent.

The minimum Capital Requirement under the Solvency II partial internal model was USD 284 million. Eligible own funds to meet MCR was USD 1,290 million, i.e., a ratio of 454 per cent. The MCR represents the lowest acceptable capital level.

## E 2.1 Calculation of group solvency requirements

There are no material differences in the valuation bases, methods and main assumptions used at the 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 was a restriction to the fungibility and transferability of own funds eligible for covering the group solvency capital requirement of USD 109

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

million as of 31 December 2022 when using the partial internal model, see E 1.2 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 2.2 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 for the reinsurance mitigation effect, while operational risk is calculated by using the standard formula. Diversification effects are calculated by using the standard formula correlation

between insurance risk, market risk and counterparty default risk. The SCR for the Gard group is reduced by the amount of USD 34 million as loss-absorbing capacity of deferred taxes that covers an amount calculated for the Norwegian insurance companies, under the justification that they are expecting positive results based on a five-year plan.

<b>Gard Group, Solvency Capital Requirement</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
Insurance risk	501	470
Market risk	176	144
Counterparty risk	55	54
Diversification	(299)	(275)
Basic Solvency Capital Requirement (BSCR)	432	392
Operational risk	50	46
Loss-absorbing capacity of deferred taxes (LACDT)	(34)	(26)
<b>Solvency Capital Requirement (SCR)</b>	<b>447</b>	<b>413</b>

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.

## E3 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<sup>6</sup>.

<sup>6</sup> The underlying assumptions in the standard formula for the Solvency Capital Requirement calculation, EIOPA-14-322, 25 July 2014, page 19-20

## E4 Description of the internal model

### E 4.1 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 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, the amount of risk that Gard is exposed to is measured.

### E 4.2 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.

### E 4.3 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 well as used in communication with stakeholders such as regulators and rating agencies.

### E 4.4 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 4.5 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, and 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 4.6 Integration of partial internal model into the standard formula

See the first section of chapter E.2.2 Solvency Capital Requirements by risk category.

### E 4.7 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 that result in a diversification effect when calculating the total solvency capital requirement.

## E5 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.

## E6 Any other material information regarding capital management

1. 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.
2. Gard does not disclose any *additional solvency ratios* as referred to in Guideline 11 of the Guidelines on reporting and public disclosure.
3. Gard does not include any *subordinated debt* in its own funds as referred to in Guideline 12d of Guidelines on reporting and public disclosure.
4. Description of the *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.
5. 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.
6. Gard does not have any *own funds issued by an undertaking that is not an insurance or reinsurance undertaking* as referred to in Guideline 15cd of Guidelines on reporting and public disclosure.
7. 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 model in the calculation of underwriting, see C1 Insurance risk and E4 Differences between the standard formula and internal models used.
8. There is no other material information to be disclosed regarding capital management.

# 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.

<b>Gard Norway, key figures</b>		
USD million	31.12.2023	31.12.2022
<b>Solvency II balance sheet</b>		
Assets	496	471
Technical provisions	333	324
Other liabilities	48	38
Excess of assets over liabilities	115	108
<b>Eligible own funds</b>		
Tier 1 Basic own funds (unrestricted)	115	108
Tier 2 Ancillary own funds	48	43
Tier 3 Other own funds	0	0
Eligible own funds	163	152
<b>Capital Requirement</b>		
Solvency Capital Requirement (SCR)	96	87
Minimum Capital Requirement (MCR)	37	39
<b>Solvency ratio</b>		
Eligible own funds to meet SCR	169%	175%
Eligible own funds to meet MCR	310%	278%
Tier 1 share of total eligible own funds	70%	71%

## 1.2 Underwriting Performance

The financial statements for the year ending 31 December 2023 cover the activity for the period from 1 January 2023 to 31 December 2023 – 365 days. However, the accounts for the previous year used as a comparison cover the period from 21 February 2022 to 31 December 2022, i.e. 314 days. Due to the different number of days in these two periods, the numbers for this year and the previous year will not be fully comparable.

The statement of comprehensive income shows an income for the year of USD 14 million compared to a loss of USD 4 million last year.

Gross written premium on an ETC basis of USD 247 million, represented an increase of USD 31 million or 14 per cent from last year.

The main reason for the increase in gross written premium on an ETC basis, over the last year, is an increase in volume.

Gross earned premium on an actual call basis was USD 234 million, an increase of USD 18 million or 8 per cent from last year.

The current year figures include a 5 per cent OGD for the 2023 policy year amounting to USD 8 million. The figures of last year include a 5 per cent OGD for the 2022 policy year amounting to USD 6 million on an earned basis and a direct call of USD 34 million on Gard P. & I. (Bermuda) Ltd. to comply with regulatory requirements.

The ceded reinsurance premium on an earned basis was USD 118 million, an increase of USD 25 million or 27 per cent from last year.

The net earned premium was USD 116 million, which is somewhat below plan.

Claims cost net was USD 103 million. The entity has faced three large claims above USD 5 million in the



period and some medium-sized claims close to USD 5 million. Pool claims from the IG Clubs have been better than expected.

The technical result is a positive USD 1 million with a CRN of 99 per cent.

Last year the technical result was a positive USD 18 million with a CRN of 86 per cent. The net effect of the direct call was USD 25 million after the reduction for overrider commission.

On Estimated total call basis (ETC):

Gross written premium on an ETC basis of USD 247 million, represents an increase of USD 31 million or 14 per cent from last year.

The ceded reinsurance premium on an earned basis was USD 118 million, an increase of USD 25 million or 27 per cent from last year.

Net earned premium was USD 125 million, an increase of USD 29 million or 30 per cent from last year due to increased volume and the longer period.

The technical result for the year was a profit of USD 9 million. This is equivalent to a Combined Ratio Net (CRN) of 93 on an ETC basis.

The non-technical result was a negative USD 18 million compared to a negative USD 6 million last year.

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

<b>Gard Norway, technical result, ETC basis</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>Total P&amp;I</b>	
Gross written premium	247	216
Gross earned premium	243	222
Ceded reinsurance	(118)	(93)
<b>Earned premium for own account</b>	<b>125</b>	<b>130</b>
<b>Other insurance related income</b>	<b>1</b>	<b>0</b>
Claims incurred, gross:		
Incurred this year	146	114
Incurred previous years	1	6
Total claims incurred, gross	147	120
Reinsurers' share of gross incurred claims	(44)	(35)
<b>Claims incurred for own account</b>	<b>103</b>	<b>86</b>
Insurance related expenses for own account	10	17
Other insurance related expenses	3	3
<b>Technical result</b>	<b>9</b>	<b>24</b>

Gross written premium by geographical area is shown in the table below. The numbers shown are

after the reduction in the agreed estimated total call in 2021 and 2022.

<b>Gard Norway, premium by geographical area</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
USD million		
EEA	78	73
Norway	0	0
Other areas	160	170
<b>Total gross written premium</b>	<b>238</b>	<b>243</b>

### 1.3 Investment Performance

The investment portfolio returned USD 18 million for the period, compared with a negative USD 17 million last year.

All asset classes in the portfolio were positive for the year, with the largest contributors from investments in corporate bonds, equities and fixed-income (government bonds). Much of the gains from equities and fixed income came in the last quarter of the year, as US inflation continued to fall faster than expected, causing the markets to price in an end to rising interest rates. As the US Federal Reserve started mentioning potential rate cuts in 2024, financial markets responded heartily, with US interest rates falling sharply, reversing all increases over the year, and global equity markets rising sharply. The credit portfolio delivered strong returns over the year, as higher interest rates led to higher running yields whilst a benign credit risk environment held credit spreads at close to historical lows for most of the year.

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

Whilst market expectations are for short-term rates to be cut during 2024, the outlook remains uncertain and dependent on movements in inflation and the underlying economy. We continue to believe that markets are navigating long-term changes in the global economic and political situation which will cause currencies, interest rates, inflation and commodities to be more volatile than in the past. The portfolio remains relatively defensively positioned and well-diversified.

Gard Norway's investments in securitised assets are part of investment funds and are recognised as securitised bonds. The exposure is mainly to government-backed mortgages, commercial mortgage-backed securities, asset-backed corporate securities, collateralised loan obligations and non-governmental collateralised mortgages. As of 31 December 2023, the exposure towards securitised products was USD 31 million, up from USD 24 million last period.

#### Gard Norway, investment income and expenses by asset class

31.12.2023	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Amounts in USD million					
Income	-	1	-	-	1
Expenses	-	-	-	-	-
Realised gain & loss	1	-	-	-	-
Change in unrealised gain & loss	16	-	-	-	16
<b>Total</b>	<b>17</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>18</b>

#### Gard Norway, investment income and expenses by asset class

31.12.2022	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Amounts in USD million					
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	-	-	-	-
Change in unrealised gain & loss	(4)	(13)	-	-	(17)
<b>Total</b>	<b>(4)</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>(17)</b>

## 1.4 Risk profile

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

<b>Gard Norway, insurance risk</b>		
USD million	31.12.2023	31.12.2022
Premium risk	83	79
Reserve risk	65	62
Cat risk	-	-
Lapse risk	0	3
Diversification	(39)	(40)
<b>SCR insurance risk</b>	<b>108</b>	<b>104</b>

<b>Gard Norway, market risk</b>		
USD million	31.12.2023	31.12.2022
Equity risk	15	10
Interest rate risk	6	7
Credit risk	7	8
Currency risk	2	2
Property risk	-	-
Concentration risk	1	0
Alternatives	-	-
Diversification	(22)	(23)
<b>SCR market risk</b>	<b>9</b>	<b>4</b>

<b>Gard Norway, counterparty default risk</b>		
USD million	2023	2022
SCR counterparty default risk	18	16

<b>Gard Norway, operational risk</b>		
USD million	31.12.2023	31.12.2022
SCR operational risk	10	10

## 1.5 Valuation for solvency purposes

The table below summarises each material class of assets and liabilities in 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 that are used or to estimations during the reporting period.

## Gard Norway, economic balance sheet

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value	Difference
<b>Assets</b>			
Deferred acquisition costs	-	2	(2)
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	4	4	-
Government bonds	-	-	-
Collective investments undertakings	258	258	-
Deposits other than cash equivalents	8	8	-
<b>Investments</b>	<b>266</b>	<b>266</b>	<b>-</b>
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	129	145	(16)
Insurance and intermediaries receivables	20	20	-
Reinsurance receivables	1	1	-
Receivables (trade, not insurance)	1	1	-
Cash and cash equivalents	74	74	-
Any other assets, not elsewhere shown	3	3	-
<b>Total assets</b>	<b>496</b>	<b>514</b>	<b>(18)</b>
	Solvency II value	Statutory accounts value	Difference
<b>Liabilities</b>			
Best estimate technical provisions	329	358	(29)
Risk margin	4	-	4
<b>Technical provisions – non-life</b>	<b>333</b>	<b>358</b>	<b>(25)</b>
Contingent liabilities	14	-	14
Pension benefit obligations	1	1	-
Deferred tax liabilities	11	12	(1)
Insurance & intermediaries payables	8	8	-
Reinsurance payables	10	10	-
Payables (trade, not insurance)	4	4	-
Any other liabilities, not elsewhere shown	0	2	(1.660)
<b>Total liabilities</b>	<b>381</b>	<b>395</b>	<b>(14)</b>
<b>Excess of assets over liabilities</b>	<b>115</b>	<b>119</b>	<b>(3)</b>

### 1.6 Deferred acquisition costs

Deferred acquisition costs represent commission provisions on gross unearned premiums and are related to contracts in force at the balance sheet date. Deferred acquisition costs are presented as

part of Accrued income and other prepayments in the statutory balance sheet as of 31 December 2023 and amount to USD 1.7 million.

### 1.7 Intangible assets

Gard Norway had no intangible assets as of 31 December 2023.



## 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.

<b>Gard Norway, deferred tax assets</b>		
USD million	31.12.2023	31.12.2022
<b>Specification of tax effect resulting from temporary differences</b>		
Pension obligations	1	2
Portfolio investments	(15)	1
Tax loss carried forward	-	-
Other temporary differences	3	1
Equity	(37)	(47)
<b>Total temporary differences</b>	<b>(47)</b>	<b>(43)</b>
<b>Deferred tax, 25 per cent of total temporary differences</b>	<b>(12)</b>	<b>(11)</b>
Total deferred tax	(12)	(11)

## 1.9 Best estimate liabilities

<b>Gard Norway, best estimate liabilities</b>		
USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Best estimate technical provisions	329	358
Risk margin	4	-
<b>Technical provisions</b>	<b>333</b>	<b>358</b>

## 1.10 Reinsurance Recoverable

<b>Gard Norway, reinsurance recoverables</b>		
USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	145
Best estimate - reinsurance recoverables	129	-
<b>Reinsurance recoverables</b>	<b>129</b>	<b>145</b>

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.

## 1.11 Contingent liabilities

Gard Norway had no contingent liabilities as of 31 December 2023.



## 1.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 31 December 2023

## 1.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 0.5 million covers reinsurance commission provision of USD 1.1 million which is included (netted) in the Reinsurers' share of

expected cash flow for unexpired cover for the Statutory balance sheet less USD 0.5 million as guarantee scheme liabilities in the Solvency II balance sheet.

## 1.14 Capital management

Assets over liabilities as calculated in the economic balance sheet were USD 99 million. The equity of Gard Norway was USD 108 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 31 December 2023.

<b>Gard Norway, total eligible own funds to meet SCR as under Solvency II</b>		
USD million, as of 31.12	31.12.2023	31.12.2022
Tier 1	115	108
Tier 2	48	43
Tier 3	-	-
<b>Total</b>	<b>163</b>	<b>152</b>
<b>Gard Norway, change in tier 1 capital:</b>		
USD million	Change from 2022 to 2023	Change from 2022 to 2022
Total comprehensive income for the year	14	(4)
Change in discounting effect for net best estimate	(2)	12
Effect of Owners' General Discount BBNl	(7)	(0)
Other	2	2
<b>Total</b>	<b>7</b>	<b>10</b>
<b>Gard Norway, difference between equity and excess of assets over liabilities</b>		
USD million, as of 31.12	2023	2022
Excess of assets over liabilities	115	108
Statutory accounts equity	119	104
<b>Difference between equity and Excess of assets over liabilities</b>	<b>(3)</b>	<b>4</b>
Specification of difference:		
Net technical provisions	13	8
Risk margin	(4)	(4)
Contingent liability (Owners' General Discount)	(14)	-
Deferred tax	1	-
<b>Difference between equity and excess of assets over liabilities</b>	<b>(3)</b>	<b>4</b>

Eligible own funds increased by USD 11 million during the year, from USD 152 million to USD 163 million.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital and was USD -3 million as of 31 December 2023.

Share premium account includes retained earnings, which are covering accumulated results. The share

premium account was USD 119 million as of 31 December 2023. Share premium account and reconciliation reserve are attributable to Tier 1

capital. Gard Norway did not have non-available own funds as of 31 December 2023.

### 1.15 Solvency capital requirement

SCR under the approved partial internal model was USD 96 million as of 31 December 2023. The total eligible own funds to meet the SCR was USD 163 million. The solvency ratio was 169 per cent.

The minimum capital requirement under the Solvency II partial internal model was USD 37 million. Eligible own funds to meet MCR was USD 115 million, i.e., a ratio of 310 per cent.

<b>Gard Norway, Solvency Capital Requirement</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
Insurance risk	108	104
Market risk	9	4
Counterparty risk	18	16
Diversification	(35)	(30)
Basic Solvency Capital Requirement (BSCR)	100	94
Operational risk	10	10
Loss-absorbing capacity of deferred taxes (LACDT)	(14)	(16)
<b>Solvency Capital Requirement (SCR)</b>	<b>96</b>	<b>87</b>

The Basic SCR for Gard Norway has increased by USD 6 million, due to increases in insurance risk and market risk. Insurance risk is driven by both an increase in premium and reserve risk due to higher exposures. The increase in market risk is primarily caused by increased equity exposure in the portfolio due to positive results over the year. Counterparty

risk has increased by USD 2 million, while operational risk has remained at USD 10 million. The loss-absorbing capacity of deferred taxes covering the justifiable amount calculated for the company has decreased by USD 3 million. The SCR has increased by USD 9 million to USD 96 million over the period.

# Appendix 2 SFCR information specific to Gard M&E Europe

## 2.1 Summary

This section shows information specific to Gard M&E Europe. The information in this section is provided

only when it is different from what is already provided at the group level.

Gard M&E Europe, key figures		
USD million	31.12.2023	31.12.2022
<b>Solvency II balance sheet</b>		
Assets	418	332
Technical provisions	251	186
Other liabilities	73	-8
Excess of assets over liabilities	94	154
<b>Eligible own funds</b>		
Tier 1 Basic own funds (unrestricted)	94	89
Tier 2 Ancillary own funds	0	0
Tier 3 Other own funds	0	0
Eligible own funds	94	90
<b>Capital Requirement</b>		
Solvency Capital Requirement (SCR)	41	43
Minimum Capital Requirement (MCR)	16	11
<b>Solvency ratio</b>		
Eligible own funds to meet SCR	229%	210%
Eligible own funds to meet MCR	605%	783%
Tier 1 share of total eligible own funds	100%	100%

## 2.2 Underwriting Performance

The financial statements for the year ending 31 December 2023 cover the activity for the period from 1 January 2023 to 31 December 2023 – 365 days. However, the accounts for the previous year used as a comparison cover the period from 21 February 2022 to 31 December 2022, i.e. a period of 314 days. Due to the different number of days in these two periods the numbers for this year and for the previous year will not be fully comparable.

The statement of comprehensive income shows a positive result for the period of USD 5.0 million compared to a positive result of USD 11.3 million last year.

Gross earned premium was USD 182.1 million, an increase of USD 12.1 million or 7.1 per cent from the shorter last year. If compared to annualized figures

of last year we see a reduction in premium due to a softer market as a result of reduced object values in the hull portfolio.

Earned premium for own account was USD 49.7 million and below expectations again due to a softer market as a result of reduced object values in the hull portfolio.

Claims incurred for own account amounted to USD 48.6 million and was somewhat above plan. There have been two claims above USD 5 million and some more medium-sized claims than expected.

The technical result shows a loss of USD 1.0 million compared to a profit of USD 18.3 million in the reduced period of last year. The combined ratio net was 102 per cent.

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

<b>Gard M&amp;E Europe, technical result</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
USD million	<b>Total M&amp;E</b>	
Gross written premium	192	144
Gross earned premium	182	170
Ceded reinsurance	(132)	(125)
<b>Earned premium for own account</b>	<b>50</b>	<b>45</b>
<b>Other insurance related income</b>		
Claims incurred, gross:		
Incurred this year	139	83
Incurred previous years	6	7
Total claims incurred, gross	145	90
Reinsurers' share of gross incurred claims	(96)	(61)
<b>Claims incurred for own account</b>	<b>49</b>	<b>29</b>
Insurance related expenses for own account	1	(3)
Other insurance related expenses	1	1
<b>Technical result</b>	<b>(1)</b>	<b>18</b>

#### **Gard M&E Europe, premium by geographical area**

USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
EEA	143	103
Norway	-5	5

### 2.3 Investment performance

The return from Gard M&E Europe's investment portfolio for the year was a positive USD 6 million, compared with a negative USD 2 million over the last period.

The main contributor to the result was gains from the government bond and credit portfolios as higher interest rates at the start of the year ensured a healthy yield on fixed-income securities. In addition, following continued receding inflationary pressures during the year, US interest rates dropped significantly over the last three months as the market prepared for potential rate cuts in 2024, with the US 3-year interest rate going from 4.8 per cent to 4 per cent, which added a meaningful return to the portfolio.

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

The outlook for global markets continues to be fluid, with global economic and geopolitical issues adding to general uncertainty across financial markets. Whilst expectations are for short-term rates to fall sharply this year alongside a continued strong US economy, increased dispersion in the economic performance of the major economies in the world points to a potentially challenging year. The portfolio remains defensively positioned and well-diversified.

Gard M&E Europe may hold securitised assets as part of its allocation to fixed-income investment funds. These assets are typically government-backed mortgages, commercial mortgage-backed securities, asset-backed corporate securities, collateralised loan obligations and non-governmental collateralised mortgages. As of 31 December 2023, Gard M&E Europe has no significant exposure to securitised assets.



#### Gard M&E Europe, investment income and expenses by asset class

31.12.2023	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
<b>Amounts in USD million</b>					
Income	-	1	-	-	1
Expenses	-	-	-	-	-
Realised gain & loss	-	-	-	-	-
Change in unrealised gain & loss	5	-	-	-	5
<b>Total</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>6</b>

#### Gard M&E Europe, investment income and expenses by asset class

31.12.2022	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
<b>Amounts in USD million</b>					
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	(1)	-	-	(1)
Change in unrealised gain & loss	-	(1)	-	-	(1)
<b>Total</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(2)</b>

#### 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.

#### Gard M&E Europe, insurance risk

USD million	31.12.2023	31.12.2022
Premium risk	36	30
Reserve risk	20	13
Cat risk	-	-
Lapse risk	0	0
Diversification	(15)	(10)
<b>SCR insurance risk</b>	<b>41</b>	<b>33</b>

#### Gard M&E Europe, market risk

USD million	31.12.2023	31.12.2022
Equity risk	1	1
Interest rate risk	3	3
Credit risk	3	2
Currency risk	5	4
Property risk	-	-
Concentration risk	-	-
Alternatives	-	-
Diversification	(12)	(10)
<b>SCR market risk</b>	<b>0</b>	<b>0</b>



**Gard M&E Europe, counterparty default risk**

USD million	2023	2022
SCR counterparty default risk	18	19

**Gard M&E Europe, operational risk**

USD million	31.12.2023	31.12.2022
SCR operational risk	7	6

**2.5 Valuation for solvency purposes**

The table below summarises each material class of assets and liabilities in 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.

**Gard M&E Europe, economic balance sheet**

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value	Difference
<b>Assets</b>			
Deferred acquisition costs	-	10	(10)
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	-	-	-
Government bonds	-	-	-
Collective investments undertakings	138	138	-
Deposits other than cash equivalents	7	7	-
<b>Investments</b>	<b>144</b>	<b>144</b>	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	168	197	(29)
Insurance and intermediaries receivables	92	92	-
Reinsurance receivables	0	0	-
Receivables (trade, not insurance)	1	1	-
Cash and cash equivalents	12	12	-
Any other assets, not elsewhere shown	0	0	-
<b>Total assets</b>	<b>418</b>	<b>456</b>	<b>(39)</b>
	<b>Solvency II value</b>	<b>Statutory accounts value</b>	<b>Difference</b>
<b>Liabilities</b>			
Best estimate technical provisions	247	281	(34)
Risk margin	3	-	3
<b>Technical provisions – non-life</b>	<b>251</b>	<b>281</b>	<b>(31)</b>
Pension benefit obligations	-	-	-
Deferred tax liabilities	2	1	1
Insurance & intermediaries payables	11	11	-
Reinsurance payables	59	59	-
Payables (trade, not insurance)	1	1	-
Any other liabilities, not elsewhere shown	0	12	(12)
<b>Total liabilities</b>	<b>324</b>	<b>366</b>	<b>(42)</b>
<b>Excess of assets over liabilities</b>	<b>94</b>	<b>91</b>	<b>3</b>

## 2.6 Deferred acquisition costs

### Gard M&E Europe, deferred acquisition costs

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	10

Deferred acquisition costs represent commission provisions on gross unearned premiums and are related to contracts in force at the balance sheet

date. This is presented as part of Accrued income and other prepayments in the balance sheet.

## 2.7 Intangible assets

Gard M&E Europe had no intangible assets as of 31 December 2023.

## 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.

### Gard M&E Europe, deferred tax assets

USD million	31.12.2023	31.12.2022
<b>Specification of tax effect resulting from temporary differences</b>		
Portfolio investments	(3)	1
Tax loss carried forward	-	-
Other temporary differences	2	1
Equity	(2)	(2)
<b>Total temporary differences</b>	<b>(3)</b>	<b>0</b>
Deferred acquisition costs	10	-
Net technical provisions	(5)	-
Risk margin	3	-
Other liabilities (reinsurance commission)	(12)	-
<b>Total temporary differences Economic balance sheet vs Statutory accounts</b>	<b>(4)</b>	<b>-</b>
<b>Total temporary differences</b>	<b>(7)</b>	<b>(2)</b>
Deferred tax asset, 25 per cent of total temporary differences	(2)	0
<b>Net deferred tax asset of total temporary differences</b>	<b>(2)</b>	<b>0</b>

## 2.9 Best estimate liabilities

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### Gard M&E Europe, best estimate liabilities

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Best estimate technical provisions	247	281
Risk margin	3	-
<b>Technical provisions</b>	<b>251</b>	<b>281</b>

## 2.10 Reinsurance Recoverable

### Gard M&E Europe, reinsurance recoverables

USD million, as of 31.12.2023	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	197
Best estimate - reinsurance recoverables	168	-
<b>Reinsurance recoverables</b>	<b>168</b>	<b>197</b>

## 2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 31 December 2023.

## 2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 31 December 2023.

## 2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 12 million is covering reinsurance commission provision, which is included

(netted) in the Reinsurers' share of expected cash flow for unexpired cover for the Solvency II balance sheet.

## 2.14 Capital management

Assets over liabilities as calculated in the economic balance sheet were USD 94 million as of 31 December 2023.

The table explains the differences between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 31 December 2023.

<b>Gard M&amp;E Europe, total eligible own funds to meet SCR as under Solvency II</b>		
USD million, as of 31.12	<b>31.12.2023</b>	<b>31.12.2022</b>
Tier 1	94	89
Tier 2	-	-
Tier 3	-	0
<b>Total</b>	<b>94</b>	<b>90</b>
<b>Gard M&amp;E Europe, change in tier 1 capital:</b>		
USD million	<b>Change from 2022 to 2023</b>	<b>Change from 2022 to 2022</b>
Increase in ordinary share capital	-	-
Total comprehensive income for the year	5	11
Change in discounting effect for net best estimate	1	3
Other	(1)	(3)
<b>Total</b>	<b>5</b>	<b>11</b>
<b>Gard M&amp;E Europe, difference between equity and excess of assets over liabilities</b>		
USD million, as of 31.12	<b>2023</b>	<b>2022</b>
Excess of assets over liabilities	94	90
Statutory accounts equity	91	86
<b>Difference between equity and Excess of assets over liabilities</b>	<b>3</b>	<b>4</b>
Specification of difference:		
Net technical provisions	8	6
Risk margin	(3)	(3)
Deferred tax	(1)	-
Other	-	-
<b>Difference between equity and Excess of assets over liabilities</b>	<b>3</b>	<b>4</b>

Eligible own funds increased by USD 4 million, from USD 90 million to USD 94 million during the period.

The reconciliation reserve of USD 3 million as of 31 December 2023 comprises the excess of assets over liabilities less ordinary share capital and share premium account and is attributable to Tier 1 capital.

No deferred tax assets are attributable to Tier 3 capital as of 31 December 2023.

## 2.15 Solvency capital requirement

The solvency capital requirement under the Solvency II approved partial internal model was USD 41 million as of 31 December 2023. The total eligible own funds to meet the SCR was USD 94 million. The solvency ratio was 229 per cent.

MCR under the Solvency II partial internal model was USD 16 million. Eligible own funds to meet MCR was USD 94 million, i.e., a ratio of 605 per cent.

The SCR for Gard M&E Europe decreased by USD 2 million to USD 41 million during the period. The

Basic Solvency Capital Requirement (BSCR) has increased over the year, mainly driven by an increase in insurance risk due to an increase in reserves. Counterparty risk has decreased by USD 1 million and operational risk has increased by USD 1 million. The loss-absorbing capacity of deferred taxes covering the justifiable amount calculated for the company has increased by USD 9 million, due to an increase in expected profit in the financial plan over the period. This has mitigated the impact on the SCR of increased insurance risk.

<b>Gard M&amp;E Europe, Solvency Capital Requirement</b>		
USD million	<b>31.12.2023</b>	<b>31.12.2022</b>
Insurance risk	41	33
Market risk	0	0
Counterparty risk	18	19
Diversification	(14)	(12)
Basic Solvency Capital Requirement (BSCR)	45	40
Operational risk	7	6
Loss-absorbing capacity of deferred taxes (LACDT)	(12)	(3)
<b>Solvency Capital Requirement (SCR)</b>	<b>41</b>	<b>43</b>



# 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

1. Gard P. & I. (Bermuda) Ltd. ('Gard Bermuda')
2. Assuranceforeningen Gard - gjensidig - ('Gard Norway')
3. Gard Marine & Energy Limited ('Gard M&E')
4. Gard Marine & Energy Insurance (Europe) AS ('Gard M&E Europe')
5. 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')
- Assuranceforeningen Gard - gjensidig -, Finland Branch ('Gard Norway Finland')
- Gard Marine & Energy Limited, Norwegian Branch ('Gard M&E NUF')
- Gard Marine & Energy Limited, Singapore Branch ('Gard M&E Singapore')
- Gard Marine & Energy Limited, Hong Kong Branch ('Gard M&E Hong Kong')
- Gard Marine & Energy Insurance (Europe) AS, UK Branch ('Gard M&E Europe UK')
- Gard Marine & Energy Insurance (Europe) AS, Finland Branch ('Gard M&E Europe Finland')

## 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')

## Branches to Gard AS

- Gard AS London

## 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')
- Sagagården AS
- Gard Krysset AS

## 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  
BOD: THE BOARDS OF DIRECTORS  
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: THE EXECUTIVE COMMITTEE  
FINANSTILSYNET: THE NORWEGIAN FINANCIAL SUPERVISORY AUTHORITY (FSA)  
GLT: GROUP LEADERSHIP TEAM  
IBNR: INCURRED BUT NOT REPORTED  
IFRS: INTERNATIONAL FINANCIAL REPORTING STANDARDS  
IG: INTERNATIONAL GROUP  
INTERNAL MODEL: GARD'S INTERNAL RISK CAPITAL MODEL  
LOD: LOSSES OCCURRING DURING  
MCR: MINIMUM CAPITAL REQUIREMENT  
OGD: OWNER'S GENERAL DISCOUNT  
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

- 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)
- Own funds (S.23.01.22)
- Solvency Capital Requirement — for groups using the standard formula and partial internal model (S.25.02.22)
- Undertakings in the scope of the group (S.32.01.22)

## Gard Norway quantitative reporting templates

- 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.04.05.01)
- 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)

## Gard M&E Europe quantitative reporting templates

- 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.04.05.01)
- 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)