



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 995 194 384
Organisasjonsform: Norskreg. utenlandsk foretak
Foretaksnavn: GARD P. & I. (BERMUDA) LTD
Forretningsadresse: Kittelsbuktveien 31
4836 ARENDAL

Regnskapsår

Årsregnskapets periode: 21.02.2019 - 20.02.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Trine-Lill Einerkjær
Dato for fastsettelse av årsregnskapet: 21.04.2020

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 01.07.2021



Resultatregnskap

Beløp i: USD	Note	2020	2019
TEKNISK REGNSKAP FOR SKADEFORSIKRING			
Opptjente bruttopremier		272 486 000	286 831 000
Gjenforsikringsandel av opptjente bruttopremier		183 011 000	189 985 000
Sum premieinntekter for egen regning		89 475 000	96 846 000
Erstatningskostnader			
Brutto erstatningskostnader		275 621 000	321 542 000
Gjenforsikringsandel av brutto erstatningskostnader		143 035 000	173 583 000
Sum erstatningskostnader for egen regning		132 586 000	147 959 000
Forsikringsrelaterte driftskostnader			
Salgskostnader		13 208 000	19 838 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for mottatt gjenforsikring		12 062 000	12 045 000
Mottatte provisjoner for avgitt gjenforsikring og gevinstandeler		33 062 000	32 101 000
Sum forsikringsrelaterte driftskostnader		-7 792 000	-218 000
Andre forsikringsrelaterte driftskostnader		2 230 000	2 544 000
Resultat av teknisk regnskap		-37 549 000	-53 439 000
IKKE-TEKNISK REGNSKAP			
Netto Inntekter fra investeringer			
Renteinntekt og utbytte m.v. på finansielle eiendeler		78 000	123 000
Netto driftsinntekt fra eiendom		0	0
Verdiendringer på investeringer		12 386 000	-26 256 000
Realisert gevinst og tap på investeringer		6 342 000	22 953 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		204 000	438 000
Sum netto inntekter fra investeringer		18 602 000	-3 618 000
Resultat av ikke-teknisk regnskap		18 602 000	-3 618 000
Resultat før skattekostnad		-18 947 000	-57 057 000
Skattekostnad		-5 911 000	-14 590 000



Resultatregnskap

Beløp i: USD	Note	2020	2019
Resultat før andre inntekter og kostnader		-13 036 000	-42 467 000
Totalresultat		-13 036 000	-42 467 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Investeringer			
Bygninger og andre faste eiendommer		0	0
Datterforetak, tilknyttede foretak og felleskontrollerte foretak		0	0
Finansielle eiendeler som måles til amortisert kost		0	0
Andre finansielle eiendeler			
Finansielle eiendeler som måles til virkelig verdi		0	0
Sum investeringer		0	0
Gjenforsikringsandel av brutto forsikringsforpliktelser			
Gjenforsikringsandel av ikke opptjent bruttopremie		1 157 000	20 000
Gjenforsikringsandel av brutto erstatningsavsetning		443 443 000	434 344 000
Sum gjenforsikringsandel av brutto forsikringsforpliktelser		444 600 000	434 364 000
Fordringer			
Forsikringstakere		10 830 000	30 540 000
Fordringer i forbindelse med direkte forretninger		10 830 000	30 540 000
Fordringer i forbindelse med gjenforsikring		21 196 000	13 568 000
Andre fordringer		244 688 000	238 065 000
Sum fordringer		276 714 000	282 173 000
Andre eiendeler			
Kasse, bank		505 000	522 000
Eiendeler ved skatt		19 387 000	14 589 000
Andre eiendeler betegnet etter sin art		5 460 000	11 899 000
Sum andre eiendeler		25 352 000	27 010 000
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		3 098 000	3 836 000
Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		3 098 000	3 836 000
SUM EIENDELER		749 764 000	747 383 000



Balanse

Beløp i: USD	Note	2020	2019
EGENKAPITAL OG FORPLIKTELSER			
Innskutt egenkapital			
Aksjekapital/eierandelskapital/garantifond		422 000	
Selskapskapital		422 000	0
Sum innskutt egenkapital		422 000	0
Opptjent egenkapital			
Fond m.v.			
Sum opptjent egenkapital		0	0
Sum egenkapital		422 000	0
Sum ansvarlig lånekapital m.v.		0	0
Brutto forsikringsforpliktelser			
Avsetning for ikke opptjent bruttopremie		2 244 000	
Brutto erstatningsavsetning		721 461 000	721 441 000
Sum brutto forsikringsforpliktelser		723 705 000	721 441 000
Avsetninger for forpliktelser			
Forpliktelser ved skatt			
Forpliktelser ved periodeskatt			991 000
Sum avsetninger for forpliktelser		0	991 000
Forpliktelser i forbindelse med direkte forsikring		10 272 000	12 460 000
Forpliktelser i forbindelse med gjenforsikring		12 074 000	7 635 000
Andre forpliktelser		44 000	
Sum forpliktelser		22 390 000	20 095 000
Påløpte kostnader og mottatte ikke opptjente inntekter			
Mottatte, ikke opptjente leieinntekter		3 247 000	4 857 000
Sum påløpte kostnader og mottatte ikke opptjente inntekter		3 247 000	4 857 000
SUM EGENKAPITAL OG FORPLIKTELSER		749 764 000	747 384 000



FINANCIAL STATEMENTS 2020

GARD P. & I. (BERMUDA) LTD. NORWEGIAN BRANCH

for the year to 20 February 2020





Gard P. & I. (Bermuda) Ltd – Norwegian Branch

Board of Directors' Report

INTRODUCTION

The Board of Directors' hereby submits the report and accounts of Gard P. & I. (Bermuda) Ltd – Norwegian Branch for the 2020 financial year, covering the 12 month period to 20 February 2020. This is Gard P. & I. (Bermuda) Ltd Norwegian Branch's (the "Branch" or the "Company") 10th year of operation.

In the opinion of the Board of Directors the report and accounts for the year to 20 February 2020 gives a true and fair picture of the Branch's assets, liabilities, financial position and result.

Statutory requirements with regard to solvency and capital are complied with.

Beyond what has been dealt with in this report, and the risks and uncertainties the marine insurance industry in general is faced with, the Board of Directors does not consider there to be any special risks or uncertainties connected to the business activities of the Branch.

THE OPERATION IN GENERAL

P&I insurance

Gard P. & I. (Bermuda) Ltd. is a mutual insurance association founded in Bermuda in 1988. The association provides Protection and Indemnity (P&I) insurance and related insurance products to its members being owners, operators and charterers of ships entered in the association. As a mutual insurance association, the club is owned by its members. There are no external capital owners. Gard P. & I. (Bermuda) Ltd. is the parent company in the Gard group.

Protection and Indemnity (P&I) insurance is the name of the insurance covering the shipowner's liability towards a third party. The insurance covers both liabilities for property damage and personal injuries arisen in connection with the operation of the ship.

Traditional P&I insurance is currently offered by 13 global players covering about 90 per cent of the world's merchant fleet.

These 13 clubs, or mutual insurance associations, have formed an organization called the International Group of P&I Clubs (the Group). One of the most important functions of the Group is to co-ordinate the clubs collective purchase of market reinsurances. This is done within the framework of the so-called Pooling Agreement. The latter contains three main elements. The first is the claims sharing between the parties to the agreement. The second is the provisions dealing with collective purchase of market reinsurances covering liabilities in excess of the upper limit of the Pool. The third is the provisions governing a claim exceeding the limit of the Group clubs collective market reinsurance contract, a so-called overspill claim.

The Branch

Gard P. & I. (Bermuda) Ltd established a Branch in Norway on 6 March 2010. The Branch is established in accordance with a license granted by the Norwegian Ministry of Finance. The Branch complies with the terms of the license.

Gard AS

Gard AS is the general agent for the Branch. All insurance products are offered by the Branch through Gard AS on the basis of a delegation of authority. Gard AS is registered as insurance agent for Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard – gjensidig –, Gard Marine & Energy Limited and Gard Marine & Energy Insurance (Europe) AS in accordance with the Norwegian legislation on insurance intermediary activities based on the EU insurance mediation directive.



Gard P. & I. (Bermuda) Ltd – Norwegian Branch

Board of Directors' Report

Gard AS has offices in Arendal, Bergen and Oslo. Further, Gard AS has wholly owned subsidiaries in London (Gard (UK) Limited), New York (Gard (North America) Inc.), Hong Kong (Gard (HK) Ltd), Helsinki (Oy Gard (Baltic) Ab), Piraeus (Gard (Greece) Ltd), Tokyo (Gard (Japan) K.K.) and Singapore (Gard (Singapore) Pte. Ltd). The subsidiaries' main function is to be the local representative of Gard AS.

Personnel and organization

The general agent of the Branch is Gard AS. The Branch has no employees.

Environmental damage

The Company is a mutual insurance provider and the environmental footprint is therefore limited as the products, in the form of insurance cover, do not have an environmental impact.

Gard fully supports the UN Principles of Responsible Investment and actively encourage the fund managers to sign up to them. These Principles recognise that long term sustainable returns are dependent on stable, well-functioning and well governed social, environmental and economic systems.

Research and development

The Branch does not carry out research and development activities.

INSURANCE BUSINESS

Entered tonnage

At the end of the financial year, 20 February 2020, the number of entered vessels and other units was 5,839 and the total tonnage was 204.2 million gross tons of which owner's direct entries amounted to 126.6 million gross tons.

Reinsurance

In the financial year to 20 February 2020 the Branch's retention level for insurance liabilities arising out of any one event any one vessel was USD 4.9 million, net of reinsurance, for mutual entries reinsured under the Pooling Agreement and USD 9.8 million, net of reinsurance, any one event any one vessel for liabilities arising under fixed premium entries reinsured outside the Pool-structure.

According to the P&I Clubs' Pooling Agreement, the retention for all claims arising out of any one event any one vessel was USD 10 million. The reinsurance protection through the Pool was USD 2,000 million per event in excess of the USD 100 million upper limits of the Pool.

Fixed premium entries covering risks falling outside the scope of the Pooling Agreement was reinsured by the Association in the commercial reinsurance market. The level of retained risk for each claim was USD 20 million.

Gard P. & I. (Bermuda) Ltd has entered into a separate reinsurance treaty with Gard Reinsurance Co Ltd covering a proportion of the risks retained under the reinsurance arrangements based on the Pooling Agreement and other reinsurance arrangements. Pursuant to this reinsurance treaty 50 per cent of the insurance liabilities of the Branch not covered by the Pooling Agreement or other reinsurance arrangements was ceded to Gard Reinsurance Co Ltd as reinsurance in the financial year to 20 February 2020.

Finally, Gard P. & I. (Bermuda) Ltd has entered into a separate reinsurance treaty with Assuranceforeningen Gard - gjensidig - where the latter, as the reinsurer, covers a proportion of the risks retained by Gard P. & I. (Bermuda) Ltd under the above reinsurance arrangements. Pursuant to this separate reinsurance treaty 2 per cent of the insurance liabilities not covered by the Pooling Agreement or the market contracts of Gard P. & I. (Bermuda) Ltd was ceded from



Gard P. & I. (Bermuda) Ltd – Norwegian Branch

Board of Directors' Report

Gard P. & I. (Bermuda) Ltd to Assuranceforeningen Gard - gjensidig -, as reinsurance in the financial year to 20 February 2020.

FINANCIAL RISK

Insurance risk

The Branch seeks to manage the insurance risk it faces through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Branch is participating in the reinsurance arrangements that are in place for Gard P. & I. (Bermuda) Ltd. The Branch's underwriting policy supports the seeking of risks with adequate pricing that commensurate with the risk profiles and claims experience. The risk-taking in the Branch follows Gard P. & I. (Bermuda) Ltd, which it is a part of. The volatility for the Branch is high relative to the premium volume on a standalone basis.

Insurance stress tests have been performed on Gard P. & I (Bermuda) Ltd. A set of extreme events have been identified and the realistic possible loss to the Company has been estimated. The highest insurance loss for own account from the identified extreme events is USD 18 million.

Reverse stress testing has also been conducted. A net insurance loss of USD 959 million will jeopardise Gard P. & I. (Bermuda) Ltd.'s solvency. This loss corresponds to an additional 108 losses in excess of USD 20 million on the Mutual portfolio and 96 losses on the fixed portfolio.

The insurance risk stress tests made on the legal entity also apply to the Branch.

Market risk

The Branch does not hold investments. Market risk consists of currency risk.

The risk of economic losses resulting from actual currency rates differing from expected currency rates. The currency exposure on the asset side is broadly matched to the assumed currency exposure of liabilities. The assumed currency exposure to liabilities differs from accounting exposure to currencies because the reserving currency is not always the actual currency of the future cash flow. There is an acceptable mismatch between the currency exposure on assets and liabilities. The currency exposure is managed through a rolling forward program.

Counterparty default risk

The Branch's external counterparty default risk is primarily connected to a possible shortfall on the part of market reinsurers. Historically only minor amounts have been written off as lost. Only reinsurers with a financial strength rating "A" or better from Standard & Poor's or other rating agencies are chosen. The credit risk in respect of receivables is handled by group policies and by close follow-up.

The main reinsurer of the Company is Gard Reinsurance Co. Ltd., which covers 50 per cent of all risks undertaken by the Branch not reinsured elsewhere.

Liquidity risk

The liquidity risk of the Branch is considered low. The Branch has adequate access to liquidity through Gard P.& I. (Bermuda) Ltd. The duration of investable assets shall meet the pay-out profile of the Gard P.& I. (Bermuda) Ltd's liabilities. The investable asset consists of a liquid portfolio that can be liquidated in a short period of time. Gard P.& I. (Bermuda) Ltd is part of a cash pool arrangement with Gard Marine and Energy Limited, Gard AS and Assuransegården.



Gard P. & I. (Bermuda) Ltd – Norwegian Branch

Board of Directors' Report

Operational risk

The operational risk of the Gard group is assessed annually through the internal self-assessment. Results of the self-assessment are used to manage operational risk and to quantify the internal operational risk charge.

Capital and solvency position

The Branch must comply with Norwegian regulations on solvency and capital requirements and on fund management. Statutory requirements are calculated quarterly. The Branch has a cash deposit of EUR 462,500 according to Norwegian requirements. Gard P. & I. (Bermuda) Ltd. deposit assets in Ireland, through Northern Trust as custodian, for the business activities of the Branch.

The deposit shall at all times cover statutory requirements as to solvency and capital. The assets shall be managed following the Norwegian fund management regulations for assets covering technical provisions.

The Norwegian Branch is an integrated part of Gard P. & I. (Bermuda) Ltd. and a necessary distribution channel for the company's products. Gard considers it essential to sustain the operation in the Norwegian Branch to accomplish Gard P. & I. (Bermuda) Ltd's goals and accepted strategies.

All statutory requirements are complied with. If the solvency or capital position calls for it, Gard P. & I. (Bermuda) Ltd. can take the necessary actions to restore the Branch's liquidity position or capital adequacy to an acceptable level.

ACCOUNTS FOR THE FINANCIAL YEAR 2020

The Company has been granted dispensation by the Norwegian Financial Supervisory Authority and the Tax Authority from the requirements to present the annual accounts in Norwegian currency and in the Norwegian language. In accordance with this, the annual accounts are presented in United States dollar (USD) and in the English language. Comparing figures as per 20 February previous year are included in brackets.

Result

The net result in the period was a loss of USD 13 million (loss of USD 42.5 million).

Technical result was a loss of USD 37.5 million (loss of USD 53.4 million).

Premiums

The gross earned premium income in the financial year 2020 was USD 27.7 million (USD 286.8 million). Earned premium for own account was USD 89.5 million (USD 96.8 million). The premium volume in the Branch is increased for the year to 20 February 2020 and also compared to plan. The main reasons for the increase is an increase in tonnage, but a reduction in rates compared to last year. A full reduction of last instalment of the 2019 policy year has been included in the accounts (reduction in last instalment from 20 to 10 per cent for the 2018 policy year). The estimated last instalment was 20 per cent of advance call or USD 43.5 million. In the comparative accounts of last year, a 10 per cent call for the 2018 policy year was included in the accounts. The originally estimated last instalment for 2018 was 20 per cent of advance call or USD 43.7 million.

Claims

Gross incurred claims during the period was USD 275.6 million (USD 321.5 million). Net claims incurred amounted to USD 132.6 million (USD 148 million). This is a moderate increase compared to plan, and is mainly caused by higher level of Pool claims from the International Group clubs, which continued the trend from 2018.



Gard P. & I. (Bermuda) Ltd – Norwegian Branch

Board of Directors' Report

Result on the non-technical accounts

The non-technical result consists of currency exchange gains and losses and a prorated part of the non-technical result in the parent company. The part of the non-technical result from the parent company is allocated based on the average share between opening and closing balance of attributed investment assets plus a buffer of 20 per cent. This is to be in compliance with changes in tax the legislation and the OECD guidelines. The non-technical result amounts to a positive USD 18.6 million (negative USD 3.6 million).

Total equity/Solvency capital requirement

In the balance sheet, the solvency capital requirement ("SCR") is up to USD 143.2 million from USD 149.1 million at the end of last year. The SCR required is funded through a receivable from Gard P. & I. (Bermuda) Ltd (Head account).

		20.02.2020	20.02.2019
Net result	USD	-13.0 million	-42.5 million
SCR	USD	143.2 million	149.1 million
<u>Other intercompany</u>	<u>USD</u>	<u>114.5 million</u>	<u>131.5 million</u>
Head account	USD	244.7 million	238.1 million

Technical provisions

As at 20 February 2020 the Branch's net technical provisions to cover reported and unreported claims amounted to USD 278 million (USD 287.1 million).

The Board of Directors are of the opinion that head account and technical provisions are sufficient to cover all technical liabilities as at 20 February 2020.

CONTINUED OPERATION AND FUTURE DEVELOPMENT

On 11 March 2020, the World Health Organization named the COVID-19 virus as a pandemic, following which, inter alia, many global financial markets experienced heavy losses due to the uncertainty surrounding the world-wide spread of the virus. In relation to the COVID-19 pandemic, there has been a need to make adjustments to the operation of the company and staff in the insurance intermediaries have been set up with equipment enabling them to work remotely from home. Internal and external meetings and communications have been done via telephone/video link. The changes have not had an adverse effect on the ability to run the company. The company's financial situation is monitored closely, not only the development of the market risk, but also insurance risk, counterparty risk, operational risk and liquidity risk. The management are taking steps to manage the adverse financial and operational effects.

Against this background and pursuant to the Norwegian Accounting Act of 1998, section 3-3a, the Board of Directors is of the opinion that it is basis for continued operation of the Association. The year-end accounts are based on these premises.

The Board of Directors wishes to express its gratitude to customers, business associates and correspondents for their participation and support to the Branch, and thanks to all employees of Gard AS for their loyalty and interest throughout the year.



Gard P. & I. (Bermuda) Ltd – Norwegian Branch
Board of Directors' Report

Arendal, 21 April 2020

Board of Directors of
Gard P. & I. (Bermuda) Ltd – Norwegian Branch


Trond Eilertsen
Chairman


Lars Lislegard-Bækken


Rolf Thore Roppstad
Managing Director



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Statement of comprehensive income/(loss)

Amounts in USD 000's	Notes	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Technical account			
Gross written premium	4, 5, 6	274,730	286,831
Gross earned premium	4, 5, 6	272,486	286,831
Ceded reinsurance	6	(183,011)	(189,985)
Earned premium for own account	6	89,475	96,846
Other insurance related income		0	0
Gross incurred claims	6	275,620	321,541
Reinsurers' share of gross incurred claims	6	(143,035)	(173,583)
Claims incurred for own account	6	132,586	147,959
Acquisition costs		13,209	19,838
Agents commission		12,062	12,045
Commission received		(33,062)	(32,101)
Insurance related expenses for own account	8	(7,792)	(218)
Other insurance related expenses	8	2,231	2,543
Technical result		(37,549)	(53,439)
Non-technical account			
Interest and similar income/(expense)		78	123
Change in unrealised gain/(loss) on investments		12,386	(26,256)
Gain on realisation of investments		6,342	22,953
Other investment expenses		(204)	(438)
Non-technical result		18,602	(3,618)
Profit/(loss) before tax		(18,947)	(57,056)
Taxation	9	(5,912)	(14,589)
Net result		(13,036)	(42,467)
Other comprehensive income/(loss)			
Other comprehensive income/(loss), net of tax		0	0
Total comprehensive income/(loss)		(13,036)	(42,467)

**GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH**

Balance sheet

Amounts in USD 000's	Notes	As at 20.02.20	As at 20.02.19
Assets			
Reinsurers' share of technical provisions			
Reinsurers' share of gross premium reserve		1,157	20
Reinsurers' share of gross claims reserve	6, 10	443,443	434,344
Total reinsurers' share of technical provisions		444,600	434,364
Receivables			
<i>Receivables from direct insurance operations</i>			
Policyholders	10, 11	10,830	30,540
<i>Other receivables</i>			
Receivables from reinsurance operations		3,967	3,273
Receivables from reinsurance operations - group companies		17,228	10,295
Other receivables		0	7
Total receivables		32,026	44,115
Other assets			
Cash and cash equivalents	10, 14	504	522
Deferred tax asset	9	19,387	14,589
Other financial assets	10	5,460	11,899
Total other assets		25,352	27,010
Prepayments and accrued income			
Accrued income and other prepayments		3,098	3,837
Total prepayments and accrued income		3,098	3,837
Total assets		505,076	509,325
Equity and liabilities			
Equity			
Guarantee scheme provision		422	0
Total equity		422	0
Technical provisions			
Gross premium reserve		2,244	(0)
Gross claims reserve	6, 10	721,461	721,441
Total technical provisions		723,705	721,441
Provision for other liabilities			
Income tax payable	9, 10	0	991
Total provisions for other liabilities		0	991
Payables			
Payables arising out of direct insurance operations	13	10,272	12,460
Payables arising out of reinsurance operations		11,255	7,618
Payables arising out of reinsurance operations - group companies		819	18
Other payables		45	0
Total payables		22,390	20,095
Accruals and deferred income			
Accruals and deferred income		3,246	4,857
Total accruals and deferred income		3,246	4,857
Total equity and liabilities		749,341	747,384
Net assets		(244,688)	(238,058)
Head account			
Head account	12	(244,688)	(238,058)
Total head account		(244,688)	(238,058)

Financial Statements for the year to 20 February 2020



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH
Statement of changes in equity

Amounts in USD 000's	Guarantee scheme	Total
Equity as at 21.02.18	0	0
Provision for Norwegian Non-life Insurance Guarantee Scheme	0	0
Equity as at 20.02.19	0	0
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Equity as at 21.02.19	0	0
Provision for Norwegian Non-life Insurance Guarantee Scheme	422	422
Equity as at 20.02.20	422	422



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Statement of cash flow

Amounts in USD 000's	Notes	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Cash flow from operating activities			
Profit/(loss) before tax		(18,947)	(57,056)
Tax paid	9	(997)	(2,018)
Financial assets		6,439	(2,120)
Change in valuation due to exchange rates		1,542	(178)
Change in receivables and payables		7,755	22,320
Change in technical provisions and other accruals		4,191	39,003
Net cash flow from operating activities		(18)	(49)
<hr/>			
Net change in cash and cash equivalents		(18)	(49)
Cash and cash equivalents at beginning of year		522	571
Cash and cash equivalents at end of year		504	522



GARD P. & I. (BERMUDA) LTD. – NORWEGIAN BRANCH

Notes to the accounts

Note 1 – Corporate information

Gard P. & I. (Bermuda) Ltd. is a mutual insurance association incorporated and domiciled in Bermuda (the "Company"). The operations and insurance activities of the Company are carried out by its insurance manager, Lingard Limited. In order to comply with Norwegian regulations, the Company established a Norwegian Branch on 21 February 2010 (the "Branch"). The Branch writes all business underwritten by the Company in Norway and is registered with the Norwegian Companies Register (organisation number 995 194 384). The financial statements of the Branch are reported to the Norwegian authorities and are filed in Norway.

USD are translated into USD based on the same method as for monetary items. Non-monetary items that are measured at fair value expressed in currencies other than USD are translated into USD using the exchange rate applicable on the transaction date. Translation differences are recognised in the income statement as they occur during the accounting period.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and financial assets are presented as part of the non-technical result as 'Interest and similar income' and 'Change in unrealised gain/loss on investments' respectively.

All foreign exchange gains and losses relating to technical operations are presented in the income statement as part of the technical result.

Note 2 - Accounting policies

2.1 Basis of preparation of the Accounts

This year's accounts include the Branch's activity from 21 February 2019 to 20 February 2020.

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

2.2 Use of accounting estimates when preparing the accounts

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

Investment assets are not held directly by the Branch. A calculated share of the head office's investment return is therefore allocated to the Branch. The allocated share is calculated based on the average share between opening and closing balance of attributed investment assets plus a buffer of 20 per cent. Attributed investment assets are calculated as intercompany with head office plus accumulated deficit, while any accumulated surplus is not added. A 20 per cent buffer is added to Excess of assets over liabilities. This ensures that the basis for allocation of investment return is a solvency ratio of 120 per cent.

2.3 Foreign currency

Functional currency and presentation currency

The accounts are prepared in USD, which is both the functional currency and presentation currency of the Branch.

Transactions in foreign currency

Transactions in currencies other than USD are translated at the rate applicable on the transaction date. Monetary items in the balance sheet in currencies other than USD are translated into USD using the exchange rate applicable on the balance sheet date. The currency exposure of the provision for claims is assessed to be equivalent to the same currency exposure as claims paid. The opening and closing balances of the provision for claims other than

2.4 Provisions, contingent liabilities and assets

Provisions are recognised when the Branch has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For potential obligations whose likelihood is not remote or probable (i.e. not 'more likely than not'), a contingent liability is disclosed.

There is no provision for contingent liabilities recognised in the balance sheet.

Contingent assets are not recognised in the financial statements but are disclosed if it is likely that resources embodying economic benefits will flow to the Branch.

2.5 Events after the reporting period

New and material information on the Branch's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the Branch's financial position at the end of the reporting period but might significantly affect the financial position in the future, are disclosed in note 16.

2.6 Other significant accounting policies

Other significant accounting policies are presented and described in other notes to the financial statements, together with the more expanded disclosures for that particular area. This is done to make the disclosures more relevant to the users and to make it easier to get an overview of the relevant note. The following table includes other significant accounting policies that are described in other notes to the financial statements, including the number of the note:

Accounting policy	Note
Technical result	6
Technical provisions	6
Insurance related expenses	8
Tax	9
Cash and cash equivalents	14



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 3 - Intra-group transactions

Reinsurance agreements

Gard P. & I. (Bermuda) Ltd. has entered into reinsurance agreements with Assuranceforeningen Gard - gjensidig - ("Gard Norway") and Gard Reinsurance Co Ltd ("Gard Re"). The Branch cedes to Gard Norway by way of reinsurance 2 per cent of the Branch's insurance portfolio after taking the external reinsurance into account. The Branch cedes 50 per cent of the insurance portfolio after taking the external reinsurance and the reinsurance agreement with Gard Norway into account. Premiums are calculated on a financial year basis. Claims are calculated on a claim year basis.

Amounts in USD 000's	Ceded to Gard Norway	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Reinsurance	3,652	3,953
Reinsurers' share of gross settled claims	4,016	2,831
Reinsurance commission	1,080	1,205

Amounts in USD 000's	Ceded to Gard Norway	
	As at 20.02.20	As at 20.02.19
Reinsurers' share of claims reserve	10,640	10,943

Amounts in USD 000's	Ceded to Gard Re	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Reinsurance	89,475	96,846
Reinsurers' share of gross settled claims	98,399	69,365
Reinsurance commission	27,334	27,746

Amounts in USD 000's	Ceded to Gard Re	
	As at 20.02.20	As at 20.02.19
Reinsurers' share of claims reserve	260,674	268,104

The Branch has entered into a reinsurance agreement with Hydra, which is a segregated accounts company. The Branch's segregated account (cell) in Hydra is covering the former companies' liability to a layer of the International Group (IG) Pool and retention in the 1st market excess layer.

Amounts in USD 000's	Ceded to Hydra	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Ceded reinsurance	30,798	30,019

Insurance management agreement

The Branch has appointed Lingard Limited as insurance manager and principal representative in Bermuda. The services provided is governed by insurance management agreement with Lingard Limited.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
	Insurance services invoiced	57,242

Insurance/reinsurance agency agreements

Lingard Limited in its capacity as insurance manager of the Branch has entered into insurance agency agreements with Gard AS and its subsidiaries. Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the Branch.



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
EEA	130,673	135,893
Norway	66,160	73,158
Other areas	77,897	77,781
Total gross written premium	274,730	286,831

The geographical split is made based on the location of the individual Member or client.

Note 5 - Estimated deferred call / Last instalment

These accounts are prepared on the basis of a Board of Directors' resolution of a nil per cent last instalment in respect of the 2019 policy year (financial year ending 20 February 2020). The original estimated last instalment was 20 per cent. The last instalment for the 2018 policy year (financial year ending 20 February 2019) was reduced to 10 per cent from 20 per cent.

The reduction in last instalment for gross written premium amounts to USD 43.5 million (financial year ending 20 February 2019 USD 21.9 million).



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 6 - Technical result and technical provisions

Accounting Policy

Premiums

Premiums are based on the insurance contracts where one party (the insurer) has accepted a significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Premiums are recognised over the insurance policy period. The deferred call / last instalment for P&I business for the accounting year is subject to approval by the Board of Directors in the following year. Supplementary calls for P&I business may be charged to Members for or previous policy years.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro-rata basis. The proportion attributable to subsequent periods is deferred as gross premium reserve.

Reinsurance premiums

Reinsurance premiums are recognised as an expense over the underlying policy period.

Claims expenses

Expenses regarding incurred claims and other administrative expenses are recognised in the period they are incurred.

Paid claims include an allocated portion of both direct and indirect claims handling cost.

	Total
	21.02.19
Amounts in USD 000's	to 20.02.20
<hr/>	
Technical result	
Gross written premium	274,730
Gross earned premium	272,486
Ceded reinsurance	(183,011)
Earned premium for own account	89,475
Claims incurred, gross	
Incurred this year	258,518
Incurred previous years	17,102
Total claims incurred, gross	275,620
Reinsurers' share of gross incurred claims	143,035
Claims incurred for own account	132,586



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 6 - Technical result and technical provisions continued

Accounting Policy

Technical provisions are calculated in accordance with the regulations for annual accounts for insurance companies.

Gross premium reserve

The gross premium reserve is amortised over the risk period and is calculated and accounted for in the balance sheet as a provision for the part of premium written that exceeds the end of the financial year. Changes in the provision are charged to the income statement.

Gross claims reserve

The gross claims reserve comprises estimates of the expected remaining exposure from claims that have been reported to the Branch (RBNS), and from claims that have been incurred but which have not yet been reported (IBNR).

Provisions for reported claims are made by assessing the liability of each claim. Actuarial methods are used in estimating the total cost of outstanding claims. The claim provisions have not been discounted.

In accordance with the Norwegian regulations for insurance companies a provision for Internal Claims Handling Expenses (unallocated loss adjustment expenses, or ULAE) is included in the Gross claims reserve.

Insurance contract liabilities

Insurance contract liabilities are the main items in the balance sheet based upon judgements and estimates.

Estimates have to be made both for the expected total cost of claims reported and for the expected total cost of claims incurred, but not reported, at the balance sheet date. Standard actuarial methods are used in estimating the total cost of outstanding claims.

The actuarial method uses historical data as one of the elements in the model to estimate future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

	Total
	As at
Amounts in USD 000's	20.02.20
Technical provisions gross	
Provisions, at the beginning of the period	721,441
Claims paid	275,600
Claims incurred - gross this year	(258,478)
Claims incurred - gross previous years	(17,102)
Provisions, at the end of the period	721,461
Reinsurers' share of claims provision	443,443
Provisions net, at the end of the period	443,443
Provision for unearned premiums, gross	2,244
Reinsurers' share of premium provision	(1,157)
Provision for unearned premiums, net	1,087
Provision for outstanding claims	
Technical provision gross	721,461
Technical provision net	278,018



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 7 - Differences between Solvency II and balance sheet valuation

Amounts in USD 000's	Solvency II	Balance sheet	As at 20.02.20 Differences
Assets			
Reinsurance recoverables			
Reinsurers' share of gross premium reserve	0	1,157	(1,157)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	811	0	811
Reinsurers' share of gross claims reserves	443,443	443,443	0
Discounting effect of reinsurers' share of gross claims reserves	(10,236)	0	(10,236)
Reinsurers' share of Bound but not incepted (BBNI) - net	(25,422)	0	(25,422)
Losses occurring during - net	0	0	0
Reinsurance recoverables	408,596	444,600	(36,004)
Liabilities			
Technical provisions			
Gross premium reserves	0	2,244	(2,244)
Gross expected cash flow for unexpired cover net of commission provision	883	0	883
Gross claims reserves	721,461	721,461	0
Discounting effect of gross claims reserves	(16,600)	0	(16,600)
Bound but not incepted (BBNI) - net	(162,406)	0	(162,406)
ULAE future claims discounted	142,909	0	142,909
Risk Margin	10,165	0	10,165
Technical provisions	696,412	723,705	(27,293)

Reinsurance recoverables

Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision claims covers the combined ratio share of reinsurers' share of gross premium reserves less reinsurance commission provisions.

Discounting effect of reinsurers' share of gross claims reserve shows the reduction in reinsurers' share of gross claims reserve, in order to arrive at net present value of the reserves as at balance sheet date.

Reinsurers' share of Bound but not incepted (BBNI) – net, covers the net of reinsurers' share of premiums, claims and commission based on agreements with customers entered into but not incepted as at the balance sheet date.

Losses occurring during is covering expected cash flow of extended reinsurance in order to align the coverage period with the premium reserve period.

Technical provisions

Bound but not incepted (BBNI) – net is covering the net of gross premiums, claims and commission from customer agreements entered into, but not incepted as at the balance sheet date.

Gross expected cash flow for unexpired cover net of commission provision is covering the combined ratio share of gross premium reserve less commission provisions. This represents the expected claims costs related to the gross premiums reserve as at balance sheet date.

Discounting effect of gross claims reserve is showing the reduction in gross claims reserve, in order to arrive at net present value of the reserves as at balance sheet date.

The risk margin is calculated as a 6% charge on future yearly cash flows, which is based on Solvency Capital Requirement in respect of non-hedgeable risks. The risk margin represents cost of capital an insurance company would require to take on the obligations of a given company.



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 8 - Other insurance related expenses and number of staff

Accounting policy

Insurance related expenses for own account consist of broker and agent commissions, sales and administrative expenses, less commission received on ceded reinsurance premiums. Sales expenses are recognised in the period in which they are incurred. The administrative expenses and commission received are expensed over the underlying policy period.

Insurance related expenses are accounted for in the period they are incurred.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Acquisition costs and commissions		
Insurance intermediary	13,209	19,838
Agents' commission	12,062	12,045
Commission received	(33,062)	(32,101)
Insurances related expenses for own account	(7,792)	(218)

The Branch has no employees and there has not been paid any remuneration to the Board of Directors.

The Branch is invoiced a monthly fee regarding Insurance intermediary services amounting to USD 57.2 million for the financial year ending 20 February 2020 (20 February 2019 USD 61.1 million) of which 13.2 million (20 February 2019 19.8 million) relates to acquisition cost.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Remuneration auditor		
Statutory audit	62	42
Total auditors' fee	62	42

VAT is included in the fees specified above.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Other insurance related expenses		
Bad debt	833	833
Insurance/reinsurance agency fees	57,242	61,056
Allocated to claims handling and acquisition costs	(56,474)	(61,041)
Other operating expenses	631	1,695
Other insurance related expenses	2,231	2,543

Revenues related to non-insurance activities are included in other operating expenses.



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 9 - Tax

Accounting policy

The tax expense consists of tax payable and changes in deferred tax.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Basis for income tax expenses		
Total comprehensive income/(loss) as basis for tax calculation	(18,947)	(57,056)
Exchange adjustments	902	2,442
Basis for calculating tax	(18,046)	(54,615)
Permanent differences	(5,532)	(3,741)
Basis for the tax expense for the year	(23,577)	(58,356)
Change in temporary differences	(929)	1,694
Basis for payable taxes in the income statement	(24,506)	(56,662)
Change in (utilisation of) tax losses carried forward	(6,461)	56,662
Taxable income (basis for payable taxes in the balance sheet)	(30,967)	0
Income tax expenses		
Tax correction earlier year	215	0
Change in deferred tax	(6,127)	(14,589)
Tax expenses ordinary result	(5,912)	(14,589)
Income tax payable		
Tax at the beginning of the period	991	3,186
Tax paid during the period	(997)	(2,018)
Exchange adjustments	6	(178)
Tax payable at the end of the period	0	991
Deferred tax/tax asset		
Specification of tax effect resulting from temporary differences		
Tax loss carried forward	78,479	56,662
Other temporary differences	(929)	1,694
Total temporary differences	77,550	58,356
Deferred tax, 25 per cent of total temporary differences	19,387	14,589
Reconciliation of the tax expense		
Basis for calculating tax	(18,046)	(54,615)
Calculated tax	(4,511)	(13,654)
Tax expense	(5,912)	(14,589)
Difference	1,401	935
The difference consist of:		
Permanent differences not subject to deferred tax	1,547	935
Tax correction earlier year	(215)	0
Currency effect translation	69	0
Sum explained differences	1,401	935



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 10 - Financial risk

Risk management framework

The purpose of the risk management system is to ensure that material risks are managed in accordance with the Branch's corporate objectives and risk-bearing capacity. The risk management system consists of the following components:

Risk appetite and limits: Overall Risk Appetite and Comfort Zone (target range for capitalization) are defined in accordance with 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: There are group 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: Material risks are identified, assessed regularly, managed proactively, monitored regularly and reported to relevant responsible body.

Main financial risks

Credit risk

The risk of economic losses resulting from the default of third parties.

Counterparty default risk

The risk that actual credit losses will be higher than expected due to the failure of counterparties to meet their contractual debt obligation.

The main sources of counterparty default risk are reinsurers, cash deposits at banks and receivables from policyholders.

The credit exposure on the reinsurance program is in line with the guidelines of only accepting reinsurers with an A- or higher rating.

The Branch is, however, faced with BBB rating exposure through the IG Pooling agreement. Among the thirteen clubs, four have ratings of BBB or lower.

Banks and custodians are in line with the guidelines with a credit rating of at least A/stable.

The credit risk in respect of receivables is handled by policies and by close follow up. Outstanding receivables can be netted off against outstanding claims payments to reduce the risk of doubtful debts.

The table below shows the credit risk exposure as at 20 February 2020. Assets are classified according to the median rating amongst the three market leading providers, Standard & Poor's, Moody's and Fitch. Top rated assets are denoted with AAA rating and US long-term sovereign credit rating is equivalent to a AAA rating due to an applied median approach.

Credit risk exposure in balance sheet

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Reinsurers' share of gross claim reserve		
AA	14,172	16,601
A	419,752	407,477
BBB	9,519	10,266
Total reinsurers' share of gross claim reserve	443,443	434,344
Receivables		
AA	3,967	0
A	17,228	0
Not rated	10,830	44,115
Total receivables	32,026	44,115
Cash and cash equivalents		
AA	504	522
Total cash and cash equivalents	504	522
Other financial assets		
AA	5,460	0
A	0	11,899
Total other financial assets	5,460	11,899

Financial Statements for the year to 20 February 2020



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 10 - Financial risk continued

Age analysis of receivables after provision for bad debt

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Not due	29,064	38,951
0-60 days	1,742	1,135
61-90 days	1,219	923
Above 90 days	1,667	4,793
Provision for bad debt	(1,666)	(1,694)
Total	32,026	44,108

Impaired receivables

As at 20 February 2020 there are impaired receivables of USD 1.7 million (20 February 2019 USD 1.7 million) related to past due. No collateral is held as security for the impaired receivables, but the receivables can be deducted from future claim payments if any. Impairment allowance is included in 'Total receivables'.

Analysis of provision for bad debt

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Balance as at the beginning of the period	1,694	1,221
Provision for receivables impairment	567	905
Receivables written off during the year as uncollectable	(86)	(360)
Unused amounts reversed	(508)	(72)
Balance as at the end of the period	1,666	1,694

The creation and release of provisions for impaired receivables has been included in 'Other insurance related expenses' in the income statement. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 10 - Financial risk continued

Market risk

Market risk consists of currency risk.

Currency risk

The risk of economic losses resulting from actual currency rates differing from expected currency rates. The currency exposure on the asset side is broadly matched to the assumed currency exposure of liabilities. The assumed currency exposure to liabilities differs from the accounting exposure to currencies because the reserving currency is not always the actual currency of the future cash flow. There is an acceptable mismatch between the currency exposure on assets and on liabilities. The currency exposure is managed through a rolling forward program.

Currency split balance sheet

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Assets		
USD	443,212	445,501
EUR	20,063	23,354
GBP	13,917	15,403
Other	27,884	25,067
Total Assets	505,076	509,325
Liabilities and Head account		
USD	244,422	198,904
EUR	107,510	136,315
GBP	69,154	90,722
Other	83,990	83,383
Total Liabilities and Head account	505,076	509,325
Net asset exposure		
USD	198,790	246,597
EUR	(87,447)	(112,961)
GBP	(55,236)	(75,318)
Other	(56,107)	(58,316)



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 10 - Financial risk continued

Liquidity risk

The risk that cash resources are insufficient to meet financial obligations when they fall due. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. Liquidity risk arises primarily due to the unpredictability of the timing of payment of insurance liabilities and the illiquidity of the assets held or when market depth is insufficient to absorb the required volumes of assets to be sold, resulting in asset sale at a discount.

Maturity profile

The following tables below set out the maturity profile of liabilities combining amounts expected to be recovered within one year, between one and five years and more than five years. Liabilities not covered by claims reserves are classified as other liabilities in the tables.

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.20 Total
Gross claims reserve	217,152	424,931	79,377	0	721,461
Income tax payable	0	0	0	0	0
Payables, accruals and deferred income	25,636	0	0	0	25,636

Amounts in USD 000's	Within 1 year	1-5 years	More than 5 years	No maturity date	As at 20.02.19 Total
Gross claims reserve	235,213	415,161	71,067	0	721,441
Income tax payable	991	0	0	0	991
Payables, accruals and deferred income	24,952	0	0	0	24,952



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 11 - Receivables from direct insurance operations

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Direct and received premium from Members	12,496	32,234
Provision for bad debts	(1,666)	(1,694)
Receivables from direct insurance operations	10,830	30,540

Note 12 - Head account - Gard P. & I. (Bermuda) Ltd.

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Balance at the beginning of the year	238,058	255,626
Net result	(13,036)	(42,467)
Transfers with Gard P. & I. (Bermuda) Ltd.	(123,513)	(124,236)
Solvency Capital Requirement (SCR)	143,179	149,135
Balance at the end of the year	244,688	238,058

The insurance activity of the Branch is financed through Gard P. & I. (Bermuda) Ltd. Accumulated results, solvency capital and any additional financing required are classified as balance towards Gard P. & I. (Bermuda) Ltd. and presented as Head account.

Note 13 - Payables arising out of direct insurance operations

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Payables regarding Members	10,272	12,460
Payables arising out of direct insurance operations	10,272	12,460

Note 14 - Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash in hand and deposits held at call with banks and brokers.

The Branch has a group account agreement and participates in a cash pool agreement. Both agreements are made with Nordea Bank Abp filial i Norge. The group account agreement implies that the Company can make overdrafts on individual bank accounts as long as the Company's total bank deposit is positive. The cash pool agreement secures efficient use of the operating bank deposits through the companies' opportunities to make use of the overdraft facility on individual bank accounts. Each company participating in the cash pool agreement is jointly liable for the overdraft facility through unsecured guarantees.

Cash and cash equivalents include restricted cash amounting to USD 0.5 million as at 20 February 2020 (USD 0.5 as at 20 February 2019).



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 15 - Capital requirements

Gard P. & I. (Bermuda) Ltd., Norwegian branch is required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The statutory capital and surplus for Gard P. & I. (Bermuda) Ltd., Norwegian branch include supplementary calls based on gross written premium for the last three open policy years. The SCR, which is part of the Solvency II reporting package, Solvency II reporting package, will not be filed with the Norwegian Financial Services Authority (Finanstilsynet) until May 2020. As a result, preliminary figures are included as at 20 February 2020.

Amounts in USD 000's	As at 20.02.20
Own funds	
Ordinary share capital	
Share premium account	
Reconciliation reserve	85,878
Net deferred tax assets	19,387
Excess of assets over liabilities	105,265
Tier 1 - Unrestricted	85,878
Tier 1 - Restricted	0
Tier 3 - Net deferred tax assets	19,387
Total basic own funds / (equal to Excess of assets over liabilities)	105,265
Tier 2 - Supplementary calls	374,506
Total ancillary own funds	374,506
Total available own funds to meet the SCR	479,772
Total available own funds to meet the MCR	85,878
Total eligible own funds to meet the SCR	157,468
Total eligible own funds to meet the MCR	85,878
SCR	143,179
MCR	41,280
Ratio of eligible own funds to SCR	110%
Ratio of eligible own funds to MCR	208%
Minimum Capital Requirement (MCR)	
Linear MCR	41,280
SCR	143,179
MCR cap (45% of SCR)	64,431
MCR floor (25% of SCR)	35,795
Combined MCR	41,280
Absolute floor of the MCR	4,127
MCR	41,280
Solvency Capital Requirement (SCR)	
Market risk	22,748
Counterparty default risk	22,446
Non-life underwriting risk	101,572
Diversification	(24,175)
Basic SCR	122,592
Calculation of SCR	
Operational risk	20,587
SCR	143,179



GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Note 16 - Events after the reporting period

Events after the reporting period that do not affect the group's financial position at the end of the reporting period, but which will affect the financial position in the future – COVID 19

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



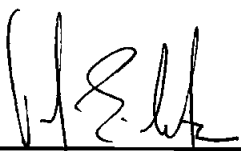
GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH

Notes to the accounts

Arendal, 21 April 2020

The Board of Directors

Gard P. & I. (Bermuda) Ltd. - Norwegian Branch



Trond Eilertsen
Chairman



Lars Lislegard-Bækken



Rolf Thore Rognestad
Managing Director



To the General Meeting of Gard P. & I. (Bermuda) Ltd NUF

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gard P. & I. (Bermuda) Ltd NUF, which comprise the balance sheet as at 20 February 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the accounts, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 20 February 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm*



Independent Auditor's Report - Gard P&I (Bermuda) Ltd NUF

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

(2)



Independent Auditor's Report - Gard P&I (Bermuda) Ltd NUF

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 21 April 2020
PricewaterhouseCoopers AS

Magne Sem
State Authorised Public Accountant



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 16.03.2012	Vår dato 27.03.2012
Telefon 22078139	Deres referanse Inge Liltved	Vår referanse 2012/205560

GARD AS
Postboks 789 Stoa
4809 ARENDAL

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 16. mars 2012 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper,

Gard P&I Ltd (NUF)	org.nr. 995 194 384
Gard AS	org.nr. 982 132 789
Gard Marine & Energy Ltd (NUF)	org.nr. 987 964 537

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Bakgrunn

Gard P&I Ltd med datterselskaper tilbyr tjenester innen sjøforsikring. Gard AS og Gard M&E Ltd er heleide datterselskaper av Gard P&I Ltd. Gard P&I Ltd og Gard M&E Ltd er etablert på Bermuda og har etablerte filialer i Norge. Gard P&I Ltd er konsernspiss for Gard gruppen og har 15 heleide datterselskaper.

Gard P&I Ltd som er et gjensidig forsikringsselskap stiftet på Bermuda, har etablert en filial i Norge. Foretaket tilbyr Protection & Indemnity (P&I) forsikring og tilstøtende forsikringsprodukter til sine forsikringstakere. Forsikringstakerne er rederier, operatører og befraktere som har innmeldt sine skip i foretaket. Som et gjensidig forsikringsselskap er foretaket å betrakte som en forening, og den er eid av sine forsikringstakere som i denne sammenheng benevnes medlemmer. Medlemmene består av både norske og utenlandske rederier, men hoveddelen av medlemmene er utenlandske.

Gard M&E Ltd er et aksjeselskap etablert på Bermuda og har etablert en filial i Norge. Selskapet tilbyr marine og energi forsikring til sine kunder. Kundene er redere, skipsverft, kontraktører og oljeselskaper. Kundene er hovedsaklig utenlandske.

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se www.skatteetaten.no Org. nr: 996250318	Sentralbord 800 80 000 Telefaks
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Gard AS er forsikringsformidler for Gard P&I Ltd og Gard M&E Ltd, og leverer forsikringsformidlings-tjenester til Gard konsernet. Gard AS har sju heleide datterselskaper. Disse er alle utenlandske. Datterselskapenes hovedoppgave er å være konsernets lokale forsikringsformidlere.

Konsernets arbeidsspråk er engelsk. Konsernet rapporterer således all informasjon på engelsk. Konsernet opererer i sektorer der engelsk er det klart dominerende språket. All kommunikasjon med konsernets primære kunder og forretningsforbindelser foregår på engelsk og målgruppen er et internasjonalt marked. Styret for Gard P&I Ltd, Gard M&E Ltd og Gard AS har utenlandske medlemmer. Konsernet utarbeider sine regnskapsdokumenter på engelsk, blant annet av konsolideringshensyn. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at filialene inngår i selskaper hjemmehørende på Bermuda. Det norske aksjeselskapet er også eid av et selskap hjemmehørende på Bermuda. Konsernets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Konsernet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk. Videre er det vektlagt at hoveddelen av kundene er utenlandske.



Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen
underdirektør
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland