



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 987 964 537  
Organisasjonsform: Norskreg. utenlandsk foretak  
Foretaksnavn: GARD MARINE & ENERGY LIMITED  
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: Rolf Thore Roppestad  
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, 04.07.2021



## Resultatregnskap

Beløp i: USD	Note	2020	2019
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	4,5	204 656 000	157 974 000
Gjenforsikringsandel av opptjente bruttopremier		133 638 000	96 279 000
<b>Sum premieinntekter for egen regning</b>	<b>5</b>	<b>71 018 000</b>	<b>61 695 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader		90 012 000	67 184 000
Gjenforsikringsandel av brutto erstatningskostnader		47 613 000	29 958 000
<b>Sum erstatningskostnader for egen regning</b>	<b>5</b>	<b>42 399 000</b>	<b>37 226 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader		9 876 000	12 064 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for mottatt gjenforsikring		17 803 000	15 492 000
Mottatte provisjoner for avgitt gjenforsikring og gevinstandeler		21 969 000	16 937 000
<b>Sum forsikringsrelaterte driftskostnader</b>	<b>7</b>	<b>5 710 000</b>	<b>10 619 000</b>
Andre forsikringsrelaterte driftskostnader	7	992 000	1 186 000
<b>Resultat av teknisk regnskap</b>		<b>21 917 000</b>	<b>12 664 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Renteinntekt og utbytte m.v. på finansielle eiendeler		512 000	486 000
Verdiendringer på investeringer		9 236 000	-23 978 000
Realisert gevinst og tap på investeringer		2 645 000	23 185 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		57 000	65 000
<b>Sum netto inntekter fra investeringer</b>		<b>12 336 000</b>	<b>-372 000</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>12 336 000</b>	<b>-372 000</b>
<b>Resultat før skattekostnad</b>		<b>34 253 000</b>	<b>12 292 000</b>
Skattekostnad	8	8 574 000	2 952 000



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Resultat før andre inntekter og kostnader		25 679 000	9 340 000
<b>Totalresultat</b>		<b>25 679 000</b>	<b>9 340 000</b>



### Balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Investeringer</b>			
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
<b>Gjenforsikringsandel av brutto forsikringsforpliktelse</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie	5	81 272 000	49 550 000
Gjenforsikringsandel av brutto erstatningsavsetning	5,9	92 227 000	101 692 000
Sum gjenforsikringsandel av brutto forsikringsforpliktelse		<b>173 499 000</b>	<b>151 242 000</b>
<b>Fordringer</b>			
Forsikringstakere	10	6 018 000	2 006 000
Mellommenn	10	94 699 000	91 564 000
Fordringer i forbindelse med direkte forretninger		<b>100 717 000</b>	<b>93 570 000</b>
Fordringer i forbindelse med gjenforsikring		943 000	606 000
Andre fordringer	12	74 163 000	67 789 000
Sum fordringer	9	<b>175 823 000</b>	<b>161 965 000</b>
<b>Andre eiendeler</b>			
Kasse, bank	9,11	505 000	522 000
Eiendeler ved skatt		1 008 000	905 000
Andre eiendeler betegnet etter sin art	9	10 635 000	10 521 000
Sum andre eiendeler		<b>12 148 000</b>	<b>11 948 000</b>
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		10 081 000	8 608 000
Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		<b>10 081 000</b>	<b>8 608 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>SUM EIENDELER</b>		<b>371 551 000</b>	<b>333 763 000</b>
<b>EGENKAPITAL OG FORPLIKTELSER</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital/eierandelskapital/garantifond		64 000	0
<b>Selskapskapital</b>		<b>64 000</b>	<b>0</b>
<b>Sum innskutt egenkapital</b>		<b>64 000</b>	<b>0</b>
<b>Opptjent egenkapital</b>			
<b>Fond m.v.</b>			
<b>Sum opptjent egenkapital</b>		<b>0</b>	<b>0</b>
<b>Sum egenkapital</b>		<b>64 000</b>	<b>0</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie	5	125 440 000	88 061 000
Brutto erstatningsavsetning	5	175 870 000	181 078 000
<b>Sum brutto forsikringsforpliktelser</b>		<b>301 310 000</b>	<b>269 139 000</b>
<b>Avsetninger for forpliktelser</b>			
<b>Forpliktelser ved skatt</b>			
Forpliktelser ved periodeskatt	8	12 241 000	4 317 000
<b>Sum avsetninger for forpliktelser</b>		<b>12 241 000</b>	<b>4 317 000</b>
Forpliktelser i forbindelse med direkte forsikring		3 702 000	3 644 000
Forpliktelser i forbindelse med gjenforsikring		7 745 000	17 386 000
Forpliktelser til kredittinstitusjoner		35 051 000	29 934 000
Andre forpliktelser	9	6 000	9 000
<b>Sum forpliktelser</b>		<b>46 504 000</b>	<b>50 973 000</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Andre påløpte kostnader og mottatte ikke opptjente inntekter		11 432 000	9 334 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>11 432 000</b>	<b>9 334 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>371 551 000</b>	<b>333 763 000</b>



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
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**FINANSTILSYNET**  
THE FINANCIAL SUPERVISORY  
AUTHORITY OF NORWAY

Gard AS  
Servicebox 600  
4809 ARENDAL

08.08.2011

**SAKSBEHANDLER:**

Jan Erik Bakke

**VÅR REFERANSE:**

11/6424

**DERES REFERANSE:**

**DIR.TLF:**

22 93 99 80

**ARKIVKODE:**

542.5

## Dispensasjon - presentasjonsvaluta

Det vises til søknad av 14. juni 2011 om dispensasjon fra kravet om å presentere årsregnskapet i norske kroner iht. forskrift om årsregnskap m.m. for forsikringsselskaper § 2-6, jf. § 7-1.<sup>1</sup>

Finanstilsynet kan dispensere fra kravet om at årsregnskapet skal presenteres i norske kroner i det enkelte tilfellet, jf. forskriften § 7-1. I høringsnotat<sup>2</sup> til § 2-6 uttrykkes følgende:

*“De offisielle regnskapene fra finansinstitusjonene danner grunnlag for blant annet rapportering av kapitaldekning, økonomiske analyser og statistikkrapportering som ledd i tilsynet med finansiell stabilitet. Kredittilsynet har behov for konsistente og avstemte data for utformingen av analyser i det løpende tilsynsarbeidet. I dag foregår det en rutinemessig og standardisert avstemming av regnskapsstatistikken mot institusjonenes offisielle regnskaper. Dersom det åpnes opp for presentasjon av regnskap i annen valuta enn norske kroner vil det oppstå særlig behov for revisjon av forskjellene mellom offisielle regnskaper og rapportering til offentlige myndigheter. Selv om departementet foreslår krav om at det skal opplyses om omregningskurser dersom årsregnskapet er presentert i en annen valuta enn norske kroner, jf. regnskapsloven ny § 7-2, vil kontrollmyndighetene med rapporteringen forringes da det må tas høyde for korreksjoner mht. valutakurssvingninger.”*

Kravet om presentasjonsvaluta i NOK er begrunnet med hensynet til at bruk av en annen valuta vil svekke årsregnskapet som grunnlag for kontroll, analyse og statistikk for norske myndigheter. Det følger av ovennevnte at det kreves særlige grunner for å dispensere fra kravet.

Gard Marine & Energy Limited norsk filial (heretter “Gard”, “filialen”) viser til at kun 5 prosent av premieinntektene og 7,6 prosent av kravkostnadene er knyttet til NOK. USD er funksjonell valuta fordi den utgjør 77 prosent av premieinntektene og 79 prosent av kravkostnadene. Korreksjonene

<sup>1</sup> FOR 1998-12-16 nr. 1241

<sup>2</sup> Høringsnotat om endringer i forskrifter om årsregnskap m.m. for banker og finansieringsforetak, samt forsikringsselskaper av 31. oktober 2005.





med hensyn til endringer i valutakursene gjør at regnskapet ikke viser det riktige forholdet mellom forretningsvolum og kravkostnader fra år til år. Gard mener at kravet til presentasjon av årsregnskapet i NOK innebærer at årsregnskapet ikke gir et korrekt bilde av filialens virksomhet.

Videre viser Gard til forhold knyttet til beregning av sikkerhetsavsetning og kravene til valutamatching, da det fører til en ubalanse mellom USD og NOK i balansen samt at omregningen av USD til NOK påvirker årsresultatet og sikkerhetsavsetningen til filialen.

Foretaket viser også til at vesentlig intern og ekstern rapportering er bygget opp for og rapporteres i USD, samt at brukerne av regnskapet bruker og forventer at det skal rapporteres i USD. Filialen regner om til NOK kun for rapportering til norske myndigheter.

Det vises videre til at Assuranceforeningen Gard - gjensidig i 2009 ble innvilget dispensasjon til å bruke USD som presentasjonsvaluta og at Gard P. & I. (Bermuda) Ltd norsk filial også søker om dispensasjon. Begge selskaper er en del av Gard Gruppen.


Finanstilsynet finner at det i dette konkrete tilfellet kan gjøres unntak fra kravet om norsk presentasjonsvaluta. Anførlene viser at virksomheten er internasjonal, med hovedsakelig utenlandske kunder. Alle inntekter og kostnader er hovedsakelig knyttet til andre valutaer enn den norske, slik at årsregnskapet i NOK ikke gir et rettvise bilde etter foretakets vurdering. Det legges til grunn at presentasjonsvaluta i USD, etter foretakets vurdering, vil gi et rettvise bilde av virksomheten.

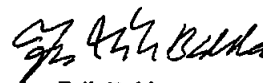
Finanstilsynet har i medhold av forskrift om årsregnskap m.m. for forsikringsselskaper § 7-1, jf. § 2-6, fattet følgende vedtak om dispensasjon:

*Gard Marine & Energy Limited norsk filial gis dispensasjon fra kravet om å presentere årsregnskapet i norsk valuta. Årsregnskapet skal presenteres i United States dollar (USD).*

Det understrekes at dispensasjonen kun gjelder finansregnskapet og ikke myndighetsrapportering, f.eks. Forsikringsselskapenes offentlige regnskaps- og tilsynsrapportering (FORT).

For Finanstilsynet

  
Terje Nilsen  
spesialrådgiver

  
Jan Erik Bakke  
seniorrådgiver

Kopi: Statistisk sentralbyrå

FINANSTILSYNET  
REVIERSTREDET 3  
POSTBOKS 1187 SENTRUM  
0107 OSLO

TELEFON: 22 93 98 00  
TELEFAKS: 22 63 02 28

post@finansstilsynet.no  
www.finanstilsynet.no





## 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 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> 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





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## FINANCIAL STATEMENTS 2020

### GARD MARINE & ENERGY LIMITED - NORWEGIAN BRANCH

*for the year to 20 February 2020*





To the General Meeting of Gard Marine & Energy Limited NUF

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of Gard Marine & Energy Limited 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.

*PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo  
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no  
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm*



Independent Auditor's Report - Gard Marine & Energy Limited 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 Marine & Energy Limited NUF

*Opinion on Registration and Documentation*

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



## Gard Marine & Energy Limited – Norwegian Branch

### Board of Directors' Report

#### INTRODUCTION

The Board of Directors hereby submits the report and accounts of Gard Marine & Energy Limited – Norwegian Branch for the 2020 financial year, covering the 12 month period to 20 February 2020. This is Gard Marine & Energy Limited's Norwegian branch's (the "Branch" or "Company") 15<sup>th</sup> 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 Company and its activities 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

##### Marine & Energy insurance

Gard Marine & Energy Limited is a joint stock company established on Bermuda on 9 December 2003. The Company offers marine and energy insurance to its customers. The customers are shipowners, shipyards, contractors and oil companies. Gard Marine & Energy Limited is wholly owned by Gard P. & I. (Bermuda) Ltd.

##### The Branch

Gard Marine & Energy Limited established a branch in Norway on 15 March 2005. The Branch is established in accordance with a concession granted by the Norwegian Ministry of Finance. The Branch complies with the terms of the concession.

##### Gard AS

Gard AS is the general agent for Gard Marine & Energy Limited and for the Branch. All insurance products are offered by the Branch through Gard AS on basis of 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 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

As Gard AS is appointed as general agent for the Branch, the Branch has no employees.

##### Environmental damage

The Company is an 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.



## Gard Marine & Energy Limited – Norwegian Branch

### Board of Directors' Report

#### INSURANCE BUSINESS

##### Market share

At the inception of the financial year 2020 the global market share was 6.2 percent for the business area Marine and 3.5 percent for the business area Energy. At the end of the year the market share for Marine was 7.1 percent, whilst the market share for Energy remained unchanged..

##### Reinsurance

The insurance activities of the Branch is reinsured in the commercial reinsurance market. The Branch's retention for any one claim any one vessel was in the financial year 2020 USD 40 million.

The retention levels and the structure for the market reinsurance for the 2019 policy year was broadly the same as for the 2018 policy year.

Gard Marine & Energy Limited has entered into a separate reinsurance treaty with Gard Reinsurance Co Ltd covering a proportion of the risks retained under the above reinsurance arrangements. Pursuant to this separate reinsurance treaty 50 percent of the insurance liabilities of the Branch not covered by the market reinsurance arrangements was ceded to Gard Reinsurance Co Ltd as reinsurance in the financial year 2020.

#### FINANCIAL RISK

##### Insurance risk

Gard Marine & Energy offers marine and energy insurance products on a commercial basis to ship-owners as well as operators and contractors within the international oil and gas industry.

The Branch manages the insurance risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The Branch is protected under the reinsurance arrangements in place for Gard Marine & Energy Limited. The Company's underwriting policy supports the seeking of risks with adequate pricing that is commensurate with the risk profiles and claims experience. The risk-taking in the Branch follows Gard Marine & Energy Limited, which it is a part of.

Insurance stress tests have been performed on Gard Marine & Energy Limited. A set of extreme events for insurance risk has been identified and the realistic possible loss to the Company has been calculated. The highest insurance loss for own account from the identified extreme events is USD 24 million, which is 12 per cent of the Company's equity.

Reverse stress testing has also been conducted. A net insurance loss of USD 117 million will endanger the Gard Marine & Energy Limited's solvency. This corresponds to 6 losses in excess of USD 40 million.

##### 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.



## Gard Marine & Energy Limited – Norwegian Branch

### Board of Directors' Report

The main reinsurer of the Branch 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 Marine & Energy Limited. The duration of investable assets shall meet the pay-out profile of Gard Marine & Energy Limited's liabilities. The investable assets consist of a portfolio that can be liquidated in a short period of time. Gard Marine & Energy Limited is part of a cash pool arrangement with Gard P.& I. (Bermuda) Ltd, Gard AS and AS Assuransesgården.

#### 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 467,000 according to Norwegian requirements. Gard Marine & Energy Limited deposits 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 requirements. 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 Marine & Energy Limited and a necessary distribution channel for the company's products. Gard considers it to be essential to sustain the operation in the Norwegian branch to accomplish the Gard Marine & Energy Limited's goals and accepted strategies.

All statutory requirements are complied with. If the solvency or capital position calls for it, Gard Marine & Energy Limited 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 Branch has been granted dispensation by the Norwegian Financial Supervisory Authority and the Tax Authority from the requirement to present the annual accounts in Norwegian currency and in the Norwegian language. In accordance with this dispensation the annual accounts are presented in United States Dollar (USD) and in the English language. Comparative amounts are included in brackets.

#### Result

The net result in the period was a surplus of USD 25.7 million (surplus of USD 9.3 million).

Technical result was a surplus of USD 21.9 million (surplus of USD USD 12.7 million).

#### Premiums

The gross earned premium income in the financial year 2019 was USD 204.7 million (USD 158.0 million). Earned premium for own account was USD 71.0 million (USD 61.7 million).

The premium volume in the Branch increased for the period to 20 February 2019. This was partly due to increase in fronting agreements.

#### Claims

Gross incurred claims during the period was USD 90.0 million (USD 67.2 million). Net claims incurred amounted to USD 42.4 million (USD 37.2 million). The claims development was better than expected for the Branch due to no large claims this year.



## Gard Marine & Energy Limited – 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 12.3 million (negative USD 0.4 million).

#### Total equity

The solvency capital requirement ("SCR") has increased to USD 85.7 million (USD 64.2 million). The equity is set to meet the SCR. The SCR is funded through a receivable from Gard Marine & Energy Limited and included in the Head account (ref. note 12).

		20.02.2020	20.02.2019
Net result	USD	25.7 million	9.3 million
SCR	USD	85,5 million	64.2 million
Other intercompany	USD	-37.0 million	-5.8 million
Head account	USD	74,2 million	67.8 million

The Branch is a member of the property and causality insurance companies guarantee scheme. The purpose of the scheme is to ensure payments to assured and third parties, pursuant to the Norwegian Act on Bank Contingency Scheme and Insurance Companies' Guarantee Scheme of 1996 no. 75. Provision shall be made for payment of 1 per cent of gross premium relevant to the scheme. As at 20 February 2020 the Branch's guarantee scheme provision was USD 64,000.

#### Technical provisions

As at 20 February 2020 the Branch's net premium reserve was USD 44.2 million (USD 38.5 million) as provision for the part of premium written that exceeds the end of the financial year.

As at 20 February 2020 the Branch's net provision to cover reported and unreported claims amounted to USD 83.6 (USD 79.4 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 THE 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 all employees of Gard AS for their loyalty and interest throughout the year.



**Gard Marine & Energy Limited – Norwegian Branch**  
Board of Directors' Report

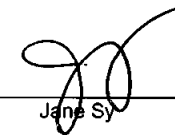
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Arendal, 21 April 2020

Board of Directors  
**Gard Marine & Energy Limited – Norwegian Branch**

  
\_\_\_\_\_  
Trond Eilertsen  
Chairman

  
\_\_\_\_\_  
Nils Aden

  
\_\_\_\_\_  
Jane Sy

  
\_\_\_\_\_  
Graham W. Everard

  
\_\_\_\_\_  
Rolf Thore Roppstad  
Managing Director

Financial Statements for the year to 20 February 2020



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Statement of comprehensive income

Amounts in USD 000's	Notes	21.02.19 to 20.02.20	21.02.18 to 20.02.19
<b>Technical account</b>			
Gross written premium		242,035	177,198
Gross earned premium	4, 5	204,656	157,974
Ceded reinsurance		(133,639)	(96,279)
<b>Earned premium for own account</b>	<b>5</b>	<b>71,018</b>	<b>61,695</b>
Gross incurred claims		90,012	67,184
Reinsurers' share of gross incurred claims		(47,613)	(29,958)
<b>Claims incurred for own account</b>	<b>5</b>	<b>42,399</b>	<b>37,226</b>
Acquisition costs		9,876	12,064
Agents commission		17,803	15,492
Commission received		(21,969)	(16,937)
<b>Insurance related expenses for own account</b>	<b>7</b>	<b>5,710</b>	<b>10,619</b>
<b>Other insurance related expenses</b>	<b>7</b>	<b>992</b>	<b>1,185</b>
<b>Technical result</b>		<b>21,917</b>	<b>12,664</b>
<b>Non-technical account</b>			
Interest and similar income		512	486
Change in unrealised gain/(loss) on investments		9,236	(23,978)
Gain on realisation of investments		2,645	23,185
Other investment expenses		(57)	(66)
<b>Non-technical result</b>		<b>12,336</b>	<b>(372)</b>
<b>Profit before tax</b>		<b>34,253</b>	<b>12,292</b>
Taxation	8	8,574	2,952
<b>Net result</b>	<b>12</b>	<b>25,679</b>	<b>9,340</b>
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss), net of tax		0	0
<b>Total comprehensive income/(loss)</b>		<b>25,679</b>	<b>9,340</b>

**GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH**

## Balance sheet

Amounts in USD 000's	Notes	As at 20.02.20	As at 20.02.19
<b>Assets</b>			
Reinsurers' share of technical provisions			
Reinsurers' share of gross premium reserve	5	81,272	49,550
Reinsurers' share of gross claims reserve	5, 9	92,227	101,692
<b>Total reinsurers' share of technical provisions</b>		<b>173,499</b>	<b>151,242</b>
<b>Receivables</b>			
<i>Receivables from direct insurance operations</i>			
Policyholders	10	6,018	2,006
Intermediaries	10	94,699	91,564
<i>Other receivables</i>			
Receivables from reinsurance operations		943	606
<b>Total receivables</b>	9	<b>101,660</b>	<b>94,175</b>
<b>Other assets</b>			
Cash and cash equivalents	9, 11	505	522
Deferred tax asset		1,008	905
Other financial assets	9	10,635	10,521
<b>Total other assets</b>		<b>12,148</b>	<b>11,948</b>
<b>Prepayments and accrued income</b>			
Accrued income and other prepayments		10,081	8,608
<b>Total prepayments and accrued income</b>		<b>10,081</b>	<b>8,608</b>
<b>Total assets</b>		<b>297,389</b>	<b>265,972</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Guarantee scheme provision		64	0
<b>Total equity</b>		<b>64</b>	<b>0</b>
<b>Technical provisions</b>			
Gross premium reserve	5	125,440	88,061
Gross claims reserve	5, 9	175,870	181,078
<b>Total technical provisions</b>		<b>301,310</b>	<b>269,139</b>
<b>Provision for other liabilities</b>			
Income tax payable	8, 9	12,241	4,317
<b>Total provisions for other liabilities</b>		<b>12,241</b>	<b>4,317</b>
<b>Payables</b>			
Payables arising out of direct insurance operations		3,702	3,644
Payables arising out of reinsurance operations		7,745	17,386
Payables arising out of reinsurance operations - group companies		35,051	29,934
Other payables		6	8
<b>Total payables</b>	9	<b>46,504</b>	<b>50,973</b>
<b>Accruals and deferred income</b>			
Accruals and deferred income		11,433	9,335
<b>Total accruals and deferred income</b>	9	<b>11,433</b>	<b>9,335</b>
<b>Total equity and liabilities</b>		<b>371,551</b>	<b>333,763</b>
<b>Net assets</b>		<b>(74,162)</b>	<b>(67,791)</b>
<b>Head account</b>			
Head account	12	74,162	67,791
<b>Total head account</b>		<b>74,162</b>	<b>67,791</b>

Financial Statements for the year to 20 February 2020



## GARD MARINE & ENERGY 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
<hr/>		
Equity as at 21.02.19	0	0
Provision for Norwegian Non-life Insurance Guarantee Scheme	64	64
Equity as at 20.02.20	64	64



## GARD MARINE & ENERGY 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
<b>Cash flow from operating activities</b>			
Profit before tax		34,253	12,292
Tax paid	8	(463)	(837)
Financial assets		(115)	735
Change in receivables and payables		(43,940)	6,461
Change in technical provisions and other accruals		10,538	(18,620)
Change in valuation due to exchange rates		(291)	(81)
<b>Net cash flow from operating activities</b>		<b>(17)</b>	<b>(49)</b>
Net change in cash and cash equivalents		(17)	(49)
Cash and cash equivalents at beginning of year		522	571
<b>Cash and cash equivalents at end of year</b>		<b>505</b>	<b>522</b>



## GARD MARINE & ENERGY LIMITED – NORWEGIAN BRANCH

### Notes to the accounts

#### Note 1 – Corporate information

Gard Marine & Energy Limited (the "Company") is a limited liability company and a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd. The Company is registered and domiciled in Bermuda and licensed by the Bermuda Monetary Authority as a Class 3B insurer covering marine and energy risks. The operations and insurance activities of the Company are carried out by its insurance manager, Lingard Limited, a wholly owned subsidiary of Gard P. & I. (Bermuda) Ltd.

In order to comply with Norwegian regulations, the Company established a Norwegian Branch (the "Branch") on 21 February 2005. The Branch writes all business underwritten by the Company in Norway and is registered with the Norwegian Companies Register (organisation number 987 964 537). The financial statements of the Branch are reported to the Norwegian authorities and are filed in Norway.

#### 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 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.

##### 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.

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 14.

##### 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	5
Technical provisions	5
Other insurance related expenses	7
Tax	8
Cash and cash equivalents	11



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 3 - Intra-group transactions

##### Reinsurance agreement with Gard Reinsurance Co Ltd.

The Branch has entered into a reinsurance agreement with Gard Reinsurance Co Ltd ("Gard Re"). The Branch cedes 50 per cent of its insurance portfolio after taking the external reinsurance and the reinsurance agreement with Gard Re into account.

Amounts in USD 000's	Ceded to Gard Re	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Reinsurance	71,018	61,695
Reinsurers' share of gross settled claims	28,681	43,987
Reinsurance commission	13,378	12,943

Amounts in USD 000's	Ceded to Gard Re	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Reinsurers' share of gross claims reserve	69,824	61,617

##### Insurance management agreement

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

Amounts in USD 000's	Insurance services invoiced	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Insurance services invoiced	21,964	24,453

##### Insurance 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 the general agent of the Branch, whereby Gard AS is delegated authority as an agent and insurance intermediary to perform claims handling and underwriting functions on behalf of the Branch. The Branch has entered into a reinsurance agency agreement with Gard Brasil, whereby Gard Brasil acts as a local representative in Brasil.

Amounts in USD 000's	Insurance services invoiced	
	21.02.19 to 20.02.20	21.02.18 to 20.02.19
Gard Brasil	452	461

#### Note 4 - Gross written premium by geographical areas

Amounts in USD 000's	21.02.19	21.02.18
	to 20.02.20	to 20.02.19
EEA	135,244	89,129
Norway	44,156	37,814
Other areas	62,635	50,254
<b>Total gross written premium</b>	<b>242,035</b>	<b>177,198</b>

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



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 5 - 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. A deferred call for P&I business for the accounting year is subject to approval by the Board of Directors in the following year but is included as revenue in the accounts for the current year.

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.

Amounts in USD 000's	Marine	Energy	21.02.19 to 20.02.20 Total
<b>Technical result</b>			
Gross written premium	198,028	44,008	242,035
Gross earned premium	161,931	42,725	204,656
Ceded reinsurance	(110,113)	(23,526)	(133,639)
<b>Earned premium for own account</b>	<b>51,818</b>	<b>19,200</b>	<b>71,018</b>
<b>Claims incurred, gross</b>			
Incurred this year	93,110	8,916	102,026
Incurred previous years	(5,383)	(6,631)	(12,014)
<b>Total claims incurred, gross</b>	<b>87,727</b>	<b>2,285</b>	<b>90,012</b>
Reinsurers' share of gross incurred claims	(50,803)	3,190	(47,613)
<b>Claims incurred for own account</b>	<b>36,924</b>	<b>5,475</b>	<b>42,399</b>



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 5 - 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 the future claims costs. It can take a significant period of time before the ultimate claims cost can be established with certainty.

Amounts in USD 000's	Marine	Energy	As at 20.02.20 Total
<b>Technical provisions</b>			
Provisions, at the beginning of the year	100,239	80,839	181,078
Claims paid	(61,558)	(33,662)	(95,220)
Claims incurred - gross this year	93,110	8,916	102,026
Claims incurred - gross previous years	(5,383)	(6,631)	(12,014)
<b>Provisions, at the end of the year</b>	<b>126,408</b>	<b>49,462</b>	<b>175,870</b>
Reinsurers' share of claims provision	(70,789)	(21,439)	(92,227)
<b>Provisions net, at the end of the year</b>	<b>55,619</b>	<b>28,023</b>	<b>83,642</b>
Provision for unearned premiums, gross	101,917	23,523	125,440
Reinsurers' share of premium provision	(69,228)	(12,044)	(81,272)
<b>Provision for unearned premiums, net</b>	<b>32,689</b>	<b>11,479</b>	<b>44,168</b>
Technical provision gross	228,325	72,985	301,310
Technical provision net	88,308	39,502	127,810



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 6 - Differences between Solvency II and balance sheet valuation

Amounts in USD 000's	Solvency II	Balance sheet	As at 20.02.20 Differences
<b>Assets</b>			
<b>Reinsurance recoverables</b>			
Reinsurers' share of gross premium reserve	0	81,272	(81,272)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	60,325	0	60,325
Reinsurers' share of gross claims reserves	92,227	92,227	0
Discounting effect of reinsurers' share of gross claims reserves	(1,473)	0	(1,473)
Reinsurers' share of Bound but not incepted (BBNI) - net	(457)	0	(457)
Losses occurring during - net	(3,037)	0	(3,037)
<b>Reinsurance recoverables</b>	<b>147,584</b>	<b>173,499</b>	<b>(25,915)</b>
<b>Liabilities</b>			
<b>Technical provisions</b>			
Gross premium reserves	0	125,440	(125,440)
Gross expected cash flow for unexpired cover net of commission provision	87,023	0	87,023
Gross claims reserves	175,870	175,870	0
Discounting effect of gross claims reserves	(2,679)	0	(2,679)
Bound but not incepted (BBNI) - net and discounted	(1,594)	0	(1,594)
ULAE future claims discounted	19,263	0	19,263
Risk Margin	4,312	0	4,312
<b>Technical provisions</b>	<b>282,194</b>	<b>301,310</b>	<b>(19,115)</b>

#### *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 per cent 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 MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 7 - 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
<b>Acquisition costs and commissions</b>		
Insurance intermediary	9,876	12,064
Agents' commission	17,803	15,492
Commission received	(21,969)	(16,937)
<b>Insurance related expenses for own account</b>	<b>5,710</b>	<b>10,619</b>

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 17.4 million for the financial year ending 20 February 2020 (20 February 2019 USD 20.6 million), of which 9.9 million (20 February 2019 USD 12.1 million) relates to acquisition cost.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
<b>Remuneration auditor</b>		
Statutory audit	46	61
<b>Total auditor's fee</b>	<b>46</b>	<b>61</b>

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
<b>Other insurance related expenses</b>		
Bad debt	368	150
Insurance/reinsurance agency fees	21,964	24,453
Allocated to claims handling and acquisition costs	(21,555)	(23,756)
Other operating expenses	215	338
<b>Other insurance related expenses</b>	<b>992</b>	<b>1,185</b>

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



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 8 - Tax

##### Accounting policy

The tax expense consists of tax payable.

Amounts in USD 000's	21.02.19 to 20.02.20	21.02.18 to 20.02.19
<b>Basis for income tax expenses</b>		
Total comprehensive income/(loss) as basis for tax calculation	34,253	12,292
Exchange adjustments	(1,630)	(526)
<b>Basis for calculating tax</b>	<b>32,624</b>	<b>11,766</b>
Permanent differences	1,674	43
<b>Basis for the tax expense for the year</b>	<b>34,298</b>	<b>11,809</b>
Change in temporary differences	413	3,620
<b>Taxable income (basis for payable taxes in the balance sheet)</b>	<b>34,711</b>	<b>15,429</b>
<b>Income tax expenses</b>		
Tax payable	8,678	3,857
Change in deferred tax	(103)	(905)
<b>Tax expenses ordinary result</b>	<b>8,574</b>	<b>2,952</b>
<b>Income tax payable</b>		
Tax at beginning of the year	4,317	1,377
Tax payable related to the year	8,678	3,857
Tax paid during the year	(463)	(837)
Exchange adjustments	(291)	(81)
<b>Tax payable at end of the year</b>	<b>12,241</b>	<b>4,317</b>
<b>Deferred tax/tax asset</b>		
<b>Specification of tax effect resulting from temporary differences</b>		
Other temporary differences	4,033	3,620
<b>Total temporary differences</b>	<b>4,033</b>	<b>3,620</b>
Deferred tax asset, 25 per cent of total temporary differences	1,008	905
<b>Reconciliation of the tax expense</b>		
Basis for calculating tax	32,624	11,766
<b>Calculated tax 25 per cent</b>	<b>8,156</b>	<b>2,942</b>
Tax expense	8,574	2,952
<b>Difference</b>	<b>(419)</b>	<b>(11)</b>
<b>The difference consists of:</b>		
Permanent differences not subject to tax	(419)	(11)
<b>Sum of explained differences</b>	<b>(419)</b>	<b>(11)</b>



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 9 - 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-bearing 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
<b>Reinsurers' share of gross claims reserve</b>		
AA	632	14,688
A	71,430	83,342
BBB	19,900	0
B	0	3,248
Not rated	265	414
<b>Total reinsurers' share of gross claims reserve</b>	<b>92,227</b>	<b>101,692</b>
<b>Receivables</b>		
Not rated	101,660	94,175
<b>Total receivables</b>	<b>101,660</b>	<b>94,175</b>
<b>Cash and cash equivalents</b>		
AA	505	522
<b>Total cash and cash equivalents</b>	<b>505</b>	<b>522</b>
<b>Other financial assets</b>		
AA	5,635	10,521
BB	5,000	0
<b>Total other financial assets</b>	<b>10,635</b>	<b>10,521</b>

Financial Statements for the year to 20 February 2020

**GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH**

## Notes to the accounts

**Note 9 - 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	87,600	79,965
0-60 days	8,538	6,219
61-90 days	2,177	1,118
Above 90 days	7,103	6,874
Provision for bad debt	(3,757)	(3,620)
<b>Total receivables</b>	<b>101,660</b>	<b>94,175</b>

**Impaired receivables**

As at 20 February 2020 there are impaired receivables of USD 4.0 million (20 February 2019 USD 3.6 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 'Other insurance related expenses'.

## 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 year	3,620	3,711
Provision for receivables impairment	137	(91)
Receivables written off during the year as uncollectable	(228)	(215)
Unused amounts reversed	228	215
<b>Balance as at the end of the period</b>	<b>3,757</b>	<b>3,620</b>

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.

**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
<b>Assets</b>		
USD	277,971	250,081
EUR	6,097	6,126
GBP	1,483	1,778
Other	11,839	7,987
<b>Total Assets</b>	<b>297,389</b>	<b>265,972</b>
<b>Liabilities and Head account</b>		
USD	248,274	225,119
EUR	18,755	18,200
GBP	5,533	4,832
Other	24,827	17,820
<b>Total Liabilities and Head account</b>	<b>297,389</b>	<b>265,972</b>
<b>Net asset exposure</b>		
USD	29,696	24,961
EUR	(12,658)	(12,074)
GBP	(4,050)	(3,054)
Other	(12,988)	(9,833)



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 9 - 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	73,140	98,098	4,631	0	175,870
Income tax payable	12,241	0	0	0	12,241
Payables, accruals and deferred income	57,937	0	0	0	57,937

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	73,666	102,877	4,534	0	181,078
Income tax payable	4,317	0	0	0	4,317
Payables, accruals and deferred income	60,308	0	0	0	60,308



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 10 - Receivables from direct insurance operations

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Direct and received premium	6,011	1,899
Direct and received premium through broker	56,904	59,235
Not closed premium	29,046	19,758
Claims related debtors, co-insurers	9,736	13,450
Provision for bad debts	(980)	(772)
<b>Receivables from direct insurance operations</b>	<b>100,717</b>	<b>93,570</b>

#### Note 11 - 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 Branch has no bank overdraft facility. As at 20 February 2019, the Branch had an overdraft facility of USD 40 million.

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

#### Note 12 - Head account - Gard Marine & Energy Ltd.

Amounts in USD 000's	As at 20.02.20	As at 20.02.19
Balance at the beginning of the year	67,791	95,085
Net result	25,679	9,340
Transfers with Gard Marine & Energy Ltd.	(104,820)	(100,853)
Solvency Capital Requirement (SCR)	85,512	64,219
<b>Balance at the end of the year</b>	<b>74,162</b>	<b>67,791</b>

The insurance activity of the Branch is financed through Gard Marine & Energy Limited. Accumulated results, solvency capital and any additional financing required is classified as balance towards Gard Marine & Energy Limited and presented as Head account.



## GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH

### Notes to the accounts

#### Note 13 - Regulatory requirements

Gard Marine & Energy Limited - Norwegian branch is required to maintain minimum capital and surplus equal to the Solvency Capital Requirement ("SCR") under Solvency II. The SCR, which is part of the 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
<b>Own funds</b>	
Ordinary share capital	0
Share premium account	0
Reconciliation reserve	102,730
Net deferred tax assets	1,008
<b>Excess of assets over liabilities</b>	<b>103,738</b>
Tier 1 - Unrestricted	102,730
Tier 1 - Restricted	0
Tier 3 - Net deferred tax assets	1,008
<b>Total basic own funds / (equal to Excess of assets over liabilities)</b>	<b>103,738</b>
Total available own funds to meet the SCR	103,738
Total available own funds to meet the MCR	102,730
Total eligible own funds to meet the SCR	103,738
Total eligible own funds to meet the MCR	102,730
SCR	85,512
MCR	24,155
<b>Ratio of eligible own funds to SCR</b>	<b>121%</b>
<b>Ratio of eligible own funds to MCR</b>	<b>425%</b>
<b>Minimum Capital Requirement (MCR)</b>	
Linear MCR	24,155
SCR	85,512
MCR cap (45% of SCR)	38,480
MCR floor (25% of SCR)	21,378
Combined MCR	24,155
Absolute floor of the MCR	4,127
<b>MCR</b>	<b>24,155</b>
<b>Solvency Capital Requirement (SCR)</b>	
Market risk	7,810
Counterparty default risk	16,943
Non-life underwriting risk	69,835
Diversification	(12,448)
<b>Basic SCR</b>	<b>82,141</b>
<b>Calculation of SCR</b>	
Adj - Loss Absorbing Capacity of Deferred tax	(4,965)
Operational risk	8,336
<b>SCR</b>	<b>85,512</b>



## **GARD MARINE & ENERGY LTD. - NORWEGIAN BRANCH**

### Notes to the accounts

#### **Note 14 - Events after the reporting period**

Events after the reporting period that do not affect the company'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 MARINE & ENERGY LTD. - NORWEGIAN BRANCH**

Notes to the accounts

Arendal, 21 April 2020

The Board of Directors  
**GARD MARINE & ENERGY LIMITED - Norwegian Branch**

Trond Eilertsen  
Chairman

Nils Aden

Jørgen Sv

Graham W. Everard

Rolf Thore Roppestad  
Managing Director