



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - 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: 21.02.2020 - 20.02.2021

### 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: Hanne Seljeseth Gjetmundsen  
Dato for fastsettelse av årsregnskapet: 15.04.2021

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 21.06.2022



### Resultatregnskap

Beløp i: USD	Note	2021	2020
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	4,5,6	312 473 000	272 486 000
Gjenforsikringsandel av opptjente bruttopremier	6	227 535 000	183 011 000
<b>Sum premieinntekter for egen regning</b>	6	<b>84 938 000</b>	<b>89 475 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader	6	288 790 000	275 621 000
Gjenforsikringsandel av brutto erstatningskostnader	6	159 039 000	143 035 000
<b>Sum erstatningskostnader for egen regning</b>	6	<b>129 751 000</b>	<b>132 586 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader		8 551 000	13 208 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for mottatt gjenforsikring		12 156 000	12 062 000
Mottatte provisjoner for avgitt gjenforsikring og gevinstandeler		39 108 000	33 062 000
<b>Sum forsikringsrelaterte driftskostnader</b>	8	<b>-18 401 000</b>	<b>-7 792 000</b>
Andre forsikringsrelaterte driftskostnader	8	2 274 000	2 230 000
<b>Resultat av teknisk regnskap</b>		<b>-28 686 000</b>	<b>-37 549 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Renteinntekt og utbytte m.v. på finansielle eiendeler		2 742 000	78 000
Netto driftsinntekt fra eiendom		0	0
Verdiendringer på investeringer		17 506 000	12 386 000
Realisert gevinst og tap på investeringer		2 601 000	6 342 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		70 000	204 000
<b>Sum netto inntekter fra investeringer</b>		<b>22 779 000</b>	<b>18 602 000</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>22 779 000</b>	<b>18 602 000</b>
<b>Resultat før skattekostnad</b>		<b>-5 907 000</b>	<b>-18 947 000</b>
Skattekostnad	9	865 000	-5 911 000



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Resultat før andre inntekter og kostnader		-6 772 000	-13 036 000
<b>Totalresultat</b>		<b>-6 772 000</b>	<b>-13 036 000</b>



## Balanse

Beløp i: USD	Note	2021	2020
<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 forsikringsforpliktelser</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie		1 244 000	1 157 000
Gjenforsikringsandel av brutto erstatningsavsetning	6,10	443 051 000	443 443 000
Sum gjenforsikringsandel av brutto forsikringsforpliktelser	7	<b>444 295 000</b>	<b>444 600 000</b>
<b>Fordringer</b>			
Forsikringstakere	10,11	32 730 000	10 830 000
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>32 730 000</b>	<b>10 830 000</b>
Fordringer i forbindelse med gjenforsikring		8 574 000	21 196 000
Andre fordringer		244 490 000	244 688 000
Sum fordringer		<b>285 794 000</b>	<b>276 714 000</b>
<b>Andre eiendeler</b>			
Kasse, bank	10,14	562 000	505 000
Eiendeler ved skatt	9	20 499 000	19 387 000
Andre eiendeler betegnet etter sin art	10	5 477 000	5 460 000
Sum andre eiendeler		<b>26 538 000</b>	<b>25 352 000</b>
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		2 001 000	3 098 000
Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		<b>2 001 000</b>	<b>3 098 000</b>
<b>SUM EIENDELER</b>		<b>758 628 000</b>	<b>749 764 000</b>



## Balanse

Beløp i: USD	Note	2021	2020
<b>EGENKAPITAL OG FORPLIKTELSER</b>			
<b>Innskutt egenkapital</b>			
Aksjekapital/eierandelskapital/garantifond	15	454 000	422 000
<b>Selskapskapital</b>		<b>454 000</b>	<b>422 000</b>
<b>Sum innskutt egenkapital</b>		<b>454 000</b>	<b>422 000</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>454 000</b>	<b>422 000</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		2 413 000	2 244 000
Brutto erstatningsavsetning	6,10	712 837 000	721 461 000
<b>Sum brutto forsikringsforpliktelser</b>	7	<b>715 250 000</b>	<b>723 705 000</b>
<b>Avsetninger for forpliktelser</b>			
<b>Forpliktelser ved skatt</b>			
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>0</b>
Forpliktelser i forbindelse med direkte forsikring	13	37 329 000	10 272 000
Forpliktelser i forbindelse med gjenforsikring		5 011 000	12 074 000
Andre forpliktelser		89 000	44 000
<b>Sum forpliktelser</b>		<b>42 429 000</b>	<b>22 390 000</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Mottatte, ikke opptjente leieinntekter		495 000	3 247 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>495 000</b>	<b>3 247 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>758 628 000</b>	<b>749 764 000</b>

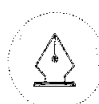


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**FINANCIAL STATEMENTS 2021**

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

*for the year to 20 February 2021*



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## 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 2021 financial year, covering the 12 month period to 20 February 2021. This is Gard P. & I. (Bermuda) Ltd. Norwegian Branch's (the "Branch" or the "Company") 11<sup>th</sup> year of operation.

In the opinion of the Board of Directors the report and accounts for the year to 20 February 2021 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 Company provides Protection and Indemnity (P&I) insurance and related insurance products to its members being owners, operators and charterers of ships entered in the Company. 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 percent 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.

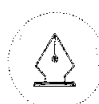
##### The Branch

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.

Financial Statements for the year to 20 February 2021



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## 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.

#### Directors' and Officers' liability insurance

There is a Directors and Officers' liability insurance in place covering all directors and officers of Gard P. & I. (Bermuda) Ltd, including all its subsidiaries. The cover applies worldwide and includes, but are not limited to the following: Management liability; Pre-Claim Inquiry Costs; and Certain legal fees/costs. The limit of the insurance is USD 30 million in the aggregate including all claims or losses.

#### 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 2021, the number of entered vessels and other units was 5,634 and the total tonnage was 203.3 million gross tons of which owner's direct entries amounted to 132.9 million gross tons.

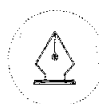
#### Reinsurance

In the financial year to 20 February 2021 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 Company in the commercial reinsurance market with overall capacity limits of USD 500 million for Mobile Offshore Units and USD 1 billion for Charterers and Floating Production Storage and Offloading segment. The level of retained risk for each claim was USD 20 million.

Financial Statements for the year to 20 February 2021



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

### Board of Directors' Report

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 percent 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 2021.

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 percent 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. to Assuranceforeningen Gard - gjensidig -, as reinsurance in the financial year to 20 February 2021.

### 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 23 million.

Reverse stress testing has also been conducted. A net insurance loss of USD 926 million will jeopardise Gard P. & I. (Bermuda) Ltd.'s solvency. This loss corresponds to an additional 150 losses in excess of USD 20 million on the Mutual portfolio and 93 losses on the fixed portfolio.

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

#### Market risk

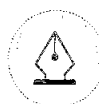
The Branch does not hold investments. Market risk consists of currency risk.

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.

Financial Statements for the year to 20 February 2021



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

### Board of Directors' Report

The main reinsurer of the Company is Gard Reinsurance Co. Ltd., which covers 50 percent 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.

#### 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 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 2021

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 6.8 million (loss of USD 13.0 million).

Technical result was a loss of USD 28.7 million (loss of USD 37.5 million).

#### Premiums

The gross earned premium income in the financial year 2021 was USD 312.5 million (USD 272.5 million). Earned premium for own account was USD 84.9 million (USD 89.5 million). The planned net result was a profit of USD 0.7 million. The current year loss includes the net effect of changes in last instalments for policy years 2019 and 2020 and the direct call from Assuranceforeningen Gard - gjensidig - amounting to a cost of USD 10.3 million. P&I Fixed has

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

### Board of Directors' Report

seen a reduction in rates and premium volume. For P&I mutual lay-up and lay-up rates is a negative factor in the rate decrease. The negative effect is larger than the positive effect of growth in volume on gross written premium. A 10 percent reduction in agreed estimated total call (ETC), by reducing the estimated last instalment for the 2020 policy year to 10 percent, has been included in the accounts amounting to USD 23.8 million. The originally estimated last instalment was 20 percent of ETC or USD 47.6 million.

A 15 percent last instalment for the 2019 policy year amounting to USD 32.3 million has been included in the accounts. USD 47.0 million in Direct Reinsurance Calls/Supplementary Calls on Gard P. & I. (Bermuda) Ltd. has been made from Assuranceforeningen Gard - gjensidig -. The NUFs net share of the call amounts to a cost of USD 15.6 million.

#### Claims

Gross incurred claims during the period was USD 288.8 million (USD 275.6 million). Net claims incurred amounted to USD 129.8 million (USD 132.6 million) a decrease of 2.8 million (2.1 percent) from last year and USD 3.2 million (2.4 percent) below plan. Our share of other Clubs' pool claims is higher than expected during the period.

#### Result on the non-technical accounts

The non-technical result consists of currency exchange gains/losses and a prorated part of the non-technical result in the parent company that is allocated to the branch. The factor is the branch's share of total equity (the average calculated capital requirement including a 20 percent buffer). This is in accordance with changes in tax the legislation and the OECD guidelines. The result is a positive USD 22.8 million against planned positive contribution of USD 11.9 million. Last year the non-technical result was a positive USD 18.6 million.

#### Total equity/Solvency capital requirement

In the balance sheet the SCR (Solvency capital requirement) is up to USD 147.1 million from USD 143.2 million at the end of last year. The required SCR is funded through a receivable from Gard P. & I. (Bermuda) Ltd. (Head account).

		20.02.2021	20.02.2020
Net result	USD	-6.8 million	-13.0 million
SCR	USD	147.1 million	143.2 million
Other intercompany	USD	104.2 million	114.5 million
Head account	USD	244.5 million	244.7 million

#### Technical provisions

As at 20 February 2021 the Branch's net technical provisions to cover reported and unreported claims amounted to USD 269.8 million (USD 278.0 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 2021.

### 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 turmoil and subsequent rebound. In relation to the COVID-19 pandemic, continued adjustments to the operation of the Company and staff in the insurance intermediaries is necessary with most staff required to work remotely from home also in the immediate future. Internal and external meetings and communications have been done, and will continue, via telephone/video link. The changes have not had an adverse effect on the ability to run the Company. The Company's

Financial Statements for the year to 20 February 2021



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

### Board of Directors' Report

financial situation is monitored closely, not only the development of the market risk, but also insurance risk, counterparty risk, operational risk and liquidity risk.

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 going concern of the Branch. 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.

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Arendal, 15 April 2021

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

Trond Eilertsen  
Chairman

Lars Lislegard-Bækken

Rolf Thore Roppestad  
Managing Director

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

### Statement of comprehensive income/(loss)

Amounts in USD 000's	Notes	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Technical account</b>			
Gross written premium	4, 5, 6	312,642	274,730
Gross earned premium	4, 5, 6	312,473	272,486
Ceded reinsurance	6	(227,535)	(183,011)
<b>Earned premium for own account</b>	6	<b>84,938</b>	<b>89,475</b>
<b>Other insurance related income</b>			
Gross incurred claims	6	288,790	275,620
Reinsurers' share of gross incurred claims	6	(159,039)	(143,035)
<b>Claims incurred for own account</b>	6	<b>129,751</b>	<b>132,586</b>
Acquisition costs		8,551	13,209
Agents commission		12,156	12,062
Commission received		(39,108)	(33,062)
<b>Insurance related income for own account</b>	8	<b>(18,400)</b>	<b>(7,792)</b>
<b>Other insurance related expenses</b>	8	<b>2,274</b>	<b>2,231</b>
<b>Technical result</b>		<b>(28,686)</b>	<b>(37,549)</b>
<b>Non-technical account</b>			
Interest and similar income		2,742	78
Change in unrealised gain on investments		17,506	12,386
Gain on realisation of investments		2,601	6,342
Other investment expenses		(69)	(204)
<b>Non-technical result</b>		<b>22,779</b>	<b>18,602</b>
<b>Loss before tax</b>		<b>(5,907)</b>	<b>(18,947)</b>
Taxation	9	865	(5,912)
<b>Net result</b>		<b>(6,772)</b>	<b>(13,036)</b>
<b>Total comprehensive loss</b>		<b>(6,772)</b>	<b>(13,036)</b>

Financial Statements for the year to 20 February 2021



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

## Balance sheet

Amounts in USD 000's	Notes	As at 20.02.21	As at 20.02.20
<b>Assets</b>			
Reinsurers' share of technical provisions			
Reinsurers' share of gross premium reserve		1,244	1,157
Reinsurers' share of gross claims reserve	6, 10	443,051	443,443
<b>Total reinsurers' share of technical provisions</b>	7	<b>444,294</b>	<b>444,600</b>
<b>Receivables</b>			
<i>Receivables from direct insurance operations</i>			
Policyholders	10, 11	32,730	10,830
<i>Other receivables</i>			
Receivables from reinsurance operations		0	3,967
Receivables from reinsurance operations - group companies		8,575	17,228
<b>Total receivables</b>		<b>41,304</b>	<b>32,026</b>
<b>Other assets</b>			
Cash and cash equivalents	10, 14	562	504
Deferred tax asset	9	20,499	19,387
Other financial assets	10	5,478	5,460
<b>Total other assets</b>		<b>26,538</b>	<b>25,352</b>
<b>Prepayments and accrued income</b>			
Accrued income and other prepayments		2,001	3,098
<b>Total prepayments and accrued income</b>		<b>2,001</b>	<b>3,098</b>
<b>Total assets</b>		<b>514,138</b>	<b>505,076</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Guarantee scheme provision	15	454	422
<b>Total equity</b>		<b>454</b>	<b>422</b>
<b>Technical provisions</b>			
Gross premium reserve		2,413	2,244
Gross claims reserve	6, 10	712,837	721,461
<b>Total technical provisions</b>	7	<b>715,250</b>	<b>723,705</b>
<b>Payables</b>			
Payables arising out of direct insurance operations	13	37,329	10,272
Payables arising out of reinsurance operations		3,376	11,255
Payables arising out of reinsurance operations - group companies		1,635	819
Other payables		89	45
<b>Total payables</b>		<b>42,429</b>	<b>22,390</b>
<b>Accruals and deferred income</b>			
Accruals and deferred income		495	3,246
<b>Total accruals and deferred income</b>		<b>495</b>	<b>3,246</b>
<b>Total equity and liabilities</b>		<b>758,174</b>	<b>749,341</b>
<b>Net assets</b>		<b>(244,490)</b>	<b>(244,688)</b>
<b>Head account</b>			
Head account	12	(244,490)	(244,688)
<b>Total head account</b>		<b>(244,490)</b>	<b>(244,688)</b>

Financial Statements for the year to 20 February 2021

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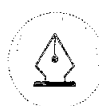


**GARD P. & I. (BERMUDA) LTD. - NORWEGIAN BRANCH**

Statement of changes in equity

Amounts in USD 000's	Guarantee scheme	Total
Equity as at 21.02.19	0	0
Provision for Norwegian Non-life Insurance Guarantee Scheme	422	422
Equity as at 20.02.20	422	422
<hr/>		
Equity as at 21.02.20	422	422
Provision for Norwegian Non-life Insurance Guarantee Scheme	31	31
Equity as at 20.02.21	454	454

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

### Statement of cash flow

Amounts in USD 000's	Notes	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Cash flow from operating activities</b>			
Loss before tax		(5,907)	(18,947)
Tax paid	9	0	(997)
Financial assets		(18)	6,439
Change in valuation due to exchange rates		(1,945)	1,542
Change in receivables and payables		10,959	7,755
Change in technical provisions and other accruals		(3,031)	4,191
<b>Net cash flow from operating activities</b>		<b>58</b>	<b>(18)</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		504	522
<b>Cash and cash equivalents at the end of the year</b>		<b>562</b>	<b>504</b>

Financial Statements for the year to 20 February 2021



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## 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.

#### 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

SD 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 statement of comprehensive income 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 statement of comprehensive income 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.

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

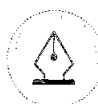
New and material information on the Branch's financial position at the end of the reporting period, which becomes known after the end of the reporting period, is recorded in the financial statements. Events after the reporting period that do not affect the group's financial position at the end of the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

##### 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

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## 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 to Gard Re 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	
	21.02.20 to 20.02.21	21.02.19 to 20.02.20
Reinsurance	46,617	3,652
Reinsurers' share of gross settled claims	3,922	4,016
Reinsurance commission	12,229	1,080

Amounts in USD 000's	Ceded to Gard Norway	
	As at 20.02.21	As at 20.02.20
Reinsurers' share of claims reserve	10,349	10,640

Amounts in USD 000's	Ceded to Gard Re	
	21.02.20 to 20.02.21	21.02.19 to 20.02.20
Reinsurance	84,938	89,475
Reinsurers' share of gross settled claims	96,093	98,399
Reinsurance commission	22,001	27,334

Amounts in USD 000's	Ceded to Gard Re	
	As at 20.02.21	As at 20.02.20
Reinsurers' share of claims reserve	253,550	260,674

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 1<sup>st</sup> market excess layer.

Amounts in USD 000's	Ceded to Hydra	
	21.02.20 to 20.02.21	21.02.19 to 20.02.20
Ceded reinsurance	33,357	30,798

##### 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	21.02.20	21.02.19
	to 20.02.21	to 20.02.20
Insurance services invoiced	49,826	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.

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

### Notes to the accounts

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

Amounts in USD 000's	21.02.20 to 20.02.21	21.02.19 to 20.02.20
EEA	146,602	130,673
Norway	71,597	66,160
Other areas	94,443	77,897
<b>Total gross written premium</b>	<b>312,642</b>	<b>274,730</b>

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

A member is an owner, operator or charterer (including a bareboat or demise charterer) or a ship entered in the Association who according to the Articles of the Association and the Rules is entitled to membership of the Association. Client is defined as any entity with an active insurance cover from the Gard group of companies that is not in the capacity of a Member (P&I Owner's Entry and Charterer's Entry). Members may also be a Client of Gard.

#### Note 5 - Estimated deferred call / Last instalment

These accounts are prepared on the basis of 10 per cent last instalment in respect of the 2020 policy year.

The reduction in last instalment for gross written premium amounts to USD 23.8 million (financial year ending 20 February 2020 USD 43.5 million). The originally estimated last instalment was 20 per cent of Estimated Total Call amounting to USD 47.6 million.

The last instalment for the 2019 policy year was reduced to 15 per cent from 20 per cent. Due to high volatility and uncertainty in the global financial markets as a consequence of the Covid-19 pandemic the decision on the level of the last instalment for the 2019 policy year (financial year ending 20 February 2020) for was postponed to after the final approval of the financial statements for the respective financial year. The call of 15 per cent for the 2019 policy year, USD 32.3 million, has therefore been included in the financial year ending 20 February 2021.

Starting from the 2021 policy year (financial year ending 20 February 2022), the reduction in the last instalment will be replaced with an Owners' General Discount, which is given as a percentage of the agreed Estimated Total Call at renewal.

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## 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 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.

	<b>Total</b>
	21.02.20
	to 20.02.21
<b>Amounts in USD 000's</b>	
<b>Technical result</b>	
Gross written premium	312,642
Gross earned premium	312,473
Ceded reinsurance	(227,535)
<b>Earned premium for own account</b>	<b>84,938</b>
<b>Claims incurred, gross</b>	
Incurred this year	281,093
Incurred previous years	7,697
<b>Total claims incurred, gross</b>	<b>288,790</b>
Reinsurers' share of gross incurred claims	159,039
<b>Claims incurred for own account</b>	<b>129,751</b>

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## 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, 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.

	<b>Total</b>
	As at
Amounts in USD 000's	20.02.21
Technical provisions gross	
Provisions, at the beginning of the period	721,461
Claims paid	297,414
Claims incurred - gross this year	(281,093)
Claims incurred - gross previous years	(7,697)
<b>Provisions, at the end of the year</b>	<b>712,837</b>
Reinsurers' share of claims provision	443,051
<b>Provisions net, at the end of the year</b>	<b>269,787</b>
Provision for unearned premiums, gross	2,413
Reinsurers' share of premium provision	(1,244)
<b>Provision for unearned premiums, net</b>	<b>1,169</b>
Provision for outstanding claims	
Technical provision gross	712,837
Technical provision net	269,787

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## 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 20.02.21 Differences
<b>Assets</b>			
<b>Reinsurance recoverables</b>			
Reinsurers' share of gross premium reserve	0	1,244	(1,244)
Reinsurers' share of expected cash flow for unexpired cover net of reinsurer commission provision	838	0	838
Reinsurers' share of gross claims reserves	443,051	443,051	0
Discounting effect of reinsurers' share of gross claims reserves	(2,028)	0	(2,028)
Reinsurers' share of Bound but not incepted (BBNI) - net	(18,271)	0	(18,271)
<b>Reinsurance recoverables</b>	<b>423,590</b>	<b>444,294</b>	<b>(20,705)</b>
<b>Liabilities</b>			
<b>Technical provisions</b>			
Gross premium reserves	0	2,413	(2,413)
Gross expected cash flow for unexpired cover net of commission provision	939	0	939
Gross claims reserves	712,837	712,837	0
Discounting effect of gross claims reserves	(3,180)	0	(3,180)
Bound but not incepted (BBNI) - net	(159,604)	0	(159,604)
ULAE future claims discounted	151,320	0	151,320
Risk Margin	9,792	0	9,792
<b>Technical provisions</b>	<b>712,104</b>	<b>715,250</b>	<b>(3,146)</b>

#### Reinsurance recoverables from non-life excluding health

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 - non-life

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. Other equity is covering retained reserves to meet unforeseen fluctuations in claims exposure, possible catastrophes and extraordinary claims patterns that fall within the Group's liabilities. For Balance values other equity is included in the Technical provisions – non-life, while other equity is included in Excess of assets over liabilities for Solvency II values.

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## 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	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Acquisition costs and commissions</b>		
Insurance intermediary	8,551	13,209
Agents' commission	12,156	12,062
Commission received	(39,108)	(33,062)
<b>Insurances related expenses for own account</b>	<b>(18,400)</b>	<b>(7,792)</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 49.8 million for the financial year ending 20 February 2021 (20 February 2020 USD 57.2 million) of which 8.1 million (20 February 2020 13.2 million) relates to acquisition cost.

Amounts in USD 000's	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Remuneration auditor</b>		
Statutory audit	0	62
<b>Total auditors' fee</b>	<b>0</b>	<b>62</b>

VAT is included in the fees specified above.

Amounts in USD 000's	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Other insurance related expenses</b>		
Bad debt	1,342	833
Service cost	49,826	57,242
Allocated to claims handling and acquisition costs	(50,440)	(56,474)
Other operating expenses	1,546	631
<b>Other insurance related expenses</b>	<b>2,274</b>	<b>2,231</b>

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

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## 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	21.02.20 to 20.02.21	21.02.19 to 20.02.20
<b>Basis for income tax expenses</b>		
Total comprehensive loss as basis for tax calculation	(5,907)	(18,947)
Exchange adjustments	(593)	902
<b>Basis for calculating tax</b>	<b>(6,500)</b>	<b>(18,046)</b>
Permanent differences	8,940	(5,532)
<b>Basis for the tax expense for the year</b>	<b>2,441</b>	<b>(23,577)</b>
Change in temporary differences	468	(929)
<b>Basis for payable taxes in the income statement</b>	<b>2,909</b>	<b>(24,506)</b>
Change in (utilisation of) tax losses carried forward	(2,909)	(6,461)
<b>Taxable income (basis for payable taxes in the balance sheet)</b>	<b>0</b>	<b>(30,967)</b>
<b>Income tax expenses</b>		
Tax correction earlier year	255	215
Change in deferred tax	610	(6,127)
<b>Tax expenses ordinary result</b>	<b>865</b>	<b>(5,912)</b>
<b>Income tax payable</b>		
Tax at the beginning of the year	0	991
Tax paid during the year	0	(997)
Exchange adjustments	0	6
<b>Tax payable at the end of the year</b>	<b>0</b>	<b>0</b>
<b>Deferred tax/tax asset</b>		
<b>Specification of tax effect resulting from temporary differences</b>		
Tax loss carried forward	79,691	78,479
Other temporary differences	2,305	(929)
<b>Total temporary differences</b>	<b>81,995</b>	<b>77,550</b>
<b>Deferred tax, 25 per cent of total temporary differences</b>	<b>20,499</b>	<b>19,387</b>
<b>Reconciliation of the tax expense</b>		
Basis for calculating tax	(6,500)	(18,046)
<b>Calculated tax 25 per cent</b>	<b>(1,625)</b>	<b>(4,511)</b>
Tax expense	865	(5,912)
<b>Difference</b>	<b>(2,490)</b>	<b>1,401</b>
<b>The difference consist of:</b>		
Permanent differences not subject to deferred tax	(2,235)	1,547
Tax regarding tax audit earlier year	(255)	(215)
Currency effect translation	0	69
<b>Sum explained differences</b>	<b>(2,490)</b>	<b>1,401</b>

Financial Statements for the year to 20 February 2021



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## 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

The Covid-19 pandemic situation was monitored closely throughout 2020, not only the development of market risk, but also insurance risk, counterparty risk, operational risk and liquidity risk. During the year, management took steps to manage the adverse financial and operational effects as events unfolded, with satisfactory results as the year came to an end. Future challenges due to Covid-19 might arise, however the experience the previous year will strengthen the risk management going forward.

##### 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, three 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 2021. 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 20.02.21	As at 20.02.20
<b>Reinsurers' share of gross claim reserve</b>		
AA	7,611	14,172
A	425,360	419,752
BBB	10,079	9,519
<b>Total reinsurers' share of gross claim reserve</b>	<b>443,051</b>	<b>443,443</b>
<b>Receivables</b>		
AA	0	3,967
A	8,575	17,228
Not rated	32,730	10,830
<b>Total receivables</b>	<b>41,304</b>	<b>32,026</b>
<b>Cash and cash equivalents</b>		
AA	562	504
<b>Total cash and cash equivalents</b>	<b>562</b>	<b>504</b>
<b>Other financial assets</b>		
AA	5,478	5,460
<b>Total other financial assets</b>	<b>5,478</b>	<b>5,460</b>

Financial Statements for the year to 20 February 2021



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## 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 20.02.21	As at 20.02.20
Not due	33,657	29,064
0-60 days	3,786	1,742
61-90 days	(29,763)	1,219
Above 90 days	35,929	1,667
Provision for bad debt	(2,305)	(1,666)
<b>Total</b>	<b>41,304</b>	<b>32,026</b>

##### Impaired receivables

As at 20 February 2021 there are impaired receivables of USD 2.3 million (20 February 2020 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 'Other insurance related expenses'.

##### Analysis of provision for bad debt

Amounts in USD 000's	As at 20.02.21	As at 20.02.20
Balance as at the beginning of the year	1,666	1,694
Provision for receivables impairment	638	567
Receivables written off during the year as uncollectable	703	(86)
Unused amounts reversed	(703)	(508)
<b>Balance as at the end of the period</b>	<b>2,305</b>	<b>1,666</b>

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

Financial Statements for the year to 20 February 2021



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## 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 20.02.21	As at 20.02.20
<b>Assets</b>		
USD	455,030	443,212
EUR	18,634	20,063
GBP	11,897	13,917
Other	28,578	27,884
<b>Total Assets</b>	<b>514,138</b>	<b>505,076</b>
<b>Liabilities and Head account</b>		
USD	318,204	244,422
EUR	77,114	107,510
GBP	45,282	69,154
Other	73,538	83,990
<b>Total Liabilities and Head account</b>	<b>514,138</b>	<b>505,076</b>
<b>Net asset exposure</b>		
USD	136,825	198,790
EUR	(58,480)	(87,447)
GBP	(33,385)	(55,236)
Other	(44,960)	(56,107)

Financial Statements for the year to 20 February 2021



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## 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 20.02.21 Total
Gross claims reserve	224,863	428,437	59,537	0	712,837
Payables, accruals and deferred income	42,924	0	0	0	42,924

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
Payables, accruals and deferred income	25,636	0	0	0	25,636

Financial Statements for the year to 20 February 2021



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## 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	As at
	20.02.21	20.02.20
Direct and received premium from Members	11,876	12,522
Accrued last instalment	23,158	(26)
Provision for bad debts	(2,305)	(1,666)
<b>Receivables from direct insurance operations</b>	<b>32,730</b>	<b>10,830</b>

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

Amounts in USD 000's	As at	As at
	20.02.21	20.02.20
Balance at the beginning of the year	244,688	238,058
Net result	(6,772)	(13,036)
Transfers with Gard P. & I. (Bermuda) Ltd.	(140,514)	(123,513)
Solvency Capital Requirement (SCR)	147,088	143,179
<b>Balance at the end of the year</b>	<b>244,490</b>	<b>244,688</b>

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	As at
	20.02.21	20.02.20
Payables regarding Members	37,329	10,272
<b>Payables arising out of direct insurance operations</b>	<b>37,329</b>	<b>10,272</b>

#### 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 2021 (USD 0.5 as at 20 February 2020).

Financial Statements for the year to 20 February 2021



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**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 2021. As a result, preliminary figures are included as at 20 February 2021.

Amounts in USD 000's	As at 20.02.21
<b>Own funds</b>	
Reconciliation reserve	102,962
Net deferred tax assets	19,860
<b>Excess of assets over liabilities</b>	<b>122,822</b>
Tier 1 - Unrestricted	102,962
Tier 3 - Net deferred tax assets	19,860
<b>Total basic own funds / (equal to Excess of assets over liabilities)</b>	<b>122,822</b>
Tier 2 - Supplementary calls	342,821
<b>Total ancillary own funds</b>	<b>342,821</b>
Total available own funds to meet the SCR	465,643
Total available own funds to meet the MCR	102,962
Total eligible own funds to meet the SCR	176,506
Total eligible own funds to meet the MCR	102,962
SCR	147,088
MCR	40,611
<b>Ratio of eligible own funds to SCR</b>	<b>120%</b>
<b>Ratio of eligible own funds to MCR</b>	<b>254%</b>
<b>Minimum Capital Requirement (MCR)</b>	
Linear MCR	40,611
SCR	147,088
MCR cap (45% of SCR)	66,190
MCR floor (25% of SCR)	36,772
Combined MCR	40,611
Absolute floor of the MCR	4,328
<b>MCR</b>	<b>40,611</b>
<b>Solvency Capital Requirement (SCR)</b>	
Market risk	19,937
Counterparty default risk	29,764
Non-life underwriting risk	101,358
Diversification	(25,040)
<b>Basic SCR</b>	<b>126,019</b>
<b>Calculation of SCR</b>	
Operational risk	21,069
<b>SCR</b>	<b>147,088</b>

Financial Statements for the year to 20 February 2021



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

Notes to the accounts

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Arendal, 15 April 2021

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

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Trond Eilertsen  
Chairman

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Lars Lislogard-Bækken

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Rolf Thore Roppestad  
Managing Director

Financial Statements for the year to 20 February 2021



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## List of Signatures Page 1/1

### 10.1.b - Gard P&I (Bermuda) NUF Financial statements 2021.pdf

Name	Method	Signed at
Roppestad, Rolf-Thore	BANKID_MOBILE	2021-04-29 16:50 GMT+02
Eilertsen, Trond	BANKID	2021-04-28 09:03 GMT+02
Lislegard-Bækken, Lars I K	BANKID_MOBILE	2021-04-27 20:58 GMT+02



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

## *Independent Auditor's Report*

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

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#### *Opinion*

We have audited the financial statements of Gard P. & I. (Bermuda) Ltd NUF, which comprise the balance sheet as at 20 February 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, 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 2021, 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.

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.

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*PricewaterhouseCoopers AS, Kystveien 14, NO-4841 Arendal  
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 P. & I. (Bermuda) Ltd NUF



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### *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 a true and fair view 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.

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### *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*

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#### *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.

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#### *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.

(2)



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



Arendal, 26 April 2021  
**PricewaterhouseCoopers AS**

Fredrik Botha  
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 <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