Solvency Financial Condition Report

Gard Group

20 February 2021

Contents

EXECUTIVE SUMMARY

This report covers Gard's business and performance, system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate administrative body that has the responsibility for these matters is the Board of Directors, with the help of various governance and control functions that are put in place to monitor and manage the business.

This report is a joint report for Gard P. & I. (Bermuda) Ltd. on a consolidated basis (Gard group), Assuranceforeningen Gard – gjensidig – (Gard Norway) and Gard Marine & Energy (Europe) AS (Gard M&E Europe)[1].

The main body of the report applies to all unless otherwise stated. Where the legal entities differ from the Gard group, this is elaborated in Appendices 1 and 2.

In 2018, the internal risk capital model ('internal model') for the Gard group was approved for regulatory purposes by the Norwegian Financial Supervisory Authority ('Finanstilsynet') in so far as concerned insurance and market risk. All figures displayed in relevant solvency tables are based on a partial internal model.

In the tables, values are stated in USD million. Values below USD 500,000 are displayed as '0'. An empty cell means that there is no value to state. Rounding differences +/– one unit can occur.

Gard fulfils the minimum and solvency capital requirements (hereafter referred to as MCR and SCR) stipulated by the supervisory authorities as of the reporting date of 20 February 2021.

The principles used to determine the solvency ratio are explained in this document. Chapter D describes the valuation principles used to determine the eligible own funds, and Chapter E describes the principles used to determine the SCR.

A. Business and performance

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

The financial year ending 20 February 2021 delivered a strong result for the Gard group. The total comprehensive profit, on an Estimated Total Call (ETC) basis, i.e., including full last instalment for mutual members, was USD 68 million and USD 84 million including changes to last premium instalments for the policy year 2019 and 2020. A 10 per cent reduction in the agreed estimated total call (ETC) for the 2020 policy year, amounting to USD 38 million, has been included in the accounts. The originally estimated last instalment was 20 per cent of ETC or USD 75 million. A 15 per cent last instalment for the 2019 policy year amounting to USD 53 million has been included in the accounts, compared to the originally estimated USD 71 million.

Gross written premium on an ETC basis increased by 6 per cent from last year. The strong result is primarily driven by hardening rates in the Marine and Energy sector and growth in new business volume.

Claims incurred for own account was above expectations. There has been a higher level of Pool claims from the International Group clubs, which continued the trend from last year and contributed to P&I mutual performing below expectation. Operating expenses were below plan due to less travelling, market events and physical meetings as a result of COVID-19.

Gard seeks to add returns through a diversified investment portfolio. The non-technical result for the year ending 20 February 2021 was USD 113 million. All major asset classes delivered strong returns, led by equity and credit markets. Details on business and performance can be found in section A.

B. System of governance

Gard has an effective system of governance, which provides for sound and prudent management.

[1] According to Article 256 of Directive 2009/138/EC, where a participating insurance or reinsurance undertaking, or an insurance holding company so decides, and subject to the agreement of the group supervisor, it may provide a single solvency and financial condition report comprising of the information at the level of the group and the relevant subsidiaries within the group.

The risk management system is assessed to be adequate considering the size and complexity of the operations.

The individual elements of the System of Governance can be found in section B.

C. Risk profile

In the context of its business operations Gard enters into a broad variety of risks. These risks are illustrated in the risk landscape overview. We describe how we deal with these individual risk elements in section C.

D. Valuation for Solvency purposes

The fair value of assets is mainly measured on a mark-to-market basis, determined by references to published price quotations in active markets. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model).

Valuation methods are elaborated in section D

E. Capital management

Gard aims to hold sufficient capital and liquidity as well as constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The probability that Gard would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

Gard group aims to manage its capital such that all its regulated entities meet local regulatory capital requirements at all times. This was the case throughout the financial year to 20 February 2021.

Gard has a capital structure consisting of Tier 1 capital through equity capital, which is earned and available and high-quality, Tier 2 capital in the form of unbudgeted supplementary calls on mutual Members and Tier 3 capital as deferred tax assets.

The solvency ratio as of 20 February 2021 was 257 per cent.

A share of 81 per cent of all available capital is assigned to the highest quality level (Tier 1). Capital management is described in section E.

Gard Group, key figures

USD million, as of 20.02	**2021**	**2020**
Solvency II balance sheet		
Assets	3,116	2,800
Technical provisions	1,709	1,523
Other liabilities	234	134
Excess of assets over liabilities	1,173	1,144
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	1,155	1,089
Tier 2 Ancillary own funds	279	255
Tier 3 Other own funds	0	0
Eligible own funds	1,434	1,344
Capital Requirement		
Solvency Capital Requirement (SCR)	558	511
Minimum Capital Requirement (MCR)	288	252
Solvency ratio		
Eligible own funds to meet SCR	257 %	263 %
Eligible own funds to meet MCR	400 %	433 %
Tier 1 share of total eligible own funds	81 %	81 %

A BUSINESS AND PERFORMANCE

A 1 Business

A 1.1 Group structure

The parent company of the group, Gard Bermuda, is a mutual insurance association. The other companies in the group are joint-stock companies fully owned and controlled by Gard Bermuda, except for Gard Norway, which is a mutual insurance association controlled by Gard Bermuda through an agreement on the exercise of ownership rights.

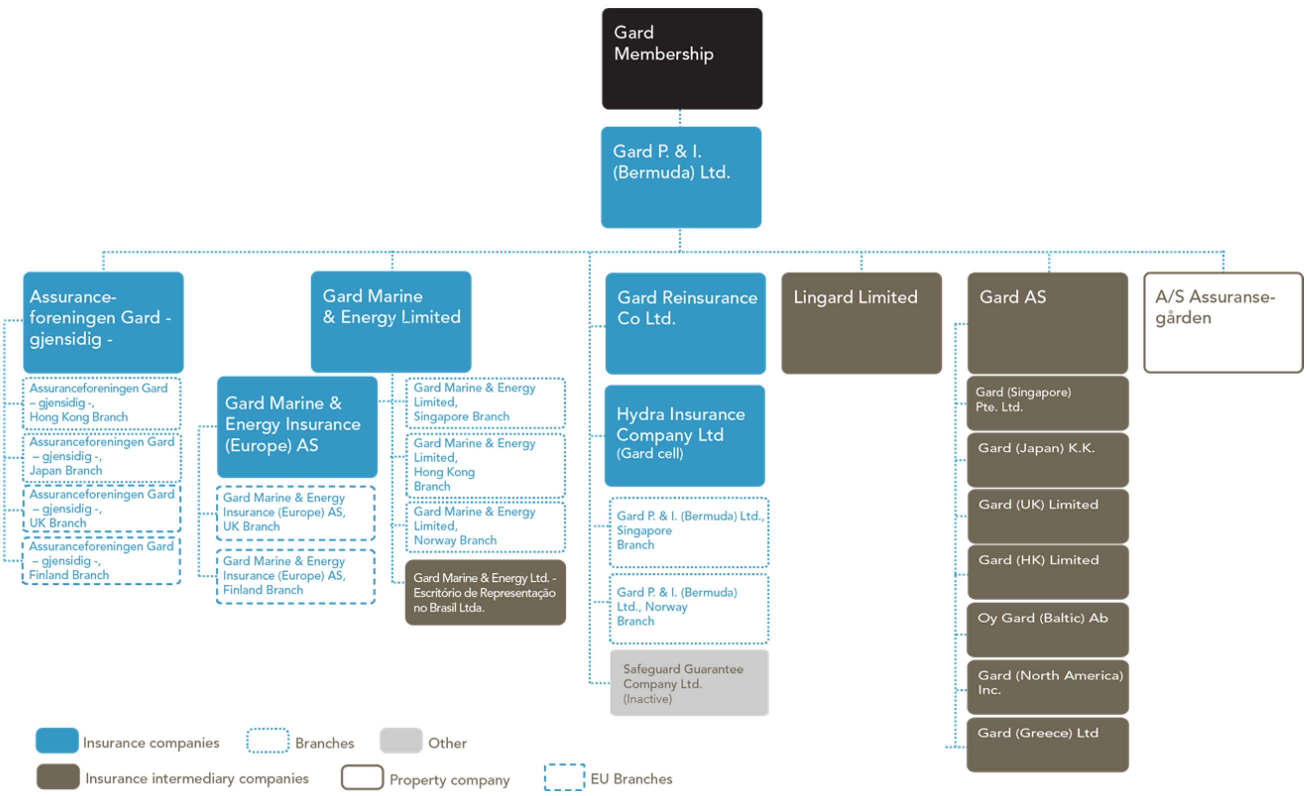
There are no external capital owners involved who expect a return on capital invested, or who otherwise have voting rights at the general meetings of the companies.

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

The Gard group consists of four direct insurance entities, two captive reinsurance companies, one insurance management company, eight insurance intermediary companies, one representative office and a property company. The insurance entities have eleven branches in six different jurisdictions.

In general, there are separate direct insurance companies for the P&I business and the Marine & Energy business. There are EEA domiciled direct insurance companies and Bermuda based insurance entities. Risk and capital in the group are pooled through the captive Gard Re.

Hydra is a Bermuda registered segregated accounts company that was established by the 13 parties to the International Group of P&I Clubs' Pooling Agreement to reinsure certain layers of risk retained by the parties to the Pooling Agreement. The Hydra Gard cell is wholly owned by Gard Bermuda. Branches have been established where required to conduct business.



A 1.2 Legal entities

A 1.2.1 Gard group

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

A 1.2.2 Gard Bermuda

Gard P. & I. (Bermuda) Ltd. ('Gard Bermuda') is the parent company in the Gard group. The company is a mutual insurance association domiciled in Bermuda and registered by the Bermuda Monetary Authority (BMA). The manager of Gard Bermuda is Lingard Limited.

Gard Bermuda provides Protection & Indemnity (P&I) and related insurance products to its Members, who are shipowners, operators and charterers with ships entered in the association. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Gard Bermuda carries out its direct insurance business through branches in Norway and Singapore. The general agents of the branches are Gard AS in Norway and Gard (Singapore) Pte. Ltd. in Singapore.

The Members of Gard Bermuda are also Members of Gard Norway and *vice versa.*[2] However, all of the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E, Gard Re, Lingard, and Gard AS.

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs and both are parties to the International Group of P&I Clubs' Pooling Agreement. The Pooling Agreement is the contractual basis for the sharing of claims among the P&I Clubs and the collective purchase of market reinsurance. The two associations are recorded as 'Paired Associations' in the Pooling Agreement, with Gard Bermuda as the principal.

Gard Bermuda is regulated by the BMA.

A 1.2.3 Gard Norway

Assuranceforeningen Gard - gjensidig - ('Gard Norway') is the Norwegian P&I Club founded in Arendal, Norway, in 1907. The company is registered and domiciled in Norway and is licensed by the Norwegian Ministry of Finance. The head office of Gard Norway is in Arendal, Norway. Gard AS acts as an intermediary for Gard Norway.

Gard Norway provides P&I and related insurance products to its Members, who are shipowners, operators and charterers with ships entered in the club. As a mutual insurance association, the company is owned by its Members. There are no external capital owners.

Based on the group's governance structure, Gard Bermuda has the power to govern and control the business activities of Gard Norway. This includes the power to appoint the members of its Board of Directors. Based on internationally accepted accounting standards, this creates the legal basis required for the consolidation of the two companies' accounts.[3]

Gard Norway is primarily used as a vehicle for writing direct P&I business in certain countries where an EU/EEA based insurer is required or preferred to comply with local regulations.

Gard Bermuda and Gard Norway are recorded as 'Paired Associations' under the International Group of P&I Clubs' Pooling Agreement.

Gard Norway is regulated by the Norwegian FSA.

A 1.2.4 Gard M&E

Gard Marine & Energy Limited ('Gard M&E') is a joint-stock company and a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda. The manager of Gard M&E is Lingard Limited.

Gard M&E offers Marine and Energy insurance products on a commercial basis to shipowners and

[2] See Article 2.6 of the Byelaws of Gard P&I Bermuda and Article 4.7 of the Statutes of Gard P&I Norway. Gard P&I Bermuda and Gard P&I Norway have entered into mutual reinsurance agreements whereby the two associations reinsure each other.

[3] Reference is made to the International Accounting Standard 27 Consolidated and Separate Financial Statements (IAS 27).

operators, and operators within the international oil and gas industry. Gard M&E carries out its direct insurance business through branches in Norway and Singapore. The general agents of the branches are Gard AS in Norway and Gard (Singapore) Pte. Ltd. in Singapore.

A 1.2.5 Gard M&E Europe

Gard Marine & Energy Insurance (Europe) AS ('Gard M&E Europe') is a wholly-owned subsidiary of Gard M&E and is registered and domiciled in Arendal, Norway and licensed by the Norwegian Ministry of Finance to carry out Marine and Energy business.[4]

Gard M&E Europe is used as a vehicle for writing business in certain countries where an EU/EEA based insurer is required or preferred to comply with local regulations. Gard AS acts as an intermediary for Gard M&E Europe.

Gard M&E Europe is regulated by the Norwegian FSA.

A 1.2.6 Gard Re

Gard Reinsurance Co Ltd ('Gard Re') is a joint-stock company and is a wholly-owned subsidiary of Gard Bermuda. The company is domiciled in Bermuda and is registered by the BMA. The manager of Gard Re is Lingard Limited.

Reinsurance agreements have been entered into between Gard Re, as the reinsurer, and Gard Bermuda and Gard M&E as the reassured, covering a certain proportion of these two direct insurers' retained risks. A stop-loss reinsurance agreement has also been entered into between Gard Re and Gard Norway.

Gard Re is regulated by the BMA.

A 1.2.7 Hydra Insurance Company Ltd

Hydra Insurance Company Ltd ('Hydra') is a segregated accounts company. It is permitted to create 'segregated accounts' or 'cells' to segregate the assets and liabilities attributable to a particular segregated account from those attributable to other segregated accounts and the company's general account.

Gard Marine & Energy Limited – Escritório de Representação no Brasil Ltda. (Gard Brazil) is a subsidiary of Gard M&E and is registered and domiciled in Brazil. Gard Brazil is authorised to carry out insurance agency activities in Brazil on behalf of Gard M&E.

Hydra was established by the parties to the International Group of P&I Clubs' Pooling Agreement as a captive insurance company to reinsure certain layers of risk retained by the parties to the Pooling Agreement. Each party to the Pooling Agreement owns a segregated account in Hydra and is responsible for its own account, or cell, within the company. The Hydra Gard cell is wholly owned by Gard Bermuda.

Hydra Gard Cell is regulated by the BMA.

A 1.2.8 Lingard Limited

Lingard Limited ('Lingard') is a joint-stock company domiciled in Bermuda. It is a wholly-owned subsidiary of Gard Bermuda and is registered as an Insurance Manager by the Bermuda Monetary Authority.

Lingard has entered into management agreements with each of Gard Bermuda, Gard M&E and Gard Re whereby it has delegated the responsibility of administering the day-to-day business and corporate functions of these Bermuda domiciled companies. Certain insurance intermediary functions, such as, *inter alia*, underwriting and claims handling, are sub-delegated under an agency agreement with Gard AS as insurance intermediary.

Lingard is regulated by the BMA.

A 1.2.9 Gard AS

Gard AS is a Norwegian joint-stock company domiciled in Arendal, Norway, and a wholly-owned subsidiary of Gard Bermuda. Gard AS is registered with the Norwegian Financial Supervisory Authority as an insurance agent.

Gard AS has entered into separate agency agreements with Gard Norway, Gard M&E Europe and Lingard pursuant to which Gard AS acts as an agent and intermediary with regard to the portfolios of direct business of Gard Bermuda, Gard Norway,

[4] Classes 6, 8, 9, 12 and 13 in the Norwegian regulations of 18 September 1995 on insurance classes.

Gard M&E and Gard M&E Europe. The agency agreements give Gard AS, *inter alia*, the power to conclude contracts of insurance on behalf of the companies and to handle claims which fall within the scope of each company's insurance cover.

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

i. Finland – Oy Gard (Baltic) Ab
ii. United Kingdom/England – Gard (UK) Limited
iii. United States – Gard (North America) Inc.
iv. Hong Kong – Gard (HK) Limited
v. Greece – Gard (Greece) Ltd
vi. Japan - Gard (Japan) K.K.
vii. Singapore - Gard (Singapore) Pte. Ltd.

These subsidiaries are the Members' and clients' local contact points and perform, *inter alia*, insurance intermediary services in their respective local markets on behalf of Gard AS' principals.

Gard AS is regulated by the Norwegian FSA.

Name	Function	Entity
Norwegian Financial Supervisory Authority (Finanstilsynet) Revierstredet 3 0151 Oslo Norway Phone: +47 22 93 98 00 Main contact: Linn Therese Soltvedt	Regulator	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda Phone: +441 295 5278	Regulator	Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Safeguard Lingard
PricewaterhouseCoopers AS Kystveien 14 4841 Arendal Norway Phone: +47 95 26 00 00	External auditor	Gard group Gard Norway Gard M&E Europe Gard AS Gard Bermuda NUF Gard M&E NUF
PricewaterhouseCoopers Ltd. Dorchester House 7 Church Street West Hamilton HM 11 Bermuda Phone: +441 295 2000	External auditor	Gard Bermuda Gard M&E Gard RE Hydra Gard Cell Lingard

A 1.3 Lines of business and geographical areas

Gard is a mutual Marine and Energy insurance group which principally provides two lines of insurance business:

- **Protection and Indemnity (P&I)** which is liability insurance for owners, charterers and operators of ships and mobile offshore units
- **Marine and Energy (M&E)** which includes Marine products such as Hull & Machinery and Loss of Hire insurance for shipowners, as well as Builder's Risk insurance to shipyards. Energy includes products such as property and casualty insurance for operators and contractors in the upstream oil and gas industry, with a focus on offshore operations

Gard's mission 'Together, we enable sustainable maritime development' - means we help Members and clients, people and society make the most of opportunity at sea. This sets the direction of our business. The core purpose of the Association is to help Gard's Members and clients in the Marine industries to manage risk and its consequences. The two main components of Gard's value proposition are strong financial security and excellent service.

This is combined with effective and efficient claims handling, strong risk selection and good pricing skills.

Gard operates in global markets, offering insurance solutions to mainly corporate customers, often through insurance brokers. Most markets where Gard operates are highly competitive. The main competitors besides the other P&I clubs are Lloyd's insurance market, large global insurance and reinsurance companies, and national and local insurance companies.

Gard is one of the world's leading Marine and Energy insurers. Gard is also involved in a large part of all Mobile Offshore Units (MOUs).

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs (IG), which covers close to 90 per cent of the world's ocean-going tonnage. The 13 P&I clubs in the IG share claims above a certain level and collectively purchase reinsurance programs. Gard is the largest club in the IG and insures approximately 18 per cent of the tonnage and represents about 16 per cent of the total premium written by the IG clubs. Gard has a market share of 7 per cent in the global Marine Hull market and is a medium-sized capacity provider in Energy.

A 1.4 Significant events in the reporting period

To have underwriters situated closer to the market in Finland and Baltics, both Assuranceforeningen Gard – gjensidig- (Gard Norway) and Gard Marine & Energy Insurance (Europe) AS (Gard M&E Europe) obtained license in Finland, as of 20 February 2020, in accordance with the Solvency II Directive (2009/138/EU). These licenses give the companies a right to carry on permitted activities through a branch in another EU/EEA member state, based on its home state authorization (Passport of Establishment).

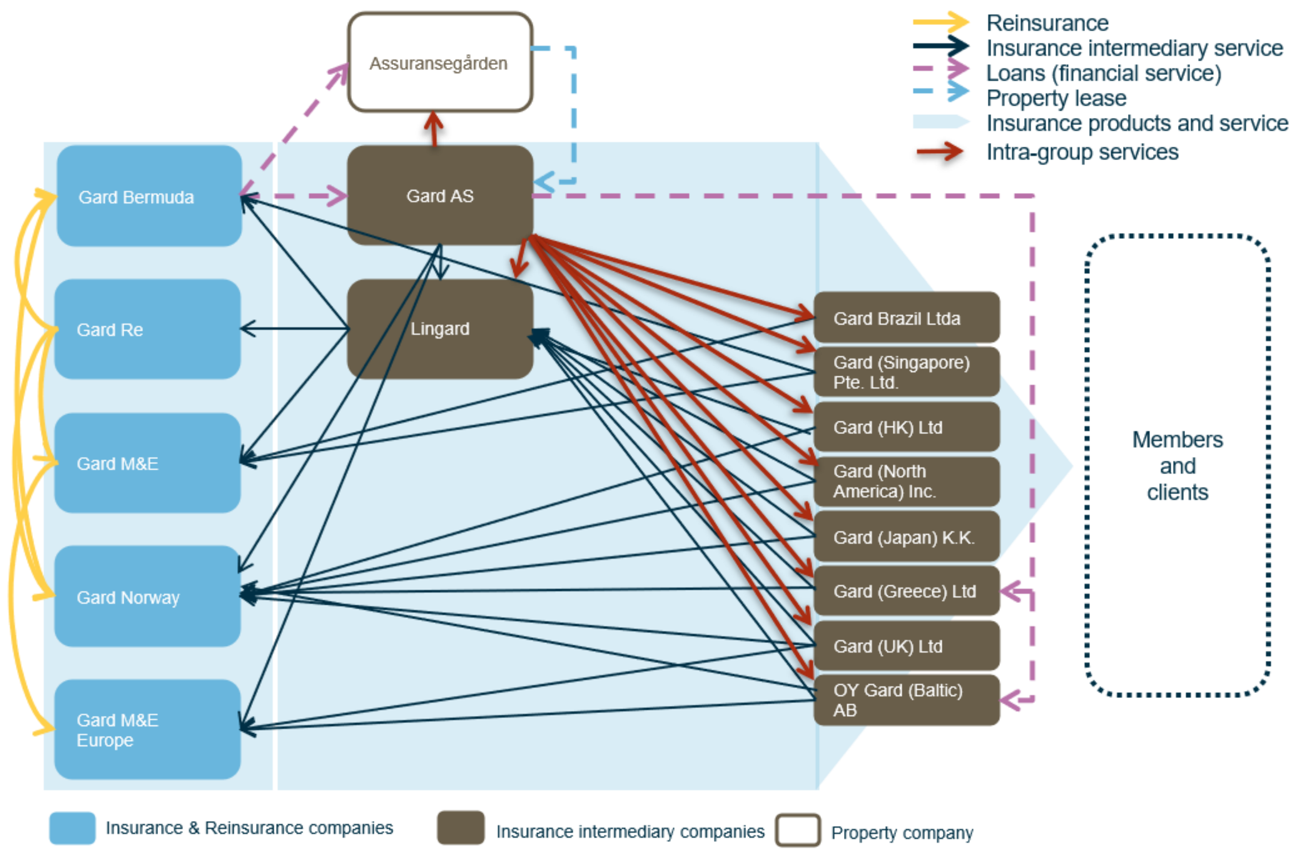
A 1.5 Operations and transactions within the group

Material intra-group operations and transactions within the group are:

- **Reinsurance.** Reinsurance of insurance risk between the insurance entities
- **Insurance intermediary services***.* Services from the insurance intermediary companies to the insurance entities
- **Intra-group services** provided by Gard AS, such as technical, financial and human resource services
- **Financial services***.* Loans and property leases between certain entities

Other intercompany transactions that exist between entities in the group are not listed as any such transactions are deemed non-material. Gard AS and its subsidiaries act as intermediary agents and Lingard acts as Manager for the insurance entities in the Gard group. Some functions are sub-delegated from Lingard to Gard AS and subsidiaries.

Internal reinsurance agreements between entities in the group are established to achieve efficient utilisation of the capital in the group and to contain the risk profile of the direct insurance companies within their respective risk tolerance levels. Besides, the reinsurance arrangements between Gard Bermuda and Gard Norway facilitate the mutual membership of both associations.



A 1.6 Holders of qualifying holdings in the undertaking

Gard is established as a mutual insurance association, owned by its Members. There are no external capital owners. The Members of Gard P&I Bermuda are also Members of Gard Norway and vice versa. However, all the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard P&I Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard P&I Bermuda in the same way as the other wholly-owned subsidiaries, such as Gard M&E and Gard Re.

A 1.7 Consolidation of group data

The consolidated financial statements comprise of Gard P. & I. (Bermuda) Ltd. and the companies over which the Company has a controlling interest. A controlling interest is normally obtained when ownership is more than 50 per cent of the shares in the company and can exercise control over the company. In as much as the Company has the right to exercise membership rights in Gard Norway, the Company controls all voting rights in Gard Norway, being the legal basis for consolidating the two associations' accounts pursuant to the International Accounting Standard 27 Consolidated and Separate Financial Statements. Transactions between consolidated companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared following the same accounting principles for both parent and subsidiaries. The acquisition method is applied when accounting for business combinations.

A 2 Underwriting performance

Gross written premium on estimated total call (ETC) basis was USD 922 million, an increase of USD 48 million or 6 per cent from last year and above plan. The strong result is primarily driven by hardening rates in the Marine and Energy sector and growth in new business volume.

Claims incurred for own account totalled USD 632 million, an increase of USD 46 million from last year. The year faced 12 claims above 5 million and a large reduction of the reserve for one offshore energy claim due to being time-barred. There has been a higher level of Pool claims from the International Group clubs, which continued the trend from the last two financial years. This is partly due to COVID-19 related claims, but also adverse development for Pool claims related to the 2018 and 2019 policy years.

The technical result on an ETC basis was a negative USD 26 million with a combined ratio net of 104 per cent and below plan.

The Gard group reinsurance programs are stable. Gard benefits from secure, long-term relationships with reinsurers, improved claim records and changes in our risk profile.

The non-technical result was a strong USD 113 million with gains across all major asset classes. Investment return has been highly volatile during the year, the unrealized losses experienced in the fiscal first quarter has been recovered in later periods.

Gard Group, technical result, ETC basis	2021		
USD million, as of 20.02	**P&I**	**M&E**	**Total**
Gross written premium	505	417	922
Gross earned premium	504	368	872
Ceded reinsurance	(103)	(80)	(183)
Earned premium for own account	**400**	**288**	**688**
Other insurance related income	**1**	**0**	**1**
Claims incurred, gross:			
Incurred this year	466	259	724
Incurred previous years	(50)	22	(28)
Total claims incurred, gross	415	281	697
Reinsurers' share of gross incurred claims	(3)	(62)	(65)
Claims incurred for own account	**413**	**219**	**632**
Insurance related expenses for own account	31	45	75
Other insurance related expenses	5	3	8
Technical result	**(47)**	**20**	**(26)**

Gard Group, technical result, ETC basis		**2020**	
USD million, as of 20.02	**P&I**	**M&E**	**Total**
Technical result			
Gross written premium	519	354	874
Gross earned premium	516	313	829
Ceded reinsurance	(98)	(75)	(173)
Earned premium for own account	**418**	**238**	**656**
Other insurance related income	**2**	**0**	**2**
Claims incurred, gross:			
Incurred this year	468	223	692
Incurred previous years	(39)	(31)	(70)
Total claims incurred, gross	429	192	622
Reinsurers' share of gross incurred claims	(24)	(12)	(36)
Claims incurred for own account	**405**	**181**	**586**
Insurance related expenses for own account	35	39	74
Other insurance related expenses	7	2	9
Technical result	**(27)**	**17**	**(10)**

Gard Group, premium by geographical area, ETC		
USD million, as of 20.02	**2021**	**2020**
EEA	429	433
Norway	123	128
Other areas	371	313
Total gross written premium	**922**	**874**

Impact and consequences of COVID-19 for Gard's insurance business

COVID-19 had a profound impact on the trade of cruise ships globally in 2020 with a substantial part of the world fleet being laid up. The impact for us as liability insurers was a reduction in annual premium from the segment due to laid up returns of premium counterbalanced by lower exposure due to ships not trading. Before that occurred in the Spring of 2020, we saw several COVID-19 outbreaks on cruise ships leading to multiple illnesses and, sadly, loss of lives. The commercial impact for other shipping segments has been more varied but we have not seen any particular increase in lay-ups of ships.

Overall, we have experienced more claims due to COVID-19 in some areas and believe that it has had the opposite effect in other areas. There has been a 50 per cent increase in the number of crew illness claims. Almost half of all crew illnesses reported in 2020 were related to COVID-19. The severity for crew illness claims also increased; initially, it was challenging to secure medical treatment ashore due to lockdown in many countries and a major challenge is crew repatriation and substitution. Handling cases involving sick or injured people (whether COVID-19 related or not) has become more complex, takes longer and is more expensive. We also saw a significant increase in claims relating to ship quarantine and disinfection, a claim type we have seldom encountered in the past.

Costs of salvage, other casualty response and wreck removal increased due to difficulties and delays for experts and response equipment to come on-site, increased quarantine expenses for attending personnel and increased precautionary measures from authorities generally. We also experienced a substantial increase in the number of legal enquiries and shipping contract disputes.

On the other hand, with a global reduction in seaborne trade and activity in the cruise, offshore and vehicle carrier segments, these areas seem to have fared better in terms of claims than earlier claims years. Likewise, navigation-related claims, such as collisions, seem to have declined.

We expect the adverse consequences of COVID-19 to continue during 2021. There is no clear indication that COVID-19 outbreaks on board commercial ships are slowing down, and few governments are prioritizing the vaccination of crew.

Terms of cover for marine insurances are adapting to the situation. With few exceptions, the reinsurance market excludes Covid-19 related claims by implementing LMA 5395 Cyber exclusion clause, and a wider pandemic exclusion clause is making traction. The International Group of P&I clubs do not have the exclusion imposed to the main cover in the 2021 policy year due to a 2-year contract, but elements of additional insurances and additional products have.

We have as a consequence of the situation imposed exclusions on main contracts of insurances outside Owners P&I and in some cases included some exposure with a limit of USD 10 million.

The consequences of the COVID-19 impact on the Gard portfolio are not expected to exceed what we have seen to date.

For information related to underwriting performance specific to Gard Norway, see Appendix 1, section 1.2

For information related to underwriting performance specific to Gard M&E Europe, see Appendix 2, section 2.2.

A 3 Investment performance

Gard's investment portfolio returned USD 107 million for the financial year, USD 14 million lower than the USD 121 million return in 2020. The year was marked by the COVID-19 pandemic which set off a sharp market correction in March, with all asset classes recovering over subsequent quarters. For the year as a whole, the biggest contributors to the return were credit and equity portfolios with only the alternatives delivering a modestly negative return. The overall return exceeded normal expectations given our risk positioning and the strong recovery in risk assets for most of the year was another remarkable event in an altogether unique year.

Income from holdings in equities and bonds was largely unchanged from last year as cash flow from investment activities are generally reinvested.

Most of the expenses related to investment activities are accounted for within the net asset value of investment funds and will have an impact on change in unrealised gains and losses. Expenses outside investment funds are mainly related to interest payments on swap contracts. Total expenses linked to investment activities are in line with expectations.

Total gain from equities and investment funds for the year was positive USD 41 million, a marginal improvement on last year, though more of the gains were realised than last year due to rebalancing of the portfolio towards the end of the period. Whilst US interest rates fell sharply at the beginning of the year, the reduction in rates for the year was less in magnitude than the previous year as rates bottomed out and started to rise from the summer. Whilst Gard's portfolio holds limited duration risk and therefore was not significantly impacted by rising rates towards the end of the period, the overall return was still reduced by USD 11 million compared with 2020.

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

The impact of COVID-19 on investments was limited for the year, given the recovery of risky assets from March. However, the fall in US interest rates as a consequence of the monetary and fiscal responses to the pandemic has the potential to have a significant impact in future years. Gard has an aggregate duration of around 3 years in its investment portfolio, and with US 3-year Treasury bond yields falling from about 1.4 per cent in 2020 to 0.3 per cent in 2021, future expected income from fixed income has fallen significantly. Besides, with low rates, the impact in the portfolio of further rate cuts in the potential event of a new market crisis is lower. Assuming an outlook of more fiscal stimulus in the US and the subsequent potential for increased inflationary pressures in the global economy we could also see periods where government bonds no longer provide consistent negative correlation versus equity markets and thus lead to a general increase in the risk of the portfolio in coming years.

Gard Group, investment income and expenses by asset class

20.02.2021 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	1	1	-	-	2
Expenses	-	-	-	-	-
Realised gain & loss	8	17	-	-	25
Change in unrealised gain & loss	32	48	-	-	80
Total	**41**	**66**	**-**	**-**	**107**

Gard Group, investment income and expenses by asset class

20.02.2020 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	1	2	-	4	7
Expenses	-	-	-	-	-
Realised gain & loss	5	18	-	-	23
Change in unrealised gain & loss	34	57	-	-	91
Total	**40**	**77**	**-**	**4**	**121**

For information related to investment performance specific to Gard Norway, see Appendix 1, section 1.3.

For information related to investment performance specific to Gard M&E Europe, see Appendix 2, section 2.3.

A 4 Performance of other activities

Other material income and expenses

Other comprehensive income/loss consists of exchange differences for subsidiaries when converting from reporting currency to USD in the consolidation process and change in pension commitment valuation. Other comprehensive income/(loss) amounted to a loss of USD 2.2 million this year and a loss of USD 1.8 million last year.

Gard Norway and Gard M&E Europe do not have any other material income and expenses.

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

A 5 Any other material information regarding business and performance

There is no other material information to be disclosed.

B SYSTEM OF GOVERNANCE

B 1 General information on the system of governance

B 1.1 Governance structure

Governance Principles

Gard Bermuda is the parent company in the Gard group. Each subsidiary is a legal entity organised under the law of its country of incorporation and subject to its domestic laws and regulations. The Boards of Directors (BoD) of each subsidiary give due consideration to applicable laws and the constitutional documents of the relevant company. To the extent appropriate and consistent with such laws and regulations, the BoD of the individual subsidiary shall comply with directions from the BoD of Gard Bermuda as the ultimate shareholder of the relevant subsidiary.

Composition of Boards and Committees

The Members of Gard Bermuda and Gard Norway are the owners of the Gard group. For this reason, the composition of the governing corporate bodies of the various legal entities of the group should to the extent possible and practical, mirror the composition of the membership of the two associations with regard to, *inter alia*, the categories of tonnage entered and geographical spread. Participation in sub-committees established by the BoD of the parent company is widely distributed.

Roles and responsibilities for governing bodies

The General Meeting of Gard Bermuda is the highest authority in the group. It has no direct risk governance function.

The BoD of Gard Bermuda is ultimately responsible for the management of the group. It sets the overall strategy and is involved in all significant decisions, including the establishment of general principles for the administration of the company's funds. It determines the risk appetite and Comfort zone at the group level through the Gard group Risk Policy as well as the Investment Guidelines. The BoD shall be informed of any breach of minimum capital requirements. It has delegated authority in respect of overseeing the day-to-day management to the Executive Committee (ExCom). The Risk Management function, the Compliance function and the Internal Audit function report to the BoD in matters relating to risk management and compliance.

The Executive Committee is given the task to implement strategies and decisions determined by the BoD and to make the operational decisions that are required for this purpose within the overall strategy, risk appetite and Comfort zone established by the BoD. It makes recommendations on the risk appetite and Comfort cone. The Executive Committee approves the risk tolerance and overall limits for material risk exposures and determines how much risk each of the subsidiaries is allowed to take. It monitors compliance with the overall risk appetite and Investment Guidelines and shall make recommendations to the BoD following the contingency procedures. The Executive Committee shall be informed about any significant weaknesses in the Risk Management System and/or the internal model.

The Audit Committee is responsible for overseeing the integrity of the financial reporting, compliance monitoring, the performance of the external and internal auditors, internal control and treatment of complaints procedures. Reports from the Internal Audit function shall be addressed to the Audit Committee.

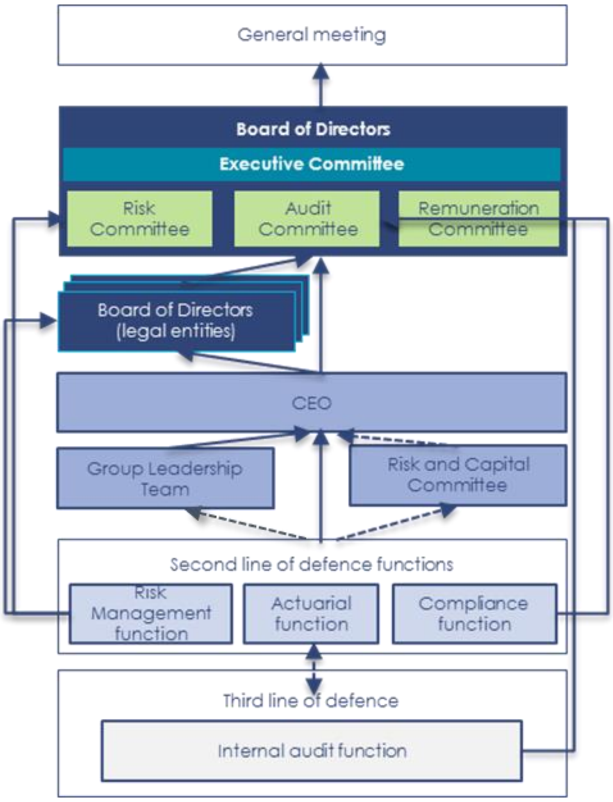
The Risk Committee shall have oversight of the group's risks with a particular focus on reviewing the group's risk strategy, risk appetite, risk tolerance, risk profile and assessing the effectiveness of the risk management framework. The Risk Committee shall also consider the risks' impact on both the financial and non-financial goals of the group.

The Remuneration Committee's role is to establish transparent procedures for reviewing and determining the remuneration of the Directors and the Chief Executive Officer and to make recommendations thereon to the Executive Committee and the BoD as the case may be. The Remuneration Committee shall also review Gard's remuneration policy in general, including the operation of any employee incentive scheme from time to time. The Remuneration Committee shall ensure that the compensation structure is in line with the group risk appetite statement approved by the BoD.

The Boards of Directors of the subsidiary insurance companies (i.e., Gard M&E, Gard M&E Europe, Gard Norway and Gard Re) are responsible for considering and approving the financial plan and new business for underwriting and ensure compliance with local regulations. They review and endorse the group risk appetite statement approved by the BoD and the Executive Committee.

The President holds the office of Chief Executive Officer (CEO) of Gard Bermuda, Gard M&E, Gard AS and Gard Norway and is an *ex officio* member of the Executive Committee. The CEO is responsible for implementing the Risk Management System and for ensuring that risk-taking is aligned with the risk appetite. The CEO shall monitor that all risks are appropriately managed and shall inform the Executive Committee and the BoD of any breaches in accordance with the contingency procedures.

The Board's ability to delegate its powers regarding the day-to-day management of the company is



limited as stated in the By-Laws of Gard Bermuda. BoD of Gard Bermuda has issued terms of reference for the CEO, which documents the role and authority of the CEO and Manager in line with current practices.

The Senior Vice Presidents (SVP) in the Group Leadership Team (GLT) report to the CEO.

The Risk and Capital Committee is an advisory forum to the CEO on matters relating to risk and capital management. It comprises the CEO, Chief Risk Officer, Chief Financial Officer, Chief Investment Officer, Chief Legal Counsel, Group Chief Underwriting Officer, Head of Accounting and Head of Business Control. Relevant reports to the Executive Committee, Risk Committee, Audit Committee and/or the BoD, shall be reviewed by the Risk and Capital Committee before submission.

All key functions are equipped with proper resources and skills. The reporting lines to one another and the BoD have been clearly defined.

The following figure illustrates the roles and responsibilities of the governing bodies, key decision-makers, and the second and third line of defence functions. The figure also illustrates how the risk management function is integrated into the decision-making process of Gard. For more information regarding the Three Lines of Defence model and how the risk management function is integrated into the organisational structure of Gard see chapter B 3.3.

B 1.2 Remuneration policy

The remuneration enables the Gard group to attract and retain superior talent and to provide competitive terms to motivate people towards their highest performance. It is in line with the group's business strategies, objectives and long-term interests. The remuneration shall encourage prudent risk management, ensuring that no employee is encouraged to take risk exceeding the risk appetite as defined in the Group Risk Policy approved by the BoD of Gard Bermuda.

The remuneration of all employees, including members of governing or supervisory bodies of companies within the group, is appropriate with regard to the individual's function and responsibilities and the nature, scope and complexity of the relevant business activities. It commensurates with industry standards and is proportional to the individual's respective duties.

The compensation structure is based on the philosophy that the success of Gard is the result of the joint efforts of the whole organisation. It underpins the value of teamwork and collective performance across the individual departments and offices.

The remuneration governance structure is clear, transparent and effective.

Governance

The remuneration of Directors and members of supervisory bodies of a legal entity of the group is determined by the General Meeting of the relevant legal entity. The remuneration of the CEO of a legal entity is determined by the BoD of that legal entity. The remuneration of staff below the CEO level is determined by the CEO or those being delegated authority by the CEO to determine such matters.

The members of the remuneration committee are independent and should not be employees of the Gard group. They must have sufficient knowledge and experience in risk analysis to independently assess the group's remuneration policy and the compensation programs' fitness.

Remuneration structure

The remuneration that employees receive for their professional activities with the group shall be stipulated in their individual contracts of employment. It consists of a salary, supplemented by a collective bonus scheme, pension plan and other benefits.

Remuneration for each role in the Gard group shall be reasonable and fair.

The majority of Gard's staff is employed by Gard AS in Norway. Their terms of employment with respect to remuneration is governed to a certain extent by the collective wage agreement, made between the finance sector union, Finansforbundet, and the Norwegian Financial Services Association (Finans Norge), which the Gard group has agreed to abide by.

The variable component of the remuneration shall be small relative to the overall compensation for all employees. The maximum bonus achievable for employees shall be in accordance with applicable regulatory requirements. The bonus shall be calculated using several key performance indicators. It shall not encourage any employee to take on risks outside of Gard's risk appetite.

For members of the Group Leadership Team (GLT) and defined Key Employees, there is a bonus scheme as defined in the Solvency II directive. The maximum bonus payable to members of GLT and other Key Employees under the collective scheme shall be 80 per cent of the bonus payable to employees in general.

The payment of a proportion of the bonus triggered by the collective scheme shall be deferred for a period of 39 months from the expiry of the financial year the bonus is linked. The payment after three years of the deferred component is subject to some further terms and conditions, including defined financial performance targets for the three years. Certain Key Employees are not participating in the collective bonus scheme due to the Solvency II requirement of independence between the control functions and the results achieved in the operating units.

In the bonus scheme, there is an individual bonus component based on an individual assessment conducted by the CEO in consultation with the Chairman of the Executive Committee of Gard P. & I. (Bermuda) Ltd.

Gard shall conduct annual reviews with each employee to determine a remuneration package for each employee that commensurates with that employee's contribution to the group.

Pension scheme

Most employees in Gard have a defined contribution pension plan. A contribution plan is a retirement plan in which a certain amount or percentage of salary is set aside each year by the association for the benefit of each of its employees.

Some members of the GLT and certain key personnel have a pension scheme that gives them the right to retire at 60 years of age and covers income included and above 12 times 'G'. G is a base rate used as the basis for calculation benefits. G is adjusted annually and is approved each year by the Norwegian parliament. This pension scheme is secured by an agreement with Norsk Tillitsmann Pensjon/Nordic Trustee. The obligation is secured through a pledged deposit on a bank account owned by Gard AS.

B 1.3 Assessment of the adequacy of the system of governance

The system of governance is assessed as adequate considering the size, nature, and complexity of the Gard group's operations, and sufficient to ensure that all the risks the entities in the group are exposed to are appropriately dealt with and that the applicable requirements in respect of the governance system are being met.

B 2 Fit and proper requirements

The regulations in Bermuda, Norway and other countries require insurance companies to ensure that the members of the governing corporate bodies collectively possess the right professional qualifications, knowledge, and experience. This is known as the ‘fit and proper’ requirement.

All persons who effectively run the group’s business, including the members of the BoD, the Executive Committee, GLT, and key functions, hereunder, the Actuarial function, Risk Management function, Compliance function, and Internal Audit function, must at all times be fit and proper for the role. ‘Fit’ implies that their professional qualifications, knowledge, and experience must be adequate to enable sound and prudent management and ‘proper’ requires the person to be of good repute and integrity.

As a standard procedure, each year before the Annual General Meeting, the Election and Governance Committee reviews the current composition of the group’s various boards and committees to ensure that they each meet the overall ‘fit and proper’ criteria. Members of Gard’s boards and committees, and candidates to be nominated for election to boards and committees, are required to complete a questionnaire and curriculum vitae prepared by the Election and Governance Committee.

B 3 Risk management system including ORSA

B 3.1 Strategy

The purpose of the risk management system is to ensure that material risks are managed in accordance with our corporate objectives and risk carrying capacity.

Gard’s risk strategy establishes, through the risk appetite statement, the level of risk that Gard deems to be acceptable as part of its ‘business as usual’-activities.

The risk appetite of Gard is to hold sufficient capital and liquidity as well as constraining its risk-taking to ensure that it can continue to operate following an extreme loss event with the same risk tolerance for insurance risk. The risk-taking must be aligned to Gard’s risk carrying capacity.

Gard aims to fulfil the following key objectives:

- Have a high probability of meeting its insurance liabilities and providing its services
- Preserve the continuity of its offering after an extreme loss event
- Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise

The risk profile of Gard is managed to provide Members and customers with high security that Gard can meet its liabilities, protect the capital base, and minimise long-term premium cost for the Members.

The risk strategy is reviewed annually as part of the financial plan process.

The following principles define Gard’s approach to risk management:

- **Controlled risk-taking** – We have an unambiguous definition of our risk appetite. We only accept risks in line with our risk appetite, which we understand and are able to manage
- **Clear accountability** – Authority is delegated and responsibilities are clearly defined. Individuals are accountable for the risks they take on. There is no reward for taking risks that are outside our risk appetite
- **Responsiveness** – Efficient information flow and effective decision-making procedures enable sufficient risk monitoring and prompt remediation if and when the risk profile deteriorates
- **Independent control** – Our Risk Management function, Compliance function and Internal Audit function provide independent advice, challenge the business functions, and monitor the effectiveness of the Risk Management System. The independent control functions shall have unrestricted access to the CEO, the Executive Committee, the Audit Committee, the Risk Committee and the BoD, and shall report any issues of concern in a timely manner
- **Risk culture** We are open and transparent about losses and failures. We take corrective action and learn from mistakes

B 3.2 Key elements of Gard's risk management system

The risk management system consists of the following components:

Risk appetite and limits

Our overall risk appetite and Comfort zone (target range for capitalization) are defined in accordance with Gard's risk carrying capacity and corporate objectives. This cascades into limits by risk type and legal entities. This forms the basis for all risk management, monitoring and reporting.

Risk policies

These are policies describing the processes and procedures for managing material risk exposures. The purpose of the policies is to ensure consistent and adequate risk and capital management.

Risk management cycle

Risks are identified, assessed, managed, monitored and reported according to the following principles:

- **Identify** – Material risks are defined and described in the risk landscape (see chapter C)
- **Assess** – Material risks and emerging risks are assessed regularly and at least annually. The Own Risk and Solvency Assessment process is the main process for assessing the overall risk and solvency position at a group, legal entity level and branches
- **Manage** – Risk is managed proactively, on an individual and aggregated level, in line with the risk appetite and risk tolerance
- **Monitor** – There is regular monitoring of the risk exposures and the alignment with the risk appetite. The purpose of the monitoring is to ensure that adequate remedial actions can be taken swiftly if necessary
- **Report** – There is regular reporting of risk exposures from the 2nd line to the CEO and the BoD of the legal entities, as well as to the Executive Committee, the Audit Committee, the Risk Committee and the BoD of Gard Bermuda

Internal model

Gard's internal model is used to calculate the internal capital requirements of the group and all insurance entities. The internal model is also used to calculate the regulatory capital of the Gard group, Gard Norway and Gard M&E Europe. For more information see B 3.5 Determination of Gard's own solvency needs, B 3.6 Risk management system for internal model, and E 2.1 Calculation of group solvency requirements.

Contingency procedures

There are contingency procedures in place describing how to respond to a breach in Risk Appetite or limits, ensuring that appropriate and proportionate remedial actions are taken when needed.

Disclosure

There are procedures in place to ensure that information about risk and capital that is disclosed to regulators, rating agencies and other external stakeholders, is appropriate, accurate, timely and complete.

B 3.3 Implementation and integration of the risk management system

Risk governance is based on the three lines of defence model, with clearly defined roles and responsibilities. Risk execution is carried out in the business functions (1st line), risk oversight is primarily carried out by the Risk management, Compliance and Actuarial functions (2nd line), and independent assurance is provided by Internal Audit (3rd line). External audit conducts an independent and objective assessment of the financial statements and financial reporting.

1st line of defence functions: Accountable for implementing, embedding, and using the Risk Management System, hereunder:

- Establishing and delivering the business plan within the risk appetite and managing the risk exposure
- Identifying and evaluating all material risks within their area of responsibility
- Monitoring and analysing changes in the risk exposure regularly and assessing these against the risk appetite

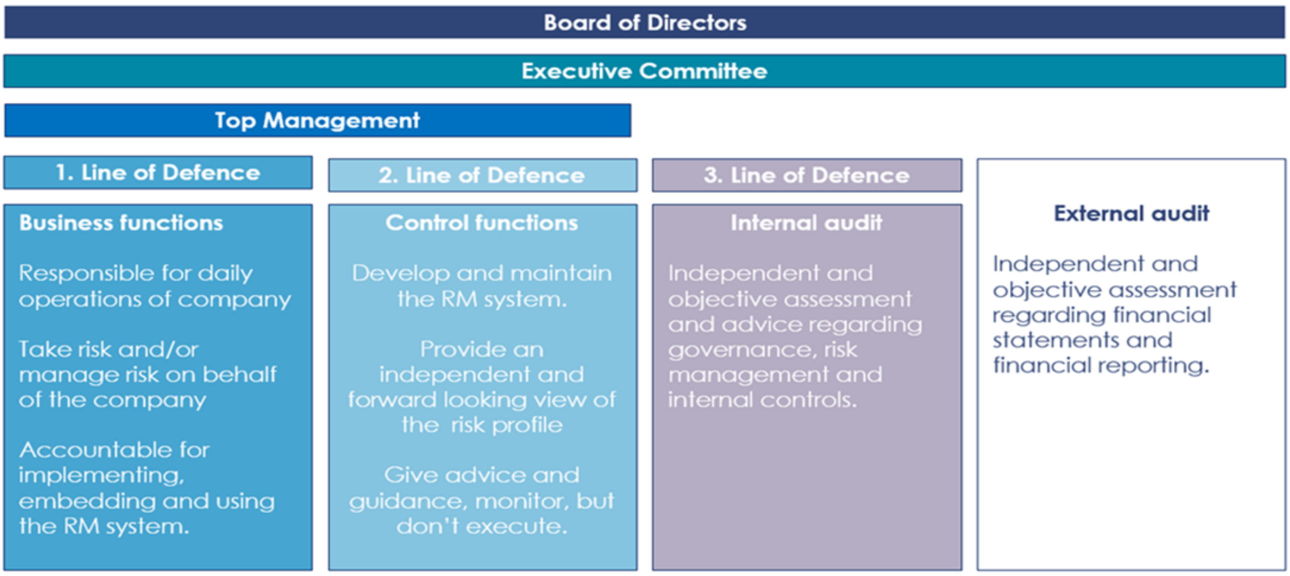
2nd line of defence functions: The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1st line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the BoD and the Executive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

- Support the 1st line of defence in assessing material risks
- Provide value-adding challenge and support to help ensure that risk has been adequately considered in all significant business decisions
- Assure the Executive Committee and BoD that the Risk Management System is being operated effectively by the 1st line
- Make remedial recommendations in respect of limit breaches and improvements to the Risk Management System

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

3rd line of defence function: Responsible for providing independent assurance on the adequacy and effectiveness of the Risk Management System to the Audit Committee, the Executive Committee, and the BoD. The internal audit function is appointed by and reports to the Audit Committee.

The three lines of defence model is illustrated in the figure below.



B 3.4 Own Risk and Solvency Assessment (ORSA)

The ORSA process comprises the totality of processes that Gard utilises to identify, assess, monitor, manage and report risks in the short and long term, as well as determining capital requirements.

The ORSA report is prepared annually by the Risk Management function consistently for all areas and on behalf of all insurance companies, branches and management companies in the Gard group. The risk profile, capital and solvency situation and outlook over the planning period is reviewed throughout the year for each legal entity by key executive members.

The ORSA process will normally be concluded in January following the financial planning process and finalized before the end of the financial year. Additional risk and solvency assessments will be conducted when required by changes in the capital adequacy or risk profile. The financial plan is used for projecting the future development of the risk profile and future capital and solvency requirements and the findings from the ORSA process is used in the financial planning process and any decisions on group contributions, capital contributions within the group and owners' general discount.

The ORSA report is approved by the Executive Committee[5] and the Boards of Directors of all legal entities and distributed to the Norwegian FSA

[5] The Board of Directors in Gard Bermuda has delegated the authority to approve the ORSA report to the Executive Committee.

(Finanstilsynet), the Bermuda Monetary Authority (BMA) and other relevant authorities after the internal approval process is finalised.

B 3.5 Determination of Gard's own solvency needs

To determine the economic capital requirements given Gard's risk profile, Gard uses an internal model.

The first internal model in Gard was developed in 2004 and has since been refined to meet business needs and regulatory requirements. All insurance undertakings in Gard are included in the internal model. Economic capital is used for all internal purposes, such as capitalisation, hereunder assessment of capital against risk appetite and Comfort zone, financial planning, reinsurance and investment planning.

The model provides our best estimate of risk and ensures that we have a consistent understanding of our risk exposures and solvency requirements across all legal entities. Results from the internal model are communicated quarterly to the Executive Committee/BoD, the Risk Committee, Group Leadership Team and other key decision-makers.

The economic capital expresses the potential loss over a one-year time horizon with a confidence level of 99.5 per cent. This is consistent with industry practice and Solvency II.

B 3.6 Risk management system for internal model

B.3.6.1 Roles and responsibilities

The **Executive Committee** ensures effective governance of the internal model and decides on major changes to the model. The Executive Committee approves the output of the internal model four times a year.

The BoD of each insurance entity ensures that the model design and operations are aligned with the entity's risk profile and the use of the internal model output.

The **Risk Committee** ensures that the model design and operations are aligned with Gard's risk profile and that there are adequate independent review procedures in place around the internal model design, operation, and validation. The Risk Committee reviews output from the internal model four times a year.

The **Risk and Capital Committee** reviews the output from the model four times a year and challenges the assumptions and results. The Risk and Capital Committee will also review the model on an ad hoc basis.

The **CEO** ensures that there are sufficient resources to develop, monitor and maintain the model.

The **CRO** ensures appropriate design development and operations of the internal model, ensures testing and validation of the model takes place, analyses the performance of the internal model, and reports to the various committees and communicates model results of major weaknesses and limitations in the internal model.

B.3.6.2 Internal model validation process

The internal model is validated at least annually to verify that the internal model is current, uses reliable and relevant data, remains fit for the purposes intended under changing conditions, and is operated and maintained by personnel with adequate expertise and experience.

The validation shall be conducted by an independent reviewer who can provide an objective challenge of the internal model design, parameterisation, and implementation. The independent reviewer shall not have been directly involved in the development and operations of the internal model and should be free from influence from those responsible for the development and operations of the internal model.

B 3.7 Material intra-group outsourcing arrangements

See section A 1.2.8 Lingard and A 1.2.9 Gard AS for management and agency agreements within the Gard group.

B 5 Internal control system

B 5.1 Elements of internal control system

Gard's internal control system is built on the three lines of defence model as described in section B 3.3, where preventive and detective controls shall be carried out in the 1st line of defence, risk oversight, detective controls and monitoring shall be carried out by the 2nd line of defence, and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by the 3rd line of defence.

The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks. Effective prevention averts or mitigates risks before any loss occurs. The internal control system shall also contribute to the detection of irregular business conduct at an early stage, deviations from agreed standards for process execution or data errors that have caused or may cause losses/adverse outcomes. Early detection enables timely and effective actions to avoid any recurrence and to implement preventive measures for similar risks.

When Gard design and implement internal controls, the following key principles apply:

- Internal controls shall be embedded in the business to continually improve the quality of our operations and foster a positive risk culture
- Both preventive and detective controls shall be proportionate to the nature, scale and complexity of the operations and risks involved
- Periodic reviews of the adequacy and effectiveness of internal controls shall be carried out

The BoD is ultimately responsible for the internal control framework. The Audit Committee is responsible for assessing the adequacy of the internal control system. The Audit Committee receives an annual report from the management concerning internal control, as well as independent reports from the internal auditors on the adequacy and effectiveness of the internal control system.

The CEO must ensure that the organisation has an adequate and effective internal control system in place, with suitable processes, systems and activities to control and monitor that Gard's business is conducted properly.

B 5.2 Compliance function

Gard's compliance function consists of a Group Compliance function and Regional Compliance Officers (RCO). The RCO's are appointed in all Gard offices outside of Norway but are supported by the Group Compliance function in identifying, assessing, monitoring and reporting risks. The Group Compliance Officer (GCO) reports to the CRO but has a direct reporting line to the CEO and the Audit Committee of Gard P. & I. (Bermuda) Ltd. and the BoD and Managing Directors of each legal entity in the group. The Head of Compliance is fully independent and has no operational responsibilities within the 1st line of defence.

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

The regional compliance function shall provide advice to and challenge the local business functions and contribute to adequate management of compliance risk. The RCO's secure that the entities registered in the specific jurisdiction remain compliant with governing laws, regulations and administrative provisions. They are also the local point of contact towards local FSAs. The RCO's report to the GCO on compliance matters.

Members of the compliance function should normally not have operational responsibility or authority over any of the activities or operations it reviews. Given that the number of employees in the regional offices is limited and the nature of Gard's business is complex, the Regional Managing Directors may act as Regional Compliance Officers. The Regional Managing Directors have a wide perspective of the regional office as well as detailed knowledge about the Gard group and are also the local contact points for local regulatory bodies and authorities.

B 6 Implementation of the internal audit function

The internal audit function forms part of the 3rd line of defence function, assuring Gard's management and the Audit Committee that material risks are identified and managed within the group's stated risk appetite. The internal audit function also provides independent and objective assurance that the governance processes and systems of internal control are adequate and effective to identify and mitigate the most significant risks that could threaten the achievement of Gard's objectives.

The scope of work of the internal audit function is to determine whether Gard's system of risk management and internal controls and governance processes, as designed and represented by the management, are adequate and functioning effectively to ensure that:

a) Material risks are appropriately identified and managed

b) Established policies, procedures and processes are adequate, appropriate and implemented to manage risks within defined risk appetite, and are effective to meet regulatory and legal requirements

c) Significant financial, managerial, and operating information is accurate, reliable, and timely

d) Employees' actions comply with policies, standards, procedures, and applicable laws and regulations

e) Significant legislative or regulatory issues impacting the organisation are recognised and addressed properly

f) Opportunities for improving management control, profitability, business processes and Gard's reputation may be identified during audits. They will be communicated to the appropriate level of management

The internal audit function in Gard has been outsourced. To provide for independence, the Internal Audit function principally reports to the Audit Committee of Gard Bermuda, as well as to other governing bodies in the Gard group that the Audit Committee may determine.

An annual plan is prepared based on the internal audit's risk assessment and Gard's targets. The audit plan is prepared in dialogue with the administration and is approved by the Audit Committee. The internal audit function evaluates the appropriateness and effectiveness of the group's management and control processes. The function also provides targeted and structured feedback on the organisation's compliance with guidelines and relevant legal requirements. The internal audit function shall contribute to continuous improvement in management and control. All critical and less critical suggestions for improvements in internal control, established routines and control plans are summarised in internal audit reports, which are presented to the BoD. The group assesses whether the suggested recommendations are appropriate and should be implemented.

The principal point of contact and administrative reporting line is to the Head of Compliance and Quality Management.

The internal audit teams are functionally independent and objective from the activities audited and the day-to-day internal control processes of the organisation and shall be able to conduct an assignment on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the actions of outsourced activities.

Internal Audit is authorised to:

- Have unrestricted access to all functions, records, property, and personnel, including all documents pertaining to meetings of the boards and other governing bodies of the organisation
- Obtain the necessary assistance of personnel in the organisation, as well as other specialised services from within or outside the organisation
- Have full and free access to management and the Audit Committee

B 7 Implementation of the actuarial function

The actuarial function is organised within the Actuary and Risk Capital team. The team is led by the actuarial function holder. The actuarial function holder reports to the CRO but has unrestricted access to the CEO, the Executive Committee and the BoD. The Actuarial function is independent of the actuary in the Actuarial Reserving team.

B 8 Outsourcing

Gard's core purpose is delivered through three pillars of excellence; knowledge and expertise, financial strength and long-term relationships. This also governs our approach to external service providers. We assess service providers thoroughly, ensuring that we only enter contractual relationships with providers that support our values and ethical standards. We take a long-term perspective when entering into agreements with external service providers.

An important element of Gard's value proposition to its Members and customers is a cost-efficient operation. To achieve this, our first option should be to use the group's internal resources to deliver insurance products and services to our Members and customers. By not outsourcing this to an external third-party provider, we keep the competence in house and we do not have to compensate any third party's need for profit or compensate a third party for the risks it has assumed in entering an agreement with Gard. The internal outsourcing arrangement is established in line with the business strategy and is managed from a long-term perspective.

Outsourcing is a way of getting access to sufficient scale and adequate competence which could not effectively be achieved by providing the service in-house.

Gard's code of ethics and business conduct applies to all Gard employees at all times. All negotiations and dealings with service providers shall be conducted in a transparent, honest and professional manner.

Once a decision to outsource is made, Gard shall identify service providers, evaluate their capabilities and select the most suitable option.

Once a provider has been selected, whether internal or external, an appropriately detailed legal agreement capturing the key services established shall be put in place. Gard's legal department shall be consulted in all cases, with additional external legal advice sought where appropriate.

Outsourcing contracts must comply with all of the relevant regulatory requirements.

Internal Control

To ensure that the outsourcing of any critical or essential functions or activities does not lead to material impairment of the quality of Gard's governance system, the service provider must have in place adequate risk management and internal control system, and Gard must maintain the contractual right to issue instructions concerning the outsourced function or activity.

Business continuity and exit strategy

The outsourcing arrangement must be established in such a way that business can continue in the event the contract with the licensee is terminated. Thus, Gard shall secure title and ownership to all records, documents and information and rights to use computer software systems and programs for a certain period after the relevant outsourcing agreement has been terminated, as required to manage and operate the business without any interruptions.

The contractual terms and conditions with the service provider must have an agreed and embedded workable exit plan placing obligations on all parties to fully assist and co-operate to ensure the contract is terminated with the minimum disruption.

Monitoring and oversight

The governing body or role that has entered into an outsourcing contract is responsible for monitoring that the contractual terms are being adhered to and that all parties honour their obligations under the contract. The monitoring of significant outsourcing contracts should take place as part of the annual legal entity review.

Monitoring should include (but should not be limited to) the following:

- A review of performance (exact intervals must be determined per type of service provider). If applicable this may include a site visit and/or meeting with management and key personnel of the service provider when applicable
- A review of the service provider's continuing suitability in line with the selection criteria outlined in this policy. This should be conducted in light of any significant change to the service provider's business that pertains to the outsourced functions

If the service provider does not carry out the functions or activities effectively and in compliance with the terms of the outsourcing agreement, appropriate actions must be taken.

Reporting

Gard shall notify the relevant supervisory authorities before the outsourcing of critical or important functions or activities as required, and of any subsequent material developments for those functions or activities. This may include material changes in the outsourcing arrangements, a change of service provider or major problems with the performance of the service provider.

Roles and responsibilities

The CEO shall administer the daily business of the group on behalf of the Executive Committee. The CEO is responsible for entering into contracts on the group's behalf when this is required to implement its strategy, goals and financial plan, taking into consideration the risk appetite and Comfort zone as determined by the company's Board of Directors.

Major contracts which may significantly impact the way a Gard entity operates shall be signed by that entity's CEO or Managing Director. The Executive Committee shall be informed before entering into any contracts that may alter the group's operating model and/or that may involve significant risk or costs.

All Senior Vice Presidents and most senior managers have been delegated authority to enter into contracts in their respective area of responsibility, however, the CEO shall be informed of any significant engagements before their execution. Contracts entered into in the ordinary course of business, for example, a contract with a local loss adjustor can be signed by personnel with the relevant level of authority.

When Gard legal entities enter into contracts between themselves, the signatory for each legal entity may be the same person, acting in a different capacity. For example, the Managing Director of Lingard may sign the contract on behalf of Gard Bermuda as its insurance manager, and on behalf of Gard M&E as its insurance manager.

The Legal Department shall be responsible for reviewing significant contracts before they are signed. They shall also keep a record of all contracts made between Gard legal entities.

Gard outsources the internal audit function, IT services and fund management. The Internal Audit function is based in Norway, the IT services provider is based in India and the Philippines and the fund management company is based in Ireland.

B 9 Any other information regarding the system of governance

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

C RISK PROFILE

In the context of its operations, Gard enters into a broad variety of risks. Gard aims to have a comprehensive understanding of its risk profile by identifying, assessing, and measuring its risk through multiple approaches.

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

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

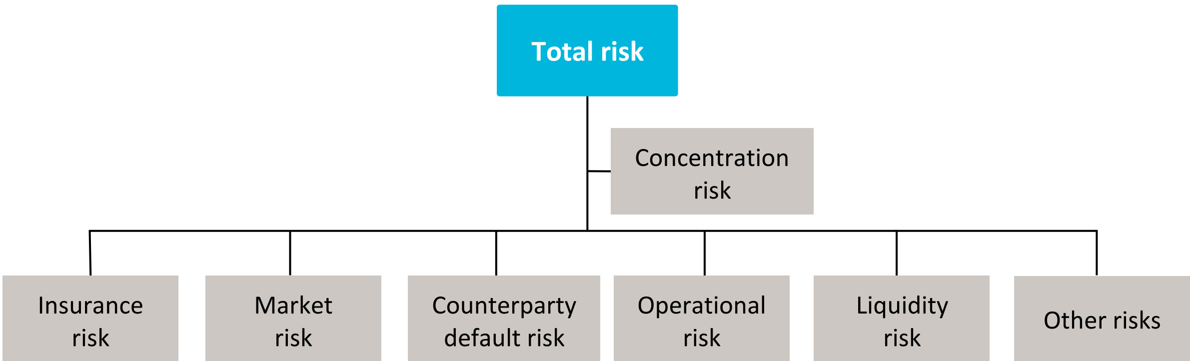
The Gard group, Gard Norway and Gard M&E Europe have been granted approval to use its internal model to calculate insurance and market risk for regulatory purposes.

Non-quantifiable risks are assessed through various processes. See further descriptions in the sections below.

All financial and non-financial risks are assessed at least annually through the ORSA process and quarterly through the model updates. Significant internal or external events may require additional assessments. To test Gard's ability to withstand severe conditions, several stress tests are conducted regularly. For example, risks resulting from natural hazards are assessed through realistic disaster scenarios. For details see C9 Risk sensitivity.

The risk identification process ensures that material risks are identified and assessed from a group and legal entity perspective. It considers the industry, the type of Members and clients and the global nature of the organisation and covers existing and emerging risks.

Gard's risk landscape



The material risks for the Gard group are described in sections C1-C6.

For information related to the material risks that Gard Norway is exposed to, see Appendix 1, section 1.4.

For information related to the material risks that Gard M&E Europe is exposed to, see Appendix 2, section 2.4.

C1 SCR Insurance risk

Insurance risk arises from existing claims ('reserve risk') and future claims ('premium risk') and originates from claims being different from what is expected. Many of the covers provided by Gard have high exposures, and potentially, very high severity. These claims fluctuate from year to year and the results are volatile.

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

Premium risk is stochastically simulated, based on claims expectations adjusted for changes to the risk exposures on a more granular level. The basis for reserve risk is a stochastic simulation of the accident years for the different lines of business. Catastrophe risk is scenario-based, where each scenario represents possible catastrophic events. Lapse risk represents the loss in basic own funds that would result from the discontinuance of 40 per cent of the policies where the discontinuance would result in an increase in technical provision without risk margin. Lapse risk is not calculated for P&I homogenous risk groups as a P&I policy cannot be discontinued unless the vessel is sold or has a total loss.

SCR for insurance risk has decreased by 1 per cent from 20 February 2021 to 20 February 2021. The insurance risk has fluctuated during the year. In particular, the premium risk was reduced in the first quarter of 2020 due to expectations of lower activity as a result of the COVID-19 situation. On the other hand, reserve risk increased due to an increase in reserves, both due to incurred claims related to COVID-19 (particularly for the Cruise segment) and a significant increase in Pool claims, especially in the second quarter of 2020. Premium risk increased again in the second half of 2020 due to increased exposure and a normalization of the claims picture. Reserve risk was reparametrized in the fourth quarter of 2020, leading to a reduction in reserve risk.

Gard Group, insurance risk

USD million, as of 20.02	2021	2020
Premium risk	342	342
Reserve risk	286	285
Cat risk	111	108
Lapse risk	5	4
Diversification	(291)	(281)
SCR insurance risk	**453**	**458**

For information related to insurance risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to insurance risk specific to Gard M&E Europe, see Appendix 2, section 2.4

C 1.1 Risk mitigation techniques for insurance risk

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

Gard also balance the amount of insurance risk through risk limits. A set of limits are in place to ensure that the insurance risk remains within the risk appetite of the Gard group and each legal entity. See section C7 Risk concentration.

C2 SCR Market risk

Market risk is defined as the risk of economic losses resulting from deviations in the value of assets and/or liabilities caused by market prices or volatilities of market prices differing from their expected values.

Gard is mainly exposed to market risk through the investment portfolio. The primary functions of the assets are to offer security for payments of claims on behalf of policyholders as and when they arise and fall due. Besides, the assets shall over time create value to the Members in the form of reduced Mutual premium needs. Gard obtains diversification in its investment portfolio through asset allocation within and between different asset classes. On the liability side, Gard is exposed to market risk through changes in interest rates and exchange rates.

To assess market risk, Gard employs an external Economic Scenario Generator (ESG). The ESG simulates the probable future values for key economic market risk variables such as yield curves, returns on asset classes and exchange rates. These ESG simulations are then used in the internal model to calculate the economic value and the risk-adjusted capital of each market risk category over the one-year future time horizon.

The total SCR for market risk increased by 25 per cent for the year, primarily driven by increases in equity and credit risk as well as a reduction in diversification within the model. The main driver for increased equity risk was an increase in assumed volatility due to a higher level of base volatility across global equity markets in February 2021 compared with 2020, though the exposure was also slightly higher. The increase in credit risk was conversely driven primarily by increased exposure, somewhat offset by lower spreads and interest rates. The reduced diversification effect within the model was the result of a higher correlation between equities and credit as well as lower exposure to less correlated asset classes such as alternatives and property.

Concentration risk in the internal model was nil as there was no single exposure above the threshold level, though for the purposes of the Solvency II standard formulae concentration risk primarily relates to a single hedge fund holding. As we have enough look-through to determine that there is no issuer concentration risk in the portfolio we do not add concentration risk for this holding.

Gard Group, market risk

USD million, as of 20.02	2021	2020
Equity risk	163	135
Interest rate risk	11	10
Credit risk	127	118
Currency risk	11	10
Property risk	35	39
Concentration risk	-	-
Alternatives	38	41
Diversification	(100)	(126)
SCR market risk	**286**	**228**

For information related to market risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to market risk specific to Gard M&E Europe, see Appendix 2, section 2.4

C 2.1 Risk mitigation techniques for market risk

Risk mitigation techniques are embedded in Gard's management of market risks. A 'neutral' or matched portfolio is generally considered as the starting point for investment portfolios in insurance companies. To match the interest rate duration and currency exposures on the asset and liability side, or to stay within allowed ranges and limits, risk mitigation techniques are applied. Allocation limits per asset class are applied both on a group and legal entity level. There are also limits on how much market risk, as measured in the internal model, can be as a share of investable assets. These limits are also used on both a group and legal entity level.

C 2.2 Prudent person principle

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

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

Investment management is responsible for implementing the asset management strategy as determined by the BoD and ExCom. The asset management is primarily outsourced to independent fund managers and is mainly coordinated through the Gard Unit Trust Fund (Gard UTF) for insurers within the group. Gard is not doing any active internal asset management at a security selection level but may use financial instruments to alter the asset allocation at a strategic level.

Gard's objective for its investment portfolio is to maximize long-term investment returns within its risk appetite and risk tolerances. Hence, the Gard group seeks to take on investment risks that are expected to be rewarded over the long-term, in the form of excess returns relative to liabilities, in a diversified manner. The combination of assets and investment management approaches shall be consistent with the investment objectives, risk tolerances and investment constraints detailed in the Investment Guidelines and the Risk Management Policy.

The currency exposure and maturity profile of the investments should broadly reflect the Gard group's liability structure, liquidity and cash flow requirements and solvency position. In effect, Gard considers its investment strategy on a holistic basis and assesses the risks of its investment portfolio on a net basis, after allowing for liabilities. Derivatives are permitted, but shall only be used for risk mitigation, efficient portfolio management or cost-efficient execution.

As a general principle, Gard relies on several sources of information when making its investments decisions. Gard uses information provided by third parties (e.g., financial institutions, asset managers and rating agencies) in addition to an internal assessment of risk and return.

C3 SCR Counterparty default risk

Counterparty default risks typically relate to the default of reinsurers, banks, derivative counterparties, and Members/clients not paying the premium. Following a large claim, the exposure to counterparty default risk will increase due to the higher exposure to reinsurers.

Counterparty default risk reflects the change in the value of assets and liabilities caused by unexpected default or deterioration in the credit standing of independent counterparties and debtors. It applies to reinsurance arrangements, bank deposits and derivatives, which are classified as 'type 1' exposures and are assumed not diversified but likely to be rated. Receivables from Members and clients are classified as 'type 2' exposures, which are assumed to be well-diversified but unlikely to be rated.

External ratings of our counterparties are monitored on an ongoing basis. Assessment of all our active counterparties (counterparties on risk and counterparties with open reserves) are regularly carried out. As for risk-reducing measures, we have a security downgrade clause in place on all our reinsurance contracts. This gives us the right/option to replace a counterparty if it is downgraded.

Derivatives are permitted as part of the investment strategy and counterparty default risk arises when unrealised positions are accrued. Normally, these unrealised positions will be very modest but as a risk mitigation tool, Gard may ask for cash collateral as security for an unrealised position. The use of collateral is regulated through standardised International Swaps and Derivative Association (ISDA) master agreements and the Credit Support Annex (CSA). Besides, all derivative activities are controlled through instructions in the Investment Manager Agreement.

For obligations related to non-covered claims, Gard would manage its counterparty credit risk by requiring counter-security in the form of a cash deposit and signed pledge agreement, or a bank guarantee

Due to the financial uncertainties this year, counterparty risks have been particularly considered. There have been few adjustments from the rating agencies, and bankruptcies may have been temporarily avoided by the stimulus packages provided by authorities. Overdue payments are at a higher level this year compared to previous years, but Gard has established a task force to closely follow overdue payments.

For information related to counterparty default risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to counterparty default risk specific to Gard M&E Europe, see Appendix 2, section 2.4

Gard Group, counterparty default risk

USD million, as of 20.02	2021	2020
SCR counterparty default risk	58	42

C4 SCR Operational risk

Operational risk is the risk of losses arising from inadequacy or failure of internal processes or because of events triggered by employee-related, system-induced, or external factors. Operational risks are an 'invisible' part of our business activities, and the focus is therefore on risk avoidance and risk minimisation.

Operational risk is reviewed annually through an internal self-assessment and reported to the Audit Committee. Within this operational risk review we consider, in particular, business process risks (including data quality), compliance risks, fraud risks and information security risks. This process enables us to identify, prioritise and manage risks.

The standard formula assumes a standardised level of risk management. The operational risk is therefore not risk-sensitive.

For information related to operational risk specific to Gard Norway, see Appendix 1, section 1.4

For information related to operational risk specific to Gard M&E Europe, see Appendix 2, section 2.4

Gard Group, operational risk

USD million, as of 20.02	2021	2020
SCR operational risk	49	44

C5 SCR Liquidity risk

The size and timing of cash flows are to a certain extent unpredictable. However, the liquidity risk for the Gard group is assessed to be low, given the pay-out profile of liabilities and the liquidity of assets. Gard Bermuda, Gard Norway, and Gard M&E have branches in other countries than they are registered in. Branch regulators can set requirements for deposits to meet liabilities when a large claim has occurred. This can strain the liquidity situation for the relevant branch and Gard group.

- External and internal reinsurance arrangements are established to mitigate liability and liquidity exposure for the individual legal entities, their branches, and the Gard group
- The investment portfolio is set up to match the maturity of the liabilities
- Gard Bermuda is part of a cash pool with Gard M&E, AS Assuransegården and Gard AS increasing available cash
- Gard Norway and Gard M&E Europe are not allowed to be a part of the cash pool and will, therefore, hold more average cash, relative to size, than the Bermuda entities
- Money market funds have been implemented for the insurance entities as buffers between operating cash and investment portfolio. Short term excess cash is transferred to and from money market fund to gain return above what is possible on operating cash. Internal limits (upper and lower) are set for operating cash and money market funds

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

C6 SCR Other risks

Business risks

Business risk is the risk of losses or failure to meet business objectives due to unexpected changes to legal and regulatory conditions, changes in the economic and social environment, as well as changes in business profile and the general business cycle. Gard group has companies and branches in several jurisdictions. Unexpected changes initiated by e.g. the regulators in one part of the group may have consequences for other parts of the group.

Compliance risks

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

Gard group comprises companies and branches in several jurisdictions, as well as captive reinsurance companies, insurance intermediary companies, subsidiaries, and a property company. As a natural consequence of the group structure Gard is subject to several regulatory regimes such as those of Norway, Bermuda, Hong Kong, Singapore and

Japan. Unexpected changes in legal and regulatory conditions, as well as changes in the economic and social environment in which the group operates, may pose a risk to Gard.

Compliance risk is managed through ongoing monitoring of regulatory environments that we operate in, as well as periodic regulatory reviews with participants from all jurisdictions where Gard conducts business. Tools that are implemented to reduce compliance risk are supplemented by compliance training programmes.

Reputational risks

Gard's business is built on the trust of its Members and clients, as well as other stakeholders. The Gard group must be seen to act with integrity towards all its Members and clients, regulators and other stakeholders.

Gard's reputation may take damage due to e.g.:

- Poor claims handling and litigation
- Insuring ships of poor technical standards which suffers loss
- Supporting business that is at odds with Gard's sustainability mission
- Insuring members and clients of bad repute
- Misalignments (non-compliance) with regulatory requirements
- Data breach and privacy (GDPR)
- Breach of ESG investment
- Poor strategies on diversity and inclusion

Gard does not hold capital against reputational risk as such but holds capital against many of the risk events that could damage the reputation of the company. The level of reputational risk is deemed acceptable.

Climate-related risks

The insurance sector is exposed to climate-related risks and both sides of the balance sheet could potentially be affected. When approaching climate-related risks, Gard has used the risk categorisation proposed by the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Physical risks: Gard is mainly exposed to acute physical climate risks through increasing extreme weather. The estimated growth in shipping activity in the Arctic due to the shrinking of the sea ice is also a potential risk to Gard. The 2020 North Atlantic hurricane season was characterised by its extremely high level of activity. There were 30 named storms, including 19 hurricanes. Gard followed the situation closely since many cruise ships were idle or in a hot layup in the region and hence operating with a reduced crew. No significant claims have been reported. Overall, Gard has not experienced an increase in claims due to extreme weather.

Transition risks: It is expected that policies will be increasingly stringent in the upcoming years, and this will again affect legal and reporting requirements. IMO has proposed emission reduction targets for 2050 and it is expected that policies, and uptake of alternative technologies, will cause the fuel configurations of the world fleet to be more fragmented in the future. This could affect claims related to machinery failure and necessitate further competence in the organisation. Gard has reviewed the impact for claims of the IMO 2020 low sulphur regulations for fuels. The conclusion is that there have been relatively few disputes directly related to the 2020 Sulphur Cap regulations and none of special significance. The adaptation by the industry to the new regulations appears to us to have been relatively smooth.

Other climate-related risks: It is also possible that the investment portfolio could be facing climate-related financial risks as repricing of certain assets could cause considerable shifts in the financial markets. However, considering that the majority of the investment portfolio consists of government bonds, and there is an increasing focus on environmental, social and governance (ESG) factors in the equity strategies of the company, these risks could be considered fairly limited for Gard. Significant declines in equity markets are already reflected in the market risk calculations.

Climate-related risks related to reinsurance and third-party liabilities have also been considered. Reinsurers could, for example, be vulnerable if their portfolios are exposed to property or infrastructure in regions exposed to the impacts of acute physical climate risks. Liability risks associated with climate change are considered negligible for Gard.

C 7 Risk concentration

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

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

Risk concentration is mainly managed through limits, e.g., limit on exposures held for investments per rating category, exposures to a single counterparty, and maximum aggregated exposure to a single reinsurer. The limits are monitored and reported regularly.

C 8 Reinsurance

Reinsurance is a method to ensure that insurance liability risk is kept within the overall risk appetite and Comfort zone and that rating and regulatory requirements are met.

Reinsurance is used to ensure continuity after an extreme loss event; providing flexibility to help Members and clients manage new risks and pursue business opportunities.

The reinsurance program is established to protect against high severity, low-frequency claims.

Gard Bermuda is a member of the International Group of P&I Clubs' Pooling Agreement, which is an agreement between thirteen P&I clubs to mutually reinsure each other by sharing claims. This claim-sharing agreement is underpinned by an extensive market reinsurance program, which the International Group clubs arrange.

Gard follows the customary insurance practice of reinsuring with other insurance and reinsurance companies a portion of the risks under the policies it writes. These reinsurance arrangements are meant to protect Gard against the severity of losses on individual claims and unusually serious occurrences in which a number of claims produce an aggregate extraordinary loss.

Gard has different reinsurance programs for different classes of business.

The collectability of reinsurance retrocessions is largely a function of the solvency of reinsurers. The credit exposure on Gard's reinsurance program is in accordance with the guideline of only accepting reinsurers with an A- (Stable) or higher rating. The company is however faced with BBB rating exposures through the IG Pooling Agreement. Among the thirteen clubs, three have ratings of BBB+ or lower. Counterparty default risk on the pool and reinsurance is reduced through multiple layers of financial security

C 9 Risk sensitivity

Gard performs various set of stress tests. The main methods used are the following:

Insurance risk stress tests

A set of extreme events for insurance risk have been identified and the realistic possible loss to Gard has been estimated. The scenarios are calculated using Gard's exposure to actual insured objects, showing the expected loss, gross and net of external reinsurance, by line of business. Further, to calculate the loss by each legal entity, internal reinsurance is applied. The most severe losses from a single extreme event would be a scenario where Gard is exposed across several product areas with separate reinsurance programs. The Gard group may experience multiple extreme events in a single year.

Reverse stress tests

Complementary to insurance risk stress tests and market risk stress tests, reverse stress testing is carried out to identify scenarios that would be the probable cause of business failure. 'Business failure' is defined as the solvency position falling below a level where the business model becomes unviable. A consequence of this would be that counterparties and other stakeholders could be unwilling to transact with or provide capital to the Gard group and, where relevant, existing counterparties may seek to terminate their contracts.

The reverse stress tests identify events that will jeopardize the Gard group's solvency, but not circumstances that will cause Gard to 'cease being a going concern'. The results of the reverse stress tests answer the question of which scenarios represent real risks to the existence of the company.

The reverse stress tests are based on one insurance scenario and one market scenario.

The stress tests are quantitative. Gard is aware of other non-quantifiable situations which could also render the business model unviable.

There are policies and contingency plans in place describing how to take immediate action, or act as precautionary measures in advance, to restore or improve the solvency capital adequacy.

Multi-year stress tests

To complement the one-year stress tests, multi-year stress scenarios have been developed to test the effect on the capitalisation of the group by an adverse development over time. Three scenarios have been assessed. The estimated total probability for each of the scenarios is low.

1. **Increased demand for Marine transport**

An increased demand in the world for Marine transport, resulting in high utilisation of the available ships and crew, affecting both claims frequency and severity.

2. **Financial market crisis**

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

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

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

The Gard group will in all the above scenarios still be compliant with regulatory requirements - without any management actions - at the end of the stress period.

Market risk stress and drawdown risk tests

Several stress tests using a range of scenarios for short-term market shocks as well as for longer, multi-year periods have been performed to estimate the potential impact on Gard's portfolio and capital situation. Market shocks are assumed to be one-off instantaneous changes in asset prices and portfolio allocations. Combined scenarios, in which several factors experience simultaneous shifts in prices, have been designed in line with EIOPA's Insurance Stress Test specifications, published in May 2018.

We have also stressed the portfolio to model historical events. Especially drawdown risk happening at the same time for multiple asset classes constitute an adverse tail event and reduce diversification benefits.

COVID-19 stress tests

During the year Gard has prepared a set of scenarios based on different assumptions on the development of the investment portfolio, changes to premium, and claims and expenses to assess the impact and consequence to the profit & loss, balance sheet and capital and solvency position. The scenarios are ranging from deep financial depression to quick recovery.

C 10 Any other information regarding the risk profile

Gard does not make use of any special purpose vehicle as referred to in article 211 of the Solvency II Directive.

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

D VALUATION FOR SOLVENCY PURPOSES

This section specifies and describes the valuation of assets and liabilities for solvency purposes, the differences between the bases, methods and main assumptions used for the valuation of assets for solvency purposes and those used for financial statements.

The bases, methods, and assumptions are similar for all legal entities and follow the principles outlined in the Solvency II directive, i.e.:

- Assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm’s length transaction (fair value)
- Liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction
- The materiality principle shall be considered when valuing assets and liabilities. Information is material if its omission or misstatement influences the decision-making or the judgement of the users of that information, including the supervisory authorities
- The valuation shall assume that the company will continue to operate and write new business for the foreseeable future (‘going concern basis’)

The economic balance sheet (‘Solvency II balance sheet’) represents a risk-based view of the entire balance sheet as at a given date, where assets and liabilities are valuated in line with the above concepts. The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

The statutory accounts values in the balance sheet are classified according to Solvency II rules and are different from the values in the balance sheet in the Financial Statements.

No changes have been made to the recognition and valuation bases used or to the estimates during the reporting period.

There are no differences in the major part of the balance sheet items in the valuation for solvency purposes and those used for the valuation in statutory accounts. The main difference is the discounting of reserves and risk margin that are included in the Solvency II values.

Gard Group, economic balance sheet

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	22	(22)
Intangible assets	-	9	(9)
Deferred tax assets	19	19	-
Property, plant & equipment held for own use	35	35	-
Government bonds	58	58	-
Collective investments undertakings	2,194	2,194	-
Deposits other than cash equivalents	50	50	-
Investments	**2,302**	**2,302**	-
Loans and mortgages to individuals	21	21	-
Reinsurance recoverables	229	289	(60)
Insurance and intermediaries receivables	284	284	-
Reinsurance receivables	1	1	-
Receivables (trade, not insurance)	2	2	-
Cash and cash equivalents	210	210	-
Any other assets, not elsewhere shown	13	13	-
Total assets	**3,116**	**3,206**	**(91)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	1,648	1,709	(61)
Risk margin	61	-	61
Technical provisions – non-life	**1,709**	**1,709**	**(0)**
Pension benefit obligations	46	46	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	86	86	-
Reinsurance payables	58	58	-
Payables (trade, not insurance)	26	26	-
Any other liabilities, not elsewhere shown	18	20	(1)
Total liabilities	**1,942**	**1,943**	**(1)**
Excess of assets over liabilities	**1,173**	**1,263**	**(89)**

The subsequent chapters describe assets and liabilities where the valuations differ, in addition to balance sheet items explicitly mentioned in the Solvency II regulations and guidelines (i.e., deferred taxes and pension obligations).

For information related to the value of assets and liabilities by asset class for Gard Norway, see Appendix 1, section 1.5.

For information related to the value of assets and liabilities by asset class for Gard M&E Europe, see Appendix 2, section 2.5.

D 1 Valuation of assets

Gard group has mainly investments in the following asset classes; investment funds, bonds, equities, other investments, and property. The investment assets are held in custody at Northern Trust.

In the statutory accounts balance sheet, the fair value of assets is mainly measured on a mark-to-market basis. The fair value is determined by reference to published price quotations in an active market. For unquoted financial assets, the fair value has been estimated using a valuation technique based on assumptions that are supported by observable market prices (mark-to-model). There are no significant differences between the valuation of GAAP (statutory accounts) and Solvency II balance sheets.

D 1.1 Deferred acquisition costs

Deferred acquisition costs represent commission provision on gross premium and are related to contracts in force at the balance sheet date. Deferred acquisition costs are included (netted) in the technical provisions for Solvency II but are disclosed under deferred acquisition costs in the statutory accounts.

Gard Group, deferred acquisition costs

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	22

For information related to the deferred acquisition costs for Gard Norway, see Appendix 1, section 1.6.

For information related to the deferred acquisition costs for Gard M&E Europe, see Appendix 2, section 2.6.

D 1.2 Intangible assets

Intangible assets represent licences and the development of software at cost. The intangible assets are valued at nil for Solvency II purposes in the balance sheet as intangible assets valued under fair value measurement are not saleable in the marketplace.

Gard Group, intangible assets

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Intangible assets	-	9

For information related to intangible assets for Gard Norway, see Appendix 1, section 1.7.

For information related to intangible assets for Gard M&E Europe, see Appendix 2, section 2.7.

D 1.3 Deferred tax assets

Deferred tax/tax assets of the Norwegian subsidiaries are calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expense in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised. Based on changes in tax regulations approved by the Norwegian Ministry of Finance on 20 December 2018, the Norwegian branches have changed their basis for tax calculation to ordinary corporate tax. For previous years the Norwegian branches were liable to pay income tax based on gross earned premiums.

There are no differences between the bases, methods and main assumptions used for the valuation of Deferred taxes for solvency purposes and those used for their valuation in financial statements.

Gard Group, deferred tax assets

USD million, as of 20.02	2021	2020
Specification of tax effect resulting from temporary differences		
Pension obligations	44	33
Portfolio investments	(26)	(14)
Equipment	1	0
Tax loss carried forward	128	155
Deferred tax carried forward from earlier years	-	-
Equity	(80)	(83)
Other temporary differences	9	4
Total temporary differences	75	95
Net deferred tax asset of total temporary differences	19	24

For information related to deferred taxes for Gard Norway, see Appendix 1, section 1.8.

For information related to deferred taxes for own use by Gard M&E Europe, see Appendix 2, section 2.8.

D 2 Valuation of technical provisions

This section specifies and describes the valuation of technical provisions and reinsurance recoverables for Solvency purposes.

The technical provisions under Solvency II are determined as the sum of best estimate liabilities and the risk margin.

The best estimate liabilities are shown both on a gross basis and for the reinsurers' share. The risk margin is shown on a net basis reflecting the risk mitigation effect.

Best estimate liabilities

The calculation of the best estimate liabilities is based on the projection of future cash inflows and outflows like premiums, claims and expenses.

Risk margin

A risk margin is included in the technical provisions. The risk margin is calculated in accordance with the requirement set out for the Solvency II standard formula per legal entity. Diversification between legal entities is not considered. Risk margin is not included in the statutory accounts.

D 2.1 Valuation of technical provisions – basis (data) and methods

Basis

In the calculation of the best estimate liabilities under Solvency II, the business of the Gard group is split into homogenous risk groups, such that the nature, scale, complexity of the business is considered.

Methods

The evaluation of the best estimate liabilities is based on the estimation of future cash flows, including all expected (future) cash inflows and outflows. The best estimate liabilities are calculated separately for the best estimate premium provisions and the best estimate claims provisions.

The best estimate premium provisions relate to claim events occurring after the valuation date. All future cash flows from premium, losses and costs relating to unearned incepted and bound but not incepted (BBNI) business is calculated.

The best estimate claim provision relates to claim events occurring before the valuation date. All future cash flows from losses and costs relating to these losses are calculated considering the discounting effects.

The cash flows for premiums, claims and costs are modelled separately.

There is no deviation regarding the valuation methods between the different lines of business. Therefore, the valuation methods described below are valid for all risk categories.

Claim provisions

For the evaluation of claim provisions, total outstanding liabilities due to loss and allocated loss adjustment expenses, the reserves held are based on the following:

- For the calculation of the incurred but not reported claims (IBNR) we use the developments of the claim incurred i.e., claim paid plus claim reserves, as the basis for future expected developments. This is primarily due to the volatility of large single payments that can distort any paid development factors

- For the analysis of IBNR, we use accident and development quarters to calculate the ultimate incurred claims
- For the definition of risk categories, we use three main criteria:
  - A fit with our established business dimensions
  - Similar underlying drivers of risk.
  - Sufficient amount of data within each risk category
- The financial plan is used as the initial expected ultimate incurred (also known as 'Apriori').

The current reinsurance program is on the same basis as last year's reinsurance program and is taken into account on a large claim's basis.

The claim provisions are broken down into case reserves, IBNR, unallocated loss adjustment expenses (ULAE) and binary events. The case reserves and IBNR figures are the reserves that directly attribute to the claims, while the ULAE estimate is related to expenses that cannot be directly attributed to a specific claim or incident. Binary events are the provisions held for potential claims that we do not have in the data. The IBNR, binary event and ULAE reserves are calculated and reported by the Actuarial Reserving team and controlled by the Actuarial function.

The only differences between the Solvency II and the statutory account figures for claims provisions are that the Solvency II figures include the discounting effect.

IBNR

The development of losses for the Gard group is typically analysed using standard actuarial methods such as the Chain ladder, Bornhuetter Ferguson and Benktander methods. The method selection is based on the quarters and the significance of large losses that may have occurred. External reinsurer's share is based on the reinsurer's share of the individual losses including development in excess of the retention. All internal reinsurance is calculated net of the effect of external reinsurance.

ULAE

To calculate ULAE, we divide the claim provisions (case reserves and IBNR) between reported claim provision and unreported claim provision.

The unreported claim provision is multiplied with a ratio of unallocated expenses paid to total claims paid, π. The reported future claim reserves are multiplied with π and (1-r), where r is the proportion of claims handling cost due to claim registration.

Binary events

The binary event reserve is meant to satisfy the additional coverage of technical liabilities from a best estimate basis to an all possible outcomes basis. This is a measure of the potential volatility that we envisage but have not experienced to date. To bring the best estimate to include 'all possible outcomes', a binary event factor is calculated based on historical binary event factors, tail values from our internal model and estimated volatility in our claims data.

Best estimate premium provisions

The calculation of best estimate premium provisions is the best estimate of all future cash flows such as claim payments, expenses and future premiums due, relating to future exposure arising from unearned incepted and BBNI business. The future expected cash flow calculation is based on the expected combined ratio for the relevant business. This estimation is done on a gross basis and for the reinsurer's share of the business.

The difference in method for calculating premium provision under Solvency II and the statutory accounts is that the Solvency II method calculates the effect of all expected future cash flows, while the statutory accounts are depositing the unearned premium in full.

Main assumptions

The calculation of the best estimate liabilities, development pattern and estimated ultimates are applied to the segments used for N-GAAP reserving. The pattern and ultimates are determined on run-off triangles using traditional actuarial methods. The triangles are generated using reconciled data.

D 2.2 Uncertainty associated with the value of technical provisions

As with all insurance businesses, there is a degree of uncertainty over the exact amount that will be needed to settle claim liabilities, and there are several potential sources that contribute to this uncertainty.

- **Claims environment:** One of the key assumptions for the claim liabilities is that historical claim developments are an indicator for future developments. Uncertainty remains surrounding the ultimate outcome of long-tailed casualty claims. The early years are not necessarily fully developed and incurred values on these years help in forming our estimates for the more recent years. A sensitivity test on the loss development factors showed that with a 10 per cent point increase in the incremental development factor, the gross IBNR increases by 8.2 per cent. A 10 per cent decrease reduces the gross IBNR by 8.4 per cent

- **Financial Plan**: Another assumption for the claim liabilities is that our financial plan indication of the pure loss (Apriori) can be used in helping to assess the number of liabilities for less mature development periods. This means that any uncertainty in the financial plan also applies to the best estimates. Sensitivity tests show that an increase of the Apriori estimate by 10 per cent increases gross IBNR by 7.2 per cent. A decrease of Apriori by 10 per cent decreases gross IBNR by 7.2 per cent.

- **Currency**: Even though we report our reserves in USD, parts of the liabilities are exposed to exchange rate fluctuations and inflation rates in other currencies. This means that fluctuations in foreign exchange rates can influence ultimate claims.

D 2.3 Best estimate liabilities

The difference between the Solvency II value and the Statutory account's value of technical provisions is due to discounting effects and BBNI gross. Further, commission provisions are deducted from the Solvency II values in the technical provisions, while they are reported as deferred acquisition costs for the statutory account values. The retained earnings are included in the statutory account values of technical provisions.

Gard Group, best estimate liabilities

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Best estimate technical provisions	1,648	1,709
Risk margin	61	-
Technical provisions	**1,709**	1,709

For information related to the best estimate liabilities for Gard Norway, see Appendix 1, section 1.9.

For information related to the best estimate liabilities for Gard M&E Europe, see Appendix 2, section 2.9.

D 2.4 Risk margin

The risk margin is an estimated cost of capital due to the unpaid claim provisions held. The cost of capital is calculated by using a capital to provision percentage of 6 per cent, payment pattern, and expected yield of capital.

D 2.5 Reinsurance recoverables

The difference in valuation of reinsurance recoverables is due to discounting effects, reinsurers' share of BBNI and losses occurring during (LOD), which are all reducing the value of reinsurance recoverables for Solvency II values compared to statutory account values. Additionally, reinsurance commission provisions are deducted from reinsurance recoverables in the Solvency II values and are included in Any other liabilities, not elsewhere shown in the statutory account values

Gard Group, reinsurance recoverables

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	289
Best estimate - reinsurance recoverables	229	-
Reinsurance recoverables	**229**	289

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

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

D 3 Valuation of other liabilities

D 3.1 Contingent liabilities

The Gard group had no contingent liabilities as of 20 February 2021.

D 3.2 Pension benefit obligations

Gard has set up pension plans for employees according to local law and regulations, depending on the country in which Gard operates. For Gard AS a defined contribution plan is in place, and the previously closed defined benefit plan has few remaining active employees.

For the defined benefit pension plan, actuarial calculations are made with regards to pension commitments and funds at year-end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

There are no differences between the bases, methods and main assumptions used for the valuation of pension benefit obligations for Solvency purposes and those used for their valuation in statutory accounts.

Gard Group, pension benefit obligations

USD million, as of 20.02	2021	2020
Liabilities according to the actuarial calculations		
Pension obligation gross	76	61
Pension funds at market value	30	27
Net pension obligation at the end of the year	**46**	**35**

For information related to pension benefit obligations for Gard Norway, see Appendix 1, section 1.12.

For information related to pension benefit obligations for Gard M&E Europe, see Appendix 2, section 2.12.

D 3.3 Any other liabilities, not elsewhere shown

The difference between Solvency II and statutory accounts values of USD 1 million is covering reinsurance commission provision, which is included in reinsurers' share of expected cash flows for unexpired cover in the statutory accounts balance sheet, and provision to guarantee liabilities that are included in the Solvency II balance sheet.

D 4 Alternative methods for valuations

When determining the value of an asset it is necessary to assess whether the market is active or not. If the market is active, the value can be taken directly from the market or comparable assets traded in the same market. If the market cannot be categorised as active, the market value is determined using valuation models.

Gard's assets are mainly valued using quoted market prices in active markets for the same or similar assets. Listed shares are valued on an item-by-item basis and bonds are valued based on realised quoted prices in active markets. Alternative valuation methods can occur for real estate funds, where there are no active markets, or the relevant markets are deemed to be inactive.

Alternative valuation methods are only used for a non-significant part of the investment portfolio and the same principles are used both in the Solvency II balance sheet and statutory balance sheet.

D 5 Any other material information regarding valuation for solvency purposes

Gard has no material provisions other than technical provisions.

Gard does not apply any of the below articles as the conditions they cover are found to be not relevant.

Gard does not apply a *matching adjustment to the relevant risk-free interest rate term structure* as referred to in Article 77b of Directive 2009/138/EC.

Gard does not apply a *volatility adjustment to the relevant risk-free interest rate term structure* as referred to in Article 77d of Directive 2009/138/EC.

Gard does not apply a *transitional risk-free interest rate-term structure* referred to in Article 308c of Directive 2009/138/EC.

Gard does not apply a *transitional deduction* referred to in Article 308d of Directive 2009/138/EC.

There is no other material information to be disclosed regarding the valuation for solvency purposes.

E CAPITAL MANAGEMENT

Gard has a policy in place that sets out the principles and guidelines for capital management. The policy describes the main activities and governance structure that supports capital management and is part of the risk management framework.

The Group Risk Policy states the following:

'Gard should hold sufficient capital and liquidity as well as constrain its risk-taking to ensure that the group can continue to operate following an extreme loss event with the same risk tolerance for insurance risk.'

In which 'extreme loss event' means an annual loss with a probability of occurring once every 100 years.

The probability that Gard would have to raise additional capital from its mutual Members by way of unbudgeted supplementary calls should be low.

In addition to the statement given about capital adequacy in the Group Risk Policy, Gard bases its capital management on the following three general principles:

Simple capital structure: Gard aims to have a simple capital structure and seeks to fund expected growth in required capital through internal capital generation.

Efficient use of capital: Capital is scarce and has a cost. The approach to capital management shall balance the needs and requirements of all stakeholders, including mutual Members, policyholders, regulators and rating agencies.

Pooling and upstreaming capital: Available capital and liquidity, as well as risks, shall be pooled centrally as much as possible to minimise the risk of limited capital transferability. This also allows the group to consider the benefits that arise from such pooling in those jurisdictions where these benefits are recognised under the capital adequacy regime.

The group shall maintain sufficient capital from its legal entities without jeopardising regulatory requirements and the minimum financial strength rating.

Procedures are established for when a breach of limits has occurred to ensure that appropriate and proportionate remedial actions are duly taken, including reporting requirements. The procedures include increased frequency of monitoring, escalation of reporting, and procedures for proposing and approving mitigating actions.

E 1 Own funds

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

Basic own funds consist of excess of assets over liabilities.

Ancillary own funds consist of items other than basic own funds which can be called upon to absorb losses.

Basic own funds can be classified in Tiers 1, 2 or 3. Tier 1 funds are equity capital that is fully paid in and available. Tier 1 is further classified as either 'unrestricted' or 'restricted'. Tier 3 is deferred tax assets.

Ancillary own fund is classified as Tier 2. This is high-quality capital in the form of unbudgeted supplementary calls. Ancillary own fund items require the prior approval of the supervisory authority to be considered when determining their own funds.

The classification into tiers is relevant to the determination of eligible own funds. These are the own funds that are eligible for covering the regulatory capital requirements – Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR). The MCR must be covered by basic own funds classified as Tier 1.

E 1.1 Available capital

Gard has a simple capital structure consisting of Tier 1 capital through equity capital, which is fully paid in and available, high-quality Tier 2 capital in the form of unbudgeted supplementary calls and deferred tax assets included as Tier 3 capital.

Gard aims to manage the capital for the group so that all its regulated entities always meet local regulatory capital requirements. Gard is subject to different capital requirements depending on the country of operation, and the type of business conducted. In each country, the local regulator specifies the minimum amount and type of capital that each regulated entity must hold. Gard targets to hold, in addition to the minimum capital required to comply with the solvency requirements, an adequate buffer to ensure that each of its regulated subsidiaries meets the local capital requirements over time. If an entity should fall below the target capital level, the management action will be to increase capitalisation or de-risk the portfolio to bring the capital ratio back to an acceptable level. The different management actions will vary with the company and the type of business it writes.

Means to strengthen the capitalization may be:

- Adjust premium reduction to our members
- Make an unbudgeted supplementary call on members
- Dividend payment from subsidiaries
- Sale of assets of participations
- Issue subordinated debt

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- Parent company guarantee
- Capital injection – group contribution from parent company
- De-risk assets (e.g. reduce equities exposure)
- De-risk liabilities (e.g. changes to reinsurance – reduce retention for own share)

The equity of the Gard group in the statutory accounts was USD 1,263 million per 20 February 2021 compared to USD 1,179 million per 20 February 2020.

The excess of assets over liabilities as calculated in the economic balance sheet was USD 1,173 million. No non-available own funds are deducted to arrive at the available or eligible capital to cover solvency capital needed. For the entities writing Mutual business and for the group, up to 50 per cent of the solvency capital requirement (SCR) can be included as Tier 2 capital through the possibility to call for capital from the Members through unbudgeted supplementary calls. As Tier 2 capital is fully used, Tier 3 capital of USD 19 million is not available and is not included in Tier 1 capital of USD 1,155 million

Gard Group, total eligible own funds to meet SCR as under Solvency II

USD million, as of 20.02	2021	2020
Tier 1	1,155	1,089
Tier 2	279	255
Tier 3	-	-
Total	**1,434**	**1,344**

Gard group, change in tier 1 capital:

USD million	Change from 2020 to 2021	Change from 2019 to 2020
Total comprehensive income for the year	84	20
Change in non-available own funds	31	(1)
Reduction in discounting effect for net best estimate	(30)	-
Effect of Owners' General Discount BBNI	(16)	-
Other	(3)	(26)
Total	**66**	**(7)**

Gard group, difference between equity and excess of assets over liabilities

USD million, as of 20.02	2021	2020
Excess of assets over liabilities	1,173	1,144
Statutory accounts equity	1,263	1,179
Difference between equity and excess of assets over liabilities	**(89)**	**(36)**
Specification of difference:		
Net technical provisions	(1)	39
Risk margin	(61)	(56)
Other	(27)	(19)
Difference between equity and excess of assets over liabilities	**(89)**	**(36)**

Eligible own funds increased by USD 90 million, from USD 1,344 million to USD 1,434 million during the year.

The reconciliation reserve was USD -108 million as of 20 February 2021 and is attributable to Tier 1 capital.

Share premium account covers accumulated results and was USD 1,262 million as of 20 February 2021.

For information related to capital management in Gard Norway, see Appendix 1, section 1.14.

For information related to capital management in Gard M&E Europe, see Appendix 2, section 2.14.

E 1.2 Non-available own funds

For most of the Gard's branches, there are regulatory requirements to hold deposits. When the required deposits or the restricted equity held exceeds the notional SCR for the operation, it represents a restriction in the fungibility of the equity in the group. This has in previous years been valid to Gard's Hydra cell. As of 20 February 2021, no non-available own funds reduce Tier 1 capital.

Net asset value for the insurance companies in the group is not dedicated to cover specific liabilities and is therefore available to absorb losses over time. No part of the net asset value is therefore defined as ring-fenced funds.

E 1.3 Tier 2 capital (ancillary own funds)

The right and ability to levy unbudgeted supplementary calls for recapitalising the Gard group is a fundamental element of the Members' mutual risk-sharing, which Gard is prepared to use when required.

The Norwegian FSA has given Gard Bermuda, the Norwegian branch and Gard Norway permission to include the Gard group's right to levy supplementary calls as Tier 2 capital to cover the SCR under the Solvency II regulations. The permission was first granted for four years until 20 February 2020 and is renewed until 20 February 2024. The utilisation of the right and ability to levy supplementary calls as Tier 2 capital is restricted to an amount corresponding to 50 per cent of the Estimated Total Call (ETC) premiums for the three last open policy years and is eligible to cover up to 50 per cent of the SCR (max aggregated Tier 2 and Tier 3 capital is set to 50 per cent of SCR). If an unbudgeted supplementary call is being called, a new supplementary call can immediately be called again, i.e., there will be a benefit in form of Tier 2 capital also after an unbudgeted supplementary call has been made. In practice, there is no limit to the amount of unbudgeted supplementary calls that can be called. Gard manages its risk and capital to have a low probability of making an unbudgeted supplementary call. The eligible own funds for supplementary calls (Tier 2 capital) were USD 279 million per 20 February 2021.

E 2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement under Solvency II approved partial internal model was USD 558 million. The total eligible own funds to meet the SCR was USD 1,434 million. The solvency ratio was 257 per cent.

Minimum Capital Requirement under the Solvency II standard formula was USD 288 million. Eligible own funds to meet MCR was USD 1,155 million, i.e., a ratio of 400 per cent. The MCR represents the lowest acceptable capital level.

The MCR is calculated by a 'linear formula', i.e., a factor-based combination of volume measures. The MCR is calculated as the higher of:

- a fixed percentage of net technical provisions, reflecting underwriting risk for long-term business, and
- a fixed percentage of net written premiums, reflecting underwriting risk for the short-term business

E 1.4 Calculation of group solvency requirements

There are no material differences in the valuation bases, methods and main assumptions used at the group level for the valuation for solvency purposes of the Gard group's assets, technical provisions and other liabilities from those used by any of its subsidiaries.

There are no significant restrictions to the fungibility and transferability of own funds eligible for covering the group solvency capital requirement when using partial internal model, see E 1.2 Non-available own funds.

The main source of diversification effects is the elimination of transactions within the group, i.e. internal reinsurance.

All insurance undertakings in Gard are included in the internal model, namely:

- Gard Bermuda
- Gard Norway
- Gard M&E
- Gard M&E Europe
- Gard Re
- Gard Hydra

Gard group, Gard Norway and Gard M&E Europe have been granted approval to use the internal model for regulatory purposes to calculate insurance and market risk.

E 1.5 Solvency Capital Requirements by risk category

Insurance risk and market risk are calculated by using the internal model. Counterparty risk is calculated by using the standard formula with input from the internal model, while the operational risk is calculated by using the standard formula. Diversification is calculated by using the standard formula correlation between insurance risk, market risk and counterparty default risk. The SCR for the Gard group is reduced by the amount of USD 24 million, as the loss-absorbing capacity of deferred taxes covering the amount calculated for the Norwegian insurance companies, under the justification that the Gard group is expecting positive result based on the five-year plan.

Gard Group, Solvency Capital Requirement

USD million, as of 20.02	2021	2020
Insurance risk	453	458
Market risk	286	228
Counterparty risk	58	42
Diversification	(264)	(245)
Basic Solvency Capital Requirement (BSCR)	533	483
Operational risk	49	44
Loss-absorbing capacity of deferred taxes (LACDT)	(24)	(16)
Solvency Capital Requirement (SCR)	**558**	**511**

For information related to capital requirements in Gard Norway, see Appendix 1, section 1.15.

For information related to capital requirements in Gard M&E Europe, see Appendix 2, section 2.15.

E 3 Use of the duration-based equity risk sub-module in the calculation of the SCR

Gard does not use a duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement as this only applies to life undertakings providing certain occupational retirement provisions or retirement benefits where the typical holding period of equity investments is assumed to be consistent with an average duration of liabilities for such businesses and exceeding 12 years[6].

E 4 Description of the internal model

E 1.6 Structure

'Internal model' refers to the entirety of the methodologies, processes, data and governance structure that Gard uses to determine the risk and economic capital required for the Gard group and all insurance entities. The Model Calculation Kernel (MCK) is the part of the internal model that carries out the actual statistical modelling. MCK creates simulations of the future financial position of the Gard group and each of its constituent legal entities. The MCK generates a large number of simulations for the future balance sheet of the group. By looking at the spread of the outcomes in those simulations we measure the amount of risk that Gard is exposed to.

E 1.7 Scope

All material quantifiable risk types are within the internal model scope. This includes premium risk, reserve risk, market risk, counterparty default risk and operational risk. All lines of business that are written by Gard are modelled within the internal model. Any new types of business written will be included in the scope, subject to the internal model change policy.

E 1.8 Use

The output from the internal model defines the capital position of the group relative to a defined 'Comfort zone'. The internal model is used as part of the renewal process for the outwards reinsurance program, for calculating earnings volatility per legal entity and as a basis for profitability discussions when the financial plan of the Gard group is being prepared. The internal model is also used to estimate the capital requirement that may result from changing the investment strategy or entering into a new type of investment, geographical area, etc., as well as used in the communication with stakeholders such as regulators and rating agencies.

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

E 1.9 Methods used

The internal model is a stochastic model built using industry-standard software. The economic capital expresses the potential loss over a one-year time horizon with a confidence level of 99.5 per cent. This is consistent with industry practice and Solvency II.

E 1.10 Main differences in the methodologies and underlying assumptions used in the standard formula and the internal model

All risks covered by the standard formula are quantified in the internal risk capital model, apart from concentration risk in the investment portfolio.

The standard formula is factor-based while the internal model uses a stochastic approach.

Gard's risk profile differs from the assumptions underlying the standard formula for the calculation of the SCR under Solvency II. Gard has a much larger portfolio than most insurers have in the 'Marine, aviation, transportation' (MAT) line of business. Considering the actual insurance risks written, higher object diversification from a larger and broader portfolio and the use of reinsurance, the risk calculated in the internal risk capital model is significantly lower than the risk calculated by the standard formula under Solvency II.

E 1.11 Integration of partial internal model into the standard formula

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

E 1.12 Data used

The output from the internal model defines the capital position of the group relative to a defined 'Comfort zone'. The internal model is used as part of the renewal process for the outwards reinsurance program, for calculating earnings volatility per legal entity and as a basis for profitability discussions when the financial plan of the Gard group is being prepared. The internal model is also used to estimate the capital requirement that may result from changing the investment strategy or entering into a new type of investment, geographical area, etc., as well as used in the communication with stakeholders such as regulators and rating agencies.

E 1.13 Aggregation methodologies and diversification effects

Gard is operating on a global basis with many products and Members, which enables Gard to diversify its risks. The effects of diversification are found within the insurance, market, counterparty default and operational risk areas, as well as between them. Insurance risk achieves diversification mainly due to the number of objects insured, the wide range of products offered and the geographical spread of risks. Market risk generally has a lower degree of diversification than insurance risk, due to its higher level of correlation between the various market risk types. Between risk types, there are limited degrees of correlation which result in a diversification effect when calculating the total solvency capital requirement.

E 5 Compliance with SCR/MCR

The Gard group and each insurance company in the group have been compliant with both the Minimum Capital Requirement and the Solvency Capital Requirement during the last financial year.

E 6 Any other material information regarding capital management

Gard does not have any own funds items which are subject to the *transitional arrangements* as referred to in Delegated regulation art 297f, Articles 308b (9) and 308b (10) of Directive 2009/138/EC) and Guideline 12h of Guidelines on reporting and public disclosure.

Gard does not disclose any *additional solvency ratios* as referred to in Guideline 11 of Guidelines on reporting and public disclosure.

Gard does not include any *subordinated debt* in its own funds as referred to in Guideline 12d of Guidelines on reporting and public disclosure.

Description of *principal loss absorbency mechanism* used to comply with Article 71 (1)(e) of the Delegated Regulation as referred to in Guideline 11 of Guidelines on reporting and public disclosure is not relevant to Gard.

Gard does not have any *material own funds that are issued by an equivalent third country insurance or* *reinsurance undertaking* included via the Deduction and Aggregation method as referred to in Guideline 15b of Guidelines on reporting and public disclosure.

Gard does not have any *own funds issued by an undertaking that is not an insurance or reinsurance undertaking* as referred in Guideline 15cd of Guidelines on reporting and public disclosure.

Gard does not make use of the possibility to use any *undertaking-specific parameters* in the calculation of underwriting risk in the standard formula as referred to in article 104(7) of Directive 2009/138/EC. Gard uses its internal model in the calculation of underwriting, see C1 Insurance risk and E4 Differences between the standard formula and internal models used.

There is no other material information to be disclosed regarding capital management.

Appendix 1 SFCR information specific to Gard Norway

1.1 Summary

This section shows information specific to Gard Norway. The information in this section is provided only when it is different from what is already provided on a group level.

Gard Norway, key figures

USD million, as of 20.02	2021	2020
Solvency II balance sheet		
Assets	482	415
Technical provisions	341	303
Other liabilities	32	23
Excess of assets over liabilities	109	90
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	109	90
Tier 2 Ancillary own funds	55	55
Tier 3 Other own funds	0	0
Eligible own funds	164	145
Capital Requirement		
Solvency Capital Requirement (SCR)	110	110
Minimum Capital Requirement (MCR)	38	25
Solvency ratio		
Eligible own funds to meet SCR	149 %	132 %
Eligible own funds to meet MCR	286 %	356 %
Tier 1 share of total eligible own funds	66 %	62 %

1.2 Underwriting Performance

Statement of comprehensive income shows a positive total result of USD 30.2 million compared to a negative total result of USD 22.2 million last year for Gard Norway.

A 10 per cent reduction in the agreed estimated total call (ETC), by reducing the estimated last instalment for the 2020 policy year to 10 per cent, has been included in the accounts amounting to USD 12.2 million. The originally estimated last instalment was 20 per cent of ETC or USD 24.4 million.

A 15 per cent last instalment for the 2019 policy year amounting to USD 19.0 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 and has been included in the accounts to comply with regulatory requirements.

Gross written premium was USD 221.5 million, an increase of USD 81.3 million (58.0 per cent) from last year. The net effect of supplementary calls and adjustments to the last instalments amounts to USD 52.2 million.

<u>On Estimated total call basis (ETC):</u>

Gross written premium on an ETC basis was USD 169.3 million, an increase of USD 10.0 million (6.3 per cent) from last year.

Ceded reinsurance premium on earned basis was USD 82.2 million, an increase of USD 10.2 million (14.2 per cent) from last year. The increase is partly due to an increase in volume but also due to an increase in reinsurance cost.

Earned premium for own account was USD 86 million, the same as last year.

Claims incurred for own account was USD 96.5 million, an increase of USD 0.5 million (0.5 per cent) from last year. The entity has faced three own claims above USD 5 million. Our share of other Clubs' pool claims is higher than expected.

The technical result is a negative USD 15.0 million compared to a negative technical result of USD 18.0 million last year. The CRN on ETC basis 117 and below plan.

The non-technical result is a positive USD 12.3 million compared to a positive USD 12.2 million last year.

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

Gard Norway, technical result, ETC basis USD million, as of 20.02	**2021**	**2020**
	Total P&I	
Gross written premium	169	159
Gross earned premium	168	158
Ceded reinsurance	(82)	(72)
Earned premium for own account	**86**	**86**
Other insurance related income	**0**	**0**
Claims incurred, gross:		
Incurred this year	126	144
Incurred previous years	(8)	(12)
Total claims incurred, gross	118	132
Reinsurers' share of gross incurred claims	(21)	(36)
Claims incurred for own account	**96**	**96**
Insurance related expenses for own account	2	7
Other insurance related expenses	2	2
Technical result	**(15)**	**(18)**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in the agreed estimated total call in 2018, 2019 and 2020.

USD million, as of 20.02	**2021**	**2020**
EEA	156	64
Norway	1	1
Other areas	12	94
Total gross written premium	**169**	**159**

1.3 Investment performance

Gard's portfolio is constructed to obtain an investment return in a diversified way between different asset classes. The return from the investment portfolio was positive USD 12 million, a marginal improvement of USD 1 million from last year.

Gain on equities and investment funds was USD 4 million, up from USD 3 million last year and the return on bonds was USD 8 million, an improvement of USD 1 million over last year.

Income generated from equities (dividends) and bonds (interest payments) has remained on the same level in both periods. For investment funds, this is accounted for in the net asset value of the funds and is generally reinvested rather than paid out.

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

Gard's investments in securitised assets are part of investment funds and recognised as securitised bonds. The exposure is mainly to government-backed mortgages, commercial mortgage-backed securities, asset-backed corporate securities, collateralised loan obligations and non-governmental collateralised mortgages. As of 20 February 2021, the exposure towards securitised products was USD 24 million.

The impact of COVID-19 on investments was limited for the year, given the recovery of risk assets from

March. However, the fall in US interest rates as a consequence of the monetary and fiscal responses to the pandemic has the potential to have a significant impact in future years. Gard Norway has an aggregate duration of around 3 in its investment portfolio, and with US 3-year Treasury bond yields falling from about 1.4 per cent in 2002 to 0.3 per cent in 2021, future expected income from fixed income has fallen significantly. Besides, with rates low rates the impact in the portfolio of further rate cuts in the potential event of a new market crisis is lower. Assuming an outlook of more fiscal stimulus in the US and the subsequent potential for increased inflationary pressures in the global economy we could also see periods where government bonds no longer provide consistent negative correlation versus equity markets and thus lead to a general increase in the risk of the portfolio in coming years.

Gard Norway, investment income and expenses by asset class

20.02.2021 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	1	-	-	1
Change in unrealised gain & loss	4	7	-	-	11
Total	**4**	**8**	**-**	**-**	**12**

20.02.2020 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	1	1
Expenses	-	-	-	-	-
Realised gain & loss	-	3	-	-	3
Change in unrealised gain & loss	3	4	-	-	7
Total	**3**	**7**	**-**	**1**	**11**

1.4 Risk profile

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

Gard Norway, insurance risk

USD million, as of 20.02	2021	2020
Premium risk	89	77
Reserve risk	67	67
Cat risk	-	-
Lapse risk	1	1
Diversification	(46)	(38)
SCR insurance risk	**111**	**107**

Gard Norway, market risk

USD million, as of 20.02	2021	2020
Equity risk	16	10
Interest rate risk	2	-
Credit risk	10	7
Currency risk	2	5
Property risk	-	-
Concentration risk	-	-
Alternatives	-	-
Diversification	(5)	(6)
SCR market risk	**24**	**16**

Gard Norway, counterparty default risk

USD million, as of 20.02	2021	2020
SCR counterparty default risk	16	16

Gard Group, operational risk

USD million, as of 20.02	2021	2020
SCR operational risk	49	44

1.5 Valuation for solvency purposes

The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

No changes have been made to the recognition and valuation bases used or to estimations during the reporting period.

Gard Norway, economic balance sheet

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	0	(0)
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	2	2	-
Government bonds	-	-	-
Collective investments undertakings	232	232	-
Deposits other than cash equivalents	7	7	-
Investments	**239**	**239**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	154	166	(11)
Insurance and intermediaries receivables	22	22	-
Reinsurance receivables	3	3	-
Receivables (trade, not insurance)	2	2	-
Cash and cash equivalents	55	55	-
Any other assets, not elsewhere shown	4	4	-
Total assets	**482**	**493**	**(11)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	335	337	(3)
Risk margin	6	-	6
Technical provisions – non-life	**341**	**337**	**4**
Pension benefit obligations	2	2	-
Deferred tax liabilities	14	14	-
Insurance & intermediaries payables	12	12	-
Reinsurance payables	3	3	-
Payables (trade, not insurance)	1	1	-
Any other liabilities, not elsewhere shown	1	1	(0.151)
Total liabilities	**373**	**369**	**4**
Excess of assets over liabilities	**109**	**124**	**(15)**

1.6 Deferred acquisition costs

Gard Norway had no deferred acquisition costs as of 20 February 2021.

1.7 Intangible assets

Gard Norway had no intangible assets as of 20 February 2021.

1.8 Deferred taxes

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expenses in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Gard Norway, deferred tax assets

USD million, as of 20.02	2021	2020
Specification of tax effect resulting from temporary differences		
Pension obligations	2	2
Portfolio investments	(24)	(13)
Tax loss carried forward	42	63
Other temporary differences	1	1
Equity	(77)	(80)
Total temporary differences	(55)	(27)
Deferred tax, 25 per cent of total temporary differences	**(14)**	**(7)**
Total deferred tax	(14)	(7)

1.9 Best estimate liabilities

Gard Norway, best estimate liabilities

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Best estimate technical provisions	335	337
Risk margin	6	-
Technical provisions	**341**	337

1.10 Reinsurance Recoverables

Gard Norway, reinsurance recoverables

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	166
Best estimate - reinsurance recoverables	154	-
Reinsurance recoverables	**154**	166

1.11 Contingent liabilities

Gard Norway had no contingent liabilities as of 20 February 2021.

1.12 Pension benefit obligations

Gard Norway has defined benefit plans covering two retired employees. This pension scheme covers the required occupational pension in accordance with the Norwegian Pension Act and is accounted for in accordance with IAS 19R. Actuarial calculations are made with regard to pension commitments and funds at year-end and resulting changes in pension obligations are charged to the income statement and other comprehensive income.

1.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 151 thousand covers reinsurance commission provision of USD 154 thousand which is included (netted) in Reinsurers' share of expected cash flow for unexpired cover for the Statutory balance sheet less USD 3 thousand as guarantee liabilities in the Solvency II balance sheet.

1.14 Capital management

Assets over liabilities as calculated in the economic balance sheet were USD 109 million. The equity of Gard Norway was USD 124 million.

The table below explains the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 20 February 2021.

Gard Norway, total eligible own funds to meet SCR as under Solvency II

USD million, as of 20.02	2021	2020
Tier 1	109	90
Tier 2	55	55
Tier 3	-	-
Total	**164**	**145**

Gard Norway, change in tier 1 capital:

USD million	Change from 2020 to 2021	Change from 2019 to 2020
Total comprehensive income for the year	30	(22)
Reduction in discounting effect for net best estimate	(4)	0
Effect of Owners' General Discount BBNI	(4)	0
Other	(3)	(4)
Total	**19**	**(26)**

Gard Norway, difference between equity and excess of assets over liabilities

USD million, as of 20.02	2021	2020
Excess of assets over liabilities	-	90
Statutory accounts equity	-	93
Difference between equity and Excess of assets over liabilities	**-**	**(4)**
Specification of difference:		
Net technical provisions	-	2
Risk margin	-	(6)
Difference between equity and excess of assets over liabilities	**-**	**(4)**

Eligible own funds increased by USD 19 million, from USD 145 million to USD 164 million during the year.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital and was USD -15 million as of 20 February 2021.

Share premium account includes retained earnings, which are covering accumulated results. The share premium account was USD 124 million as of 20 February 2021. Share premium account and reconciliation reserve are attributable to Tier 1 capital. Gard Norway did not have non-available own funds as of 20 February 2021.

1.15 Solvency capital requirement

SCR under the approved partial internal model was USD 110 million as of 20 February 2021. The total eligible own funds to meet the SCR was USD 164 million. The solvency ratio was 149 per cent.

The minimum capital requirement under the Solvency II standard formula was USD 38 million. Eligible own funds to meet MCR was USD 109 million, i.e., a ratio of 286 per cent.

Gard Norway, Solvency Capital Requirement

USD million, as of 20.02	2021	2020
Insurance risk	111	107
Market risk	24	16
Counterparty risk	16	16
Diversification	(32)	(28)
Basic Solvency Capital Requirement (BSCR)	119	111
Operational risk	10	9
Loss-absorbing capacity of deferred taxes (LACDT)	(19)	(10)
Solvency Capital Requirement (SCR)	**110**	**110**

The Basic SCR for Gard Norway has increased by USD 8 million, due to increases in insurance risk and market risk, while the loss-absorbing capacity of deferred taxes covering the justifiable amount calculated for the company has increased by USD 9 million. The SCR remains unchanged at USD 110 million.

Appendix 2 SFCR information specific to Gard M&E Europe

2.1 Summary

This section shows information specific to Gard M&E Europe. The information in this section is provided only when it is different from what is already provided on a group level.

Gard M&E Europe, key figures

USD million, as of 20.02	**2021**	**2020**
Solvency II balance sheet		
Assets	253	228
Technical provisions	154	148
Other liabilities	42	30
Excess of assets over liabilities	56	50
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	56	48
Tier 2 Ancillary own funds	0	0
Tier 3 Other own funds	0	2
Eligible own funds	56	50
Capital Requirement		
Solvency Capital Requirement (SCR)	35	36
Minimum Capital Requirement (MCR)	10	9
Solvency ratio		
Eligible own funds to meet SCR	161 %	138 %
Eligible own funds to meet MCR	559 %	516 %
Tier 1 share of total eligible own funds	99 %	96 %

2.2 Underwriting Performance

The financial year ending 20 February 2021 shows a positive net result of USD 6.8 million compared to a negative net result of USD 8.2 million last year.

Gross written premium was USD 129.2 million, an increase of USD 31.1 million (31.7 per cent) from last year. The increase is due to a hardening hull market and a growth in new business volume.

Earned premium for own account was USD 31.0 million, an increase of USD 5.8 million (22.9 per cent) from last year.

Claims incurred for own account was USD 26.2 million, a decrease of USD 8.1 million (23.7 per cent) from last year. The claims development has been better than expected and the entity has faced no large claim in the period.

The technical result was a profit of USD 5.3 million compared to a loss of USD 10.4 million last year. The combined ratio net is 83 per cent and better than planned.

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

Gard M&E Europe, technical result

USD million, as of 20.02	2021	2020
	Total M&E	
Gross written premium	129	98
Gross earned premium	114	96
Ceded reinsurance	(83)	(70)
Earned premium for own account	**31**	**25**
Other insurance related income	**-**	**0**
Claims incurred, gross:		
Incurred this year	66	95
Incurred previous years	8	5
Total claims incurred, gross	74	100
Reinsurers' share of gross incurred claims	(48)	(66)
Claims incurred for own account	**26**	**34**
Insurance related expenses for own account	(1)	1
Other insurance related expenses	1	1
Technical result	**5**	**(10)**

Gard M&E Europe, premium by geographical area

USD million, as of 20.02	2021	2020
EEA	103	85
Norway	0	0
Other areas	26	13
Total gross written premium	**129**	**98**

2.3 Investment performance

The portfolio is constructed to obtain an investment return in a diversified way between different asset classes. The return from the investment portfolio remained positive USD 1 million, unchanged from the previous year.

Income generated from equities (dividends) and bonds (interest payments) has remained on the same level in both periods. For investment funds, this is accounted for in the net asset value of the funds.

There were no changes to the portfolio’s strategic asset allocation between periods.

Gard’s investment in securitisation is part of the investment funds and recognised as securitised bonds. The exposure is limited and is mainly collateralised mortgage obligations and commercial paper issued by corporations. As of 20 February 2021, the exposure towards securitised products was USD 0.1 million.

The impact of COVID-19 on investments was limited for the year, given the recovery of risk assets from March. However, the fall in US interest rates as a consequence of the monetary and fiscal responses to the pandemic has the potential to have a significant impact in future years. Gard M&E Europe has an aggregate duration of around 3 in its investment portfolio, and with US 3-year Treasury bond yields falling from about 1.4 per cent in 2002 to 0.3 per cent in 2021, future expected income from fixed income has fallen significantly. The exposure to risky assets (equities and credit) is limited for Gard M&E Europe, so we expect the impact of potential changes to the relationship between interest rates and equities to be limited going forward.

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

20.02.2021 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	-	-	-	-
Change in unrealised gain & loss	-	1	-	-	1
Total	**-**	**1**	**-**	**-**	**1**

20.02.2020 **Amounts in USD million**	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	-	-
Expenses	-	-	-	-	-
Realised gain & loss	-	-	-	-	-
Change in unrealised gain & loss	-	1	-	-	1
Total	**-**	**1**	**-**	**-**	**1**

2.4 Risk profile

The material risks to Gard M&E Europe and by which the undertaking holds capital can be seen in the tables below.

Gard M&E Europe, insurance risk

USD million, as of 20.02	2021	2020
Premium risk	23	23
Reserve risk	10	12
Cat risk	-	-
Lapse risk	0	0
Diversification	(7)	(9)
SCR insurance risk	**25**	**26**

Gard M&E Europe, counterparty default risk

USD million, as of 20.02	2021	2020
SCR counterparty default risk	12	11

Gard M&E Europe, operational risk

USD million, as of 20.02	2021	2020
SCR operational risk	5	4

2.5 Valuation for solvency purposes

The table below summarises for each material class of assets and liabilities the value according to Solvency II together with the values of the assets recognised and valued in the statutory accounts.

No changes have been made to the recognition and valuation bases used or to estimations during the reporting period.

Gard M&E Europe, economic balance sheet

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	8	(8)
Intangible assets	-	-	-
Deferred tax assets	0	0	-
Property, plant & equipment held for own use	-	-	-
Government bonds	-	-	-
Collective investments undertakings	60	60	-
Deposits other than cash equivalents	5	5	-
Investments	**66**	**66**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	102	117	(15)
Insurance and intermediaries receivables	72	72	-
Reinsurance receivables	2	2	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	9	9	-
Any other assets, not elsewhere shown	0	0	-
Total assets	**253**	**275**	**(22)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	152	165	(13)
Risk margin	2	-	2
Technical provisions – non-life	**154**	**165**	**(10)**
Pension benefit obligations	-	-	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	6	6	-
Reinsurance payables	34	34	-
Payables (trade, not insurance)	1	1	-
Any other liabilities, not elsewhere shown	0	11	(11)
Total liabilities	**196**	**218**	**(22)**
Excess of assets over liabilities	**56**	**57**	**(1)**

2.6 Deferred acquisition costs

Gard M&E Europe, deferred acquisition costs

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	8

2.7 Intangible assets

Gard M&E Europe had no intangible assets as of 20 February 2021.

2.8 Deferred taxes

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year. Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expenses in the period the change has been made. A deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

Gard M&E Europe, deferred tax assets

USD million, as of 20.02	2021	2020
Specification of tax effect resulting from temporary differences		
Portfolio investments	(2)	(1)
Tax loss carried forward	6	13
Other temporary differences	1	0
Equity	(3)	(4)
Total temporary differences	1	9
Deferred tax asset, 25 per cent of total temporary differences	**0**	2.0
Net deferred tax asset of total temporary differences	0	**2.0**

2.9 Best estimate liabilities

Gard M&E Europe, best estimate liabilities

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Best estimate technical provisions	152	165
Risk margin	2	-
Technical provisions	**154**	165

2.10 Reinsurance Recoverables

Gard M&E Europe, reinsurance recoverables

USD million, as of 20.02.2021	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	117
Best estimate - reinsurance recoverables	102	-
Reinsurance recoverables	**102**	117

2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 20 February 2021.

2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 20 February 2021.

2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 11 million is covering reinsurance commission provision, which is included (netted) in Reinsurers' share of expected cash flow for unexpired cover for the Solvency II balance sheet.

2.14 Capital management

Assets over liabilities as calculated in the economic balance sheet were USD 56 million.

The table below explains the differences between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 20 February 2021.

Gard M&E Europe, total eligible own funds to meet SCR as under Solvency II

USD million, as of 20.02	2021	2020
Tier 1	56	48
Tier 2	-	-
Tier 3	0	2
Total	**56**	**50**

Gard M&E Europe, change in tier 1 capital:

USD million	Change from 2020 to 2021	Change from 2019 to 2020
Increase in ordinary share capital	0	0
Total comprehensive income for the year	7	2
Other	(1)	(1)
Total	**6**	**1**

Gard M&E Europe, difference between equity and excess of assets over liabilities

USD million, as of 20.02	2021	2020
Excess of assets over liabilities	56	50
Statutory accounts equity	57	51
Difference between equity and Excess of assets over liabilities	**(1)**	**(1)**
Specification of difference:		
Net technical provisions	(2)	(1)
Risk margin	(2)	(2)
Other	3	3
Difference between equity and Excess of assets over liabilities	**(1)**	**(1)**

Eligible own funds increased by USD 8 million, from USD 48 million to USD 56 million during the year.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital and share premium account and is attributable to Tier 1 capital. The reconciliation reserve was USD -1 million as of 20 February 2021.

Deferred tax assets of USD 0.3 million is attributable to Tier 3 capital.

2.15 Solvency capital requirement

Solvency capital requirement under the Solvency II approved partial internal model was USD 35 million. The total eligible own funds to meet the SCR was USD 56 million. The solvency ratio was 161 per cent.

MCR under Solvency II standard formula was USD 10 million. Eligible own funds to meet MCR was USD 56 million, i.e., a ratio of 559 per cent.

The SCR for Gard M&E Europe is reduced by the amount of USD 1 million, as the loss-absorbing capacity of deferred taxes covering the justifiable amount calculated for the company has increased.

Gard M&E Europe, Solvency Capital Requirement

USD million, as of 20.02	2021	2020
Insurance risk	25	26
Market risk	6	3
Counterparty risk	12	11
Diversification	(10)	(8)
Basic Solvency Capital Requirement (BSCR)	33	32
Operational risk	5	4
Loss-absorbing capacity of deferred taxes (LACDT)	(2)	(1)
Solvency Capital Requirement (SCR)	**35**	**36**

Appendix 3 Abbreviations Gard companies

Gard companies

Below are the full names of all Gard companies with the short names in brackets. The short name is being used in the report.

Insurance Companies

- Gard P. & I. (Bermuda) Ltd. ('Gard Bermuda')
- Assuranceforeningen Gard - gjensidig - ('Gard Norway')
- Gard Marine & Energy Limited ('Gard M&E')
- Gard Marine & Energy Insurance (Europe) AS ('Gard M&E Europe')
- Gard Reinsurance Co Ltd ('Gard Re')

Branches to the insurance companies

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

Subsidiaries to Gard Marine & Energy Limited

- Gard Marine & Energy Ltd.- Escritório de Representacao no Brasil Ltda.

Management company

- Lingard Limited ('Lingard')

Insurance Intermediary company

- Gard AS ('Gard AS')

Subsidiaries to Gard AS

- Gard (Singapore) Pte. Ltd.
- Gard (Japan) K.K.
- Gard (UK) Limited
- Gard (HK) Limited
- OY Gard (Baltic) Ab
- Gard (North America) Inc.
- Gard (Greece) Ltd.

Property company

- AS Assuransegården ('Assuransegården')

All the above companies and branches

- Jointly referred to as 'Gard' or 'Group'

Appendix 4 Other abbreviations

ALAE: ALLOCATED LOSS ADJUSTMENT EXPENSES

BBNI: BOUND BUT NOT INCEPTED INCOME

BEL: BEST ESTIMATE LIABILITY

BMA: BERMUDA MONETARY AUTHORITY

BOD: THE BOARDS OF DIRECTORS

BOF: BASIC OWN FUNDS

BSCR: BASIC SOLVENCY CAPITAL REQUIREMENT

CEO: CHIEF EXECUTIVE OFFICER

CFO: CHIEF FINANCIAL OFFICER

CIO: CHIEF INVESTMENT OFFICER

CRO: CHIEF RISK OFFICER

ETC: ESTIMATED TOTAL CALL

EXCOM: THE EXECUTIVE COMMITTEE

FINANSTILSYNET: THE NORWEGIAN FINANCIAL SUPERVISORY AUTHORITY (FSA)

GLT: GROUP LEADERSHIP TEAM

IBNR: INCURRED BUT NOT REPORTED

IFRS: INTERNATIONAL FINANCIAL REPORTING STANDARDS

IG: INTERNATIONAL GROUP

INTERNAL MODEL: GARD'S INTERNAL RISK CAPITAL MODEL

LOD: LOSSES OCCURRING DURING

MCR: MINIMUM CAPITAL REQUIREMENT

ORSA: OWN RISK AND SOLVENCY ASSESSMENT

RM: RISK MANAGEMENT

SAA: STRATEGIC ASSET ALLOCATION

SCR: SOLVENCY CAPITAL REQUIREMENT

SVP: SENIOR VICE PRESIDENT

ULAE: UNALLOCATED LOSS ADJUSTMENT EXPENSES

VP: VICE PRESIDENT

QRT: QUANTITATIVE REPORTING TEMPLATE

Appendix 5 Quantitative reporting templates

Gard group quantitative reporting templates

- Balance Sheet (S.02.01.02)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Premiums, claims and expenses by country (S.05.02.01)
- Own funds (S.23.01.22)
- Solvency Capital Requirement — for groups using the standard formula and partial internal model (S.25.02.22)
- Undertakings in the scope of the group (S.32.01.22)

Gard Norway quantitative reporting templates

- Balance Sheet (S.02.01.02)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Premiums, claims and expenses by country (S.05.02.01)
- Non-life Technical Provisions (S.17.01.02)
- Non-life Insurance Claims Information (S.19.01.21)
- Own funds (S.23.01.01)
- Solvency Capital Requirement — for undertakings using the standard formula and partial internal model (S.25.02.21)
- Minimum Capital Requirement (S.28.01.01)

Gard M&E Europe quantitative reporting templates

- Balance Sheet (S.02.01.02)
- Premiums, claims and expenses by line of business (S.05.01.02)
- Premiums, claims and expenses by country (S.05.02.01)
- Non-life Technical Provisions (S.17.01.02)
- Non-life Insurance Claims Information (S.19.01.21)
- Own funds (S.23.01.01)
- Solvency Capital Requirement — for undertakings using the standard formula and partial internal model (S.25.02.21)
- Minimum Capital Requirement (S.28.01.01)

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	18,772
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	35,427
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,302,201
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	14
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	14
Bonds	**R0130**	57,798
Government Bonds	**R0140**	57,798
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	2,194,477
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	49,912
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	20,730
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	20,730
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	228,857
Non-life and health similar to non-life	**R0280**	228,857
Non-life excluding health	**R0290**	228,857
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	284,345
Reinsurance receivables	**R0370**	977
Receivables (trade, not insurance)	**R0380**	1,626
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	209,694
Any other assets, not elsewhere shown	**R0420**	13,113
Total assets	**R0500**	3,115,743

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1,708,747
Technical provisions – non-life (excluding health)	R0520	1,708,747
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	1,647,938
Risk margin	R0550	60,809
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	45
Pension benefit obligations	R0760	46,176
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	85,557
Reinsurance payables	R0830	57,596
Payables (trade, not insurance)	R0840	25,757
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	18,374
Total liabilities	R0900	1,942,252
Excess of assets over liabilities	R1000	1,173,491

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	**R0110**						860,887											860,887
Gross - Proportional reinsurance accepted	**R0120**						76,849											76,849
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						186,639											186,639
Net	**R0200**						751,097											751,097
Premiums earned																		
Gross - Direct Business	**R0210**						815,474											815,474
Gross - Proportional reinsurance accepted	**R0220**						72,177											72,177
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						183,438											183,438
Net	**R0300**						704,213											704,213
Claims incurred																		
Gross - Direct Business	**R0310**						574,792											574,792
Gross - Proportional reinsurance accepted	**R0320**						41,931											41,931
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						64,829											64,829
Net	**R0400**						551,895											551,895
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						164,724											164,724
Other expenses	**R1200**																	80
Total expenses	**R1300**																	164,804

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		DK	DE	GR	NO	US	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	10,826	62,629	105,723	131,746	136,427	70,024	517,374
Gross - Proportional reinsurance accepted	R0120	787	11,024	447	474	7,040	230	20,001
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	2,317	14,472	21,441	26,706	28,732	14,191	107,858
Net	R0200	9,295	59,181	84,728	105,514	114,735	56,063	429,517
Premiums earned								
Gross - Direct Business	R0210	10,254	59,325	100,146	124,796	129,230	66,330	490,082
Gross - Proportional reinsurance accepted	R0220	739	10,354	420	445	6,612	216	18,785
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	2,278	14,224	21,074	26,248	28,239	13,947	106,009
Net	R0300	8,716	55,455	79,492	98,994	107,603	52,599	402,859
Claims incurred								
Gross - Direct Business	R0310	875	74,664	80,335	64,034	126,823	53,841	400,571
Gross - Proportional reinsurance accepted	R0320	(166)	6,035	105	24	7,878	39	13,915
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	(59)	5,768	7,338	5,271	24,813	10,089	53,220
Net	R0400	768	74,931	73,102	58,786	109,888	43,791	361,266
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	2,045	12,772	18,924	23,570	25,358	12,524	95,194
Other expenses	R1200							79
Total expenses	R1300							95,273

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		DK	DE	GR	NO	US	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	463	463			
Non-available called but not paid in ordinary share capital at group level	**R0020**					
Share premium account related to ordinary share capital	**R0030**	1,262,458	1,262,458			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Non-available subordinated mutual member accounts at group level	**R0060**					
Surplus funds	**R0070**					
Non-available surplus funds at group level	**R0080**					
Preference shares	**R0090**					
Non-available preference shares at group level	**R0100**					
Share premium account related to preference shares	**R0110**					
Non-available share premium account related to preference shares at group level	**R0120**					
Reconciliation reserve	**R0130**	-108,201	-108,201			
Subordinated liabilities	**R0140**					
Non-available subordinated liabilities at group level	**R0150**					
An amount equal to the value of net deferred tax assets	**R0160**	18,772				18,772
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**					
Other items approved by supervisory authority as basic own funds not specified above	**R0180**					
Non available own funds related to other own funds items approved by supervisory authority	**R0190**					
Minority interests (if not reported as part of a specific own fund item)	**R0200**					
Non-available minority interests at group level	**R0210**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included by using D&A when a combination of methods is used	**R0260**					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	1,173,491	1,154,719			18,772
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	646,488			646,488	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Non available ancillary own funds at group level	**R0380**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**	646,488			646,488	
Own funds of other financial sectors						
Reconciliation reserve	**R0410**					
Institutions for occupational retirement provision	**R0420**					
Non regulated entities carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**					
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	1,819,979	1,154,719		646,488	18,772
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,154,719	1,154,719			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	1,433,816	1,154,719		279,097	
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,154,719	1,154,719			
Minimum consolidated Group SCR	**R0610**	288,546				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	400 %				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	1,433,816	1,154,719		279,097	
Group SCR	**R0680**	558,194				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	257 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,173,491
Own shares (included as assets on the balance sheet)	**R0710**	
Forseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	1,281,692
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Other non available own funds	**R0750**	
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	-108,201
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	38,230
Total EPIFP	**R0790**	38,230

Annex I
S.25.02.22
Solvency Capital Requirement - for groups using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	**C0020**	**C0030**	**C0070**	**C0080**	**C0090**
1	Market risk	285,592	285,592		
2	Counterparty risk	58,046			
5	Non-life underwriting risk	452,692	452,692		
7	Operational risk	49,438			
9	Loss absorbing capacity of deferred taxes	(23,804)			

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	**R0110**	821,964
Diversification	**R0060**	(263,770)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	558,194
Capital add-ons already set	**R0210**	
Solvency capital requirement for undertakings under consolidated method	**R0220**	558,194
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	(23,804)
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	
Minimum consolidated group solvency capital requirement	**R0470**	288,546
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	**R0510**	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	**R0520**	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities	**R0530**	
Capital requirement for non-controlled participation requirements	**R0540**	
Capital requirement for residual undertakings	**R0550**	
Overall SCR		
SCR for undertakings included via D and A	**R0560**	
Solvency capital requirement	**R0570**	558,194

Annex I
S.32.01.22
Undertakings in the scope of the group

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
BR	LEI/213800396JKJ1UBIBJ37	1	Gard Marine & Energy Ltd. Escritorio de Representação no Brasil Ltda.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
FI	LEI/2138003GAO7REM2VXG04	1	OY Gard (Baltic) AB	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/21380084U7O1189W1Q41	1	Gard P. & I. (Bermuda) Ltd	2	Gjensidig selskap	1	Bermuda Monetary Authority							1		1
GB	LEI/2138008GLX45R5P25362	1	Gard (UK) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
GR	LEI/213800D8JGJCYQLS8V88	1	Gard (Greece) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
US	LEI/213800FY2T23ST15RW72	1	Gard (North America) Inc.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
JP	LEI/213800M7HGL8VMFH5228	1	Gard (Japan) KK	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
SG	LEI/213800O24Z6CETNDYK67	1	Gard (Singapore) Pte. Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800Q2POZHFSJGV914	1	Lingard Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800T4M3EDB4CNQN80	1	Gard Marine & Energy Limited	2	Aksjeselskap	2	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1
HK	LEI/213800TZYP2QXFEA7U98	1	Gard (HK) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800ZIGLMXFERBEC96	1	Gard Reinsurance Co Ltd.	3	Aksjeselskap	2	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1
NO	LEI/5967007LIEEXZXAU8W91	1	Gard AS	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
NO	LEI/5967007LIEEXZXAWK837	1	AS Assuransegaarden	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
NO	SC/913861825	2	Gard Marine & Energy Insurance (Europe) AS	2	Aksjeselskap	2	Finanstilsynet	100 %	100 %	100 %		1	100 %	1		1
NO	SC/939717609	2	Assuranceforeningen Gard - gjensidig -	2	Gjensidig selskap	1	Finanstilsynet	100 %	100 %	100 %		1	100 %	1		1
BM	SC/HYDRA	2	Hydra Insurance Company Ltd Gard Cell	3	Gjensidig selskap	1	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	2,150
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	239,456
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	232,052
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	7,404
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	154,456
Non-life and health similar to non-life	**R0280**	154,456
Non-life excluding health	**R0290**	154,456
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	22,192
Reinsurance receivables	**R0370**	2,782
Receivables (trade, not insurance)	**R0380**	2,174
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	54,724
Any other assets, not elsewhere shown	**R0420**	3,864
Total assets	**R0500**	481,798

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	341,081
Technical provisions – non-life (excluding health)	R0520	341,081
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	334,660
Risk margin	R0550	6,421
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	1,847
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	13,874
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	12,423
Reinsurance payables	R0830	2,564
Payables (trade, not insurance)	R0840	712
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	561
Total liabilities	R0900	373,063
Excess of assets over liabilities	R1000	108,735

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional**				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						156,298											156,298
Gross - Proportional reinsurance accepted	**R0120**						65,239											65,239
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						82,408											82,408
Net	**R0200**						139,129											139,129
Premiums earned																		
Gross - Direct Business	**R0210**						155,251											155,251
Gross - Proportional reinsurance accepted	**R0220**						65,237											65,237
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						82,196											82,196
Net	**R0300**						138,292											138,292
Claims incurred																		
Gross - Direct Business	**R0310**						83,984											83,984
Gross - Proportional reinsurance accepted	**R0320**						9,287											9,287
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						21,278											21,278
Net	**R0400**						71,994											71,994
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						41,054											41,054
Other expenses	**R1200**																	2
Total expenses	**R1300**																	41,055

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		CN	JP	KR	NL	TW	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	372	10,288	20,389	11,929	17,294	14,120	74,394
Gross - Proportional reinsurance accepted	R0120	949	5,050	6,211	3,634	5,268	5,288	26,400
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	496	5,714	9,870	5,775	8,372	7,213	37,439
Net	R0200	825	9,625	16,730	9,788	14,191	12,195	63,355
Premiums earned								
Gross - Direct Business	R0210	370	10,219	20,253	11,849	17,178	14,025	73,895
Gross - Proportional reinsurance accepted	R0220	949	5,050	6,211	3,634	5,268	5,288	26,399
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	495	5,699	9,845	5,760	8,350	7,194	37,343
Net	R0300	824	9,570	16,619	9,723	14,096	12,119	62,952
Claims incurred								
Gross - Direct Business	R0310	(363)	13,552	4,915	4,999	11,848	4,549	39,500
Gross - Proportional reinsurance accepted	R0320	106	597	216	220	522	200	1,861
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	(37)	2,036	738	751	9,164	685	13,337
Net	R0400	(220)	12,113	4,393	4,468	3,206	4,064	28,025
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550	250	2,847	4,917	2,877	4,171	3,593	18,654
Other expenses	R1200							1
Total expenses	R1300							18,655

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		CN	JP	KR	NL	TW	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	463	463			
Non-available called but not paid in ordinary share capital at group level	**R0020**					
Share premium account related to ordinary share capital	**R0030**	1,262,458	1,262,458			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Non-available subordinated mutual member accounts at group level	**R0060**					
Surplus funds	**R0070**					
Non-available surplus funds at group level	**R0080**					
Preference shares	**R0090**					
Non-available preference shares at group level	**R0100**					
Share premium account related to preference shares	**R0110**					
Non-available share premium account related to preference shares at group level	**R0120**					
Reconciliation reserve	**R0130**	-108,201	-108,201			
Subordinated liabilities	**R0140**					
Non-available subordinated liabilities at group level	**R0150**					
An amount equal to the value of net deferred tax assets	**R0160**	18,772				18,772
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**					
Other items approved by supervisory authority as basic own funds not specified above	**R0180**					
Non available own funds related to other own funds items approved by supervisory authority	**R0190**					
Minority interests (if not reported as part of a specific own fund item)	**R0200**					
Non-available minority interests at group level	**R0210**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**					
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**					
Deductions for participations where there is non-availability of information (Article 229)	**R0250**					
Deduction for participations included by using D&A when a combination of methods is used	**R0260**					
Total of non-available own fund items	**R0270**					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	1,173,491	1,154,719			18,772
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	646,488			646,488	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Non available ancillary own funds at group level	**R0380**					
Other ancillary own funds	**R0390**					
Total ancillary own funds	**R0400**	646,488			646,488	
Own funds of other financial sectors						
Reconciliation reserve	**R0410**					
Institutions for occupational retirement provision	**R0420**					
Non regulated entities carrying out financial activities	**R0430**					
Total own funds of other financial sectors	**R0440**					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**					
Own funds aggregated when using the D&A and a combination of method net of IGT	**R0460**					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	1,819,979	1,154,719		646,488	18,772
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,154,719	1,154,719			
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	1,433,816	1,154,719		279,097	
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,154,719	1,154,719			
Minimum consolidated Group SCR	**R0610**	288,546				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	400 %				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	1,433,816	1,154,719		279,097	
Group SCR	**R0680**	558,194				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	257 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,173,491
Own shares (included as assets on the balance sheet)	**R0710**	
Forseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	1,281,692
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Other non available own funds	**R0750**	
Reconciliation reserve before deduction for participations in other financial sector	**R0760**	-108,201
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	38,230
Total EPIFP	**R0790**	38,230

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060						721											721
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						(10,232)											(10,232)
Net Best Estimate of Premium Provisions	R0150						10,953											10,953
Claims provisions																		
Gross	R0160						333,939											333,939
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						164,687											164,687
Net Best Estimate of Claims Provisions	R0250						169,252											169,252
Total Best estimate - gross	R0260						334,660											334,660
Total Best estimate - net	R0270						180,205											180,205
Risk margin	R0280						6,421											6,421
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320						341,081											341,081
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						154,456											154,456
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340						186,626											186,626

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											(19,124)
N-9	R0160	12,671	21,547	17,224	6,521	3,140	1,461	766	1,194	85	594	
N-8	R0170	14,913	28,858	17,566	5,544	4,934	2,299	291	915	8,725		
N-7	R0180	11,463	18,753	8,403	5,374	5,242	1,523	2,812	1,963			
N-6	R0190	19,455	17,244	7,895	6,841	3,824	(674)	2,449				
N-5	R0200	66,660	69,575	32,323	18,270	8,541	4,562					
N-4	R0210	14,844	16,745	10,711	17,770	3,956						
N-3	R0220	19,571	19,611	16,097	4,633							
N-2	R0230	12,370	17,019	7,060								
N-1	R0240	33,850	32,445									
N	R0250	27,621										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	(19,124)	(19,124)
	R0160	594	65,202
	R0170	8,725	84,044
	R0180	1,963	55,533
	R0190	2,449	57,035
	R0200	4,562	199,930
	R0210	3,956	64,026
	R0220	4,633	59,911
	R0230	7,060	36,450
	R0240	32,445	66,295
	R0250	27,621	27,621
Total	R0260	74,883	696,923

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											41,782
N-9	R0160	69,899	43,565	24,579	16,378	8,147	5,302	4,278	3,514	3,534	2,558	
N-8	R0170	76,543	71,773	47,653	36,648	28,540	23,893	20,927	19,171	1,104		
N-7	R0180	62,215	25,424	20,963	15,091	8,253	7,951	4,812	2,598			
N-6	R0190	67,589	33,423	31,296	26,847	21,769	19,541	16,484				
N-5	R0200	279,064	121,816	70,529	50,893	43,798	39,319					
N-4	R0210	80,468	43,680	38,507	15,405	11,000						
N-3	R0220	81,177	38,516	41,943	32,842							
N-2	R0230	75,034	42,458	35,172								
N-1	R0240	98,563	66,171									
N	R0250	86,210										

		Year end (discounted data)
		C0360
	R0100	41,778
	R0160	2,557
	R0170	1,102
	R0180	2,595
	R0190	16,445
	R0200	39,188
	R0210	10,956
	R0220	32,693
	R0230	34,989
	R0240	65,836
	R0250	85,800
Total	R0260	333,939

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**					
Share premium account related to ordinary share capital	**R0030**	123,619	123,619			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	(14,884)	(14,884)			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	108,735	108,735			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	248,127			248,127	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	248,127			248,127	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	356,862	108,735		248,127	
Total available own funds to meet the MCR	**R0510**	108,735	108,735			
Total eligible own funds to meet the SCR	**R0540**	163,810	108,735		55,075	
Total eligible own funds to meet the MCR	**R0550**	108,735	108,735			
SCR	**R0580**	110,149				
MCR	**R0600**	38,039				
Ratio of Eligible own funds to SCR	**R0620**	149 %				
Ratio of Eligible own funds to MCR	**R0640**	286 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	108,735
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	-
Other basic own fund items	**R0730**	123,619
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	(14,884)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	1,278
Total Expected profits included in future premiums (EPIFP)	**R0790**	1,278

Annex I
S.25.02.21
Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	**C0020**	**C0030**	**C0070**	**C0090**	**C0120**
1	Market risk	23,738	23,738		
2	Counterparty risk	16,057			
5	Non-life underwriting risk	111,412	111,412		
7	Operational risk	10,040			
9	Loss absorbing capacity of deferred taxes	(18,992)			

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	142,256
Diversification	**R0060**	(32,106)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	110,149
Capital add-ons already set	**R0210**	
Solvency capital requirement	**R0220**	110,149
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	(18,992)
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	38,039

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	180,205	139,129
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	38,039
SCR	R0310	110,149
MCR cap	R0320	49,567
MCR floor	R0330	27,537
Combined MCR	R0340	38,039
Absolute floor of the MCR	R0350	4,328
		C0070
Minimum Capital Requirement	R0400	38,039

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	327
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	65,686
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	60,285
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	5,400
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	102,443
Non-life and health similar to non-life	**R0280**	102,443
Non-life excluding health	**R0290**	102,443
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	72,125
Reinsurance receivables	**R0370**	2,172
Receivables (trade, not insurance)	**R0380**	380
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	9,401
Any other assets, not elsewhere shown	**R0420**	16
Total assets	**R0500**	252,549

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	154,283
Technical provisions – non-life (excluding health)	R0520	154,283
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	151,834
Risk margin	R0550	2,449
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	5,816
Reinsurance payables	R0830	34,435
Payables (trade, not insurance)	R0840	1,357
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	176
Total liabilities	R0900	196,066
Excess of assets over liabilities	R1000	56,482

Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for: **accepted non-proportional**				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						119,627											119,627
Gross - Proportional reinsurance accepted	**R0120**						9,575											9,575
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						93,728											93,728
Net	**R0200**						35,473											35,473
Premiums earned																		
Gross - Direct Business	**R0210**						105,283											105,283
Gross - Proportional reinsurance accepted	**R0220**						8,489											8,489
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						82,821											82,821
Net	**R0300**						30,950											30,950
Claims incurred																		
Gross - Direct Business	**R0310**						65,905											65,905
Gross - Proportional reinsurance accepted	**R0320**						2,097											2,097
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						47,999											47,999
Net	**R0400**						20,003											20,003
Changes in other technical provisions																		
Gross - Direct Business	**R0410**																	
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**																	
Expenses incurred	**R0550**						5,605											5,605
Other expenses	**R1200**																	5
Total expenses	**R1300**																	5,609

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**									
Reinsurers' share	**R1420**									
Net	**R1500**									
Premiums earned										
Gross	**R1510**									
Reinsurers' share	**R1520**									
Net	**R1600**									
Claims incurred										
Gross	**R1610**									
Reinsurers' share	**R1620**									
Net	**R1700**									
Changes in other technical provisions										
Gross	**R1710**									
Reinsurers' share	**R1720**									
Net	**R1800**									
Expenses incurred	**R1900**									
Other expenses	**R2500**									
Total expenses	**R2600**									

Annex I
S.05.02.01
Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		DE	GR	IT	NL	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110		57,493	7,314	6,063	12,532	5,557	88,960
Gross - Proportional reinsurance accepted	R0120		132	151	1,799	535	851	3,467
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140		41,807	5,415	5,702	9,479	4,649	67,053
Net	R0200		15,819	2,049	2,159	3,587	1,760	25,374
Premiums earned								
Gross - Direct Business	R0210		50,600	6,437	5,336	11,029	4,891	78,293
Gross - Proportional reinsurance accepted	R0220		117	134	1,595	474	754	3,074
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240		36,942	4,785	5,039	8,376	4,108	59,250
Net	R0300		13,775	1,785	1,892	3,127	1,538	22,117
Claims incurred								
Gross - Direct Business	R0310		37,766	6,757	4,934	2,793	3,140	55,390
Gross - Proportional reinsurance accepted	R0320		(167)	11	502	56	275	677
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340		26,756	4,810	3,782	2,016	2,383	39,746
Net	R0400		10,843	1,959	1,654	833	1,032	16,321
Changes in other technical provisions								
Gross - Direct Business	R0410							
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500							
Expenses incurred	R0550		2,500	324	341	567	278	4,010
Other expenses	R1200							3
Total expenses	R1300							4,013

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		DE	GR	IT	NL	GB	
								C0280
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500							
Total expenses	R2600							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**						51,541											51,541
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						30,732											30,732
Net Best Estimate of Premium Provisions	**R0150**						20,809											20,809
Claims provisions																		
Gross	**R0160**						100,293											100,293
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						71,711											71,711
Net Best Estimate of Claims Provisions	**R0250**						28,582											28,582
Total Best estimate - gross	**R0260**						151,834											151,834
Total Best estimate - net	**R0270**						49,391											49,391
Risk margin	**R0280**						2,449											2,449
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**																	
Best estimate	**R0300**																	
Risk margin	**R0310**																	
Technical provisions - total																		
Technical provisions - total	**R0320**						154,283											154,283
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expecte losses due to counterparty default - total	**R0330**						102,443											102,443
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**						51,840											51,840

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

Gross Claims Paid (non-cumulative)
(absolute amount)

	Development year	0	1	2	3	4	5	6	7	8	9	10 & +
	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											29
N-9	R0160	3,760	5,238	2,004	817	725	101	317	58	293	-	
N-8	R0170	3,631	6,345	3,554	770	603	238	288	6	3		
N-7	R0180	20,106	5,092	2,114	799	654	228	95	8			
N-6	R0190	9,875	6,650	1,835	1,601	1,097	564	1,798				
N-5	R0200	17,074	20,789	8,676	1,356	1,822	638					
N-4	R0210	25,720	21,416	8,756	2,001	(399)						
N-3	R0220	22,410	22,777	6,654	4,254							
N-2	R0230	29,066	38,810	12,358								
N-1	R0240	37,435	29,344									
N	R0250	27,692										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	29	29
	R0160	-	13,312
	R0170	3	15,438
	R0180	8	29,096
	R0190	1,798	23,421
	R0200	638	50,356
	R0210	(399)	57,495
	R0220	4,254	56,094
	R0230	12,358	80,234
	R0240	29,344	66,779
	R0250	27,692	27,692
Total	R0260	75,726	419,947

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Development year	0	1	2	3	4	5	6	7	8	9	10 & +
	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											144
N-9	R0160	8,040	4,953	3,865	1,597	602	450	334	333	63	28	
N-8	R0170	8,899	6,317	2,794	2,135	1,398	1,281	342	300	301		
N-7	R0180	7,143	6,122	3,097	1,828	516	(360)	472	550			
N-6	R0190	12,162	4,961	3,416	8,642	7,229	6,780	718				
N-5	R0200	38,171	12,062	3,191	1,104	314	(175)					
N-4	R0210	37,578	18,423	8,191	4,906	3,738						
N-3	R0220	38,860	18,543	9,502	5,240							
N-2	R0230	63,351	24,414	14,985								
N-1	R0240	61,234	32,929									
N	R0250	42,007										

		Year end (discounted data)
		C0360
	R0100	143
	R0160	28
	R0170	297
	R0180	545
	R0190	710
	R0200	(174)
	R0210	3,720
	R0220	5,223
	R0230	14,952
	R0240	32,874
	R0250	41,975
Total	R0260	100,293

Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	52,307	52,307			
Share premium account related to ordinary share capital	**R0030**	5,158	5,158			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	(1,310)	(1,310)			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**	327				327
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	56,482	56,155			327
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	56,482	56,155			327
Total available own funds to meet the MCR	**R0510**	56,155	56,155			
Total eligible own funds to meet the SCR	**R0540**	56,482	56,155			327
Total eligible own funds to meet the MCR	**R0550**	56,155	56,155			
SCR	**R0580**	34,989				
MCR	**R0600**	10,053				
Ratio of Eligible own funds to SCR	**R0620**	161 %				
Ratio of Eligible own funds to MCR	**R0640**	559 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	56,482
Own shares (held directly and indirectly)	**R0710**	
Foreseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	57,792
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	
Reconciliation reserve	**R0760**	(1,310)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	92
Total Expected profits included in future premiums (EPIFP)	**R0790**	92

Annex I
S.25.02.21
Solvency Capital Requirement - for undertakings using the standard formula and partial internal model

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	**C0020**	**C0030**	**C0070**	**C0090**	**C0120**
1	Market risk	5,647	5,647		
2	Counterparty risk	11,789			
5	Non-life underwriting risk	25,052	25,052		
7	Operational risk	4,555			
9	Loss absorbing capacity of deferred taxes	(2,492)			

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	**R0110**	44,552
Diversification	**R0060**	(9,562)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	
Solvency capital requirement excluding capital add-on	**R0200**	34,989
Capital add-ons already set	**R0210**	
Solvency capital requirement	**R0220**	34,989
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	**R0300**	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	**R0310**	(2,492)
Capital requirement for duration-based equity risk sub-module	**R0400**	
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	**R0420**	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	

Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	10,053

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030		
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070	49,391	35,473
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130		
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		

Overall MCR calculation

		C0070
Linear MCR	R0300	10,053
SCR	R0310	34,989
MCR cap	R0320	15,745
MCR floor	R0330	8,747
Combined MCR	R0340	10,053
Absolute floor of the MCR	R0350	4,328

		C0070
Minimum Capital Requirement	R0400	10,053