



Company News

Premium reduction for Members despite first half loss

The Gard results have been negatively affected by several major incidents within the International Group Pool and spread of the COVID-19 pandemic and its impact on the shipping and financial markets.

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The results for the period ending 20 August include;

- a loss after tax of USD 62 million on an Estimated Total Call (ETC) basis,
- a technical result of minus USD 54 million,
- a Combined Ratio Net (CRN) of 116 per cent,
- a non-technical loss of USD 9 million, including taxation and other comprehensive income/loss, and
- equity of USD 1,117 million.

Rolf Thore Roppestad, CEO of Gard, said: “Our half year results have been significantly impacted by an increased severity in major claims; both those for our own account and Pool claims from the International Group Clubs which have risen sharply. We aim to run the mutual business at a small loss, balanced with the returns earned on our commercial insurance book which have been positive and better than expected for the first half year of 2020.

“Despite the negative results, Gard is well capitalised and within our target range. Our goal is to balance the group’s ability to help individual Members and clients with the maintenance of the long-term financial health of the group. We supported our Members’ cash flow by delaying the decision on the final premium instalment for 2019 policy year until now, and the Board has now decided that mutual Members will get a 5 per cent reduction in the Estimated Total Call. This means we will only collect 75 per cent of the last instalment for the 2019 policy year, a total saving of \$18 million for the Members.

“The high level of casualties seen over the past year reminds us of the inherent unpredictability in the marine insurance industry. Reductions in the average pricing of owners mutual P&I over recent years have been justified by a benign claims development, but this has deteriorated over the last year with the market seeing greater severity in claims.

“As a result, Members can expect a moderate increase in the Estimated Total Call for owners’ mutual P&I for the 2021 renewal. The Board has however decided that, instead of a General Increase, individual members rates will be adjusted to reflect their risk profile and claims record. Overall, we will seek to price Owners’ Mutual P&I to target a CRN of 102.5%.”

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ENDS

Notes to Editors

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¹. Gard is a shipowner-controlled provider of P&I, marine and energy insurance products, with gross written premium of USD 874 million, with nearly 550 staff in 13 offices around the world.

2. The direct insurance entities within the Gard group; Gard P. & I. (Bermuda) Ltd, Assuranceforeningen Gard, Gard Marine & Energy Limited and Gard Marine & Energy Insurance (Europe) Limited are rated 'A+' by Standard & Poor's.

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