SOLVENCY AND FINANCIAL CONDITION REPORT

2017

• Gard group • Assuranceforeningen Gard – gjensidig – •
• Gard Marine & Energy Insurance (Europe) AS •
|
20 February 2017

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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 all of 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.

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 information for any of the subsidiaries within the group which must be individually identifiable and disclosed.

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 Insurance (Europe) AS (Gard M&E Europe). The main body of the report apply to all, unless otherwise stated. Where the legal entities differ from Gard group, this is elaborated in the appendices 1 and 2.

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

Key figures

USD million, as of 20.02	2017	2016
Assets	2,761	2,847
Technical provisions	1,527	1,704
Other liabilities	144	162
Excess of assets over liabilities	1,090	981
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	996	913
Tier 2 Ancillary own funds	338	358
Tier 3 Other own funds		13
Eligible own funds	1,334	1,284
Capital Requirement		
Solvency Capital Requirement (SCR)	676	742
Minimum Capital Requirement (MCR)	244	245
Solvency ratio		
Eligible own funds to meet SCR	197%	173%
Eligible own funds to meet MCR	408%	373%

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 2017.

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 those used to determine the SCR.

The Solvency II opening balance sheet has been reviewed by PricewaterhouseCoopers AS.

A. Business and performance

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

The financial year ended 20 February 2017 delivered a very good result for the Gard group. The strong result allowed Gard to waive the Deferred Call, reducing the premium cost for mutual Members with USD 90 million. Gross written premiums on ETC basis decreased by 9.5 per cent from last year. This is primarily due to a continued softening market and lower demand in some segments. A softer market has resulted in falling rate levels with a corresponding decrease in expected profitability. The number of claims within the retention have been fewer than expected.

Investment returns are normally an important contribution to the net results of the group and Gard seeks to add returns through a diversified investment portfolio. The return of the financial year ending 20 February 2017 exceeded expectations. The equity market in particular had a strong development during the year, and was the main contributor to the return. 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.

An assessment of the risk management system concluded that the system is adequate considering the size and complexity of the operations.

A board committee for risk was established during 2016.

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

C. Risk profile

In context of its business operations Gard enters into a broad variety of risks, where the main risks are underwriting risk and market risk. Gard is also exposed to counterparty default risk, operational risk, liquidity risk, business risk, compliance risk and reputational risk. We describe how we deal with these risks in section C.

Gard’s risk profile has changed somewhat over the last 12 months to 20 February 2017. The Solvency Capital Requirement for underwriting risk has gone down by 13 per cent. The main driver for this is a reduction in exposure.

The material risks that Gard is facing are believed to be captured in the risk landscape.

D. Valuation for Solvency purposes

The fair value of assets is mainly measured on a mark-to-market basis, determined by reference 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).

The technical provisions under Solvency II is determined as the sum of best estimate present value of liabilities and a risk margin. Determining the technical provisions, Gard uses a risk-free yield curve as required under Solvency II. 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 up to 20 February 2017.

Gard has a simple capital structure consisting of Tier 1 capital through equity capital, which is earned and available, high quality Tier 2 capital in the form of unbudgeted supplementary calls, and tax assets included as Tier 3 capital. 75 per cent of all available capital is assigned to the highest quality level (Tier 1). Capital management is described in section E.

A BUSINESS AND PERFORMANCE

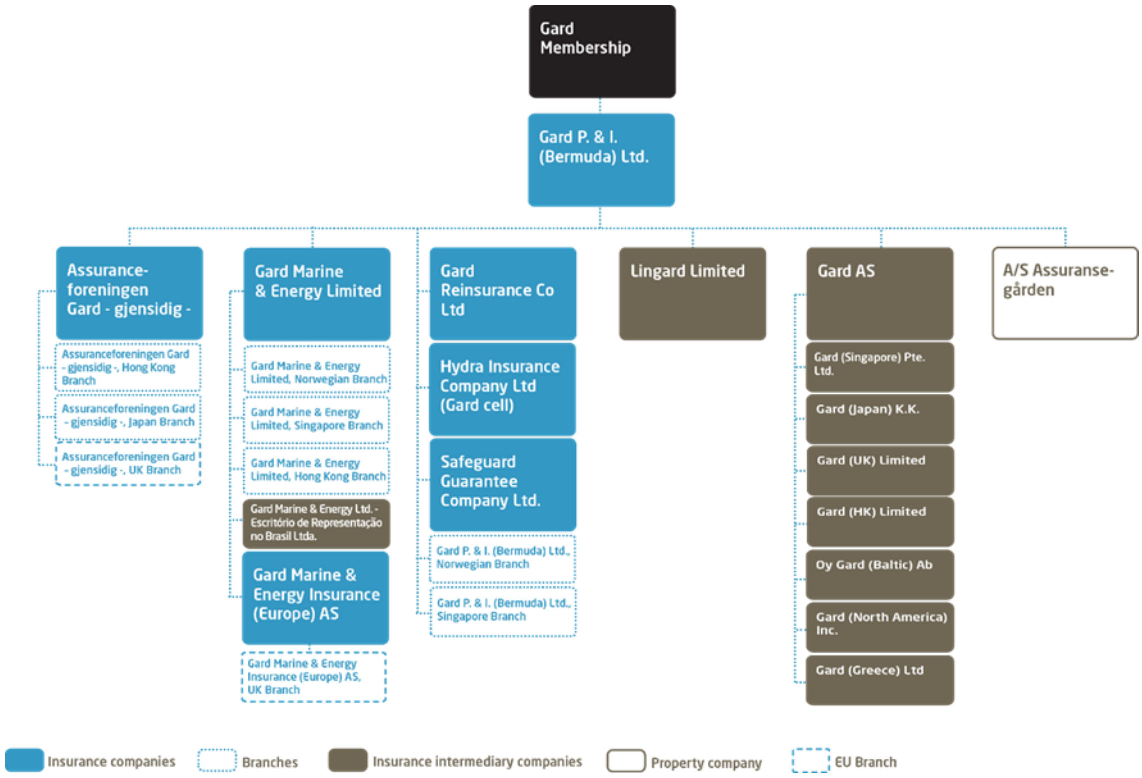
A 1 Business

A 1.1 Group structure

The parent company of the Gard group ('Gard' or 'the group') is Gard P. & I. (Bermuda) Ltd. (Gard Bermuda). Gard Bermuda is a mutual insurance association registered and domiciled in Bermuda. As a mutual association, Gard Bermuda is owned by its Members, who are shipowners, charterers and operators in the marine industries.

Gard Bermuda and its subsidiaries comprise of five 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 branches in different jurisdictions.

Corporate structure



All entities are ultimately owned 100 per cent by Gard Bermuda with the exception of Assuranceforeningen Gard – gjensidig – (Gard Norway), in which Gard Bermuda controls the voting rights. Gard Marine & Energy Insurance (Europe) AS (Gard M&E Europe) and Gard M&E– Escritorio de Representacão no Brasil Ltda. are owned 100 per cent by Gard Marine & Energy Limited (Gard M&E), and the subsidiaries of Gard AS are owned 100 per cent by Gard AS.

The insurance intermediary companies, Lingard Limited (Lingard) and Gard AS, provide intermediary and related insurance services to the insurance entities. All of the main corporate functions of the insurance entities are carried out by their own employees. Lingard Limited is the Manager for all of the Bermuda domiciled insurance companies and Gard AS is the agent for Gard Norway and Gard M&E Europe, as well as the Norwegian branches of Gard Bermuda and Gard M&E. Certain operational functions are delegated from Lingard Limited to Gard AS.

A 1.2 Legal entities

A 1.2.1 Gard group

The Gard group is under group supervision by the Norwegian Financial Supervisory Authority (FSA) (Finanstilsynet).

A 1.2.2 Gard Bermuda

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. 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.*[1] 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 Bermuda Monetary Authority (BMA).

A 1.2.3 Gard Norway

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 consolidation of the two companies' accounts.[2]

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 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 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.

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

[1] See Article 2.6 of the Bye-Laws 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.

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

carry out insurance agency activities in Brazil on behalf of Gard M&E.

Gard M&E is regulated by the BMA.

A 1.2.5 Gard M&E Europe

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.[3]

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 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 Bermuda Monetary Authority as. 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 is a segregated accounts company. It is permitted to create 'segregated accounts' or 'cells' in order to segregate the assets and liabilities attributable to a particular segregated account from those attributable to other segregated accounts and from the company's general account.

Hydra was established by the parties to the International Group of P&I Clubs' Pooling Agreement as a captive insurance company for the purpose of reinsuring 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 Safeguard

Safeguard Guarantee Company Ltd. (Safeguard) is a joint stock company domiciled in Bermuda and is a wholly owned subsidiary of Gard Bermuda. The company is managed by Lingard Limited.

Safeguard is a special purpose vehicle whose sole purpose is to offer the financial security required under the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 to mobile offshore units and other 'specialist craft' insured outside of the reinsurance structure established by the International Group of P&I Clubs. Due to changes in the group's reinsurance arrangements, Safeguard ceased to write new business with effect from 20 February 2015, however, the range of insurance products which can be offered by Safeguard can be extended to include special risks incurred under other liability regimes which may enter into force in the future.

Safeguard is regulated by the BMA.

A 1.2.9 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, Gard Re and Safeguard whereby it has been 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 1.2.10 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

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

and Lingard pursuant to which Gard AS acts as agent and intermediary with regard to the portfolios of direct business of Gard Bermuda, Gard Norway, 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;

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.

A 1.2.11 Details of supervisory authorities and external auditors

Name	Function	Entity
Norwegian Financial Supervisory Authority (Finanstilsynet) Revierstredet 3 0151 Oslo Norway Phone: +47 22 93 98 00 Main contact: Geir David Johannesen	Regulator	Gard group Gard Norway Gard M&E Europe Gard AS
Bermuda Monetary Authority BMA House 43 Victoria Street Hamilton Bermuda Phone: +441 295 5278	Regulator	Gard Bermuda Gard M&E Gard RE Hydra Gard Insurance Company Ltd. 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
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 Insurance Company Ltd. Safeguard Lingard

A 1.3 Material lines of business and geographical areas

Gard is a marine and energy insurance group which is active in 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 which within Marine includes products such as Hull & Machinery and Loss of Hire to 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.

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 the value proposition of Gard are strong financial security and excellent service. This is combined with effective and efficient claim handling, strong risk selection and good pricing skills.

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

Gard group is one of the world’s leading marine and energy insurers. 21 per cent of all ocean-going vessels above 1,000 GT and 45 per cent on gross tonnage basis have one or more covers from Gard. It also insures about 25 per cent 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 P&I clubs share claims above a certain level and collectively purchase reinsurance programmes. Gard is the largest club in the International Group and insures approximately 17 per cent of the tonnage and 15 per cent of the premium in the International Group. Gard has a market share of 4 per cent in the global marine market and is a medium–sized capacity provider in energy.

A 1.4 Significant events in reporting period

Gard has established three new branches over the reporting period; Gard M&E Hong Kong branch, Gard Norway UK branch and Gard M&E Europe UK branch.

The Gard M&E Hong Kong branch was established in 2016. Gard M&E Hong Kong branch writes Marine business which has been designated to the branch from 20.02.2017. The financial statements of the Gard M&E Hong Kong are reported and filed to the Hong Kong authorities.

The branch seeks to manage the insurance risk its faces through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The branch is participating in the external reinsurance arrangements that are in place for Gard M&E.

Gard M&E Europe UK branch commenced operations as from 1 January 2017, while Gard Norway UK branch commenced operations as from 20 February 2017. The branch licenses are obtained in accordance with the Solvency II Directive (2009/138/EU) which gives Gard M&E Europe and Gard Norway a right to carry on permitted activities through a branch in another EU/EEA member state, on the basis of its home state authorisation (Passport of Establishment).

The branches are participating in the reinsurance arrangements that are in place for Gard M&E Europe and Gard Norway. The branches' underwriting policy supports the seeking of risks with adequate pricing that commensurate with the risk profiles and claims experience. The risk taking in the UK branches follows Gard M&E Europe and Gard Norway respectively.

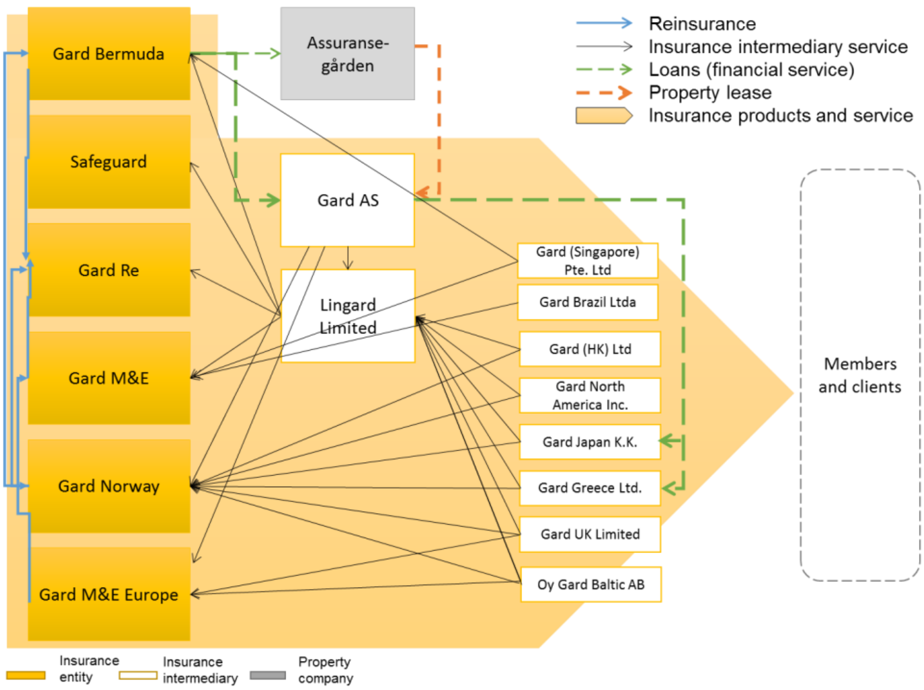
A 1.5 Operations and transactions within the group

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

- *Reinsurance*. Reinsurance of insurance risk between the insurance entities.
- *Insurance intermediary services.* Delivery of insurance intermediary services by the insurance intermediary companies to the insurance entities.
- *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.

Intra-group transactions



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 Gard AS' subsidiaries.

Internal reinsurance agreements between entities in the group are established to achieve efficient utilisation of the risk-bearing capital in the group and contain the risk profile of the direct insurance companies within their respective risk tolerance. In addition, the reinsurance arrangements between Gard Bermuda and Gard Norway facilitate the common 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 of 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

Consolidated data for the Gard group consists of full consolidation for data of all the insurance or reinsurance undertakings as well as ancillary services undertakings in the group as all of the subsidiaries are 100 per cent owned by the parent company.

The basis for consolidating Gard's capital in Hydra is that the capital is segregated and belongs to Gard. The capital can be accessed through a variety of means. There are also potential liabilities that could accrue to Gard as a result of this cell. By consolidating the cell, Gard's overall financial position is truly represented.

Consolidated data are shown net of any intra-group transactions.

A 2 Underwriting performance

The financial year ending 20 February 2017 delivered a very good result for the Gard group.

The strong result allowed Gard to waive the deferred call, reducing the premium cost for mutual Members with USD 90 million, which reduced total comprehensive income from USD 215 million to USD 125 million. Gard had a combined ratio (net) (CRN) of 83 per cent.

Gross written premiums on estimated total call (ETC) basis was USD 824 million, a decrease of USD 86 million (9.5 per cent) from last year. This was primarily due to a continued softening market and lower demand in some segments. A softer market resulted in falling rate levels with a corresponding decrease in expected profitability. Net earned premium on ETC basis was USD 707 million against USD 765 last year.

Claims costs net were USD 493 million against USD 532 last year. The number of claims within the retention were fewer than expected.

The technical result, after reduction in deferred call, was a profit of USD 31 million and a combined ratio (net) of 95 per cent. Last year the technical result, after a reduction in deferred call of USD 37 million, was a profit of USD 96 million and a combined ratio (net) of 86 per cent.

The total equity was USD 1,135 million against USD 1,010 million at the end of last year.

P&I

Gross written premiums on ETC basis for the P&I business was USD 621 million, which was a decrease of USD 23 million (4 per cent) from last year.

Claims cost net amounted to USD 326 million, which was a reduction from last year due to both fall in frequency and severity. This resulted in a combined ratio (net) on ETC basis of 75 per cent against 79 per cent last year.

On ETC basis the technical result was USD 128 million and USD 38 million before and after the USD 90 million reduction in deferred call. Last year the technical result on ETC basis was USD 105 million and USD 68 million after the USD 37 million reduction in deferred call.

M&E

For the M&E business, gross written premium was USD 203 million, a decrease of USD 63 million (24 per cent) from last year, mainly due to decreased volume.

Claims cost net amounted to USD 167 million and improved in USD terms from last year. Two large energy claims had an impact on the result. The combined ratio (net) for the M&E business was 103 per cent against 89 per cent last year.

The technical result was negative USD 7 million against a positive USD 29 million last year.

Underwriting performance by line of business, Gard group (before reduction in deferred call)

USD million	P&I	20.02.2017 M&E	Total
Technical result			
Gross written premium	621	203	824
Gross earned premium	621	236	857
Ceded reinsurance	-117	-33	-150
Earned premium for own account	**504**	**203**	**707**
Other insurance related income	**1**	**0**	**1**
Claims incurred, gross			
Incurred this year	397	95	492
Incurred previous years	-85	123	39
Total claims incurred, gross	**312**	**218**	**530**
Reinsurers' share of gross incurred claims	13	-51	-37
Claims incurred for own account	**326**	**167**	**493**
Insurance related expenses for own account	**43**	**42**	**85**
Other insurance related expenses	**9**	**0**	**10**
Technical result	**128**	**-7**	**121**

USD million	P&I	20.02.2016 M&E	Total
Technical result			
Gross written premium	644	267	911
Gross earned premium	644	290	934
Ceded reinsurance	-137	-33	-170
Earned premium for own account	**507**	**257**	**765**
Other insurance related income	**0**	**0**	**0**
Claims incurred, gross			
Incurred this year	684	114	798
Incurred previous years	-91	84	-7
Total claims incurred, gross	**593**	**198**	**791**
Reinsurers' share of gross incurred claims	-241	-18	-259
Claims incurred for own account	**352**	**180**	**532**
Insurance related expenses for own account	**46**	**48**	**93**
Other insurance related expenses	**6**	**1**	**7**
Technical result	**105**	**29**	**133**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in deferred call of USD 90 million in the year to 20 February 2017 and USD 37 million in the previous year.

Gross written premium by geographical area, Gard group, based on location of Member/client

USD million	20.02.2017	20.02.2016
EEA	375	415
Norway	110	144
Other areas	250	315
Total gross written premium	**735**	**874**

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

The return on the investment portfolio and other non-technical items was a positive USD 103 million compared to a negative USD 48 million last year. The financial markets showed strong development, particularly compared with the year up to 20 February 2016.

Gard seeks to add returns through a diversified investment portfolio. In the current environment, we expect to be compensated above risk free rate, given our investment risk profile. The return of the year of 4.7 per cent exceeds this expectation, but this also have to be seen in relation to the weak return of the previous year.

Income generated from equities (dividends) and from bonds (interest payments) has remained on the same level in both periods.

This year's expenses related to investment activities are in line with expectations. The figures for 2017 are not comparable to figures for 2016, due to a reversed fee compensation in 2016.

Total gain from equities, excluding non-equity related investment funds, was USD 87 million this year, which is a significant change from last year's loss in equities of USD 85 million. However, Gard experienced a loss of USD 40 million on the equity overlay program for the financial year 2016.

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

Investment performance by asset class, Gard group

20.02.2017 USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	11	30	4	0	45
Expenses				-8	-8
Realised gain & loss	23	-20	-44	12	-29
Change in unrealised gain & loss	81	7	7	0	95
Total					**103**

20.02.2016 USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	12	28	5	0	46
Expenses				0	0
Realised gain & loss	51	-22	32	17	77
Change in unrealised gain & loss	-135	-16	-18	-1	-170
Total					**-48**

Gard's investment in securitisation is part of the investment funds and recognised as securitised bonds. The exposure is mainly mortgage loan securities like government mortgages backed securities, commercial mortgages backed securities and asset backed securities. In addition there are some exposure towards collateralized loan obligations and collateralised mortgage obligations. The portfolios which contains securitized bonds are broader fixed income portfolios with investment guidelines which limits any concentration and credit quality. As of 20.02.2017 the exposure towards securitized products was USD 170 million.

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) consist mostly of exchange differences on subsidiaries when converting from reporting currency to USD in the consolidation process or changes in pension valuation. Other comprehensive income/(loss) amounted to a negative USD 1 million this year and a positive USD 16 million last year. The large gain last year was due to a change in Gard's pension plan for a large segment of the employees from a defined benefit plan to a defined contribution plan.

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

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 board of directors of each individual subsidiary gives 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 board of the individual subsidiary shall comply with directions from the Board of Directors 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 Board 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 Board of Directors (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 group level through the group Risk Policy as well as the Investment Guidelines. The Board 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.

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

The Audit Committee is responsible for overseeing the integrity of the financial reporting, compliance monitoring, performance of the external and internal auditors, internal control and treatment of complaint 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 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 Board as the case may be. The Remuneration Committee shall also review Gard's remuneration policy in general, including 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 Board.

The board of directors of the subsidiary insurance companies (i.e., Gard M&E, Gard M&E Europe, Gard Norway, Gard Re and Safeguard) is 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 and the limits approved by Board and the Executive Committee. The risk management function, the compliance function and the internal audit function report to the board of directors in matters relating to risk management and compliance.

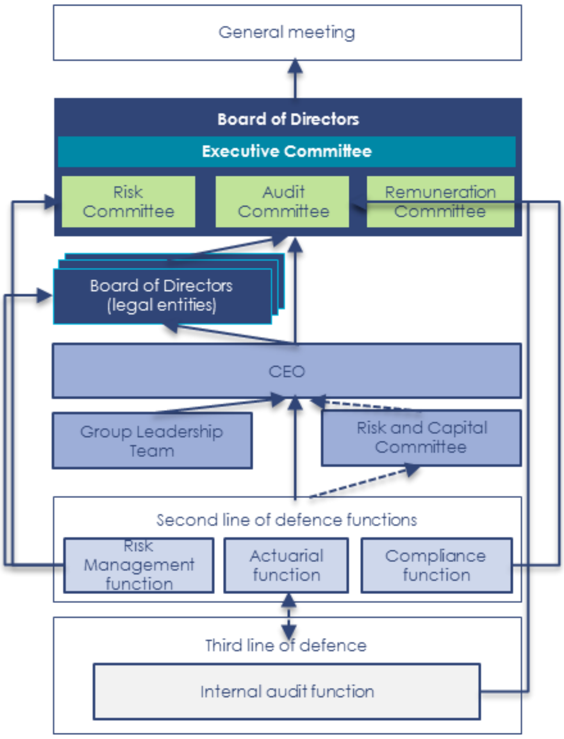
The President holds the office of Chief Executive Officer (CEO) of Gard Bermuda, Gard M&E, Gard AS and Gard Norway and is an *ex officio* member of the Executive Committee. The CEO is responsible for implementing the Risk Management System and for ensuring that risk taking is aligned with the risk appetite.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

The Senior Vice Presidents (SVP) in the Group Leadership Team (GLT) lead the risk taking operations. They 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, Head of Risk Management, Chief Financial Officer (CFO), Chief Investment Officer (CIO), Chief Underwriting Officer (CUO), Chief Legal Counsel and others. Relevant reports to the Executive Committee, Risk Committee, Audit Committee and/or board of directors, shall be reviewed by the Risk and Capital Committee before submission.

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.

Illustration of governance structure



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

B 1.2 Material changes to the system of governance over the reporting period

Gard established a Risk Committee in August 2016. The Risk Committee assists the boards and the Executive Committee in fulfilling their responsibilities with regard to the oversight of risks within the parent company and its subsidiaries, with particular focus on reviewing the group's overall risk strategy, risk appetite, risk tolerance, risk profile and assessing the effectiveness of the risk management framework.

B 1.3 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 Board of Directors 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 is commensurate with industry standards and proportional to their respective duties.

The compensation structure is based on the philosophy that success of Gard is the result of the joint efforts of the whole organization. The collective bonus scheme reflects this as it applies to employees of the group regardless of position and working place. 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 Board of Directors 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 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 risk outside of the risk appetite.

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

Pension scheme

Most Gard 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.

The Group Leadership Team and certain key personal have a pension scheme that gives them 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 pledge deposit on a bank account owned by Gard AS.

B 1.4 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 Board of Directors, 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 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 Committee.

B 3 Risk management system including the own risk and solvency assessment

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; and
- 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 minimize 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 which 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.

- 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 all 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 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 whether they are aligned 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 board of directors of the legal entities, as well as to the Executive Committee, the Audit Committee, the Risk Committee and the Board of Directors of Gard Bermuda.

Internal Risk Capital Model

An internal risk capital model is used to calculate economic capital of the group and all insurance entities. For more information see section B 3.5.

Contingency procedures

There are contingency procedures in place that describe how to respond to a breach in risk tolerance or limits, ensuring that appropriate and proportionate remedial actions are taken.

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 management 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).

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 on a regular basis and assessing these against the risk appetite.

2nd line of defence functions: Operate efficiently and effectively and be independent from the 1st line of defence. The 2nd line of defence functions shall be responsible for their respective tasks across the group, including all subsidiaries and associated companies. They have direct access to the CEO and report regularly to the Risk Committee, the Audit Committee and Board of Directors. They also have direct access to the Executive Committee and the Board of Directors in matters relating to the Risk Management System. The Risk Management and Compliance functions are responsible for developing and maintaining the

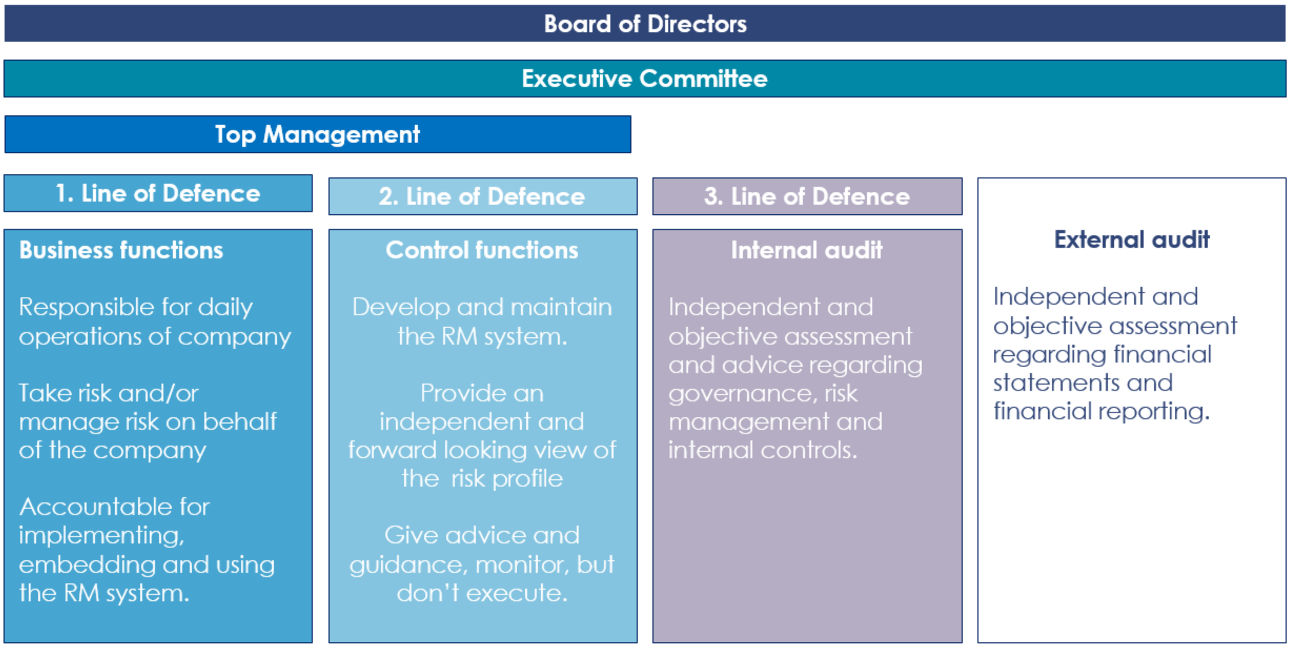
Risk Management System for the 1st line to use in its day-to-day business and for providing an independent and forward looking view of the risk profile to the Board and the Executive Committee, hereunder:

- 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.
- Provide assurance to the Executive Committee and Board of Directors 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.

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

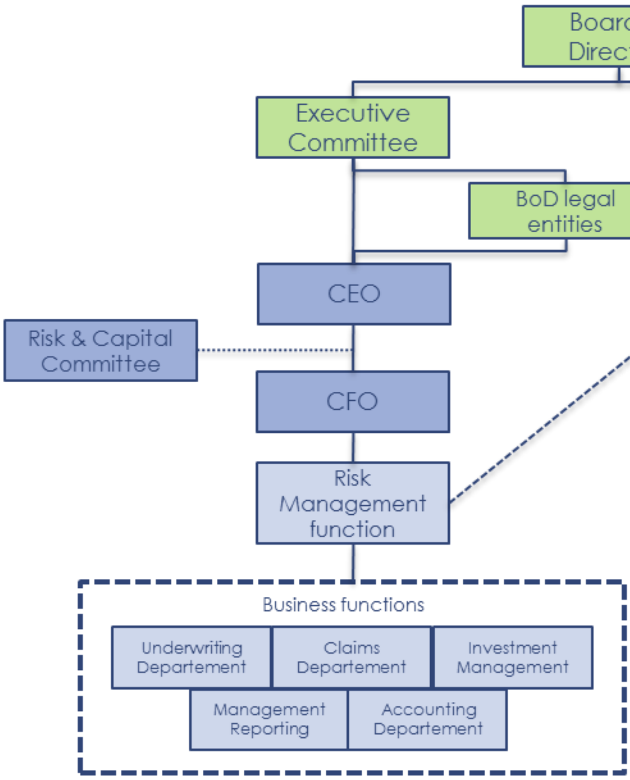
The three lines of defence-model is illustrated in the figure below.

3 lines of defence



The figure below illustrates how the risk management function is integrated into the organisational structure of Gard.

Integration of risk management function



Risk management and internal control systems and reporting procedures are managed by Gard AS on behalf of Gard group and its subsidiaries and associated companies and implemented consistently across the group.

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 under the CFO on a consistent basis for all areas and on behalf of all insurance companies, branches and management companies in 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 report is produced at the end of the financial planning process but before the financial plan has been adopted by the Executive Committee. 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 deferred call reductions.

The ORSA report is approved by the Executive Committee[4] and the Boards of Directors of all legal entities and distributed to the Norwegian FSA, the Bermuda Monetary Authority (BMA) and other relevant authorities after the internal approval process is finalised.

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

B 3.5 Determination of Gard's own solvency needs

Gard uses the Solvency II standard formula for calculating regulatory capital requirements for the group and its Norwegian regulated insurance entities. To determine the economic capital needs given Gard's risk profile, Gard uses an internal risk capital model. The economic capital calculated in the internal risk capital model is a better representation of the actual capital requirement of the group and its legal entities than any known factor-based model.

The first internal risk capital 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 risk capital 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 Risk Capital Model are communicated quarterly to the Executive Committee/Board of Directors, 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.

Gard's capital management activities are closely integrated with the risk management system as described in chapter B 3.2.

Gard has made use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC and undertaken the own risk and solvency assessment at the level of the group and at the level of any subsidiary in the group at the same time, and produced a document covering all the assessments.

B 3.6 Material intra-group outsourcing arrangements

See section A 1.2.9 Lingard and A 1.2.10 Gard AS for management and agency agreements within the Gard group.

B 4 Internal control system

B 4.1 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 business functions (1st line), risk oversight, detective controls and monitoring shall be carried out by, respectively, the risk management, actuary, compliance and quality management functions (2nd line), and independent assurance concerning the adequacy and effectiveness of the internal control system shall be provided by internal audit (3rd line).

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 at an early stage of irregular business conduct, deviations from agreed standards for process execution or data errors which have caused or may cause losses/adverse outcomes. Early detection enables timely and effective actions to avoid any recurrence and also 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 Board of Directors 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 4.2 Implementation of compliance function

Compliance risk management is executed in the three lines of defence structure, as previously described.

Gard has established a Group Compliance function (Head of Compliance) and Regional Compliance functions (Regional Compliance Officer) (together referred to as the Compliance Function). The Regional Compliance Officers are located in the countries where Gard has a branch registration in place. The Head of Compliance has a direct reporting line to the CEO and the Audit Committee of Gard Bermuda and to the Board of Directors and Managing Directors of each legal entity in the group.

The Head of Compliance is responsible for ensuring that the Gard organization operates within a clearly defined compliance framework. The Head of Compliance supports the Regional Compliance Officers and business functions in identifying, assessing, monitoring and reporting risks. The function provide advice and challenge the Regional Compliance Officers and business functions, contributing to adequate management of compliance risk.

The Regional Compliance Officers are led by the Head of Compliance and are responsible for ensuring that the regional branches and offices operate within a clearly defined compliance framework. The Regional Compliance Officer supports the Head of Compliance in identifying, assessing, monitoring and reporting risks. The function shall provide advice to and challenge the local business functions and contribute to adequate management of compliance risk. The role of the Regional Compliance Officers is to secure that the entities registered in the specific jurisdiction remain in compliance with governing laws, regulations and administrative provisions. They are also the local contact point towards local FSAs. The Regional

Compliance Officers report to the Group Compliance Officer.

The Head of Compliance has the following roles and responsibilities:

- monitor the group's compliance with relevant laws and regulations;
- provide yearly and half-yearly reports to the CEO, the Audit Committee of Gard Bermuda. and to the Boards of the key subsidiaries with respect to compliance with applicable laws, regulations and administrative provisions;
- assess the appropriateness of Gard's compliance procedures and guidelines, follow up identified deficiencies promptly and make suggestions for improvements as required;
- promptly report any major cases of non-compliance to the CEO, the Audit Committee and/or the Board(s) of the relevant legal entity as required.

The Regional Compliance Officers are responsible for the local compliance work and have the following roles and responsibilities:

- monitor the branch and regional office's compliance with applicable laws and regulations which govern Gard's operational and business activities;
- provide yearly reports to the Head of Compliance with respect to local compliance with applicable laws, regulations and administrative provisions;
- promptly report any major cases of non-compliance to the Head of Compliance.

The compliance function shall to the extent possible be independent and separate from other business activities. The compliance function should normally not have operational responsibility or authority for any of the activities or operations it reviews. Given that the number of employees in the regional offices are limited and nature of Gard's business is complex, the Regional Managing Directors may act as Regional Compliance Officers.

Gard has implemented separate internal risk and compliance policies.

B 5 Implementation of internal audit function

The internal audit function is part of Gard's 'three lines of defence' operating model and forms part of the 3rd line of defence – providing assurance to Gard's management and 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. By doing so the internal audit function helps improving the control culture of Gard.

The scope of work of the internal audit function is to determine whether Gard's system of risk management, internal control, and governance processes, as designed and represented by the management, is adequate and functioning in an effective manner to ensure that:

a) Material risks are appropriately identified and managed.

b) Established policies, procedures and processes are adequate and appropriate 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 are in compliance 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 EY. 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 Board of Directors. 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 organization'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 summarized in internal audit reports, which are presented to the Board of Directors. The group assess whether the suggested recommendations are appropriate and should be implemented.

The internal audit function is delivered by EY.

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 organization
- 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.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Report any material solvency challenges or other fraudulently activity directly to the Supervisory. Under normal considerations this will only take place after discussion and written consent from the Audit Committee leader.

Internal Audit is not authorised to:

- Perform any operational duties for the organisation.
- Initiate or approve accounting transactions.
- Direct the activities of any organisation employee not employed by the internal audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors

B 6 Implementation of actuarial function

The actuarial function is organized in the actuarial department and led by the head of the Actuarial and Risk Capital Model function. The head of the Actuarial and Risk Capital Model function is the Chief Actuary of all group companies with a part time employment in Gard Norway and Gard M&E Europe.

The actuarial function operates to complete the following tasks:

- Review and evaluate the calculation and coordination of the technical provisions. In particular, that they are appropriate and adhere to standard actuarial practices in regards to its methods, data used, and reporting to company managements.
- Review the overall underwriting policy with an expressed opinion on its adequacy/appropriateness.
- Review the adequacy of the current and previous reinsurance arrangements with an expressed opinion on its adequacy/ appropriateness.
- Contribute to the risk management system, and in particular, to the calculation of the solvency capital requirement from our internal risk capital model, inputs into our Own Risk and Solvency Assessment, and data quality reconciliations/assessments.
- Submit an annual actuarial function holder report.

The actuarial function contributes to the risk management function in the following ways:

- Designs, develops and maintains the risk capital model.
- Provides quantitative and qualitative input into the own risk and solvency assessment process.
- Completes reconciliation review on the Data between the actuarial department, the data warehouse, and the accounting system.
- Provides analysis into the business results and profitability by reviewing the model results to historical and expected loss experience.

The actuarial function completed this assessment and provided further detail in the 20.02.2017 Actuarial Function Holder report.

B 7 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 into 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 on a long term perspective.

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 important functions or activities does not lead to a material impairment of the quality of Gard's governance system, the service provider must have in place an 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 of time 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. 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 meetings 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 prior to the outsourcing of critical or important functions or activities as required, and of any subsequent material developments with respect to 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 (MD). The Executive Committee shall be informed prior to the entry 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 prior to 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 8 Any other information

There is no other material information to be disclosed.

C RISK PROFILE

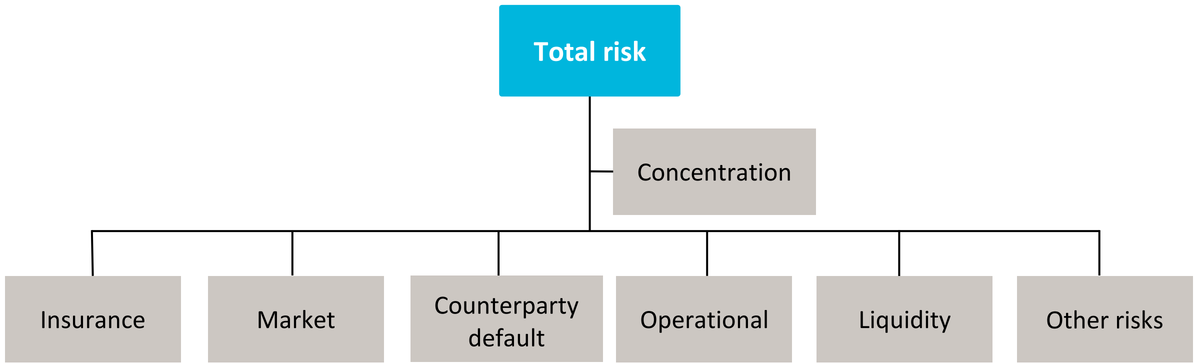
In the context of its operations Gard enters into a broad variety of risks. Gard aims to a have a comprehensive understanding of its risk profile by identifying, assessing and measuring its risk through multiple approaches.

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

Gard uses the Solvency II standard formula for calculating regulatory capital requirements for the group and its Norwegian-based insurance entities. However, to determine the economic capital, Gard uses an internal risk capital model. All material quantifiable risk types are within the internal risk model scope. This includes underwriting risk (insurance risk), market risk, counterparty default risk and operational risk. In addition, Gard uses various exposure measures and stress tests to quantify its risk profile. All material 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, a number of stress tests are conducted regularly. For example, risks resulting from natural hazards are assessed through realistic disaster scenarios. For details see section C 9.

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

Gard's risk landscape



The material risks for 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.

C 1 Underwriting risk

Underwriting risk arises from existing claims (reserve risk) and future claims (premium risk) and catastrophe risk (cat 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.

The premium and reserve risk capital requirement calculation has a factor based approach, based on premium volume and claims reserves. The volume measures for premium and reserve risk is adjusted by a geographical diversification coefficient. Extreme events with low frequency are taken into account in a separate catastrophe risk sub-module.

USD million	SCR 2017	SCR 2016
Premium and reserve risk	455	527
Cat risk	84	91
Diversification	-56	-61
Total underwriting risk	**483**	**557**

The Gard group solvency capital requirement for underwriting risk was reduced by 13 per cent over the last year. The reason for this is reduced premium volume and a reduction in expected claims.

To manage its risk profile, Gard is extensively using reinsurance and claims sharing programs.

C 2 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. In addition, 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.

The SCR calculation for market risk is a modular-based approach which includes correlation matrices to aggregate components.

USD million	SCR 2017	SCR 2016
Equity risk	176	137
Interest rate risk	40	36
Spread risk	64	75
Currency risk	93	70
Property risk	20	23
Concentration risk	56	0
Diversification	-153	-91
Total market risk	**297**	**249**

The Gard group solvency capital requirement for market risk went up 19 per cent over the last year. The main reasons for this change are increased exposure, reclassification of products, increased equity charge due to reduction in symmetric adjustment factor, and introduced a redefinition of concentration risk.

C 2.1 Risk mitigation techniques for market risk

Risk mitigation techniques are embedded in Gard's management of market risks.

A neutral matching portfolio is generally considered as a base when looking at investment portfolios for insurance companies, and risk mitigation techniques are already applied in matching the assets against liabilities for interest rate duration and currency exposures.

There is also a tolerance for taking on more risk on top of the matching portfolio and risk mitigation techniques are incorporated to stay within allowed ranges and limits.

The investment portfolio also has a derivative overlay in place, which efficiently can adjust market exposures. Through Gard's equity futures overlay program, part of the equity allocation is sold out using equity futures to bring the net equity exposure down to the strategic asset allocation weighting. This is a portable alpha program for which the active equity fund manager's ability to outperform the market is benefited and the systematic market risk is reduced by selling equity futures.

C 2.2 Prudent person principle

The overall investment policy is approved by the Board of Directors of Gard Bermuda. The investment policy contains the objectives, principals, risk appetite and constraints governing the investment related decisions.

The Board of Directors has ultimate overall responsibility for decision-making on investment matters. The Board of Directors has delegated responsibility for implementing the investment strategy to the Executive Committee. The Executive Committee is responsible for determining the investment strategy and sets the Strategic Asset Allocation and benchmark. The composite benchmark is defined to make a representation of the asset allocation and liability structure of the group. The allocation should be reviewed at least annually. In addition, the Executive Committee monitors compliance with the Investment Policy has set specific limits and restrictions for deviations from the strategic asset allocation and is required to notify the Board when it is necessary to operate outside of the target ranges. The Executive Committee takes a total market risk view when implementing strategies within the overall policy. Market risk reflects the risk of economic losses, net of asset and liabilities, resulting from price changes in capital markets. The Executive Committee is responsible for reporting back to the Board of Directors.

The management is responsible for implementing the asset management strategy as determined by the Board of Directors and the Executive Committee. The actual asset management is outsourced to independent fund managers and is mainly coordinated through the Gard Common Contractual Fund (Gard CCF) for insurers within the group. Gard is not doing any active internal asset management.

Gard's investment portfolio shall be designed and maintained to support Gard as an enduring association of mutual shipowners by focussing on long term preservation of the owners' capital and thereby having strong security for paying claims, as well as to minimise the risk that investment losses could cause non-compliance with regulatory capital requirements.

Gard's objective for its investment portfolio is to maximise long-term investment returns within its risk appetite and accompanying risk tolerances. Hence, the Gard group seeks to take on those 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 selected to be consistent with the investment objectives, risk tolerances and investment constraints detailed in the Investment Policy and in 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 does does not not rely only on one source of information to base its investments decisions on. Gard use information provided by third parties (e.g. financial institutions, asset managers and rating agencies) in addition to an internal assessments of risk and return. The internal risk capital model shall provide an estimate of the Solvency Capital Requirement of a new investment.

C 3 Counterparty default risk

Counterparty default risks typically relates to 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.

The 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 rating (Standard & Poor's and AM Best) of our counterparties are monitored on an ongoing ad hoc basis. In addition a quarterly assessment of all our active counterparties (counterparties on risk and counterparties with open reserves) are 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 risk arises in particular when unrealized position are accrued. Normally, these unrealized positions will be very modest but as a risk mitigation tool, Gard may ask for cash collateral as security for unrealized position. The use of collateral is regulated through standardised International Swaps and Derivative Association (ISDA) master agreements and the Credit Support Annex (CSA). In addition, all derivative activities are controlled through instructions in the Investment Manager Agreement.

USD million	SCR 2017	SCR 2016
Counterparty risk	36	53

The Gard group solvency capital requirement for counterparty default risk as per 20 February 2017 was down by 32 per cent compared to the year before. The main reasons for this is reduced reinsurance recoverables and changes in the recognition of default type 2 counterparty exposure.

C 4 Operational risk

Operational risk is the risk of losses occurring because of the inadequacy or failure of internal processes or as a result 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, among other things, to prioritise risks.

The overall assumption in the standard formula operational risk module is that a standardised level of risk management is present. The operational risk module is based on a linear formula, and is therefore not risk sensitive.

USD million	SCR 2017	SCR 2016
Operational risk	44	49

The Gard group solvency capital requirement for operational risk was down 10 per cent over the last year. This is due to a reduction in premium and claims volume.

C 5 Liquidity risk

The size and timing of cash flows are unpredictable. The risk is managed by holding ample liquid assets and cash, reducing the risk of non-payment.

The liquidity risk for Gard group is assessed to be low, given the pay-out profile of liabilities and the liquidity of assets.

Gard has a derivative overlay as part of the investment strategy. Short equity futures, daily marked-to-market, with positive cash flow in falling equity markets and negative cash flows in rising markets. The negative cash flow in a rising market is funded from operating cash or realisation of other investments.

Gard Bermuda, Gard Norway and Gard M&E have branches in other countries than where they are registered. The 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 for Gard group. External and internal reinsurance arrangements are established to mitigate liability and liquidity exposure for the individual legal entities, their branches and for 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 with a credit facility on top of USD 40 million in Nordea. 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.

Liquidity risk is followed up on a weekly basis by the Risk and Capital Committee. Reports are given on available operating cash, investment portfolio development and composition, premium income, claims exposure and outstanding overdue balances. The Risk and Capital Committee will take actions if there is a risk for a company/branch within the Gard group not been able to meet is payment obligations.

C 6 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.

Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to 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 that 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 conduct business. Tools that are implemented to reduce compliance risk is supplemented by compliance training programmes.

Reputational risks

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

Gard incurs its key reputational risk in claims handling in that the reputation of the association may take damage because of poor claims handling, in addition to the risk of being associated with a major public claim such as an oil spill or a catastrophe involving loss of life or damage to public property.

Policies and procedures are documented in the quality management system. The process for following up on measures planned and implemented to mitigate operational risk has been strengthened through an improved system for monitoring and control.

Gard does not calculate SCR for reputational risk, but holds capital against many of the risk events that could damage the reputation of the company.

C 7 Risk concentration

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

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

C 8 Reinsurance

Gard uses reinsurance to manage its risk profile.

Reinsurance is used to meet Gard's business objectives ensuring continuity after an extreme loss event; providing flexibility to help Members and clients manage new risks and pursue business opportunities with control mechanisms for ensuring that the reinsurance cover is adequate and aligned with Gard's risk appetite and corporate objectives.

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. The reinsurance program is established to provide protection in respect of high severity, low frequency claims.

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

Gard has different reinsurance programs for different classes of business and 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 maintained 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.

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 guidelines of only accepting reinsurers with an A- (Stable) or higher rating. The company is however faced with BBB rating exposure through the IG Pooling agreement. Among the thirteen clubs, four 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 a 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, the internal reinsurance is applied. The scenarios have been selected to test the reinsurance protection and to illustrate extreme combinations of losses, not to exemplify losses with a given probability of occurring. The highest insurance loss for Gard's own account from the identified extreme events corresponds to 1.9 times the normalized annual profit for Gard and approximately 10 per cent of equity. 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. 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 has been carried out to identify scenarios that would be the likely 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 association and, where relevant, existing counterparties may seek to terminate their contracts.

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

The reverse stress tests are based on one insurance scenario and one market scenario. We have chosen not to do a combination of these two scenarios. Historically, insurance and market losses have been uncorrelated for the type of insurance risk Gard is exposed to.

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

The reverse stress test conducted showed that for Gard group, an additional 32 claims in excess of USD 20 million will bring the solvency ratio down to 75 per cent.

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 capitalization of the group by an adverse development over time. Two main risk drivers have been identified and tested:

- An increased demand in the world for marine transport, resulting in a high utilization of the available ships and crew. The solvency ratio measured using the standard formula shows a decrease in the ratio from an unstressed expectation in year 0 of 197 per cent to 120 per cent at the end of year 4. Without any management actions, the group will still be compliant under the solvency II regulation.
- After a period of increased market values in the investment market, a period of re-pricing is tested. The stress scenario measured against the Solvency II standard formula shows a decrease of the ratio from an unstressed expectation in year 0 of 197 per cent to 139 per cent at the end of year 3. Without any management interactions, the group will still be compliant under the Solvency II regulation.

The two scenarios are tested separately, since it is very unlikely that the two can happen at the same time.

Market risk stress and drawdown risk tests

A set of stress tests and market scenarios for various asset classes have been identified and the possible loss to Gard has been estimated. Drawdown for various asset classes over different historical time periods has been observed. Especially drawdown risk happening at the same time for multiple asset classes constitute an adverse tail event and reduce diversification benefits.

C 10 Any other information regarding the risk profile

There is no other material information to be disclosed.

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 be based on the assumption that the company will continue to operate and write new business for the foreseeable future (going concern basis).

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.

Economic balance sheet, Gard group

USD million	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs		12	-12
Intangible assets		2	-2
Deferred tax assets	1	1	0
Property, plant & equipment held for own use	34	34	0
Government Bonds	17	17	0
Collective Investments Undertakings	1,976	1,976	0
Derivatives	3	3	0
Deposits other than cash equivalents	49	49	0
Investments (other than assets held for index-linked and unit-linked contracts)	**2,045**	**2,045**	**0**
Loans and mortgages to individuals	25	25	0
Reinsurance recoverables from: Non-life and health similar to non-life	248	297	-49
Insurance and intermediaries receivables	130	130	0
Reinsurance receivables	2	2	0
Receivables (trade, not insurance)	26	26	0
Cash and cash equivalents	239	239	0
Any other assets, not elsewhere shown	10	10	0
Total assets	**2,761**	**2,824**	**-63**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	1,469	1,546	-77
Risk margin	58	0	58
Technical provisions – non-life	**1,527**	**1,546**	**-19**
Contingent liabilities	2	0	2
Pension benefit obligations	34	34	0
Deferred tax liabilities			0
Derivatives	5	5	0
Insurance & intermediaries payables	31	31	0
Reinsurance payables	7	7	0
Payables (trade, not insurance)	27	27	0
Any other liabilities, not elsewhere shown	39	40	-1
Total liabilities	**1,671**	**1,689**	**-18**
Excess of assets over liabilities	**1,090**	**1,135**	**-45**

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

For Gard, only the line of business "Marine, aviation and transport" is applicable.

For the majority of the balance sheet items there are no differences in the valuation for solvency purposes and those used for the valuation in statutory accounts. The main difference is discounting of reserves. The subsequent chapters describe assets and liabilities where the valuation differs, 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 represents commission provision on gross premium and is related to contracts in force at the balance sheet date. Deferred acquisition costs is included (netted) in the technical provisions for Solvency II, but is disclosed under deferred acquisition costs in the statutory accounts.

USD million	Solvency II value	Statutory accounts value
Deferred acquisition costs		12

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 represents licences and 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 market place.

USD million	Solvency II value	Statutory accounts value
Intangible assets		2

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 taxes

Deferred tax/tax asset of the subsidiaries 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.

Deferred tax assets

USD million	20.02.17	20.02.16
Specification of tax effect resulting from temporary differences		
Pension obligations	32	28
Equipment	-1	-1
Tax loss carried forward	85	78
Deferred tax carried forward from earlier years	1	4
Contingency reserve *	-117	-101
Other temporary differences	5	12
Total temporary differences	**5**	**20**
Net deferred tax asset of total temporary differences	**1**	**5**

*As a result of change in Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to Other Equity. Related deferred tax has been recognized as applicable depending on tax jurisdiction. Deferred tax has been calculated as the difference between the treatment of contingency reserve in the financial statements and in the tax accounts, and is deemed to be a temporary difference.

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.

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 differences between the bases, methods and main assumptions used for the valuation of technical provisions for solvency purposes compared to those used in the statutory accounts.

The technical provisions under Solvency II are determined as the sum of best estimate liabilities and the risk margin. Determining the technical provisions, we use a risk-free yield curve in line with Solvency II requirements. For Solvency II purposes, all policies are evaluated to ultimate.

The best estimate liabilities is 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. For Gard, only the line of business "Marine, aviation and transport" is applicable.

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 taken into account.

Risk margin is not included in the statutory accounts.

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

Bases

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

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.

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 is calculated separately with respect to the best estimate premium provisions and the best estimate claims provisions.

The best estimate premium provisions relates to claim event occurring after the valuation date. All future cash flows from premium, losses and costs relating to unearned incepted and bond but not incepted 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 taking into account the discounting effects.

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

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 drastically distort any paid development factors.
- For the analysis of IBNR, we use accident and development quarters to calculate the ultimate incurred claims
- We use three main criteria for the definition of risk categories:
  - 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 financial plan provides a loss figure that is used

as an alternative to a standard initial expected ultimate loss ratio on the gross and/or net premium.

- The current reinsurance program

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 claims or incident. Binary events are the provisions held for potential claims that we do not have events for in the data. The IBNR, binary event and ULAE reserves are calculated and reported by the actuarial department.

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

IBNR

The development of losses for the Gard group are typically analysed using standard actuarial methods such as the Chain ladder, Bornhuetter Ferguson and Benktander methods. The method selection is based on the quarter 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 reports claim provision and unreported claim provision.

The unreported claim provision is multiplied with a ratio of payment related to unallocated expenses divided by the claims payment during the year, π and the reported future claim reserves is multiplies with π and (1-r) where r is the proportion of claims handling cost due to claim registration.

Binary events

Gard includes provisions for binary events or 'events not in data'. The events that are not in the data are a measure of the potential volatility that we envisage but have not experienced to date and follow the definition so that the technical provisions "provide a best estimate for "all possible outcomes". To bring the best estimate to include 'all possible outcomes', we turn to our internal model reserve risk where we select the difference between confidence intervals. We also monitor the reserve with other industry benchmark methods to make sure that the amount is reasonable.

Best estimate premium provisions

The calculation of best estimate premium provisions is the best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future exposure arising from unearned incepted and bond but not incepted business. The future expected cash flow calculation is based on the expected combined ratio for the relevant business. This estimation is done on gross bases 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 calculate the effect of all expected future cash flows, while the statutory accounts is depositing the unearned premium in full.

Main assumptions

The calculation of the BEL, development pattern and estimated ultimates are applied on the segments used for N-GAAP reserving. The pattern and ultimates are determined on run-off triangles using state of the art 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 provision needed. There are a number of specific sources which contribute to increasing 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 surrounds how changes in the claims environment may affect the final settlement of claims. Unanticipated changes in the legislative and judicial environments, for example, could lead to a significant increase of the uncertainty within the reserves. We have completed a sensitivity test on the loss development factors selected and found that with a 10 per cent point increase in the incremental development factor, the gross IBNR increases by 6.0 per cent. Conversely, with a 10 per cent decrease the gross IBNR reduces by 6.4 per cent.
- Financial Plan: Another assumption for the claim liabilities is that our financial plan

indication of the pure loss (Apriori) can be used to help assess the amount of liabilities for less mature development periods. This means that any uncertainty in the financial plan also applies in the best estimates. We have reviewed the sensitivity on the IBNR if the Apriori estimate were increased by 10 per cent (gross IBNR increased by 6.4 per cent) and if the Apriori estimate were decreased by 10 per cent (gross IBNR decreased 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.
- Long-tailed claims: Uncertainty remains surrounding the ultimate outcome for long-tailed casualty claims. The early years are not necessarily fully developed and the incurred values on these years help inform our estimates for the more recent years. We will continue to monitor these claims but would note that these increase the volatility of the association's liabilities.

D 2.3 Best estimate liabilities

The difference in technical provisions is due to discounting effects and BBNI (bound but not incepted) gross, which are reducing the value of technical provisions for Solvency II values compared to the statutory account values. 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. For the statutory account values of technical provisions the retained earnings are included.

USD million	Solvency II value	Statutory accounts value
Best estimate liabilities technical provisions – non life	1,469	1,546
Risk margin	58	
Technical provisions	**1,527**	**1,546**

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

Technical provisions includes a provision for risk margin. The risk margin is an estimated cost of capital due to the unpaid claim provisions held. We calculate the cost of capital by using a capital to provision percentage (6 per cent), payment pattern, and expected yield of capital.

D 2.5 Reinsurance recoverables

The difference in valuation in reinsurance recoverables is due to discounting effects, reinsurers' share of bound but not incepted (BBNI) net and losses occurring during (LOD) net, 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.

USD million	Solvency II value	Statutory accounts value
Technical provisions – total recoverable from reinsurance		297
Best estimate – total recoverable from reinsurance	248	
Technical provisions	**248**	**297**

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

An amount of USD 2 million has been included in the Solvency II balance sheet covering fair value of a tax claim. As the probability of paying the tax claim is considered less than 50 per cent no tax provision has been included in the statutory accounts balance sheet.

USD million	Solvency II value	Statutory accounts value
Contingent liabilities	2	

For information related to contingent liabilities for Gard Norway, see Appendix 1, section 1.11. For information related to contingent liabilities for Gard M&E Europe, see Appendix 2, section 2.11.

D 3.2 Pension benefit obligations

Group companies operate various pension schemes and employees are covered by pension plans, which comply with local laws and regulations in each country in which the group operates. The group has a defined contribution plan and a closed defined benefit plan.

For the defined benefit pension plan 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. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

USD million	20.02.17	20.02.16
Liabilities according to the actuarial calculations		
Pension obligation gross	-62	-58
Pension funds at market value	28	28
Net pension obligation at the end of the year	**-34**	**-30**

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.

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 734,655 is covering reinsurance commission provision, which is included (netted) in reinsurers' share of expected cash flow for unexpired cover in the statutory accounts balance sheet.

For information related to other liabilities for Gard Norway, see Appendix 1, section 1.13. For information related to other liabilities for Gard M&E Europe, see Appendix 2, section 2.13.

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 from 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 on the basis of 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

Gard has no material provisions other than technical provisions.

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 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 minimize the risk of limited capital transferability. This also allows the group to take into account the benefits that arise from such pooling in those jurisdictions where these benefits are recognized under the capital adequacy regime.

The group shall maintain sufficient capital and liquidity to be able to respond to potential capital and cash calls from its legal entities without jeopardizing regulatory requirements and the minimum financial strength rating.

There is established procedures 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 and ancillary own funds:

Basic own funds consist of (i) excess of assets over liabilities, and (ii) subordinated liabilities.

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

Basic own funds can be classified in tiers 1, 2 or 3, based on "permanence" and "loss absorbency". Tier 1 funds are the highest quality. Tier 1 is further classified as either "restricted" or "unrestricted". Ancillary own fund items may not be classified in Tier 1, only in tiers 2 or 3. Ancillary own fund items require the prior approval of the supervisory authority in order to be taken into account when determining 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). Minimum capital requirement must be covered by Tier 1 and Tier 2 basic own funds.

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 tax assets included as Tier 3 capital.

The Gard group aims to manage its capital such that all its regulated entities meet local regulatory capital requirements at all times. In each country in which the group operates, the local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold, i.e., Gard is subject to different capital requirements depending on the country in which it operates and the type of business conducted. The Gard group 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 derisk to bring the solvency ratio back to an acceptable level.

The equity of Gard group as in the statutory accounts was USD 1,135 million per 20 February 2017.

Technical provisions are calculated according to the requirements under Solvency II. The risks arising from the uncertainties connected to the calculation of technical provisions are quantified as part of the reserve risk.

The equity, i.e., assets over liabilities as calculated in economic balance sheet was USD 1,090 million (see table Economic balance sheet, Gard group in chapter D Valuation for solvency purposes). Any non-available own funds are deducted to arrive to the available (or eligible) capital to cover solvency capital needed. Non-available own funds amounts to USD 93 million, resulting in eligible capital, Tier 1 of USD 997 million. For the entities writing Mutual business and for the group, up to 50 per cent of the solvency capital requirement (SCR) required economic capital can be included as Tier 2 capital through the possibility to call for capital from the Members of the association through unbudgeted supplementary calls.

The table below explain the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as per 20 February 2017.

Difference between equity and excess of assets over liabilities

USD million	**2017**
Excess of assets over liabilities	1,090
Statutory accounts equity	1,135
Difference between equity and excess of assets over liabilities	**-45**
Specification of difference:	
Net technical provisions	28
Risk margin	-58
Other	-15

Total eligible own funds to meet SCR as under Solvency II, Gard group

USD million, as of 20.02	**2017**	**2016**
Tier 1	996	913
Tier 2	338	358
Tier 3		13
Total	**1,335**	**1,284**

The change in Tier 1 capital of USD 83 million, from USD 913 million to USD 996 million can be explained as follows;

USD million	
Total comprehensive income for the year	125
Change in non-available own funds	-37
Other	-5
Total	**83**

The reconciliation reserve[5] comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital. The reconciliation reserve was USD -46 million as per 20 February 2017.

Share premium account[6] includes retained earnings, which is covering accumulated results. The Solvency II regulation as well as the Norwegian regulation for insurance companies ('Årsregnskapsforskriften for forsikringsselskaper') no longer accept contingency reserve as part of technical provisions. The share premium account was USD 1,134 million as per 20 February 2017.

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 companies' branches there are regulatory requirements to deposits held. When the deposits required or the restricted equity held exceeds the notional SCR for the operation they will represent a restriction in fungibility of the equity in the group. This is only valid to Hydra which had non-available own funds of USD 93 million as of 20 February 2017. Non-available own funds will 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 Ancillary own funds

The right and ability to levy unbudgeted supplementary calls for the purpose of recapitalizing the association 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 and Gard Norway permission to include the association's right to levy supplementary calls as Tier 2 capital to cover the Solvency Capital Requirement (SCR) under the Solvency II regulations. The permission is granted for three years. The utilization of the right 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). In the event that an unbudgeted supplementary call is being called, a new supplementary call can immediately be called again, i.e., there will be regularity 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 premium 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) was USD 337 million per 20 February 2017.

[5] The reconciliation reserve consists of excess of assets over liabilities less other basic own funds, where ordinary share capital (gross of own shares), share premium account related to ordinary share capital and an amount equal to the value of net deferred assets are relevant for Gard.

[6] Share premium account relating to ordinary share capital includes premium fund and retained earnings.

E 2 Capital requirements

E 1.4 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement under Solvency II standard formula was USD 676 million. Total eligible own funds to meet the SCR was USD 1,334 million. The solvency ratio was 197 per cent.

Minimum Capital Requirement under Solvency II standard formula was USD 244 million. Eligible own funds to meet MCR was USD 996 million, i.e., a ratio of 408 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;
- a fixed percentage of net written premiums, reflecting underwriting risk for short-term business.

E 1.5 Solvency Capital Requirements by risk category

Solvency capital requirement, Gard group

USD million, as of 20.02

Risk type	2017	2016
Underwriting risk	483	557
Market risk	297	249
Counterparty default risk	36	53
Diversification	-170	-166
Basic Solvency Capital Requirement (BSCR)	646	693
Operational risk	44	49
Loss-absorbing capacity of deferred taxes	-14	
SCR	**676**	**742**

Material changes to SCR in the period is mainly due to:

- Reduced premium volumes
- Reduction in best estimate claims
- Increased investment exposure
- Reclassification of assets
- Increased equity charge due to reduction in symmetric adjustment factor
- Introduction of loss-absorbing capacity of deferred taxes, representing the amount of deferred taxes we expect the group to absorb in a scenario where the group has losses exceeding the SCR

Gard is not using simplified calculations in the risk modules or sub-modules of the standard formula.

Due to the introduction of the Solvency II-regulation and changes to the accounting regulation for insurance companies (‘Årsregnskapsforskriften for forsikringsselskaper’) it is no longer possible to report accumulated results as contingency reserve, and hence accumulated results as per 20.02.2017 are reported as Other equity in the financial statements. The contingency reserve for mutual insurance companies has up till now been considered to be a provision, which has not been subject to taxation. The Norwegian authorities are of the opinion that accumulated results previously being reported as contingency reserve should be subject to taxation, though it has not yet been decided when or whether such a taxation change should be implemented. As such a change in taxation of accumulated results for mutual companies are not yet implemented, temporary differences occur for Gard Norway as per 20.02.2017 and a deferred tax provision has been included in the financial statements. We are of the opinion that we can justify to reduce the SCR for Gard Norway with the amount of USD 13.9 million as absorbing capacity of deferred taxes, in a scenario where the Basic SCR is lost, due to the expectation of positive results in the five-year plan. The amount covers deferred tax in the financial statements as well as absorbing effect of the future taxes on expected accumulated profits for Gard Norway for the five-year planning period. The SCR for the Gard group is also reduced by the amount of USD 13.9 million, as loss absorbing capacity of deferred taxes covering the amount calculated for Gard Norway, under the justification that the Gard group is expecting positive result based on the five-year plan.

E 1.6 Calculation of group solvency requirements

The calculation of the Gard group solvency capital requirements comprise Gard Bermuda and all the entities over which it has a controlling interest, see A 1.1, Group structure.
Gard uses method 1, "Accounting consolidation-based method" (default method) to calculate the group solvency (Article 336 of Delegated Regulation).

Transactions between consolidated companies (intra-group transactions) have been eliminated in the group consolidation.
The group solvency of Gard group is the difference between the following:

(a) the own funds eligible to cover the Solvency Capital Requirement, calculated on the basis of consolidated data;

(b) the Solvency Capital Requirement at group level calculated on the basis of consolidated data.

The table below shows the group diversification effects, i.e., the differences between the sum of the SCR's for the underlying companies (sum solo) and the SCR for the Gard group calculated on consolidated data.

Group diversification effects

USD million	Sum solo	Gard group	Group diversification
Underwriting risk	522	483	39
Market risk	503	297	206
Counterparty default risk	71	36	35
Operational risk	64	44	20
Total SCR	**921**	**676**	**245**

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

Geographical diversification have an impact on premium and reserve risk, as the benefits for the group are higher than for the solo companies.

Due to the method of calculating natural catastrophe risk, aggregating the natural catastrophe risk for each underlying company causes an event to occur in several of the companies at the same time. On a consolidated level it is taken into account that an extreme event can only strike one entity.

Participation risk (i.e., the value of related undertakings) is included in market risk for the respective solo companies, but is eliminated for the group.

The group MCR is the sum of the MCR for all insurance and reinsurance entities in the group.

For information related to capital requirements in Gard Norway, see Appendix 1, section 1.14. For information related to capital requirements in Gard M&E Europe, see Appendix 2, section 2.14.

E 3 Internal model

Gard does not use an internal model for calculation of solvency capital requirements for regulatory purposes.

E 4 Compliance with SCR/MCR

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

E 5 Any other information

There is no other material information to be disclosed.

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 to what is already provided on a group level.

Key figures, Gard Norway

USD million, as of 20.02	2017	2016
Assets	543	621
Technical provisions	417	505
Other liabilities	22	19
Excess of assets over liabilities	105	97
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	105	97
Tier 2 Ancillary own funds	49	59
Tier 3 Other own funds		
Eligible own funds	154	155
Capital Requirement		
Solvency Capital Requirement (SCR)	98	117
Minimum Capital Requirement (MCR)	27	29
Solvency ratio		
Eligible own funds to meet SCR	156%	133%
Eligible own funds to meet MCR	383%	331%

1.2 Underwriting Performance

The financial year ended 20 February 2017 delivered strong results for Gard Norway.

The strong group result allowed Gard Norway to waive the deferred call, reducing the premium cost for mutual Members by USD 31 million and total comprehensive income to USD 16 million. Last year the reduction in deferred call was USD 10 million.

On Estimated Total Call (ETC) basis, the total comprehensive income was USD 47 million with a combined ratio (net) of 67 per cent, against a total comprehensive loss of USD 4 million and a combined ratio net of 97 per cent last year.

Gross written premiums was USD 165 million, an increase of USD 4 million from last year. The increase in premium volume compared to last year was mainly due to more business being written by the Hong Kong branch of the association. There was reduced demand for offshore related covers and increase in lay-ups of mobile offshore units caused by a low activity level in the offshore supply sector.

Ceded reinsurance premium on earned basis was USD 80 against USD 74 million last years. This was due to increase in premium volume.

Net earned premium was USD 85 million against previous year's net earned premium of USD 87 million.

Gross claims cost incurred during the period amounted to USD 39 million against USD 349 million last year. Net claims incurred for own account was USD 68 million against USD 89 million last year. Gard Norway has had a very good year with only one mutual claim above own retention in the year to 20 February 2017.

The number of frequency claims and large claims within the retention were fewer than expected. Some claims from previous accident years were been strengthened, but there were also run off gains contributing to a lower claims incurred.

The technical result after reduction in deferred call was a profit of USD 7 million and a combined ratio net of 92 per cent. Last year there was a loss of

USD 10 million on the technical accounts with a combined ratio net of 111 per cent.

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

Underwriting performance by line of business, Gard Norway, after reduction in deferred call

USD million	20.02.17	20.02.16
	Total P&I	
Technical result		
Gross written premium	165	161
Gross earned premium	165	161
Ceded reinsurance	-80	-74
Earned premium for own account	**85**	**87**
Other insurance related income	**0**	**0**
Claims incurred, gross		
Incurred this year	-103	338
Incurred previous years	142	11
Total claims incurred, gross	**39**	**349**
Reinsurers' share of gross incurred claims	29	-261
Claims incurred for own account	**68**	**89**
Insurance related expenses for own account	**8**	**6**
Other insurance related expenses	**1**	**2**
Technical result	**7**	**-10**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in deferred call of USD 31 million in the year to 20 February 2017 and USD 10 million in the previous year. .

Premium by geographical area, Gard Norway, after reduction in deferred call

USD million	20.02.2017	20.02.2016
EEA	72	82
Norway	3	7
Other areas	91	72
Total gross written premium	**165**	**161**

1.3 Investment performance

Gard's portfolio is constructed to obtain investment return in a diversified way between different asset classes. The return from the investment portfolio and other non-technical items was a positive USD 11 million compared to a negative USD 5 million last year.

Total gain directly from equities, excluding non-equity related investment funds, was USD 7 million this year, which is a significant change from last year's loss in equities of USD 6 million.

Income generated from equities (dividends) and from bonds (interest) was USD 6 million this year, the same level as last year.

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 mainly mortgage loan securities like government mortgages backed securities, commercial mortgages backed securities and asset backed securities. In addition there are some exposure towards collateralized loan obligations and collateralised mortgage obligations. As of 20.02.2017 the exposure towards securitized products was USD 26 million.

Investment performance by asset class, Gard Norway

20.02.2017 USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	1	5	0	0	6
Expenses				-1	-1
Realised gain & loss	-1	-3	-1	2	-3
Change in unrealised gain & loss	7	0	1	0	8
Total					**11**

20.02.2016 USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	1	5	0	0	6
Expenses				1	1
Realised gain & loss	1	-3	0	2	1
Change in unrealised gain & loss	-6	-4	-2	0	-12
Total					**-5**

1.4 Risk profile

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

Underwriting risk

USD million	SCR 2017	SCR 2016
Premium and reserve risk	66	71
Cat risk	28	26
Diversification	-16	-15
Total underwriting risk	**78**	**82**

Market risk

USD million	SCR 2017	SCR 2016
Equity risk	15	9
Intererest rate risk	4	5
Spread risk	8	10
Currency risk	16	11
Property risk		
Concentration risk		
Diversification	-12	-11
Total market risk	**31**	**25**

The increase in SCR for Equity risk is mainly explained by higher equity exposure and increased equity charge due to reduction in symmetric adjustment factor.

Counterparty default risk

USD million	SCR 2017	SCR 2016
Counterparty risk	17	19

Operational risk

USD million	SCR 2017	SCR 2016
Operational risk	12	15

For more information regarding the SCR calculation see 1.14 Capital management.

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.

Economic balance sheet, Gard Norway	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs			
Intangible assets			
Deferred tax assets			
Property, plant & equipment held for own use	2	2	
Government Bonds			
Collective Investments Undertakings	207	207	
Derivatives	0	0	
Deposits other than cash equivalents	2	2	
Investments (other than assets held for index-linked and unit-linked contracts)	**209**	**209**	
Loans and mortgages to individuals			
Reinsurance recoverables	260	279	-19
Insurance and intermediaries receivables	13	13	
Reinsurance receivables	1	1	
Receivables (trade, not insurance)	0	0	
Cash and cash equivalents	57	57	
Any other assets, not elsewhere shown	1	1	
Total assets	**543**	**562**	**-19**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions – non-life	411	431	-20
Risk margin	6	0	6
Technical provisions – non-life	**417**	**431**	**-14**
Contingent liabilities			
Pension benefit obligations	2	2	
Deferred tax liabilities	11	11	
Derivatives	0	0	
Insurance & intermediaries payables	8	8	
Reinsurance payables	-2	-2	
Payables (trade, not insurance)	3	3	
Any other liabilities, not elsewhere shown	1	1	-0
Total liabilities	**439**	**453**	**-14**
Excess of assets over liabilities	**105**	**109**	**-5**

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

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

For Gard, only the line of business "Marine, aviation and transport" is applicable.

For the majority of the balance sheet items there are no differences in the valuation for solvency purposes and those used for the valuation in statutory accounts. The subsequent chapters describe assets and liabilities where the valuation differs, in addition to balance sheet items explicitly mentioned in the Solvency II regulations and guidelines.

1.6 Deferred acquisition costs

Gard Norway had no deferred acquisition costs as per 20 February 2017.

1.7 Intangible assets

Gard Norway had no intangible assets as per 20 February 2017.

1.8 Deferred taxes

Deferred taxes, Gard Norway

USD million	**20.02.17**	**20.02.16**
Deferred tax		
Specification of tax effect resulting from temporary differences		
Pension obligations	2	2
Portfolio investments	4	9
Tax loss carried forward	67	57
Other temporary differences	2	2
Contingency reserve*	-117	-101
Total temporary differences	**-42**	**-31**
Deferred tax, 25 per cent of total temporary differences	**-11**	**-8**
Total deferred tax	-11	-8

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.

As a result of change in Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to other equity. Related deferred tax has been recognized as applicable depending on tax jurisdiction. Deferred tax has been calculated as the difference between the treatment of contingency reserve in the financial statements and in the tax accounts, and is deemed to be a temporary difference.

1.9 Best estimate liabilities

Best estimate liabilities, Gard Norway

USD million	Solvency II value	Statutory accounts value
Best estimate technical provisions – non life	411	431
Risk margin	6	
Technical provisions	**417**	**431**

1.10 Reinsurance Recoverables

Reinsurance recoverables, Gard Norway

USD million	Solvency II value	Statutory accounts value
Technical provisions – total recoverable from reinsurance		279
Best estimate – total recoverable from reinsurance	260	
Technical provisions	**260**	**279**

1.11 Contingent liabilities

Gard Norway had no contingent liabilities as per 20 February 2017.

1.12 Pension benefit obligations

Gard Norway has defined benefit plans covering two retired employees amounting to USD 2 million. This pension scheme covers the required occupational pension in accordance with the Norwegian Pension Act, and are 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 5 thousand 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.

1.14 Capital management

The equity of Gard Norway was USD 109 million as at 20 February 2017.

Assets over liabilities as calculated in economic balance sheet was USD 105 million.

The table below explain the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 20 February 2017:

USD million	2017
Excess of assets over liabilities	105
Statutory accounts equity	109
Difference between equity and excess of assets over liabilities	**-5**
Specification of difference:	
Net technical provisions	2
Risk margin	-7
Difference between equity and excess of assets over liabilities	**-5**

Total eligible own funds as under Solvency II, Gard Norway

USD million, as of 20.02	2017	2016
Tier 1	105	97
Tier 2	49	58
Tier 3		
Total	**154**	**155**

The change in Tier 1 capital of USD 8 million, from USD 97 million to USD 105 million, can be explained as follows;

USD million	
Total comprehensive income for the year	16
Tax on restatement of contingency reserves to equity	-8
Total	**8**

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital. The reconciliation reserve for was USD -4 million as per 20 February 2017.

Share premium account includes retained earnings, which is covering accumulated results. The Solvency II regulation as well as the Norwegian regulation for insurance companies (‘Årsregnskapsforskriften for forsikringsselskaper’) no longer accept contingency reserve as part of technical provisions. The share premium account was USD 109 million as per 20 February 2017.

Gard Norway had no non-available own funds as per 20 February 2017.

1.15 Solvency capital requirement

Solvency capital requirement under Solvency II standard formula was USD 98 million as of 20 February 2017.

Total eligible own funds including Tier 2 capital available to meet solvency capital requirements was USD 154 million. The solvency ratio was 156 per cent.

Minimum capital requirement under Solvency II standard formula is USD 27 million.

Solvency capital requirement by risk type, Gard Norway

USD million, as of 20.02

Risk category	2017	2016
Underwriting risk	78	82
Market risk	31	25
Counterparty risk	17	19
Diversification	-25	-23
Basic Solvency Capital Requirement (BSCR)	100	102
Operational risk	12	15
Loss-absorbing capacity of deferred taxes	-14	0
SCR	**98**	**117**

Appendix 2
SFCR information specific to Gard M&E Europe

2.1 Summary

Key figures, Gard M&E Europe

USD million, as of 20.02	2017	2016
Assets	147	159
Technical provisions	87	88
Other liabilities	25	40
Excess of assets over liabilities	35	31
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	34	31
Tier 2 Ancillary own funds		
Tier 3 Other own funds	0	
Eligible own funds	35	31
Capital Requirement		
Solvency Capital Requirement (SCR)	30	21
Minimum Capital Requirement (MCR)	7	5
Solvency ratio		
Eligible own funds to meet SCR	118%	152%
Eligible own funds to meet MCR	466%	609%

2.2 Underwriting performance

The financial year ending 20 February 2017 delivered an acceptable result for Gard M&E Europe.

The net result was USD 2 million with a combined ratio (net) of 79 per cent against a negative net result of USD 4 million with a combined ratio net of 171 per cent last year.

Gross earned premium was USD 85 million, an increase of USD 15 million (21 per cent) from last year. Gross written premium was reduced. The increase in gross earned premium was due to premium volume increase written in the year before, earned in the current year. A softer market resulted in falling rate levels and a corresponding decrease in expected profitability, increasing share of business not being renewed and lower new acquisition ratio. There was also low demand in some segments.

Ceded reinsurance premium on earned basis was USD 78 million against USD 64 million last year. This was due to an increase in gross earned premium. 90 per cent of the premium was ceded to Gard M&E Ltd.

Claims costs net were USD 5 million, whereas last year's claims costs net were USD 8 million. The number of frequency claims and large claims within the retention were fewer than expected. Some claims from previous accident years were strengthened, but there were also run off gains contributing to a lower claims incurred.

Operating expenses (sum of acquisition costs and other insurance related expenses) increased over the last year due to increased business volume. This was offset by an increase in commission received as part of the reinsurance contract with Gard M&E.

Underwriting performance by line of business, Gard M&E Europe

USD million	20.02.17	20.02.16
	Total M&E	
Technical result		
Gross written premium	76	90
Gross earned premium	85	70
Ceded reinsurance	-78	-64
Earned premium for own account	**7**	**6**
Other insurance related income	**0**	**0**
Claims incurred, gross		
Incurred this year	29	39
Incurred previous years	29	18
Total claims incurred, gross	**57**	**57**
Reinsurers' share of gross incurred claims	-52	-49
Claims incurred for own account	**5**	**8**
Insurance related expenses for own account	**0**	**2**
Other insurance related expenses	**0**	**0**
Technical result	**2**	**-4**

Underwriting performance by geographical area, Gard M&E Europe

Gross written premiums the EEA has been reduced to USD 68 million from USD 82 million last year, by USD 14 million or 17 per cent.

Other areas has been reduced to USD 8 million from USD 9 million last year, by USD 1 million or 8 per cent.

USD million	20.02.2017	20.02.2016
EEA	68	82
Norway	0	-1
Other areas	8	9
Total gross written premium	**76**	**90**

2.3 Investment performance

Gard’s portfolio is constructed to obtain investment return in a diversified way between different asset classes. The return from the investment portfolio and other non-technical items was a positive USD 347 thousand compared to a negative USD 14 thousand last year.

Total gain directly from equities, excluding non-equity related investment funds, was USD 0.3 million this year. Last year’s loss in equities was minor, USD 26 thousand.

Income generated from equities (dividends) and from bonds (interest) was USD 0.4 million as of 20 February 2016 and has remained at the same level compared to last year.

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 mainly mortgage loan securities like government mortgages backed securities, commercial mortgages backed securities and asset backed securities. In addition there are some exposure towards collateralized loan obligations and collateralised mortgage obligations. As of 20.02.2017 the exposure towards securitized products was USD 0.2 million.

Investment performance by asset class, Gard M&E Europe

20.02.2017 USD thousand	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	42	381		-6	416
Expenses				-37	-37
Realised gain & loss	46	-208	0	-1	-164
Change in unrealised gain & loss	277	-145	0	0	132
Total					**347**

20.02.2016 USD thousand	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	0	248		36	284
Expenses				-23	-23
Realised gain & loss	0	-64		-1	-65
Change in unrealised gain & loss	27	-237		0	-210
Total					**-14**

2.4 Risk profile

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

Underwriting risk

USD million	SCR 2017	SCR 2016
Premium and reserve risk	10	5
Cat risk	16	6
Diversification	-5	-2
Total underwriting risk	**22**	**9**

Gard M&E Europe has the benefit of taking part of Gard group's external reinsurance programs.
In addition, Gard M&E Europe has been ceding 90 per cent through a quota share agreement to Gard M&E. The quota share per cent is changed to 70 per cent for the year commencing 20.02.2017. As a consequence of the changed quota share treaty with Gard M&E the company will retain more business for own account, which explains the increased premium, reserve risk and cat risk.

Market risk

USD million	SCR 2017	SCR 2016
Equity risk	0,7	0,5
Interests rate risk	0,2	0,2
Spread risk	0,2	0,3
Currency risk	3,2	2,1
Property risk		
Concentration risk		
Diversification	-0,7	-0,7
Total market risk	**3,6**	**2,5**

Counterparty risk

USD million	SCR 2017	SCR 2016
Counterparty risk	7	11

Operational risk

USD million	SCR 2017	SCR 2016
Operational risk	3	3

For more information regarding the SCR calculation see section 2.15 Solvency capital requirement.

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.

Economic balance sheet, Gard M&E Europe, USD million	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs		4	-4
Intangible assets			
Deferred tax assets	0	0	
Property, plant & equipment held for own use			
Government Bonds			
Collective Investments Undertakings	20	20	
Derivatives	0	0	
Deposits other than cash equivalents	0	0	
Investments (other than assets held for index-linked and unit-linked contracts)	**20**	**20**	
Loans and mortgages to individuals			
Reinsurance recoverables from: Non-life and health similar to non-life	73	82	-10
Insurance and intermediaries receivables	35	35	
Reinsurance receivables	2	2	
Receivables (trade, not insurance)	0	0	
Cash and cash equivalents	18	18	
Any other assets, not elsewhere shown	0	0	
Total assets	**147**	**161**	**-14**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions – non-life	86	93	-7
Risk margin	1	0	1
Technical provisions – non-life	**87**	**93**	**-6**
Contingent liabilities			
Pension benefit obligations			
Deferred tax liabilities			
Derivatives	0	0	
Insurance & intermediaries payables	0	0	
Reinsurance payables	25	25	
Payables (trade, not insurance)	0	0	
Any other liabilities, not elsewhere shown	0	7	-7
Total liabilities	**112**	**126**	**-13**
Excess of assets over liabilities	**35**	**36**	**-1**

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

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

For Gard, only the line of business "Marine, aviation and transport" is applicable.

For the majority of the balance sheet items there are no differences in the valuation for solvency purposes and those used for the valuation in statutory accounts. The subsequent chapters describe assets and liabilities where the valuation differs, in addition to balance sheet items explicitly mentioned in the Solvency II regulations and guidelines (i.e., deferred taxes and pension obligations).

2.6 Deferred acquisition costs

Deferred acquisition costs, Gard M&E Europe

USD million	Solvency II value	Statutory accounts value
Deferred acquisition costs		4

2.7 Intangible assets

Gard M&E Europe had no intangible assets as at 20 February 2017.

2.8 Deferred taxes

Deferred taxes, Gard M&E Europe

USD million	20.02.17	20.02.16
Deferred tax asset		
Specification of tax effect resulting from temporary differences		
Portfolio investments	0.2	-0.2
Tax loss carried forward	0.2	0.2
Other temporary differences	-0.2	0.0
Contingency reserve*	0.9	3,3
Total temporary differences	**1.1**	**3.3**
Deferred tax asset, 25 per cent of total temporary differences	0.3	0,3
Currency effect posted to Non-technical result	-0.0	0.0
Net deferred tax asset of total temporary differences*	**0.3**	**0.3**

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.

As a result of change in Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to other equity. Related deferred tax has been recognized as applicable depending on tax jurisdiction. Deferred tax has been calculated as the difference between the treatment of contingency reserve in the financial statements and in the tax accounts, and is deemed to be a temporary difference.

2.9 Best estimate liabilities

Best estimate liabilities, Gard M&E Europe

USD million	Solvency II value	Statutory accounts value
Best estimate technical provisions – non life	86	93
Risk margin	1	
Technical provisions	**87**	**93**

2.10 Reinsurance recoverables

Reinsurance recoverables, Gard M&E Europe

USD million	Solvency II value	Statutory accounts value
Technical provisions – total recoverable from reinsurance		82
Best estimate – total recoverable from reinsurance	73	
Technical provisions	**73**	**82**

2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 20 February 2017.

2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 20 February 2017.

2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 7 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

The equity of Gard M&E Europe was USD 36 million as of 20 February 2017.

Assets over liabilities as calculated in economic balance sheet was USD 35 million.

The table below explain the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as per 20 February 2017:

USD million	
Excess of assets over liabilities	35
Statutory accounts equity	36
Difference between equity and Excess of assets over liabilities	-1
Specification of difference:	
Net technical provisions	-3
Risk margin	-1
Other	3
Difference between equity and Excess of assets over liabilities	-1

Total eligible own funds as under Solvency II:

USD million, as of 20.02	2017	2016
Tier 1	34	31
Tier 2		
Tier 3	1	
Total	**35**	**31**

The change in Tier 1 capital of USD 3 million, from USD 31 million to USD 34 million can be explained by the total comprehensive income for the year.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital. The reconciliation reserve for was USD -1 million as per 20 February 2017.

Share premium account includes retained earnings, which is covering accumulated results. The Solvency II regulation as well as the Norwegian regulation for insurance companies (‘Årsregnskapsforskriften for forsikringsselskaper’) no longer accept contingency reserve as part of technical provisions. The share premium account was USD 31 million as per 20 February 2017.

2.15 Solvency capital requirement

The SCR under Solvency II standard formula was USD 30 million as of 20 February 2017.

Total eligible own funds available to meet Solvency Capital Requirements was USD 35 million. The solvency ratio was 118 per cent.

MCR under Solvency II standard formula was USD 7 million. Eligible own funds to meet MCR was USD 34 million, i.e., a ratio of 458 per cent.

Solvency capital requirement by risk type, Gard M&E Europe:

USD million, as of 20.02

Risk type	2017	2016
Underwriting risk	22	9
Market risk	4	3
Counterparty risk	7	11
Diversification	-5	-4
Basic Solvency Capital Requirement (BSCR)	27	18
Operational risk	3	3
Loss-absorbing capacity of deferred taxes		
SCR	**30**	**21**

Appendix 3
Abbreviations Gard companies

Gard companies

Below is 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”)
- Hydra Insurance Company Ltd. (“Hydra”)
- Safeguard Guarantee Company Ltd. (“Safeguard”)

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 Limited Hong Kong Branch – (“Gard M&E Hong Kong”)
- Gard Marine & Energy Insurance (Europe) AS - UK Branch – (“Gard M&E Europe UK”)

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 above companies and branches
- Jointly referred to as Gard group (“Gard” or “group”)

Appendix 4
Other abbreviations

ALAE: ALLOCATED LOSS ADJUSTMENT EXPENSES

BBNI: BOUND BUT NOT INCEPTED INCOME

BEL: BEST ESTIMATE LIABILITY

BOF: BASIC OWN FUNDS

BSCR: BASIC SOLVENCY CAPITAL REQUIREMENT

CEO: CHIEF EXECUTIVE OFFICER

CFO: CHIEF FINANCIAL OFFICER

CIO: CHIEF INVESTMENT OFFICER

ETC: ESTIMATED TOTAL CALL

FSA: FINANCIAL SERVICES AUTHORITY

GLT: GROUP LEADERSHIP TEAM

IBNR: INCURRED BUT NOT REPORTED

IFRS: INTERNATIONAL FINANCIAL REPORTING STANDARDS

IG: INTERNATIONAL GROUP

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

- Undertakings in the scope of the group (S.32.01.22)
- 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 undertakings on Standard Formula (S.25.01.22)

Gard Group Quantitative reporting templates

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	1,181
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	33,857
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	2,045,258
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	17,195
Government Bonds	R0140	17,195
Corporate Bonds	R0150	
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	1,975,965
Derivatives	R0190	3,231
Deposits other than cash equivalents	R0200	48,867
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	24,991
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	24,991
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	247,601
Non-life and health similar to non-life	R0280	247,601
Non-life excluding health	R0290	247,601
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	130,196
Reinsurance receivables	R0370	1,736
Receivables (trade, not insurance)	R0380	26,424
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	239,241
Any other assets, not elsewhere shown	R0420	10,143
Total assets	**R0500**	2,760,628

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1,526,730
Technical provisions – non-life (excluding health)	R0520	1,526,730
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	1,468,870
Risk margin	R0550	57,860
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	2,233
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	33,533
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	-
Derivatives	R0790	4,917
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	30,709
Reinsurance payables	R0830	6,656
Payables (trade, not insurance)	R0840	26,665
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	39,124
Total liabilities	R0900	1,670,566
Excess of assets over liabilities	R1000	1,090,062

Gard Group Quantitative reporting templates

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 reinsurance**				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**						733,836											733,836
Gross - Proportional reinsurance accepted	**R0120**						-											-
Gross - Non-proportional reinsurance accepted	**R0130**															725		725
Reinsurers' share	**R0140**						148,407											148,407
Net	**R0200**						585,429									725		586,154
Premiums earned																		
Gross - Direct Business	**R0210**						766,639											766,639
Gross - Proportional reinsurance accepted	**R0220**						-											-
Gross - Non-proportional reinsurance accepted	**R0230**															725		725
Reinsurers' share	**R0240**						150,181											150,181
Net	**R0300**						616,458									725		617,183
Claims incurred																		
Gross - Direct Business	**R0310**						458,136											458,136
Gross - Proportional reinsurance accepted	**R0320**						-											-
Gross - Non-proportional reinsurance accepted	**R0330**															-		-
Reinsurers' share	**R0340**						37,400											37,400
Net	**R0400**						420,736									-		420,736
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**						175,208									725		175,280
Other expenses	**R1200**																	
Total expenses	**R1300**																	175,280

		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**									0

Gard Group Quantitative reporting templates
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		HK	JP	NO	SG	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	631	39,310	20,225	616,710	52,509	4,451	733,836
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	82,403	105	-	65,589	296	15	148,407
Net	R0200	(81,772)	39,205	20,224	551,121	52,214	4,436	585,429
Premiums earned								
Gross - Direct Business	R0210	631	39,278	20,208	648,293	53,267	4,961	766,639
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	1,937	5,760	2,963	127,613	10,720	1,188	150,181
Net	R0300	(1,306)	33,519	17,245	520,680	42,546	3,774	616,458
Claims incurred								
Gross - Direct Business	R0310	9,953	2,293	976	435,798	9,032	84	458,136
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	(3,856)	-	-	41,256	-	-	37,400
Net	R0400	13,809	2,293	976	394,542	9,032	84	420,736
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	149	5,507	2,433	156,236	9,901	982	175,208
Other expenses	R1200							-
Total expenses	R1300							175,208

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		HK	JP	NO	SG	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							

Gard Group Quantitative reporting templates

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	462	462			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,134,400	1,134,400			
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	(45,981)	(45,981)			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	1,181				1,181
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	92,611	92,611			
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	92,611	92,611	-	-	-
Total deductions	R0280	92,611	92,611	-	-	-
Total basic own funds after deductions	R0290	997,451	996,270	-	-	1,181

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**	715,480			715,480	
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**	715,480			715,480	
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**	1,712,930	996,270	-	715,480	1,181
Total available own funds to meet the minimum consolidated group SCR	**R0530**	996,270	996,270	-	-	
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**	1,334,251	996,270	-	337,981	-
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	996,270	996,270	-	-	
Minimum consolidated Group SCR	**R0610**	243,812				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	408.6226 %				
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**	1,334,251	996,270	-	337,981	
Group SCR	**R0680**	675,961				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	197.3857 %				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	**R0700**	1,090,062				
Own shares (included as assets on the balance sheet)	**R0710**					
Forseeable dividends, distributions and charges	**R0720**					
Other basic own fund items	**R0730**	1,136,043				
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**	(45,981)				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	**R0770**					
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**					
Total EPIFP	**R0790**					

Gard Group Quantitative reporting templates

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	296,715		
Counterparty default risk	R0020	35,749		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	483,231		
Diversification	R0060	(169,862)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	645,832		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	44,066
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(13,937)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	675,961
Other information on SCR		
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 Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-
Minimum consolidated group solvency capital requirement	R0470	243,812
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	675,961

Gard Group Quantitative reporting templates
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
NO	SC/939717609	2	Assuranceforeningen Gard - gjensidig -	2	Gjensidig sels	1	Finanstilsynet	100 %	100 %	100 %		1	100 %	1		1
NO	LEI/5967007LIEEXZXAWK837	1	AS Assuransegaarden	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
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 sels	1	Bermuda Monetary Authority							1		1
NO	LEI/5967007LIEEXZXAU8W91	1	Gard AS	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
GR	LEI/213800D8JGJCYQLS8V88	1	Gard (Greece) 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
BM	LEI/213800ZIGLMXFERBEC96	1	Gard Reinsurance Co Ltd.	3	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	SC/Hydra Gard Cell	2	Hydra Gard cell	2	Gjensidig sels	1	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1
JP	LEI/213800M7HGL8VMFH5228	1	Gard (Japan) KK	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
US	LEI/213800FY2T23ST15RW72	1	Gard (North America) Inc.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800ZHTIW647JBKL75	1	Safeguard Guaranteee Company Ltd	2	Aksjeselskap	2	Bermuda Monetary Authority	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
SE	LEI/2138007UOLY7DK46OI11	1	Gard (Sweden) AB	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
GB		1	Gard (UK) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1

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 on Standard Formula (S.25.01.21)
- Minimum Capital Requirement (S.28.01.01)

Gard Norway Quantitative reporting templates

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	2,201
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	209,262
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	207,220
Derivatives	R0190	271
Deposits other than cash equivalents	R0200	1,771
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	260,293
Non-life and health similar to non-life	R0280	260,293
Non-life excluding health	R0290	260,293
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	12,665
Reinsurance receivables	R0370	857
Receivables (trade, not insurance)	R0380	193
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	56,552
Any other assets, not elsewhere shown	R0420	1,349
Total assets	R0500	543,372

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	**R0510**	417,180
Technical provisions – non-life (excluding health)	**R0520**	417,180
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	410,713
Risk margin	**R0550**	6,466
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**	1,842
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	10,553
Derivatives	**R0790**	77
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	7,569
Reinsurance payables	**R0830**	-2,231
Payables (trade, not insurance)	**R0840**	3,172
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**	650
Total liabilities	**R0900**	438,812
Excess of assets over liabilities	**R1000**	104,560

Gard Norway Quantitative reporting templates

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 reinsurance**				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**						159,729											159,729
Gross - Proportional reinsurance accepted	**R0120**						5,237											5,237
Gross - Non-proportional reinsurance accepted	**R0130**															-		-
Reinsurers' share	**R0140**						80,426											80,426
Net	**R0200**						84,539									-		84,539
Premiums earned																		
Gross - Direct Business	**R0210**						159,601											159,601
Gross - Proportional reinsurance accepted	**R0220**						5,237											5,237
Gross - Non-proportional reinsurance accepted	**R0230**															-		-
Reinsurers' share	**R0240**						80,384											80,384
Net	**R0300**						84,454									-		84,454
Claims incurred																		
Gross - Direct Business	**R0310**						15,169											15,169
Gross - Proportional reinsurance accepted	**R0320**						7,817											7,817
Gross - Non-proportional reinsurance accepted	**R0330**															-		-
Reinsurers' share	**R0340**						(29,450)											(29,450)
Net	**R0400**						52,436									-		52,436
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**						25,676									-		25,676
Other expenses	**R1200**																	
Total expenses	**R1300**																	25,676

		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**									0

Gard Norway Quantitative reporting templates
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		IT	JP	KR	NL	TW	
		C0080						C0140
Premiums written								
Gross - Direct Business	**R0110**	3,117	18,207	19,891	11,952	14,724	11,522	79,414
Gross - Proportional reinsurance accepted	**R0120**	1,038	-	-	5	-	-	1,043
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	34,338	5,301	5,788	3,478	4,284	3,353	56,542
Net	**R0200**	(30,182)	12,905	14,103	8,479	10,439	8,170	23,915
Premiums earned								
Gross - Direct Business	**R0210**	3,115	18,192	19,875	11,943	14,712	11,513	79,350
Gross - Proportional reinsurance accepted	**R0220**	1,038	-	-	5	-	-	1,043
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	1,569	9,163	10,010	6,015	7,410	5,799	39,965
Net	**R0300**	2,584	9,030	9,865	5,933	7,302	5,714	40,428
Claims incurred								
Gross - Direct Business	**R0310**	(30,642)	2,750	985	457	8,049	1,199	(17,202)
Gross - Proportional reinsurance accepted	**R0320**	1,504	-	4	370	201	195	2,275
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	(31,701)	2,760	557	206	(1)	653	(27,526)
Net	**R0400**	2,563	(10)	432	620	8,252	742	12,599
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**	(1,310)	2,304	1,861	1,075	3,756	1,282	8,968
Other expenses	**R1200**							-
Total expenses	**R1300**							8,968

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		IT	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**							

Gard Norway Quantitative reporting templates
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	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						(8,101)											(8,101)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						(10,783)											(10,783)
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	2,682	-	-	-	-	-	-	-	-	-	-	2,682
Claims provisions																		
Gross	R0160						418,814											418,814
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						271,076											271,076
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	147,738	-	-	-	-	-	-	-	-	-	-	147,738
Total Best estimate - gross	R0260	-	-	-	-	-	410,713	-	-	-	-	-	-	-	-	-	-	410,713
Total Best estimate - net	R0270	-	-	-	-	-	150,420	-	-	-	-	-	-	-	-	-	-	150,420
Risk margin	R0280						6,466											6,466
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	-	-	-	-	-	417,180	-	-	-	-	-	-	-	-	-	-	417,180
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	260,293	-	-	-	-	-	-	-	-	-	-	260,293
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	-	156,887	-	-	-	-	-	-	-	-	-	-	156,887

Gard Norway Quantitative reporting templates
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													In Current year	Sum of years (cumulative)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**				
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**			**C0170**	**C0180**
Prior	**R0100**											42,347		**R0100**	42,347	42,347
N-9	**R0160**	66,789	75,151	61,308	32,349	25,721	12,241	11,225	6,652	(1,881)	14,063			**R0160**	14,063	303,618
N-8	**R0170**	56,878	73,390	29,635	19,615	18,950	9,001	3,322	3,522	791				**R0170**	791	215,102
N-7	**R0180**	50,347	191,607	33,608	22,847	15,810	13,808	7,004	4,593					**R0180**	4,593	339,625
N-6	**R0190**	7,473	10,981	13,682	4,213	7,932	1,219	1,329						**R0190**	1,329	46,830
N-5	**R0200**	12,671	21,547	17,224	6,521	3,140	1,461							**R0200**	1,461	62,564
N-4	**R0210**	14,913	28,858	17,566	5,544	4,934								**R0210**	4,934	71,814
N-3	**R0220**	11,463	18,753	8,403	5,374									**R0220**	5,374	43,994
N-2	**R0230**	19,455	17,244	7,895										**R0230**	7,895	44,594
N-1	**R0240**	66,660	69,575											**R0240**	69,575	136,235
N	**R0250**	14,844												**R0250**	14,844	14,844
													Total	**R0260**	167,206	1,321,567

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year													Year end (discounted
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**			**C0360**
Prior	**R0100**											33,281		**R0100**	32,999
N-9	**R0160**	-	-	-	-	-	-	-	-	-	(3,982)			**R0160**	(3,925)
N-8	**R0170**	-	-	-	-	-	-	-	-	(1,931)				**R0170**	(1,913)
N-7	**R0180**	-	-	-	-	-	-	-	(8,184)					**R0180**	(8,082)
N-6	**R0190**	-	-	-	-	-	-	(1,491)						**R0190**	(1,470)
N-5	**R0200**	-	-	-	-	-	(2,845)							**R0200**	(2,794)
N-4	**R0210**	-	-	-	-	(8,108)								**R0210**	(7,949)
N-3	**R0220**	-	-	-	(5,872)									**R0220**	(5,742)
N-2	**R0230**	-	-	(2,127)										**R0230**	(2,077)
N-1	**R0240**	-	(149,897)											**R0240**	(146,290)
N	**R0250**	72,194												**R0250**	70,539
													Total	**R0260**	(76,705)

Gard Norway Quantitative reporting templates
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	109,313	109,313			
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	(4,753)	(4,753)			
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	104,560	104,560	-	-	-
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	205,509			205,509	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390	0				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400	205,509			205,509	-
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	310,069	104,560	-	205,509	-
Total available own funds to meet the MCR	R0510	104,560	104,560	-	-	
Total eligible own funds to meet the SCR	R0540	153,785	104,560	-	49,226	-
Total eligible own funds to meet the MCR	R0550	104,560	104,560	-	-	
SCR	R0580	98,452				
MCR	R0600	27,329				
Ratio of Eligible own funds to SCR	R0620	156.2000 %				
Ratio of Eligible own funds to MCR	R0640	382.6000 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	z<	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720		
Other basic own fund items	R0730	109,313	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	(4,753)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770		
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	R0790		

Gard Norway Quantitative reporting templates

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	30,492		
Counterparty default risk	R0020	16,773		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	77,815		
Diversification	R0060	(25,012)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	100,067		

Calculation of Solvency Capital Requirement		C0100	
Operational risk	R0130	12,321	
Loss-absorbing capacity of technical provisions	R0140	-	
Loss-absorbing capacity of deferred taxes	R0150	(13,937)	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-	
Solvency capital requirement excluding capital add-on	R0200	98,452	
Capital add-on already set	R0210		
Solvency capital requirement	R0220	98,452	
Other information on SCR			
Capital requirement for duration-based equity risk sub-module	R0400		
Total amount of Notional Solvency Capital Requirement for remaining part	R0410		
Total amount of Notional Solvency Capital Requirements 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		

Gard Norway Quantitative reporting templates
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	27,329

		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	150,420	84,539
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	27,329
SCR	R0310	98,452
MCR cap	R0320	44,303
MCR floor	R0330	24,613
Combined MCR	R0340	27,329
Absolute floor of the MCR	R0350	4,050
		C0070
Minimum Capital Requirement	R0400	27,329

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 on Standard Formula (S.25.01.21)
- Minimum Capital Requirement (S.28.01.01)

Gard M&E Europe Quantitative reporting templates

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	275
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	19,549
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	19,549
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
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	72,589
Non-life and health similar to non-life	R0280	72,589
Non-life excluding health	R0290	72,589
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	34,866
Reinsurance receivables	R0370	1,705
Receivables (trade, not insurance)	R0380	25
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	18,006
Any other assets, not elsewhere shown	R0420	2
Total assets	R0500	147,016

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	87,080
Technical provisions – non-life (excluding health)	R0520	87,080
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	85,722
Risk margin	R0550	1,358
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	94
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	332
Reinsurance payables	R0830	24,615
Payables (trade, not insurance)	R0840	143
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	39
Total liabilities	R0900	112,303
Excess of assets over liabilities	R1000	34,713

Gard M&E Europe Quantitative reporting templates
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 reinsurance**				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**						76,148											76,148
Gross - Proportional reinsurance accepted	**R0120**						-											-
Gross - Non-proportional reinsurance accepted	**R0130**															-		
Reinsurers' share	**R0140**						69,857											69,857
Net	**R0200**						6,291									-		6,291
Premiums earned																		
Gross - Direct Business	**R0210**						84,879											84,879
Gross - Proportional reinsurance accepted	**R0220**						-											-
Gross - Non-proportional reinsurance accepted	**R0230**															-		
Reinsurers' share	**R0240**						77,710											77,710
Net	**R0300**						7,168									-		7,168
Claims incurred																		
Gross - Direct Business	**R0310**						57,681											57,681
Gross - Proportional reinsurance accepted	**R0320**						-											-
Gross - Non-proportional reinsurance accepted	**R0330**															-		
Reinsurers' share	**R0340**						52,134											52,134
Net	**R0400**						5,547									-		5,547
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**						131									-		131
Other expenses	**R1200**																	
Total expenses	**R1300**																	131

		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**									0

Gard M&E Europe Quantitative reporting templates
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		FI	DE	NL	SE	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	-	3,833	44,632	4,693	4,734	6,930	64,822
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	2,900	3,075	43,001	3,563	3,567	5,155	61,261
Net	R0200	(2,900)	758	1,631	1,130	1,167	1,775	3,561
Premiums earned								
Gross - Direct Business	R0210	-	4,273	49,749	5,231	5,277	7,724	72,254
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	-	3,912	45,548	4,789	4,831	7,072	66,152
Net	R0300	-	361	4,202	442	446	652	6,102
Claims incurred								
Gross - Direct Business	R0310	294	1,253	30,006	805	8,385	2,785	43,527
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	236	1,011	29,781	646	6,852	2,237	40,764
Net	R0400	58	242	226	158	1,532	548	2,764
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	(307)	60	(124)	98	70	149	(54)
Other expenses	R1200							-
Total expenses	R1300							(54)

		Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country
								C0210
	R1400		FI	DE	NL	SE	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**							

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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	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						30,320											30,320
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						24,085											24,085
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	6,234	-	-	-	-	-	-	-	-	-	-	6,234
Claims provisions																		
Gross	R0160						55,402											55,402
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						48,504											48,504
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	6,898	-	-	-	-	-	-	-	-	-	-	6,898
Total Best estimate - gross	R0260	-	-	-	-	-	85,722	-	-	-	-	-	-	-	-	-	-	85,722
Total Best estimate - net	R0270	-	-	-	-	-	13,133	-	-	-	-	-	-	-	-	-	-	13,133
Risk margin	R0280						1,358											1,358
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	-	-	-	-	-	87,080	-	-	-	-	-	-	-	-	-	-	87,080
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	72,589	-	-	-	-	-	-	-	-	-	-	72,589
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	-	14,491	-	-	-	-	-	-	-	-	-	-	14,491

Gard M&E Europe Quantitative reporting templates
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												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100												R0100		
N-9	R0160												R0160		
N-8	R0170	35	1,295		74								R0170		1,404
N-7	R0180	1,851	2,784	757	21	33	17						R0180		5,464
N-6	R0190	2,307	5,982	2,561	432	272	161	80					R0190	80	11,795
N-5	R0200	3,760	5,238	2,004	817	725	101						R0200	101	12,644
N-4	R0210	3,631	6,345	3,554	773	601							R0210	601	14,904
N-3	R0220	20,106	5,092	2,095	808								R0220	808	28,101
N-2	R0230	9,875	6,789	1,840									R0230	1,840	18,504
N-1	R0240	16,882	20,768										R0240	20,768	37,650
N	R0250	25,733											R0250	25,733	25,733
												Total	R0260	49,930	156,199

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												Year end (discounted data)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100												R0100	
N-9	R0160												R0160	
N-8	R0170												R0170	
N-7	R0180								(8,005)				R0180	(8)
N-6	R0190							(4,115)					R0190	(4)
N-5	R0200						(152,486)						R0200	(150)
N-4	R0210					(736,536)							R0210	(726)
N-3	R0220				(1,269)								R0220	(1,252)
N-2	R0230			(1,545)									R0230	(1,525)
N-1	R0240		(24,862)										R0240	(24,553)
N	R0250	36,331											R0250	35,314
												Total	R0260	7,097

Gard M&E Europe Quantitative reporting templates
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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	32,392	32,392			
Share premium account related to ordinary share capital	R0030	3,112	3,112			
Iinitial 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	(1,066)	(1,066)			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	275				275
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	34,713	34,438	-	-	275
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	0				

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	34,713	34,438	-	-	275
Total available own funds to meet the MCR	R0510	34,438	34,438	-	-	
Total eligible own funds to meet the SCR	R0540	34,713	34,438	-	-	275
Total eligible own funds to meet the MCR	R0550	34,438	34,438	-	-	
SCR	R0580	29,543				
MCR	R0600	7,386				
Ratio of Eligible own funds to SCR	R0620	117.5000%				
Ratio of Eligible own funds to MCR	R0640	466.2800%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	34,713	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720		
Other basic own fund items	R0730	35,779	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	(1,066)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770		
Expected profits included in future premiums (EPIFP) - Non- life business	R0780		
Total Expected profits included in future premiums (EPIFP)	R0790		

Gard M&E Europe Quantitative reporting templates

Annex I

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	3,592		
Counterparty default risk	R0020	7,221		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	21,354		
Diversification	R0060	(5,212)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	26,955		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	2,589
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	-
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	29,543
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	29,543
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements 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 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	2,233

		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	13,133	6,291
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	0

		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	2,233
SCR	R0310	29,543
MCR cap	R0320	13,294
MCR floor	R0330	7,386
Combined MCR	R0340	7,386
Absolute floor of the MCR	R0350	4,050
		C0070
Minimum Capital Requirement	R0400	7,386