SOLVENCY AND FINANCIAL CONDITION REPORT 2018

● Gard group ● Assuranceforeningen Gard – gjensidig – ●
● Gard Marine & Energy Insurance (Europe) AS ●

|

20 February 2018

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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 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 relevant subsidiaries within the group. 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	**2018**	**2017**
Assets	2,783	2,761
Technical provisions	1,406	1,527
Other liabilities	163	144
Excess of assets over liabilities	1,214	1,090
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	1,192	996
Tier 2 Ancillary own funds	328	338
Tier 3 Other own funds	0	
Eligible own funds	1,520	1,334
Capital Requirement		
Solvency Capital Requirement (SCR)	656	676
Minimum Capital Requirement (MCR)	238	244
Solvency ratio		
Eligible own funds to meet SCR	232 %	197 %
Eligible own funds to meet MCR	502 %	408 %

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 2018.

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.

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 ending 20 February 2018 delivered a strong result for the Gard group. The strong result allowed Gard to waive the Deferred Call, reducing the premium cost for mutual Members with USD 79 million.

Gross written premiums on ETC basis decreased by 6 per cent from last year. This was primarily due to a continued softening market, resulting in falling rate levels and reduction in tonnage within some areas. The number of frequency claims and large claims within the retention have been fewer than expected.

Gard seeks to add returns through a diversified investment portfolio. The investment return of the year ended 20 February 2018 exceeded expectations. The financial markets continued its strong performance from last year. 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.

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 2018.

The Solvency Capital Requirement for underwriting risk has gone down by 5 per cent. The main drivers are reduced premium volume and a reduction in expected claims.

Market risk went up by 2 per cent over the last year. This minor increase was mainly driven by changes in equity risk and interest rate risk, while increased diversification and tighter currency matching help to limit the increase.

The Gard group solvency capital requirement for operational risk was down 7 per cent over the last year. This is due to a reduction in premium and claims volume.

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 to 20 February 2018.

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. 78 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

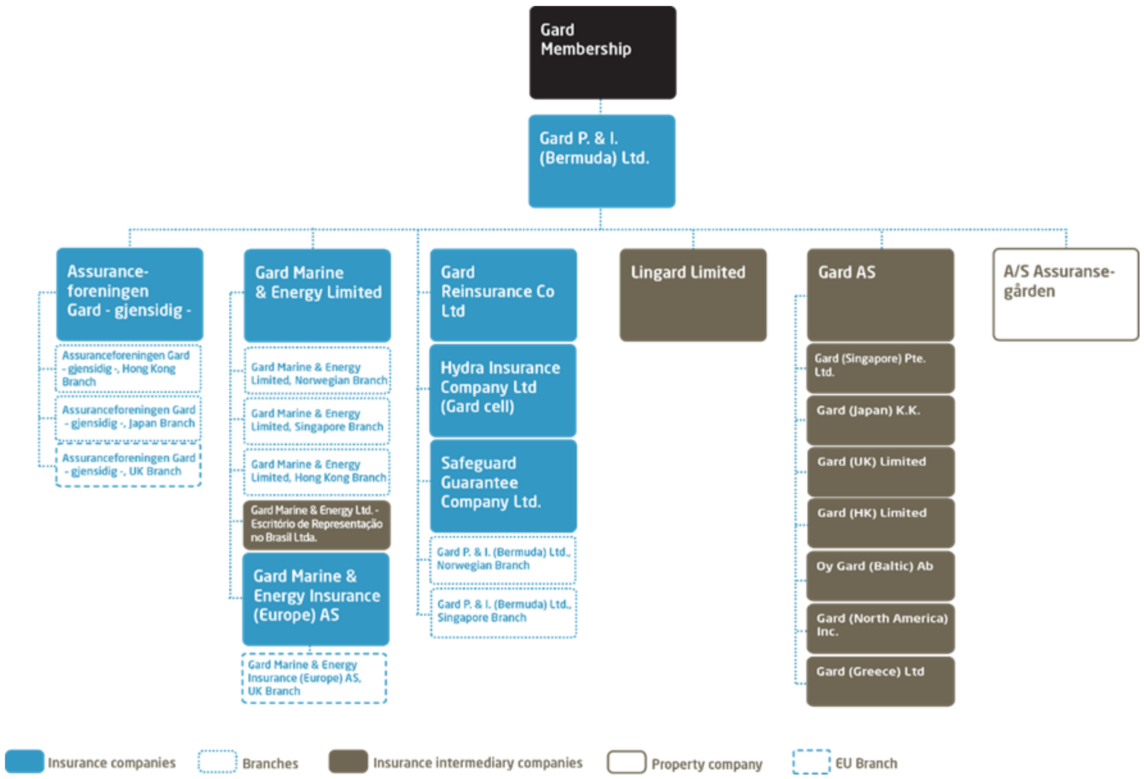
A 1 Business

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 except for 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 the main corporate functions of the insurance entities are carried out by their own employees. Lingard Limited is the Manager for all 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.

[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).

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

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' 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.

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

Gard AS has entered into separate agency agreements with Gard Norway, Gard M&E Europe 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* (M&E) 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. 22 per cent of all ocean-going vessels above 1,000 GT and 43 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 M&E Hong Kong branch obtained license to write Marine business from Hong Kong on March 1, 2017.

Due to the UK leaving the EU Gard is currently in the process of establishing UK regulated branches of Gard M&E Europe and Gard Norway, which will replace the current EU branches. The UK regulated branches will be operative from 2019.

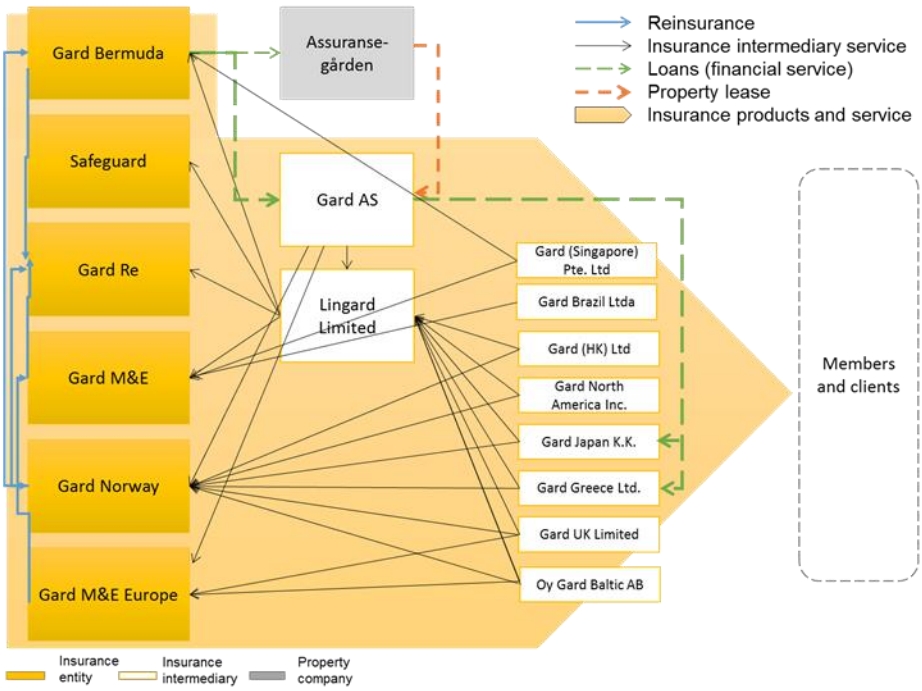
A 1.5 Operations and transactions within the group

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 the Members of the two associations exercise membership rights through the parent company in accordance with the group structure. Gard P&I Bermuda has been given the right to exercise membership rights on behalf of the entire membership in Gard Norway. Thus, Gard Norway is treated as a subsidiary of Gard P&I Bermuda in the same way as the other wholly owned subsidiaries, such as Gard M&E and Gard Re.

A 1.7 Consolidation of group data

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

A 2 Underwriting performance

The financial year ending 20 February 2018 delivered a strong result for the Gard group.

The strong result allowed Gard to waive the deferred call, reducing the premium cost for mutual Members with USD 79 million, which reduced total comprehensive income from USD 193 million to USD 114 million. Gard had a combined ratio (net) (CRN) of 91 per cent.

Gross written premium on ETC basis was USD 775 million, a decrease of USD 49 million (6.0 percent) from last year and USD 2 million above plan. Gross earned premiums on ETC basis was USD 760 million, a decrease of USD 97 million (11.3 percent) from last year and USD 18 million (2.3 percent) below plan. This is primarily due to a continued softening market, resulting in falling rate levels and reduction in tonnage within some areas.

Net earned premium on ETC basis was USD 626 million against USD 707 last year and USD 638 million in plan.

Claims costs net were USD 479 million against USD 493 last year. The number of frequency claims and large claims within retention is fewer than expected.

The technical result, after reduction in deferred call, was a loss of USD 20 million and a combined ratio (net) of 104 per cent. Last year the technical result, after a reduction in deferred call of USD 90, was a profit of USD 31 million and a combined ratio (net) of 95 per cent.

The total equity was USD 1,249 million against USD 1,135 million at the end of last year.

P&I

Gross written premium on ETC basis for the P&I business was USD 546 million, which was a decrease of USD 75 million (12 per cent) from last year.

Claims cost net amounted to USD 357 million, which is an increase from last year due to increase in Gard share of other Club's pool claims. This resulted in a combined ratio (net) on ETC basis of 92 per cent against 75 per cent last year.

On ETC basis the technical result was USD 37 million and a negative USD 42 million before and after the USD 79 million reduction in deferred call. Last year the technical result on ETC basis was USD 128 million and USD 38 million after the USD 90 million reduction in deferred call.

M&E

For the M&E business, gross written premium was USD 229 million, an increase of USD 26 million (13 per cent) from last year, mainly due to presales for the next underwriting year. Gross earned premium was USD 214 million, a decrease of USD 22 million (9 per cent) from last year, due to a continued softening market.

Claims cost net amounted to USD 122 million an improved from last year due to no large energy claims this year. The combined ratio (net) for the M&E business was 88 per cent against 103 per cent last year.

The technical result was a positive USD 22 million against a negative USD 7 million last year.

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

	20.02.2018		
USD million	**P&I**	**M&E**	**Total**
Technical result			
Gross written premium	546	229	775
Gross earned premium	546	214	760
Ceded reinsurance	(106)	(28)	(134)
Earned premium for own account	**440**	**186**	**626**
Other insurance related income	**1**	**0**	**2**
Claims incurred, gross			
Incurred this year	16	133	149
Incurred previous years	321	9	330
Total claims incurred, gross	337	142	479
Reinsurers' share of gross incurred claims	21	(20)	1
Claims incurred for own account	**358**	**122**	**479**
Insurance related expenses for own account	40	40	79
Other insurance related expenses	7	3	10
Technical result	**37**	**22**	**59**

	20.02.2017		
USD million	**P&I**	**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**	**-**	**1**
Claims incurred, gross			
Incurred this year	397	95	492
Incurred previous years	(85)	123	39
Total claims incurred, gross	312	218	531
Reinsurers' share of gross incurred claims	13	(51)	(37)
Claims incurred for own account	**325**	**167**	**494**
Insurance related expenses for own account	43	42	85
Other insurance related expenses	9	-	10
Technical result	**128**	**(7)**	**121**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in deferred call of USD 79 million in the year to 20 February 2018 and USD 90 million in the previous year.

Gross written premium by geographical area, Gard group, based on location of member/client (before reduction in deferred call)

USD million	20.02.2018	20.02.2017
EEA	360	421
Norway	126	123
Other areas	289	280
Total gross written premium	**775**	**824**

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 138 million compared to a positive USD 103 million last year. The financial markets continued its strong performance from last year.

Gard seeks to add returns through a diversified investment portfolio. In the current environment, we expect to be compensated about 2 per cent above risk free rate, given our investment risk profile. The return of the year of 6.3 per cent exceeded this expectation also this year.

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

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

Total gain from equities and investment funds was USD 140 million this year, which is a notable change from last year's gain in equities of USD 93 million. However, Gard experienced a loss of USD 30 million on the equity overlay program for the financial year to 20.02.2018.

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

Investment performance by asset class, Gard group

Income and expenses by asset class

20.02.2018 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	5	28	3	0	36
Expenses	-	-	-	(2)	(2)
Realised gain & loss	55	(12)	(45)	(1)	(3)
Change in unrealised gain & loss	80	43	(16)	0	107
Total					**138**

20.02.2017 **Amounts in USD million**	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	6	27	4	(0)	37
Expenses	-	-	-	2	2
Realised gain & loss	17	(2)	(27)	1	(10)
Change in unrealised gain & loss	70	6	(1)	-	75
Total					**103**

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 20.02.2018 the exposure towards securitized products was USD 261 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 of exchange differences on subsidiaries when converting from reporting currency to USD in the consolidation process and change in pension commitment valuation. Other comprehensive income/(loss) amounted to a loss of USD 0.6 million this year and a loss of USD 1.1 million last year.

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

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

A 5 Any other material information

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.

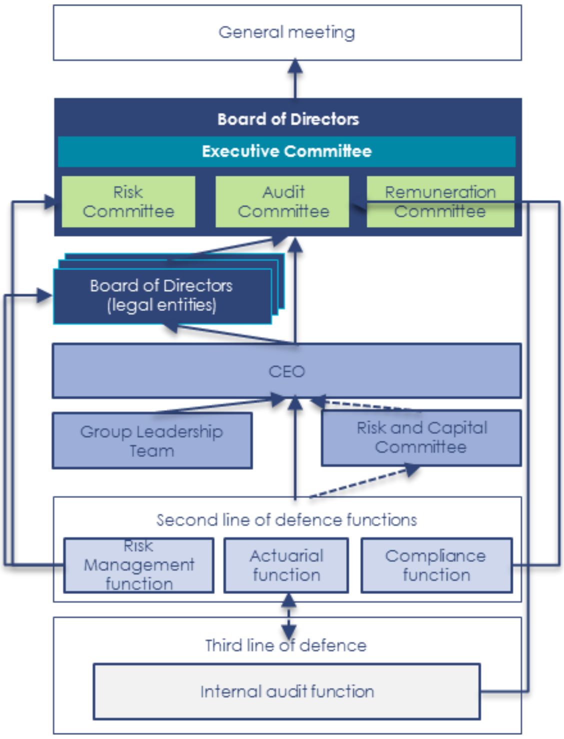
The President holds the office of Chief Executive Officer (CEO) of Gard Bermuda, Gard M&E, Gard AS and Gard Norway and is an *ex officio* member of the Executive Committee. The CEO is responsible for implementing the Risk Management System and for ensuring that risk taking is aligned with the risk appetite. 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) 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

There have been no material changes to the system of governance over the reporting period.

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. 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.

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

The payment of a proportion of the bonus triggered by the collective scheme, shall be deferred for a period of 39 months from the expiry of the financial year the bonus is linked. The payment after three years of the deferred component is subject to some further terms and conditions, including defined financial performance target for the three years period.

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

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

Pension scheme

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

The Group Leadership Team and certain key personnel 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. The independent control functions shall have unrestricted access to the CEO, the Executive Committee, the Audit Committee, the Risk Committee and the Board, and shall report any issues of concern in a timely manner.
- **Risk culture:** We are open and transparent about losses and failures. We take corrective action and learn from mistakes.

B 3.2 Key elements of Gard's risk management system

The risk management system consists of the following components:

Risk appetite and limits

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

Risk policies

These are policies describing the processes and procedures for managing 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 the capital requirements 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

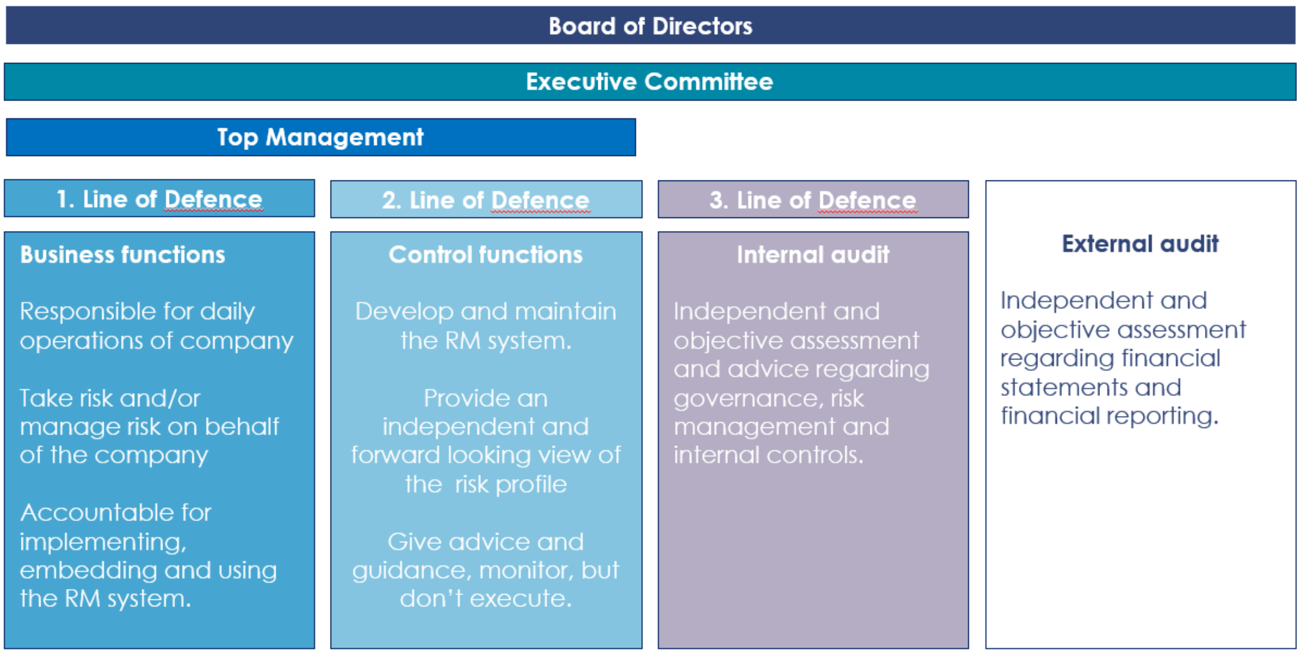
Management System. The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1st line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the Board and the Executive Committee,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

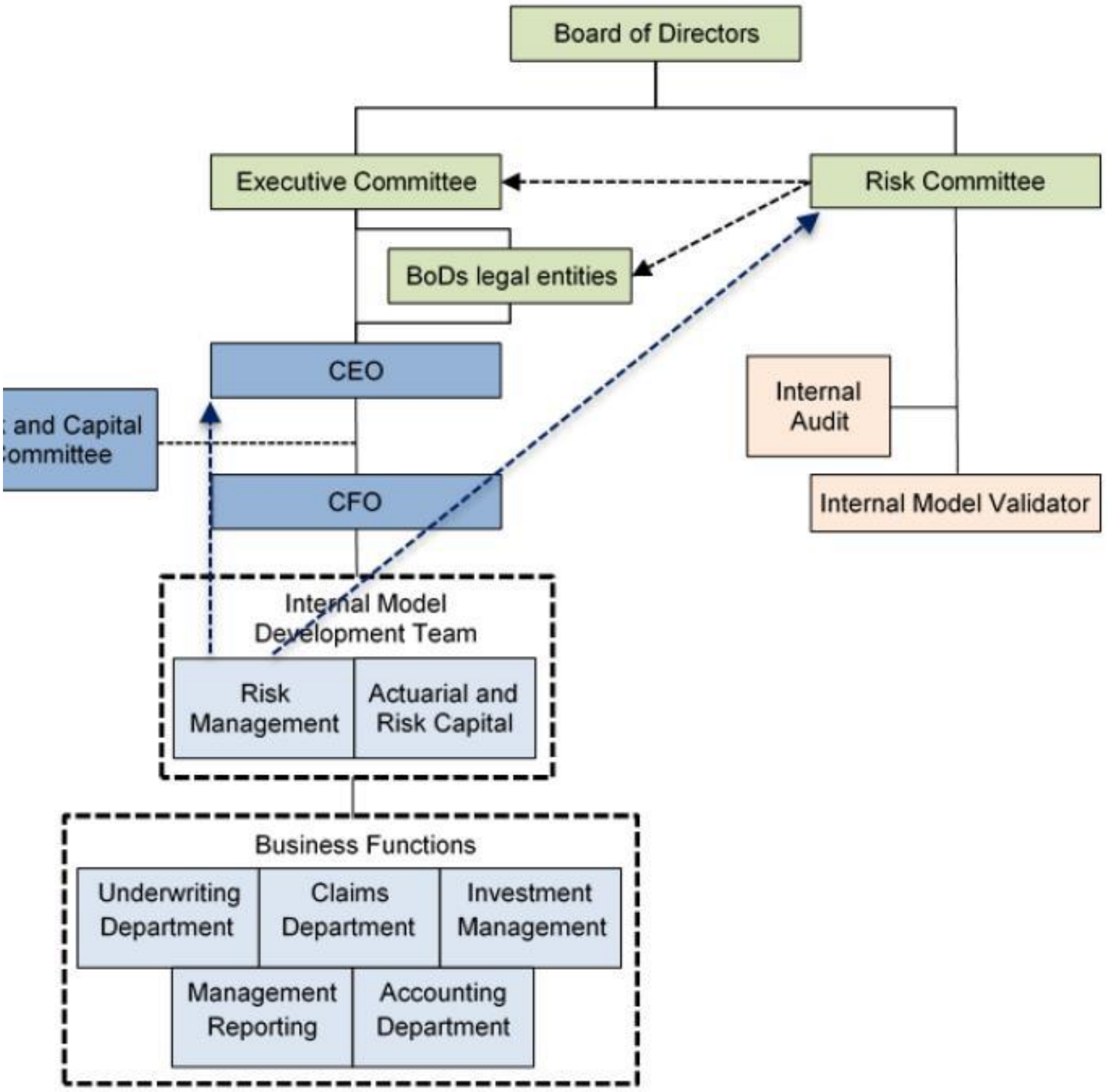
The three lines of defence-model is illustrated in the figure below.

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 risk and solvency assessment process will normally be concluded in January following the financial planning process and finalized before the end of the financial year. Additional risk and solvency assessments will be conducted when required by changes in the capital adequacy or risk 0profile. 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 (Finanstilsynet), the Bermuda Monetary Authority (BMA) and other relevant authorities after the internal approval process is finalised.

B 3.5 Determination of Gard's own solvency needs

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 requirements 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.

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

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 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 proportionated 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 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 appointed in all Gard offices outside of Norway. 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 fully independent and has no operational responsibilities in the 1st line of defence.

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. In addition, 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 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 semi-annualy 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;
- appointed Data Protection Officer (DPO) and act as a contact point towards relevant supervisory authorities and external parties on issues relating to processing of personal data including the monitoring of compliance with the General Data Protection Regulation (GDPR).

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 is 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 the 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 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 Actuary and Risk Capital team. The team is led by the Actuarial Function Holder. We have separated the responsibilities for the Actuarial Function Holder and the actuary responsible for the calculation of technical provisions. The Actuarial function holder has unrestricted access to the CEO, the Executive Committee and the Board. With this organization, we believe that the requirements for independent controls are met.

An extract of the Actuarial Function Holder's responsibilities is seen below:

- Coordinate the calculation of technical provisions, this includes engagement of external actuary or reserving expert, for calculation of technical provisions when this is appropriate
- Ensure that the methodologies, models and assumptions made in the calculation of technical provisions are appropriate
- Assess the sufficiency and quality of the data used in the calculation of technical provisions

The Head of Technical Provisions is responsible for:

- Quarterly calculation of technical provisions based on actuarial methods. Ensure that homogeneous risk groups are identified for an appropriate assessment of the underlying risks.
- Assess the quality of the data and ensure that the calculations of technical provisions are sufficiently supported by appropriate IT systems and software.
- Assess uncertainty in the calculations.
- Compare best estimates with historical data and assess if the previous calculations have been sufficient. Use this insight to improve the quality of estimates.

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 20.02.2018 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 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 essential 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 meeting with management and key personnel of the service provider when applicable.
- A review of the service provider's continuing suitability in line with the selection criteria outlined in this policy. This should be conducted in light of any significant change to the service provider's business that pertains to the outsourced functions.

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

Reporting

Gard shall notify the relevant supervisory authorities 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 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.

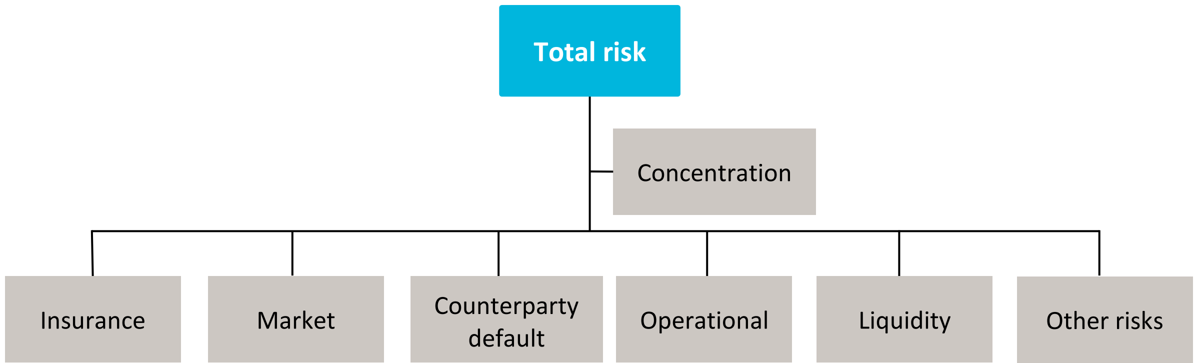
Gard uses the Solvency II standard formula for calculating regulatory capital requirements for the group and its Norwegian-based insurance entities. However, to determine its internal capital requirements, Gard uses an internal risk capital model. All material quantifiable risk types are within the internal 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.

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

All financial and non-financial risks are assessed at least annually through the ORSA process and quarterly through the model updates. Significant internal or external events may require additional assessments. To test Gard's ability to withstand severe conditions, several stress tests are conducted regularly. For example, risks resulting from natural hazards are assessed through realistic disaster scenarios. For details see section C 9.

The risk identification process ensures that material risks are identified and assessed from a group and legal entity perspective. It considers the industry, the type of Members and clients and the global nature of the 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), 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 considered in a separate catastrophe risk sub-module.

The Gard group solvency capital requirement for underwriting risk was reduced by 6 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.

USD million	SCR 2018	SCR 2017
Premium and reserve risk	426	455
Cat risk	87	84
Diversification	-57	-56
Total underwriting risk	**456**	**483**

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 2018	SCR 2017
Equity risk	191	176
Intererest rate risk	52	40
Spread risk	66	64
Currency risk	76	93
Property risk	18	20
Concentration risk	87	56
Diversification	-188	-153
Total market risk	**301**	**297**

The Gard group solvency capital requirement for market risk went up by 2 per cent over the last year. This minor increase was mainly driven by changes in equity risk and interest rate risk, while increased diversification and tighter currency matching help to limit the increase.

C 2.1 Risk mitigation techniques for market risk

Risk mitigation techniques are also embedded in Gard's management of market risks. A "neutral" or matched portfolio is generally considered as the starting point for investment portfolios in insurance companies. To match the interest rate duration and currency exposures on the asset and liability side, or to stay within allowed ranges and limits, risk mitigation techniques are applied.

To efficiently adjust market exposures, Gard has an equity futures overlay program in place. Through this 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 Board of Directors of Gard Bermuda approves the overall investment policy. 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 and sets specific limits and restrictions on deviations from the strategic asset allocation and is required to notify the Board of Directors 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.

The management is responsible for implementing the asset management strategy as determined by the Board of Directors and the Executive Committee. The 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 objective for its investment portfolio is to maximise long-term investment returns within its risk appetite and risk tolerances. Hence, the Gard group seeks to take on investment risks that are expected to be rewarded over the long-term, in the form of excess returns relative to liabilities, in a diversified manner. The combination of assets and investment management approaches shall be consistent with the investment objectives, risk tolerances and investment constraints detailed in the Investment 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 not rely only on one source of information to base its investments decisions on. Gard uses information provided by third parties (e.g. financial institutions, asset managers and rating agencies) in addition to an internal assessment of risk and return.

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 when unrealized positions 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.

The Gard group solvency capital requirement for counterparty default risk as per 20 February 2018 was up by 4 per cent compared to the year before.

USD million	**SCR 2018**	**SCR 2017**
Counterparty default risk	36	36

C 4 Operational risk

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

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

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.

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 2018**	**SCR 2017**
Operational risk	41	44

The Gard group solvency capital requirement for operational risk was down 7 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.

Money market funds have been implemented for the insurance entities as buffers between operating cash and investment portfolio. Short term excess cash is transferred to and from money market fund to gain return above what is possible on operating cash. Internal limits (upper and lower) are set for operating cash and money market funds.

Liquidity risk is followed up on a weekly basis by the Risk and Capital Committee. Reports are given on available operating cash, money market fund, 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.

Gard group have companies and branches in several jurisdictions. Unexpected changes initiated by e.g. the regulators in one part of the group may have consequences for other parts of the Group.

Compliance risks

Compliance risk is the risk of legal or regulatory sanctions, material economic loss, or loss to 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.

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 within insurance and market risk.

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

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

C 8 Reinsurance

Gard uses reinsurance to manage its risk profile.

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

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

The reinsurance program is established to 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. The highest insurance loss for Gard's own account from the identified extreme events corresponds to 2 times the normalized annual profit for Gard and approximately 9 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 is carried out to identify scenarios that would be the probable cause of business failure. "Business failure" is defined as the solvency position falling below a level where the business model becomes unviable. A consequence of this would be that counterparties and other stakeholders could be unwilling to transact with or provide capital to the 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 24 claims in excess of USD 20 million from an expectation of 5 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 217 per cent to 124 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 217 per cent to 143 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 assume 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, 20.02.2018

USD million	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	14	(14)
Intangible assets	-	21	(21)
Deferred tax assets	2	2	-
Property, plant & equipment held for own use	31	31	-
Government Bonds	37	37	-
Collective Investments Undertakings	2,069	2,069	-
Derivatives	3	3	-
Deposits other than cash equivalents	38	38	-
Investments (other than assets held for index-linked and unit-linked contracts)	**2,147**	**2,147**	-
Loans and mortgages to individuals	24	24	-
Reinsurance recoverables from: Non-life and health similar to non-life	205	255	(50)
Insurance and intermediaries receivables	151	151	-
Reinsurance receivables	0	0	-
Receivables (trade, not insurance)	1	1	-
Cash and cash equivalents	213	213	-
Any other assets, not elsewhere shown	10	10	-
Total assets	**2,783**	**2,867**	**(84)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	1,353	1,454	(101)
Risk margin	53	-	53
Technical provisions – non-life	**1,406**	**1,454**	**(48)**
Contingent liabilities	-	-	-
Pension benefit obligations	39	39	-
Deferred tax liabilities	-	-	-
Derivatives	21	21	-
Insurance & intermediaries payables	30	30	-
Reinsurance payables	34	34	-
Payables (trade, not insurance)	11	11	-
Any other liabilities, not elsewhere shown	28	29	(1)
Total liabilities	**1,569**	**1,618**	**(49)**
Excess of assets over liabilities	**1,214**	**1,249**	**(35)**

No changes have 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.

There are no differences for the major part of the balance sheet items in the valuation for solvency purposes and those used for the valuation in statutory accounts. The main difference is discounting of reserves and risk margin that are included in the Solvency II values. 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 represent commission provision on gross premium and are related to contracts in force at the balance sheet date. Deferred acquisition costs are included (netted) in the technical provisions for Solvency II but are disclosed under deferred acquisition costs in the statutory accounts. 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.

USD million	Solvency II value	Statutory accounts value
Deferred acquisition costs	0	14

D 1.2 Intangible assets

Intangible assets represent 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	0	21

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 taxes assets

USD million, as of 20.02	2018	2017
Specification of tax effect resulting from temporary differences		
Pension obligations	37	32
Portifolio investments	2	4
Equipment	2	(1)
Tax loss carried forward	89	85
Deferred tax carried forward from earlier years	-	1
Contingency reserve *	(124)	(117)
Other temporary differences	2	5
Total temporary differences	7	9

* Because of changes to the Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to Other equity. Related deferred tax asset 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. On 7 February 2018, the Norwegian Ministry of Finance issued a consultation paper with proposals for changes in the tax legislation for insurance and pension entities taking effect from the tax year 2018. No change in the tax treatment of contingency reserves has been decided, nor has there been any change in the equity capital requirements for Gard Norway.

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

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

The best estimate premium provisions relate to claim event occurring after the valuation date. All future cash flows from premium, losses and costs relating to unearned incepted and bound 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 considering 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 programs.

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 multiplied 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 5.8 per cent. Conversely, with a 10 per cent decrease the gross IBNR reduces by 6.0 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 5.7 per cent) and if the Apriori estimate were decreased by 10 per cent (gross IBNR decreased by 5.7 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. The retained earnings are included in the statutory account values of technical provisions.

USD million	Solvency II value	Statutory accounts value
Best estimate technical provisions	1,353	1,454
Risk margin	53	-
Technical provisions	**1,406**	1,454

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 include a provision for risk margin. The risk margin is an estimated cost of capital due to the unpaid claim provisions held. The cost of capital is calculated by using a capital to provision percentage (6 percent), 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), 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
Reinsurance recoverables	-	255
Best estimate - reinsurance recoverables	205	-
Reinsurance recoverables	**205**	255

For information related to reinsurance recoverables for Gard Norway, see Appendix 1, section 1.10. For information related to reinsurance recoverables for Gard M&E Europe, see Appendix 2, section 2.10.

D 3 Valuation of other liabilities

D 3.1 Contingent liabilities

The Gard Group had no contingent liabilities as per 20 February 2018.

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 regards to pension commitments and funds at year end and resulting changes in pension obligations are charged to the income statement and other comprehensive income. Pension costs and pension liabilities have been accounted for in accordance with IAS19.

USD million, as of 20.02	**2018**	**2017**
Liabilities according to the actuarial calculations		
Pension obligation gross	(70)	(62)
Pension funds at market value	31	28
Net pension obligation at the end of the year	**(39)**	**(34)**

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 833,298 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 based on realised quoted prices in active markets. Alternative valuation methods can occur for real estate funds, where there are no active markets, or the relevant markets are deemed to be inactive.

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

D 5 Any other material information

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 consider 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.

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

E 1 Own funds

Under Solvency II a company's own funds consist of basic own funds 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 to be considered 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 always meet local regulatory capital requirements. Gard is subject to different capital requirements depending on the country in which it operates, and the type of business conducted. The local regulator specifies the minimum amount and type of capital that each of the regulated entities must hold. 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 entities meets the local capital requirements over time. If an entity should fall below the target capital level, the management action will be to increase capitalisation or de-risk its assets and/or liabilities to bring the solvency ratio back to an acceptable level.

The equity of Gard group as in the statutory accounts was USD 1,249 million per 20 February 2018.

Technical provisions are calculated according to the requirements under Solvency II.

The equity, i.e., assets over liabilities as calculated in economic balance sheet was USD 1,214 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. Deduction of non-available own funds amounts to USD 21 million, resulting in eligible capital, Tier 1 of USD 1,192 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 2018.

Difference between equity and excess of assets over liabilities

USD million, as of	**2018**	**2017**
Excess of assets over liabilities	1,214	1,090
Statutory accounts equity	1,249	1,135
Difference between equity and Excess of assets over liabilities	**(35)**	**(45)**
Specification of difference:		
Net technical provisions	(2)	28
Risk margin	(51)	(58)
Other	18	(15)
Difference between equity and Excess of assets over liabilities	**(35)**	**(45)**

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

USD million, as of 20.02	**2018**	**2017**
Tier 1	1,192	996
Tier 2	331	338
Tier 3	-	-
Total	**1,523**	**1,334**

The change in Tier 1 capital of USD 196 million, from USD 996 million to USD 1,192 million can be explained as follows;

USD million, as of 20.02	**2018**
Total comprehensive income for the year	114
Change in non-available own funds	72
Other	10
Total	**196**

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 -37 million as per 20 February 2018.

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 1,248 million as per 20 February 2018.

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 hold deposits. 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 21 million as of 20 February 2018. 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 the group a permission to include the right to levy supplementary calls as Tier 2 capital to cover the Solvency Capital Requirement (SCR) under the Solvency II regulations for the associations Gard Bermuda and Gard Norway. 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 percent of the Estimated Total Call (ETC) premiums for the three last open policy years and is eligible to cover up to 50 percent 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 328 million per 20 February 2018.

[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 2.1 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement under Solvency II standard formula was USD 657 million. Total eligible own funds to meet the SCR was USD 1,520 million. The solvency ratio was 232 per cent.

Minimum Capital Requirement under Solvency II standard formula was USD 238 million. Eligible own funds to meet MCR was USD 1,192 million, i.e., a ratio of 502 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 2.2 Solvency Capital Requirements by risk category

Solvency capital requirement, Gard group

Risk category	2018	2017
Underwriting risk	456	483
Market risk	301	297
Counterparty risk	36	36
Diversification	(168)	(170)
Basic Solvency Capital Requirement (BSCR)	625	646
Operational risk	41	44
Loss-absorbing capacity of deferred taxes LACDT)	(9)	(14)
SCR	**656**	**676**

Material changes to SCR in the period is mainly due to reduced underwriting risk caused by premium volumes and reduction in best estimate claims.
This minor increase in market risk was mainly driven by changes in equity risk and interest rate risk, while increased diversification and tighter currency matching help to limit the increase.

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 20.02.2018 are reported as Other equity in the financial statements. Related deferred tax asset has 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. On 7 February 2018, the Norwegian Ministry of Finance issued a consultation paper with proposals for changes in the tax legislation for insurance and pension entities taking effect from the tax year 2018. No changes in the tax treatment of contingency reserve has been decided, nor has there been any change in the equity capital requirements for Gard Norway. We are of the opinion, that the SCR for Gard Norway can be reduced with the amount of USD 9.3 million as loss 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 9.3 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 2.3 Calculation of group solvency requirements

The calculation of the Gard group solvency capital requirements comprises 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 based on consolidated data;

(b) the Solvency Capital Requirement at group level calculated based on 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	493	456	37
Market risk	507	301	206
Counterparty default risk	72	36	35
Operational risk	60	41	19
Total SCR	**909**	**656**	**253**

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

Geographical diversification has 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 of the natural catastrophe risk for each underlying company causes an event to occur in several of the companies at the same time. It is, on a consolidated level, considered 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 compliant 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	2018	2017
Assets	491	543
Technical provisions	356	417
Other liabilities	25	22
Excess of assets over liabilities	110	105
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	110	105
Tier 2 Ancillary own funds	48	49
Tier 3 Other own funds	0	
Eligible own funds	157	154
Capital Requirement		
Solvency Capital Requirement (SCR)	95	98
Minimum Capital Requirement (MCR)	26	27
Solvency ratio		
Eligible own funds to meet SCR	165 %	156 %
Eligible own funds to meet MCR	423 %	383 %

1.2 Underwriting Performance

The financial year ended 20 February 2018 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 27 million and total comprehensive income to USD 3 million. Last year the reduction in deferred call was USD 31 million.

On Estimated Total Call (ETC) basis, the total comprehensive income was USD 30 million with a combined ratio (net) of 82 per cent, against a total comprehensive income of USD 47 million and a combined ratio net of 67 per cent last year.

Gross written premium was USD 152 million, a decrease of USD 13 million from last year. The decrease in premium volume compared to last year was mainly due to a softening market and a falling rate level.

Ceded reinsurance premium on earned basis was USD 75 against USD 80 million last years. This was due to better rates and terms.

Net earned premium was USD 77 million against previous year's net earned premium of USD 85 million.

Gross claims cost incurred during the period amounted to USD 86 million against USD 39 million last year. Net claims incurred for own account was USD 77 million against USD 68 million last year. Gard Norway has had good year with no claim above own retention in the year to 20 February 2018.

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 lower claims incurred. Other Club's pool claims had an adverse development and lead to increase in claims incurred for own account.

The technical result after reduction in deferred call was a loss of USD 9 million and a combined ratio net of 112 per cent. Last year there was a profit of USD 7 million on the technical accounts with a combined ratio net of 92 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	20.02.2018	20.02.2017
	Total P&I	
Technical result		
Gross written premium	152	165
Gross earned premium	152	165
Ceded reinsurance	(75)	(80)
Earned premium for own account	**77**	**85**
Other insurance related income	**-**	**-**
Claims incurred, gross		
Incurred this year	(103)	(103)
Incurred previous years	189	142
Total claims incurred, gross	86	39
Reinsurers' share of gross incurred claims	(9)	29
Claims incurred for own account	**77**	**68**
Insurance related expenses for own account	7	8
Other insurance related expenses	2	1
Technical result	**(9)**	**7**

Gross written premium by geographical area is shown in the table below. The numbers shown are after the reduction in deferred call of USD 27 million in the year to 20 February 2018 and USD 31 million in the previous year.

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

USD million	20.02.2018	20.02.2017
EEA	66	72
Norway	1	3
Other areas	85	91
Total gross written premium	**152**	**165**

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 positive USD 12 million last year.

Total gain directly from equities was USD 7 million this year, which is a slight improvement from last year's gain in equities of USD 4 million.

Income generated from equities (dividends) and from bonds (interest) was USD 5 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 20.02.2018 the exposure towards securitized products was USD 32 million.

Investment performance by asset class, Gard Norway

20.02.2018 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	1	4	-	0	5
Expenses	-	-	-	0	0
Realised gain & loss	4	(1)	(0)	(0)	3
Change in unrealised gain & loss	2	3	(1)	-	4
Total					**12**

20.02.2017 **Amounts in USD 000's**	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	1	5	-	2	8
Expenses	-	-	-	0	0
Realised gain & loss	-	(1)	2	-	1
Change in unrealised gain & loss	3	0	(0)	-	3
Total					**12**

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 2018**	**SCR 2017**
Premium and reserve risk	68	66
Cat risk	23	28
Diversification	(14)	(16)
Total underwriting risk	**77**	**78**

Market risk

USD million	**SCR 2018**	**SCR 2017**
Equity risk	10	15
Intererest rate risk	4	4
Spread risk	8	8
Currency risk	5	16
Property risk	-	-
Concentration risk	-	-
Diversification	(8)	(12)
Total market risk	**19**	**31**

The fall in equity risk is due to a reduction in exposure of 39 per cent. The change in currency risk is due to methodology changes.

Counterparty default risk

USD million	SCR 2018	SCR 2017
Counterparty default risk	38	36

Operational risk

USD million	SCR 2018	SCR 2017
Operational risk	10	12

For more information regarding the SCR calculation see 1.14 Capital management

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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.

USD million	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	202	202	-
Derivatives	-	-	-
Deposits other than cash equivalents	2	2	-
Investments (other than assets held for index-linked and unit-linked contracts)	**204**	**204**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables from: Non-life and health similar to non-life	202	219	(17)
Insurance and intermediaries receivables	6	6	-
Reinsurance receivables	16	16	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	58	58	-
Any other assets, not elsewhere shown	3	3	-
Total assets	**491**	**508**	**(17)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	350	371	(21)
Risk margin	6	0	6
Technical provisions – non-life	**356**	**371**	**(15)**
Contingent liabilities	-	-	-
Pension benefit obligations	2	2	-
Deferred tax liabilities	9	9	-
Derivatives	1	1	-
Insurance & intermediaries payables	5	5	-
Reinsurance payables	4	4	-
Payables (trade, not insurance)	(1)	(1)	-
Any other liabilities, not elsewhere shown	4	4	-
Total liabilities	**381**	**396**	**(15)**
Excess of assets over liabilities	**110**	**112**	**(2)**

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 have 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 most 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 2018.

1.7 Intangible assets

Gard Norway had no intangible assets as per 20 February 2018.

1.8 Deferred taxes

Deferred taxes, Gard Norway

USD million	20.02.2018	20.02.17
Specification of tax effect resulting from temporary differences		
Pension obligations	2	2
Portfolio investments	2	4
Tax loss carried forward	77	67
Other temporary differences	2	2
Contingency reserve*	-118	-117
Total temporary differences	**(36)**	**(42)**
Deferred tax, 25 percent of total temporary differences	**9**	(11)
Total deferred tax	9	**(11)**

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.

*Because of changes to the Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to Other equity. Related deferred tax asset 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. On 7 February 2018, the Norwegian Ministry of Finance issued a consultation paper with proposals for changes in the tax legislation for insurance and pension entities taking effect from the tax year 2018. No change in the tax treatment of contingency reserves has been decided, nor has there been any change in the equity capital requirements for Gard Norway.

1.9 Best estimate liabilities

Best estimate liabilities, Gard Norway

Amounts in USD 000's	Solvency II value	Statutory accounts value
Best estimate technical provisions	350	371
Risk margin	6	-
Technical provisions	**356**	371

1.10 Reinsurance Recoverables

Reinsurance recoverables, Gard Norway

USD million	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	219
Best estimate - reinsurance recoverables	202	-
Reinsurance recoverables	**202**	219

1.11 Contingent liabilities

Gard Norway had no contingent liabilities as per 20 February 2018.

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 6 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 112 million as at 20 February 2018.

Assets over liabilities as calculated in economic balance sheet was USD 110 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 2018:

Difference between equity and excess of assets over liabilities

USD million	**2018**	**2017**
Excess of assets over liabilities	110	105
Statutory accounts equity	112	109
Difference between equity and Excess of assets over liabilities	**(2)**	**(5)**
Specification of difference:		
Net technical provisions	4	2
Risk margin	(6)	(7)
Difference between equity and Excess of assets over liabilities	**(2)**	**(5)**

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

USD million, as of 20.02	**2018**	**2017**
Tier 1	110	105
Tier 2	48	49
Tier 3	-	-
Total	**157**	**154**

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, as of 20.02	**2018**
Total comprehensive income for the year	3
Tax on restatement of contingency reserves to equity	
Other	2
Total	**5**

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 -2 million as per 20 February 2018.

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 112 million as per 20 February 2018.

Gard Norway had no non-available own funds as per 20 February 2018.

1.15 Solvency capital requirement

Solvency capital requirement under Solvency II standard formula was USD 95 million as of 20 February 2018.

Total eligible own funds including Tier 2 capital available to meet solvency capital requirements was USD 157 million. The solvency ratio was 165 percent.

Minimum capital requirement under Solvency II standard formula is USD 26 million. Eligible own funds to meet MCR was USD 110 million, i.e., a ratio of 423 percent.

Solvency capital requirement by risk type, Gard Norway

USD million, as of 20.02

Risk category	2018	2017
Underwriting risk	77	78
Market risk	19	31
Counterparty risk	17	17
Diversification	(19)	(25)
Basic Solvency Capital Requirement (BSCR)	94	100
Operational risk	10	12
Loss-absorbing capacity of deferred taxes (LACDT)	(9)	(14)
SCR	**95**	**98**

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	2018	2017
Assets	191	147
Technical provisions	108	87
Other liabilities	31	25
Excess of assets over liabilities	52	35
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	52	34
Tier 2 Ancillary own funds	0	
Tier 3 Other own funds	0	-
Eligible own funds	52	35
Capital Requirement		
Solvency Capital Requirement (SCR)	35	30
Minimum Capital Requirement (MCR)	9	7
Solvency ratio		
Eligible own funds to meet SCR	149 %	118 %
Eligible own funds to meet MCR	597 %	466 %

2.2 Underwriting performance

The financial year ending 20 February 2018 delivered a good result for Gard M&E Europe.

The net result was USD 7 million with a combined ratio (net) of 85 per cent against a net result of USD 3 million with a combined ratio net of 79 per cent last year.

Gross earned premium was USD 78 million, a decrease of USD 7 million (8 per cent) from last year. The decrease in gross earned premium was due to a softer market resulting in falling rate levels.

Ceded reinsurance premium on earned basis was USD 59 million against USD 78 million last year. The reduction was a consequence of the change in the internal reinsurance contract with Gard M&E Ltd. from 90 to 70 per cent.

Claims costs net were USD 14 million, whereas last year's claims costs net was USD 5 million. The number of frequency claims and large claims within the retention were fewer than expected, but the company was hit by one large claim. Some claims from previous accident years were strengthened and there were also run off gains contributing to lower claims incurred. The reinsurer's share was reduced because of the change in the internal reinsurance contract with Gard M&E Ltd. from 90 to 70 per cent.

Operating expenses (sum of acquisition costs and other insurance related expenses) decreased somewhat over the last year due to decreased business volume. This commission received was reduced as a consequence of the change in the internal reinsurance contract with Gard M&E Ltd. from 90 to 70 per cent.

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

USD million	20.02.2018	20.02.2017
	Total M&E	
Technical result		
Gross written premium	84	76
Gross earned premium	78	85
Ceded reinsurance	(59)	(78)
Earned premium for own account	**19**	**7**
Other insurance related income	**-**	**-**
Claims incurred, gross		
Incurred this year	59	29
Incurred previous years	14	29
Total claims incurred, gross	73	57
Reinsurers' share of gross incurred claims	(59)	(52)
Claims incurred for own account	**14**	**5**
Insurance related expenses for own account	2	-
Other insurance related expenses	1	-
Technical result	**3**	**2**

Underwriting performance by geographical area, Gard M&E Europe

Gross written premiums in the EEA has been increased to USD 78 million from USD 68 million last year, by USD 10 million or 15 per cent. The main reason for the increase is more written premiums for the next underwriting year. Other areas have been reduced to USD 6 million from USD 8 million last year, by USD 2 million or 25 per cent.

USD million	20.02.2018	20.02.2017
EEA	78	68
Norway	0	0
Other areas	6	8
Total gross written premium	**84**	**76**

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 0.8 million compared to a USD 0.3 million last year. Total gain directly from equities was USD 0.6 million this year, which is slightly better compared to last year's gain of USD 0.4 million.

Income generated from equities (dividends) and from bonds (interest) was USD 0.6 million as of 20 February 2018 which is 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 20.02.2018 the exposure towards securitized products was USD 0.4 million.

Investment performance by asset class, Gard M&E Europe

20.02.2018 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	0.1	0.5	5.3	0.1	5.9
Expenses	-	-	-	0.0	0.0
Realised gain & loss	0.6	-	-	-	0.6
Change in unrealised gain & loss	(0.0)	(0.3)	-	-	(0.3)
Total					**6.1**

20.02.2017 Amounts in USD million	**Equities and investment funds**	**Bonds**	**Financial derivatives**	**Other financial investments**	**Total**
Income	0.0	0.4	0.6	-	1.0
Expenses	-	-	-	(0.0)	(0.0)
Realised gain & loss	-	(0.0)	-	-	(0.0)
Change in unrealised gain & loss	0.4	(0.4)	-	-	(0.0)
Total					**0.9**

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 2018**	**SCR 2017**
Premium and reserve risk	12	10
Cat risk	19	16
Diversification	(6)	(5)
Total underwriting risk	**25**	**22**

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 was changed to 70 per cent for the year commencing 21.02.2017. Because of the changed quota share treaty with Gard M&E the company retains more business for own account, which explains the increased premium, reserve risk and cat risk – and the increase in counterparty default risk.

Market risk

USD million	SCR 2018	SCR 2017
Equity risk	1	1
Intererest rate risk	2	0
Spread risk	0	0
Currency risk	2	3
Property risk	-	-
Concentration risk	-	-
Diversification	(1)	(1)
Total market risk	**3**	**4**

Counterparty risk

USD million	SCR 2018	SCR 2017
Counterparty default risk	10	7

Operational risk

USD million	SCR 2018	SCR 2017
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.

USD million	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	5	(5)
Intangible assets	-	-	-
Deferred tax assets	1	1	-
Property, plant & equipment held for own use	-	-	-
Government Bonds	-	-	-
Collective Investments Undertakings	46	46	-
Derivatives	-	-	-
Deposits other than cash equivalents	-	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	**46**	**46**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables from: Non-life and health similar to non-life	81	90	(9)
Insurance and intermediaries receivables	44	44	-
Reinsurance receivables	7	7	-
Receivables (trade, not insurance)	-	-	-
Cash and cash equivalents	13	13	-
Any other assets, not elsewhere shown	-	-	-
Total assets	**191**	**205**	**(14)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	106	113	(8)
Risk margin	2	0	2
Technical provisions – non-life	**108**	**113**	**(5)**
Contingent liabilities	-	-	-
Pension benefit obligations	-	-	-
Deferred tax liabilities	2	2	-
Derivatives	-	-	-
Insurance & intermediaries payables	3	3	-
Reinsurance payables	26	26	-
Payables (trade, not insurance)	0	0	-
Any other liabilities, not elsewhere shown	0	8	(8)
Total liabilities	**139**	**152**	**(13)**
Excess of assets over liabilities	**52**	**53**	**(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 have 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 most 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	0	5

2.7 Intangible assets

Gard M&E Europe had no intangible assets as at 20 February 2018.

2.8 Deferred taxes

Deferred taxes, Gard M&E Europe:

USD million	20.02.2018	20.02.17
Specification of tax effect resulting from temporary differences		
Portfolio investments	0.3	0.2
Tax loss carried forward	0.2	0.2
Other temporary differences	0.1	(0.2)
Contingency reserve*	(5.4)	0.9
Total temporary differences	**(4.8)**	**1.1**
Deferred tax asset, 25 percent of total temporary differences	**(1.2)**	**0.3**
Currency effect posted to Non-technical result		**-**
Net deferred tax asset of total temporary differences*	**(1.1)**	**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.

*Because of changes to the Norwegian accounting regulations for insurance companies, contingency reserve has been reclassified to Other equity. Related deferred tax asset 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. On 7 February 2018, the Norwegian Ministry of Finance issued a consultation paper with proposals for changes in the tax legislation for insurance and pension entities taking effect from the tax year 2018. No change in the tax treatment of contingency reserves has been decided.

2.9 Best estimate liabilities

Best estimate liabilities, Gard M&E Europe:

Amounts in USD 000's	Solvency II value	Solvency I value
Best estimate technical provisions	106	113
Risk margin	2	-
Technical provisions	**108**	113

2.10 Reinsurance recoverables

Reinsurance recoverables, Gard M&E Europe

Amounts in USD million	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	90
Best estimate - reinsurance recoverables	81	-
Reinsurance recoverables	**81**	90

2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 20 February 2018.

2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 20 February 2018.

2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 8 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 53 million as of 20 February 2018.

Assets over liabilities as calculated in economic balance sheet was USD 52 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

:

Difference between equity and excess of assets over liabilities

USD million	**2018**	**2017**
Excess of assets over liabilities	52	35
Statutory accounts equity	53	36
Difference between equity and Excess of assets over liabilities	**(1)**	**(1)**
Specification of difference:		
Net technical provisions	(1)	(3)
Risk margin	(2)	(1)
Other	2	3
Difference between equity and Excess of assets over liabilities	**(1)**	**(1)**

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

USD million, as of 20.02	**2018**	**2017**
Tier 1	52	34
Tier 2	-	-
Tier 3	-	1
Total	**52**	**35**

The change in Tier 1 capital of USD 18 million, from USD 34 million to USD 52 million is due to increase in ordinary share capital.

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 2018.

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 11 million as per 20 February 2018.

2.15 Solvency capital requirement

The SCR under Solvency II standard formula was USD 35 million as of 20 February 2018.

Total eligible own funds available to meet Solvency Capital Requirements was USD 52 million. The solvency ratio was 149 percent.

MCR under Solvency II standard formula was USD 9 million. Eligible own funds to meet MCR was USD 52 million, i.e., a ratio of 597 percent.

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

Risk category	2018	2017
Underwriting risk	25	22
Market risk	3	4
Counterparty risk	10	7
Diversification	(6)	(5)
Basic Solvency Capital Requirement (BSCR)	32	27
Operational risk	3	3
Loss-absorbing capacity of deferred taxes (LACDT)	-	-
SCR	**35**	**30**

Appendix 3
Abbreviations Gard companies

Gard companies

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

Insurance Companies
- Gard P. & I. (Bermuda) Ltd. (“Gard Bermuda”)
- Assuranceforeningen Gard – gjensidig (“Gard Norway”)
- Gard Marine & Energy Limited (“Gard M&E”)
- Gard Marine & Energy Insurance (Europe) AS (“Gard M&E Europe”)
- Gard Reinsurance Co Ltd (“Gard Re”)
- 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 Insurance (Europe) AS - UK Branch – (“Gard M&E Europe UK”)
- Gard Marine & Energy Limited Hong Kong Branch – (“Gard M&E Hong Kong”)

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

Management company
- Lingard – Limited (“Lingard”)

Insurance Intermediary company
- Gard AS – (“Gard AS”)

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

Property company
- AS Assuransegården – (“Assuransegården”)

All above companies and branches
- Jointly referred to as “Gard” or “Group”

Appendix 4
Other abbreviations

ALAE: ALLOCATED LOSS ADJUSTMENT EXPENSES

BBNI: BOUND BUT NOT INCEPTED INCOME

BEL: BEST ESTIMATE LIABILITY

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

- 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)
- Undertakings in the scope of the group (S.32.01.22)

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**	1,763
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	31,134
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,146,765
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	11
Equities - listed	**R0110**	-
Equities - unlisted	**R0120**	11
Bonds	**R0130**	36,511
Government Bonds	**R0140**	36,511
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	2,069,357
Derivatives	**R0190**	3,186
Deposits other than cash equivalents	**R0200**	37,700
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	23,632
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	23,632
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	204,876
Non-life and health similar to non-life	**R0280**	204,876
Non-life excluding health	**R0290**	204,876
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**	150,277
Reinsurance receivables	**R0370**	208
Receivables (trade, not insurance)	**R0380**	1,423
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	209,123
Any other assets, not elsewhere shown	**R0420**	13,698
Total assets	**R0500**	2,782,901

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	1,405,810
Technical provisions – non-life (excluding health)	R0520	1,405,810
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	1,352,880
Risk margin	R0550	52,930
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	80
Pension benefit obligations	R0760	38,855
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	-
Derivatives	R0790	20,945
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	30,430
Reinsurance payables	R0830	33,675
Payables (trade, not insurance)	R0840	11,366
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	27,725
Total liabilities	R0900	1,568,886
Excess of assets over liabilities	R1000	1,214,015

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**						695,796											695,796
Gross - Proportional reinsurance accepted	**R0120**						(3)											(3)
Gross - Non-proportional reinsurance accepted	**R0130**															663		-
Reinsurers' share	**R0140**						134,679											134,679
Net	**R0200**						561,114									663		561,777
Premiums earned																		-
Gross - Direct Business	**R0210**						680,585											680,585
Gross - Proportional reinsurance accepted	**R0220**						(3)											(3)
Gross - Non-proportional reinsurance accepted	**R0230**															663		-
Reinsurers' share	**R0240**						134,172											134,172
Net	**R0300**						546,410									663		547,073
Claims incurred																		-
Gross - Direct Business	**R0310**						400,157											400,157
Gross - Proportional reinsurance accepted	**R0320**						-											-
Gross - Non-proportional reinsurance accepted	**R0330**															-		-
Reinsurers' share	**R0340**						(561)											(561)
Net	**R0400**						400,717									-		400,717
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**						169,867									663		169,933
Other expenses	**R1200**																	
Total expenses	**R1300**																	169,933

		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

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		HK	JP	NO	SG	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	567	41,778	18,351	527,626	45,542	61,932	695,796
Gross - Proportional reinsurance accepted	R0120	(3)	-	-	(0)	(0)	-	(3)
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	74,867	97	1	53,028	300	6,387	134,679
Net	R0200	(74,303)	41,682	18,351	474,599	45,241	55,545	561,114
Premiums earned								
Gross - Direct Business	R0210	567	41,469	18,351	514,795	45,254	60,148	680,585
Gross - Proportional reinsurance accepted	R0220	(3)	-	-	(0)	(0)	-	(3)
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	1,771	6,432	2,705	103,750	9,293	10,221	134,172
Net	R0300	(1,207)	35,037	15,647	411,045	35,961	49,927	546,410
Claims incurred								
Gross - Direct Business	R0310	4,407	4,980	1,523	370,952	12,016	6,279	400,157
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	(769)	(1)	-	(1,298)	(147)	1,653	(561)
Net	R0400	5,176	4,980	1,523	372,250	12,163	4,626	400,717
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	(836)	6,136	2,224	145,441	8,695	8,207	169,867
Other expenses	R1200							-
Total expenses	R1300							169,867

		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							

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	463	463			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,248,567	1,248,567			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-ty	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	(36,779)	(36,779)			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	1,763				1,763
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	20,694	20,694			
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	20,694	20,694	-	-	-
Total deductions	R0280	20,694	20,694	-	-	-
Total basic own funds after deductions	R0290	1,193,320	1,191,557	-	-	1,763

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**	670,884			670,884	
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**	670,884			670,884	
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**	1,864,205	1,191,557	-	670,884	1,763
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,191,557	1,191,557	-	-	
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**	1,519,723	1,191,557	-	328,166	-
Total-eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,191,557	1,191,557	-	-	
Minimum consolidated Group SCR	**R0610**	237,569				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	501.56 %				
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**	1,519,723	1,191,557	-	328,166	-
Group SCR	**R0680**	656,332				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	231.55 %				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,214,015
Own shares (included as assets on the balance sheet)	**R0710**	
Forseeable dividends, distributions and charges	**R0720**	
Other basic own fund items	**R0730**	1,250,793
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**	(36,779)
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	3,530
Total EPIFP	**R0790**	3,530

Annex I

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
Market risk	R0010	301,252		
Counterparty default risk	R0020	36,349		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	455,902		
Diversification	R0060	(168,494)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	625,010		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	40,586
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(9,265)
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	656,332
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	237,569
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	656,332

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

								Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
BR	LEI/213800396JKJ1UBIBJ37	1	Gard Marine & Energy Ltd. Escritorio de Representação no Brasil Ltda.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
FI	LEI/2138003GAO7REM2VXG04	1	OY Gard (Baltic) AB	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/21380084U7O1189W1Q41	1	Gard P. & I. (Bermuda) Ltd	2	Gjensidig sels	1	Bermuda Monetary Authority							1		1
GB	LEI/2138008GLX45R5P25362	1	Gard (UK) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
GR	LEI/213800D8JGJCYQLS8V88	1	Gard (Greece) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
US	LEI/213800FY2T23ST15RW72	1	Gard (North America) Inc.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
JP	LEI/213800M7HGL8VMFH5228	1	Gard (Japan) KK	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
SG	LEI/213800O24Z6CETNDYK67	1	Gard (Singapore) Pte. Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800Q2POZHFSJGV914	1	Lingard Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800T4M3EDB4CNQN80	1	Gard Marine & Energy Limited	2	Aksjeselskap	2	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1
HK	LEI/213800TZYP2QXFEA7U98	1	Gard (HK) Ltd.	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
BM	LEI/213800ZHTIW647JBKL75	1	Safeguard Guaranteee Company Ltd	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
NO	LEI/5967007LIEEXZXAU8W91	1	Gard AS	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
NO	LEI/5967007LIEEXZXAWK837	1	AS Assuransegaarden	10	Aksjeselskap	2		100 %	100 %	100 %		1	100 %	1		1
NO	SC/913861825	2	Gard Marine & Energy Insurance (Europe) AS	2	Aksjeselskap	2	Finanstilsynet	100 %	100 %	100 %		1	100 %	1		1
NO	SC/939717609	2	Assuranceforeningen Gard - gjensidig -	2	Gjensidig sels	1	Finanstilsynet	100 %	100 %	100 %		1	100 %	1		1
BM	SC/Hydra Gard Cell	2	Hydra Gard cell	3	Gjensidig sels	1	Bermuda Monetary Authority	100 %	100 %	100 %		1	100 %	1		1
SE	LEI/2138007UOLY7DK46OI11	1	Gard (Sweden) AB	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)

Annex I

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
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**	203,866
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**	201,997
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	1,869
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**	202,026
Non-life and health similar to non-life	**R0280**	202,026
Non-life excluding health	**R0290**	202,026
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**	5,582
Reinsurance receivables	**R0370**	16,441
Receivables (trade, not insurance)	**R0380**	145
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**	56,676
Any other assets, not elsewhere shown	**R0420**	4,653
Total assets	**R0500**	491,589

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	356,118
Technical provisions – non-life (excluding health)	R0520	356,118
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	349,735
Risk margin	R0550	6,383
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	2,018
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	9,005
Derivatives	R0790	652
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	5,201
Reinsurance payables	R0830	4,399
Payables (trade, not insurance)	R0840	208
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	4,235
Total liabilities	R0900	381,834
Excess of assets over liabilities	R1000	109,754

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**						147,207											147,207
Gross - Proportional reinsurance accepted	**R0120**						4,397											4,397
Gross - Non-proportional reinsurance accepted	**R0130**						-									-		-
Reinsurers' share	**R0140**						74,749											74,749
Net	**R0200**						76,856									-		76,856
Premiums earned							-											-
Gross - Direct Business	**R0210**						147,209											147,209
Gross - Proportional reinsurance accepted	**R0220**						4,398											4,398
Gross - Non-proportional reinsurance accepted	**R0230**						-									-		-
Reinsurers' share	**R0240**						74,760											74,760
Net	**R0300**						76,847									-		76,847
Claims incurred							-											-
Gross - Direct Business	**R0310**						52,840											52,840
Gross - Proportional reinsurance accepted	**R0320**						14,472											14,472
Gross - Non-proportional reinsurance accepted	**R0330**						-									-		-
Reinsurers' share	**R0340**						8,724											8,724
Net	**R0400**						58,587									-		58,587
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**						27,411									-		27,411
Other expenses	**R1200**																	
Total expenses	**R1300**																	27,411

		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

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		JP	KR	NL	TW	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	739	18,019	10,995	13,681	11,398	14,995	69,826
Gross - Proportional reinsurance accepted	R0120	1,007	16	10			114	1,148
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	30,877	5,393	3,291	4,095	3,412	4,494	51,561
Net	R0200	(29,131)	12,642	7,714	9,586	7,986	10,615	19,412
Premiums earned								
Gross - Direct Business	R0210	739	18,019	10,995	13,681	11,398	14,995	69,826
Gross - Proportional reinsurance accepted	R0220	1,007	16	10			114	1,148
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	375	9,151	5,584	6,948	5,788	7,615	35,461
Net	R0300	1,371	8,884	5,421	6,733	5,609	7,494	35,513
Claims incurred								
Gross - Direct Business	R0310	2,148	1,527	763	10,000	2,028	1,720	18,187
Gross - Proportional reinsurance accepted	R0320	3,291	12	344	445	382	207	4,681
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	754	715	357	911	937	898	4,572
Net	R0400	4,686	825	749	9,533	1,474	1,029	18,296
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	(495)	1,768	1,019	4,469	1,494	1,630	9,884
Other expenses	R1200							
Total expenses	R1300							9,884

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

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and	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						(10,241)											(10,241)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						(11,969)											(11,969)
Net Best Estimate of Premium Provisions	R0150	-	-	-	-	-	1,728	-	-	-	-	-	-	-	-	-	-	1,728
Claims provisions																		
Gross	R0160						359,976											359,976
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						213,994											213,994
Net Best Estimate of Claims Provisions	R0250	-	-	-	-	-	145,982	-	-	-	-	-	-	-	-	-	-	145,982
Total Best estimate - gross	R0260	-	-	-	-	-	349,735	-	-	-	-	-	-	-	-	-	-	349,735
Total Best estimate - net	R0270	-	-	-	-	-	147,709	-	-	-	-	-	-	-	-	-	-	147,709
Risk margin	R0280						6,383											6,383
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	-	-	-	-	-	356,118	-	-	-	-	-	-	-	-	-	-	356,118
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	-	-	-	-	-	202,026	-	-	-	-	-	-	-	-	-	-	202,026
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	-	-	-	-	-	154,092	-	-	-	-	-	-	-	-	-	-	154,092

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													
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											39,282	R0100	39,282	39,282
N-9	R0160	56,878	73,390	29,635	19,615	18,950	9,001	3,322	3,522	791	1,917		R0160	1,917	217,019
N-8	R0170	50,347	191,607	33,608	22,847	15,810	13,808	7,004	4,593	2,439			R0170	2,439	342,064
N-7	R0180	7,473	10,981	13,682	4,213	7,932	1,219	1,329	227				R0180	227	47,057
N-6	R0190	12,671	21,547	17,224	6,521	3,140	1,461	766					R0190	766	63,329
N-5	R0200	14,913	28,858	17,566	5,544	4,934	2,299						R0200	2,299	74,113
N-4	R0210	11,463	18,753	8,403	5,374	5,242							R0210	5,242	49,236
N-3	R0220	19,455	17,244	7,895	6,841								R0220	6,841	51,435
N-2	R0230	66,660	69,575	32,323									R0230	32,323	168,558
N-1	R0240	14,844	16,745										R0240	16,745	31,589
N	R0250	19,571											R0250	19,571	19,571
												Total	R0260	127,651	1,103,252

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											92,214	R0100	91,792
N-9	R0160	241,359	113,610	69,426	49,060	30,010	16,202	13,273	8,090	6,160	3,880		R0160	3,802
N-8	R0170	295,113	130,588	96,834	66,666	57,174	37,050	29,649	21,465	14,604			R0170	14,284
N-7	R0180	77,808	54,279	33,767	21,385	5,829	3,596	2,105	1,565				R0180	1,524
N-6	R0190	69,899	43,565	24,579	16,378	8,147	5,302	4,278					R0190	4,141
N-5	R0200	76,543	71,773	47,653	36,648	28,540	23,893						R0200	23,041
N-4	R0210	62,215	25,424	20,963	15,091	8,253							R0210	7,940
N-3	R0220	67,589	33,423	31,296	26,847								R0220	25,803
N-2	R0230	279,064	121,816	70,529									R0230	67,618
N-1	R0240	80,468	43,680										R0240	41,925
N	R0250	81,177											R0250	78,105
												Total	R0260	359,976

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	112,186	112,186			
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	(2,431)	(2,431)			
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	109,754	109,754	-	-	-
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	217,200			217,200	
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**	217,200			217,200	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	326,955	109,754	-	217,200	-
Total available own funds to meet the MCR	**R0510**	109,754	109,754	-	-	
Total eligible own funds to meet the SCR	**R0540**	157,365	109,754	-	47,611	-
Total eligible own funds to meet the MCR	**R0550**	109,754	109,754	-	-	
SCR	**R0580**	95,222				
MCR	**R0600**	25,974				
Ratio of Eligible own funds to SCR	**R0620**	165.26 %				
Ratio of Eligible own funds to MCR	**R0640**	422.56 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	109,754	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	112,186	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	(2,431)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	1,635	
Total Expected profits included in future premiums (EPIFP)	**R0790**	1,635	

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	19,149		
Counterparty default risk	R0020	17,231		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	77,074		
Diversification	R0060	(19,459)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	93,995		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	10,492
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(9,265)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	95,222
Capital add-on already set	R0210	
Solvency capital requirement	R0220	95,222
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	

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	25,974

		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	147,709	76,856
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	25,974
SCR	R0310	95,222
MCR cap	R0320	42,850
MCR floor	R0330	23,805
Combined MCR	R0340	25,974
Absolute floor of the MCR	R0350	4,306

		C0070
Minimum Capital Requirement	R0400	25,974

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)

Annex I

S.02.01.02

Balance sheet

Assets		Solvency II value
		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**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	45,566
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**	45,566
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**	80,511
Non-life and health similar to non-life	**R0280**	80,511
Non-life excluding health	**R0290**	80,511
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**	44,355
Reinsurance receivables	**R0370**	6,960
Receivables (trade, not insurance)	**R0380**	10
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**	12,695
Any other assets, not elsewhere shown	**R0420**	15
Total assets	**R0500**	190,113

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	108,050
Technical provisions – non-life (excluding health)	R0520	108,050
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	105,727
Risk margin	R0550	2,323
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	1,173
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	2,652
Reinsurance payables	R0830	25,758
Payables (trade, not insurance)	R0840	317
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	122
Total liabilities	R0900	138,072
Excess of assets over liabilities	R1000	52,041

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**						84,412											84,412
Gross - Proportional reinsurance accepted	**R0120**						-											-
Gross - Non-proportional reinsurance accepted	**R0130**						-									-		-
Reinsurers' share	**R0140**						56,693											56,693
Net	**R0200**						27,719									-		27,719
Premiums earned																		
Gross - Direct Business	**R0210**						78,232											78,232
Gross - Proportional reinsurance accepted	**R0220**						-											-
Gross - Non-proportional reinsurance accepted	**R0230**						-									-		-
Reinsurers' share	**R0240**						58,749											58,749
Net	**R0300**						19,483									-		19,483
Claims incurred																		
Gross - Direct Business	**R0310**						69,928											69,928
Gross - Proportional reinsurance accepted	**R0320**						-											-
Gross - Non-proportional reinsurance accepted	**R0330**															-		-
Reinsurers' share	**R0340**						59,044											59,044
Net	**R0400**						10,884									-		10,884
Changes in other technical provisions							-											-
Gross - Direct Business	**R0410**						-											-
Gross - Proportional reinsurance accepted	**R0420**						-											-
Gross - Non- proportional reinsurance accepted	**R0430**																	-
Reinsurers'share	**R0440**						-											-
Net	**R0500**						-											-
Expenses incurred	**R0550**						5,662									-		5,662
Other expenses	**R1200**																	-
Total expenses	**R1300**																	5,662

		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

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	IT	NL	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	-	4,574	47,918	5,955	4,482	9,117	72,046
Gross - Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	2,354	2,639	35,015	3,238	2,315	4,605	50,165
Net	R0200	(2,354)	1,935	12,904	2,717	2,167	4,511	21,881
Premiums earned								
Gross - Direct Business	R0210	-	4,239	44,410	5,519	4,154	8,449	66,771
Gross - Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	-	3,183	33,350	4,145	3,119	6,345	50,143
Net	R0300	-	1,056	11,060	1,374	1,034	2,104	16,629
Claims incurred								
Gross - Direct Business	R0310	153	1,333	37,201	2,824	1,757	1,510	44,778
Gross - Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	114	993	34,689	2,099	1,306	1,122	40,322
Net	R0400	39	340	2,512	725	451	388	4,456
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	(189)	250	2,885	383	284	508	4,120
Other expenses	R1200							
Total expenses	R1300							4,120

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

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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**						35,672											35,672
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						22,371											22,371
Net Best Estimate of Premium Provisions	**R0150**	-	-	-	-	-	13,301	-	-	-	-	-	-	-	-	-	-	13,301
Claims provisions																		
Gross	**R0160**						70,055											70,055
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						58,140											58,140
Net Best Estimate of Claims Provisions	**R0250**	-	-	-	-	-	11,915	-	-	-	-	-	-	-	-	-	-	11,915
Total Best estimate - gross	**R0260**	-	-	-	-	-	105,727	-	-	-	-	-	-	-	-	-	-	105,727
Total Best estimate - net	**R0270**	-	-	-	-	-	25,215	-	-	-	-	-	-	-	-	-	-	25,215
Risk margin	**R0280**						2,323											2,323
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**	-	-	-	-	-	108,050	-	-	-	-	-	-	-	-	-	-	108,050
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	-	-	-	-	-	80,511	-	-	-	-	-	-	-	-	-	-	80,511
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	-	-	-	-	-	27,539	-	-	-	-	-	-	-	-	-	-	27,539

Annex I
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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**	35	1,295	-	74	-	-	-	-	-	6		**R0160**	6	1,410
N-8	**R0170**	1,851	2,784	757	21	33	17	-	-	153			**R0170**	153	5,618
N-7	**R0180**	2,307	5,982	2,561	432	272	161	80	292				**R0180**	292	12,087
N-6	**R0190**	3,760	5,238	2,004	817	725	101	317					**R0190**	317	12,961
N-5	**R0200**	3,631	6,345	3,554	770	603	238						**R0200**	238	15,142
N-4	**R0210**	20,106	5,092	2,114	799	654							**R0210**	654	28,765
N-3	**R0220**	9,875	6,650	1,835	1,601								**R0220**	1,601	19,961
N-2	**R0230**	17,074	20,789	8,676									**R0230**	8,676	46,539
N-1	**R0240**	25,720	21,416										**R0240**	21,416	47,136
N	**R0250**	22,410											**R0250**	22,410	22,410
												Total	**R0260**	55,763	212,029

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**	1,378	(3)	(3)	1	1	10	10	13	13	5		**R0160**	5
N-8	**R0170**	1,618	1,398	210	22	191	177	240	232	121			**R0170**	118
N-7	**R0180**	8,594	3,384	1,995	750	385	363	359	128				**R0180**	125
N-6	**R0190**	8,040	4,953	3,865	1,597	602	450	334					**R0190**	325
N-5	**R0200**	8,899	6,317	2,794	2,135	1,398	1,281						**R0200**	1,247
N-4	**R0210**	7,143	6,122	3,097	1,828	516							**R0210**	504
N-3	**R0220**	12,162	4,961	3,416	8,642								**R0220**	8,436
N-2	**R0230**	38,171	12,062	3,191									**R0230**	3,119
N-1	**R0240**	37,578	18,423										**R0240**	18,024
N	**R0250**	38,860											**R0250**	38,152
												Total	**R0260**	70,055

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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**	42,572	42,572			
Share premium account related to ordinary share capital	**R0030**	10,581	10,581			
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**	(1,113)	(1,113)			
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**	52,041	52,041	-	-	-
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**	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	52,041	52,041	-	-	-
Total available own funds to meet the MCR	**R0510**	52,041	52,041	-	-	
Total eligible own funds to meet the SCR	**R0540**	52,041	52,041	-	-	-
Total eligible own funds to meet the MCR	**R0550**	52,041	52,041	-	-	
SCR	**R0580**	34,842				
MCR	**R0600**	8,711				
Ratio of Eligible own funds to SCR	**R0620**	149.3613 %				
Ratio of Eligible own funds to MCR	**R0640**	597.4450 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	52,041	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	53,153	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	(1,113)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	20	
Total Expected profits included in future premiums (EPIFP)	**R0790**	20	

Annex I

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	2,634		
Counterparty default risk	R0020	9,742		
Life underwriting risk	R0030	-		
Health underwriting risk	R0040	-		
Non-life underwriting risk	R0050	24,784		
Diversification	R0060	(5,490)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	31,670		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	3,172
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	34,842
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	24,842
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	

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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	6,478

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12
		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	25,215	27,719
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	6,478
SCR	R0310	34,842
MCR cap	R0320	15,679
MCR floor	R0330	8,711
Combined MCR	R0340	8,711
Absolute floor of the MCR	R0350	4,306

		C0070
Minimum Capital Requirement	R0400	8,711