SOLVENCY AND FINANCIAL CONDITION REPORT

2019

• Gard group • Gard Norway • Gard M&E Europe •

|

20 February 2019

Contents

EXECUTIVE SUMMARY

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

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

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

In 2018 Gard had part of its internal risk capital model ("internal model") approved for regulatory purposes. All figures per 20 February 2019 displayed in relevant solvency tables are based on partial internal model, while 2018 figures are calculated based on the standard formula.

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	2019	2018
Solvency II balance sheet		
Assets	2,782	2,783
Technical provisions	1,473	1,406
Other liabilities	148	163
Excess of assets over liabilities	1,161	1,214
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	1,136	1,192
Tier 2 Ancillary own funds	245	328
Tier 3 Other own funds	0	0
Eligible own funds	1,380	1,520
Capital Requirement		
Solvency Capital Requirement (SCR)	490	656
Minimum Capital Requirement (MCR)	240	238
Solvency ratio		
Eligible own funds to meet SCR	282 %	232 %
Eligible own funds to meet MCR	472 %	502 %

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 2019.

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.

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

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 allow the company to achieve an efficient risk diversification.

The financial year ending 20 February 2019 delivered a negative result for the Gard group. Despite of this, due to the strong capital position of the group, the Board of Directors decided a reduction in the 4th instalment (deferred call), amounting in total to USD 37 million for mutual Members.

Gross written premiums on ETC basis increased by 3 per cent from last year. The increase was due to increased business volume in Marine. The claims development was in line with expectations, while expenses were above plan for the year.

Gard seeks to add returns through a diversified investment portfolio. The investment return of the year ending 20 February 2019 was below expectations. The financial markets had a correction towards the end of 2018. 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.

In 2018 Gard changed the organisational structure to strengthen the independence of the 2nd line of defence functions.

The individual elements of the System of Governance 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.

In November 2018 the Norwegian FSA approved the insurance risk and market risk modules in the internal model to be used for regulatory purposes for Gard group, Assuranceforeningen Gard and Gard M&E (Europe) from 20 February 2019. The Solvency Capital Requirement for Gard group has therefore gone up from 232 per cent to 282 per cent. A description of the individual risk elements can be found in section C.

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 are determined as the sum of best estimate present value of liabilities and a risk using 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 2019.

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

82 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

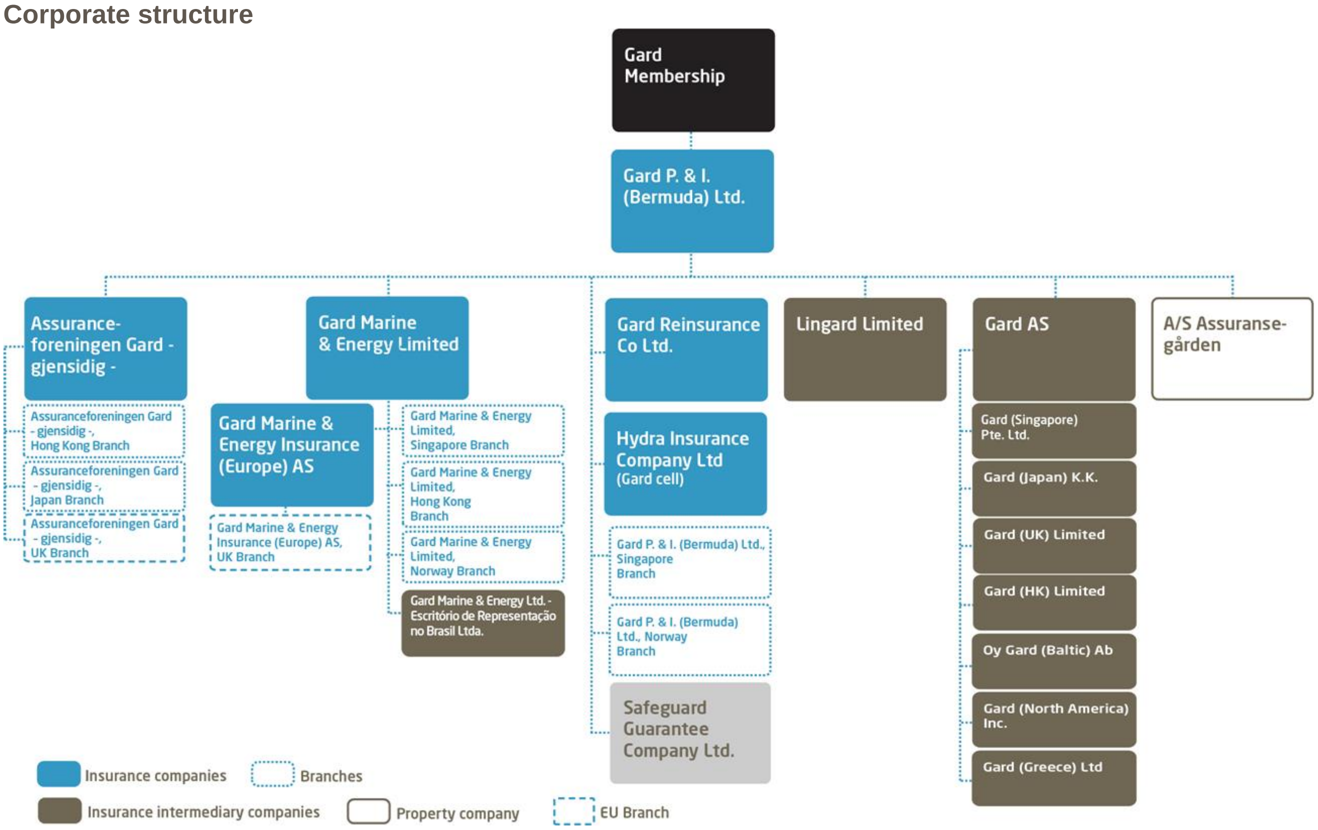
The parent company of the group, Gard Bermuda, is a mutual insurance association. The other companies in the group are joint stock companies fully owned and controlled by Gard Bermuda, except for Gard Norway, which is a mutual insurance association controlled by Gard Bermuda through an agreement on the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

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

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

The Gard group consists of four direct insurance entities, two captive reinsurance companies, one insurance management company, eight insurance intermediary companies, one representative office and a property company.[2] The insurance entities have nine branches in five different jurisdictions.

Corporate structure



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

[2] Safeguard Guarantee Company Ltd. is from 2 October 2018 no longer registered as an insurance company

Hydra is a Bermuda registered segregated accounts company which was established by the 13 parties to the International Group of P&I Clubs' Pooling Agreement for the purpose of reinsuring certain layers of risk retained by the parties to the Pooling Agreement. The Hydra Gard cell is wholly owned by Gard Bermuda. Branches have been established where required to conduct business. 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.*[3] 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.[4]

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

[3] 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.

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

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

Gard Marine & Energy Limited – Escritório de Representação no Brasil Ltda. (Gard Brazil) is a subsidiary of Gard M&E and is registered and domiciled in Brazil. Gard Brazil is authorised to 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.[5]

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 BMA. The manager of Gard Re is Lingard Limited.

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

Gard Re is regulated by the BMA.

A 1.2.7 Hydra Insurance Company Ltd

Hydra 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 was a special purpose vehicle whose sole purpose was 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 and has had no policies on risk during the SFCR reporting period. Safeguard is no longer registered as an insurance company, effective from 2 October 2018.

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 delegated the responsibility of administering the day-to-day business and corporate functions of these Bermuda domiciled companies. Certain insurance intermediary functions, such as, *inter alia*, underwriting and claims handling, are sub-delegated under an agency agreement with Gard AS as insurance intermediary.

Lingard is regulated by the BMA.

A 1.2.10 Gard AS

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

Gard AS has entered into separate agency agreements with Gard Norway, Gard M&E Europe

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

and Lingard pursuant to which Gard AS acts as agent and intermediary with regard to the portfolios of direct business of Gard Bermuda, Gard Norway, Gard M&E and Gard M&E Europe. The agency agreements give Gard AS, *inter alia*, the power to conclude contracts of insurance on behalf of the companies and to handle claims which fall within the scope of each company's insurance cover.

Gard AS has also established a service network of wholly owned subsidiaries in;

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

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

Gard AS is regulated by the Norwegian FSA.

A 1.2.11 Details of supervisory authorities and external auditors

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

A 1.3 Material lines of business and geographical areas

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

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

The core purpose of the Association is to help Gard's Members and clients in the Marine industries to manage risk and its consequences. The two main components of Gard's value proposition are strong financial security and excellent service. This is combined with effective and efficient claims handling, strong risk selection and good pricing skills.

Gard operates in global markets, offering insurance solutions to 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 is one of the world's leading Marine and Energy insurers. 13 per cent of all ocean-going vessels with IMO number, and 48 per cent on a gross tonnage basis, have one or more covers from Gard. It also insures about 25 per cent of all Mobile Offshore Units (MOUs). Gard has a market share of 5 per cent in the global Marine Hull market and is a medium–sized capacity provider in Energy.

Gard Bermuda and Gard Norway are members of the International Group of P&I Clubs ("IG"), which covers close to 90 per cent of the world's ocean-going tonnage. The 13 P&I clubs in the IG share claims above a certain level and collectively purchase reinsurance programmes. Gard is the largest club in the IG and insures approximately 17 per cent of the tonnage and 15 per cent of the premium in the IG.

A 1.4 Significant events in reporting period

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. Due to the volume of work placed upon the UK regulators and the need for additional time, the UK Government has enacted legislation known as the Temporary Permissions Regime (TPR) to allow EEA regulated firms to continue passporting into the UK for up to three years from exit day. The effect of the TPR is that the UK Gard branches can continue to operate in the UK under the passport until the UK regulator has completed the authorisation process.

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

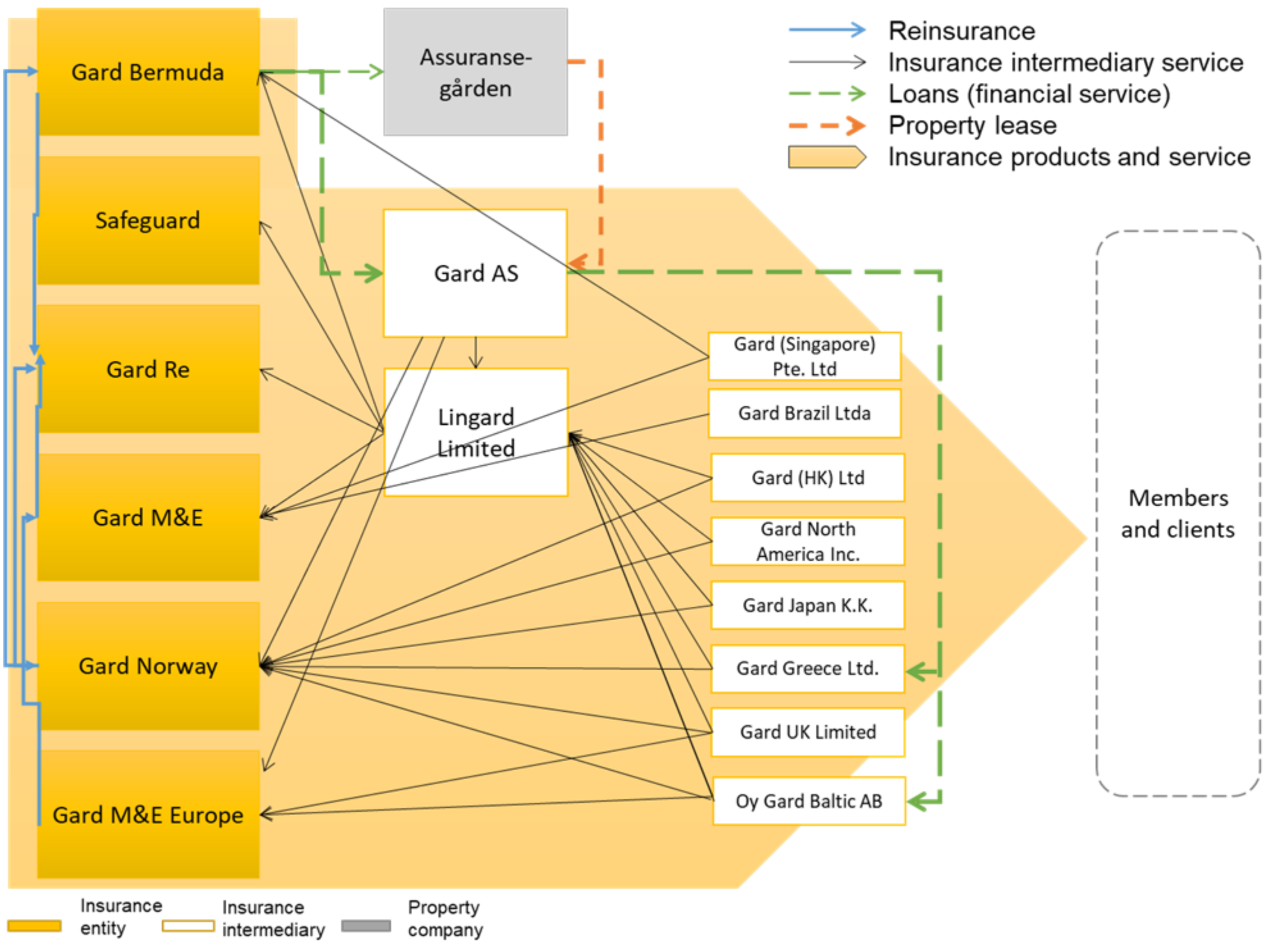
Other intercompany transactions that exist between entities in the group are not listed as any such transactions are deemed non-material. Gard AS and its subsidiaries act as intermediary agents and Lingard acts as Manager for the insurance entities in the Gard group. Some functions are sub-delegated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

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

A 1.6 Holders of qualifying holdings in the undertaking

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

Intra-group transactions[6]



A 1.7 Consolidation of group data

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

[6] Safeguard Guarantee Company Ltd. is from 2 October 2018 no longer registered as an insurance company

A 2 Underwriting performance

Gross written premiums on estimated total call (ETC) basis was USD 798 million, an increase of USD 23 million or 3 per cent from last year and above plan.

The technical result was a negative USD 61 million and below plan. The year has demonstrated a decent technical performance even after a claim intensive second half when excluding other insurance related expenses, see A5 Any other material information.

The combined ratio for the Gard group deteriorated in 2018, increasing to 110 per cent from 91 per cent last year. Claims incurred for own account totaled USD 537 million, an increase of USD 58 million from last year. Claims incurred developed adversely for Marine and more in line with expectations for P&I compared to the benign 2016 and 2017 years. Energy claims developed favorably due to improvement of one large claim.

Overall the structures of the Gard group reinsurance programs have been stable during recent years and the cost of reinsurance continues to reduce. This is a result of positive long-term relationships with reinsurers, improved claims record and changes in risk profile. No extreme event has had an impact on the reinsurance market and the capacity remains in good supply.

With investment results being volatile and slightly negative this year, ensuring that Gard has a balanced underwriting becomes increasingly important. Being excellent at the fundamentals, assessing and handling maritime risk, is Gard's priority to deliver on our Members' and clients' needs.

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

USD million, as of 20.02	2019 P&I	2019 M&E	2019 Total
Technical result			
Gross written premium	519	279	798
Gross earned premium	519	254	773
Ceded reinsurance	(102)	(51)	(154)
Earned premium for own account	**417**	**202**	**619**
Other insurance related income	**2**	**0**	**2**
Claims incurred, gross:			
Incurred this year	486	263	749
Incurred previous years	(101)	(56)	(158)
Total claims incurred, gross	385	206	591
Reinsurers' share of gross incurred claims	(46)	(8)	(54)
Claims incurred for own account	**339**	**199**	**537**
Insurance related expenses for own account	43	38	81
Other insurance related expenses	61	3	64
Technical result	**(24)**	**(37)**	**(61)**

USD million, as of 20.02	2018 P&I	2018 M&E	2018 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	329	133	462
Incurred previous years	8	9	17
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**	**60**

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

USD million, as of 20.02	2019	2018
EEA	401	360
Norway	123	126
Other areas	274	289
Total gross written premium	**798**	**775**

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 ended at negative USD 3 million compared to a positive result of USD 138 million last year. The financial markets proved more challenging this year than the two previous years.

Gard seeks to add returns through a diversified investment portfolio. In the current environment, we would expect to be compensated about 2 per cent above risk free rate, given our investment risk profile. The return of 0.0 per cent this year falls below this target. The return is mainly explained by a loss on equities and a strong USD currency.

Income generated from equities (dividends) and from bonds (interest payments) has remained on the same level in both periods. However, for investment funds this is now accounted for in the net asset vaules of the funds, and is not reported on a separate line as previous years.

Most of the expenses related to investment activities are accounted for within the net asset value of investment funds and will have an impact on change in unrealised 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 negative USD 5 million this year, which is considerably down from last year's gain of USD 140 million. Equity markets fell sharply throughout the majority of the year, but regained much of the lost ground in the last two months prior to the financial year end. There were large regional differences within this asset class. Measured in local currency the US equity market ended the year in positive territory, the world exclusive of the US was near neutral, while less developed markets such as emerging and frontier markets had a challenging year.

Exposure to a new equity option program was added in the first quarter. As per 20 February 2019 the exposure to the program was USD 101 million. There were no other changes to the portfolio's strategic asset allocation between the two periods.

Investment performance by asset class, Gard group

20.02.2019 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	0	1	0	1	2
Expenses	-	-	-	(1)	(1)
Realised gain & loss	105	(52)	(1)	(9)	43
Change in unrealised gain & loss	(109)	44	18	(0)	(47)
Total	**(5)**	**(7)**	**18**	**(8)**	**(3)**

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	**140**	**59**	**(58)**	**(2)**	**138**

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 mortgage backed securities, commercial mortgages backed securities and asset backed securities. In addition, there are some exposure towards collateralised loan obligations and collateralised mortgage obligations. The portfolios which contain securitised bonds are broader fixed income portfolios with investment guidelines which limits any concentration and credit quality. As per 20 February 2019 the exposure towards securitised products was USD 304 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 consists 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

In April 2019, a decision was made to change direction and vendor on an IT project which reduced its expected benefits. This meant that the capitalised costs of the project no longer met the recognition criteria for intangible assets. As the circumstances leading up to the decision existed on or before 20 February 2019, a provision has been made to reflect the impaired project costs.

There is no other material information to be disclosed.

B SYSTEM OF GOVERNANCE

B 1 General information on the system of governance

B 1.1 Governance structure

Governance Principles

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

Composition of Boards and Committees

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

Roles and responsibilities for governing bodies

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

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

The Executive Committee is given the task to implement strategies and decisions determined by the BoD and to make the operational decisions that are required for this purpose within the overall strategy, risk appetite and comfort zone established by the BoD. It makes recommendations on the risk appetite and comfort cone. The Executive Committee approves the risk tolerance and overall limits for material risk exposures and determines how much risk each of the subsidiaries are allowed to take. It monitors compliance with the overall risk appetite and Investment Guidelines and shall make recommendations to the BoD 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 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 complaints procedures. Reports from the Internal Audit function shall be addressed to the Audit Committee.

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

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

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

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

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

The Risk and Capital Committee is an advisory forum to the CEO on matters relating to risk and capital management. It comprises the CEO, Chief Risk Officer (CRO), 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 the BoD, shall be reviewed by the Risk and Capital Committee before submission.

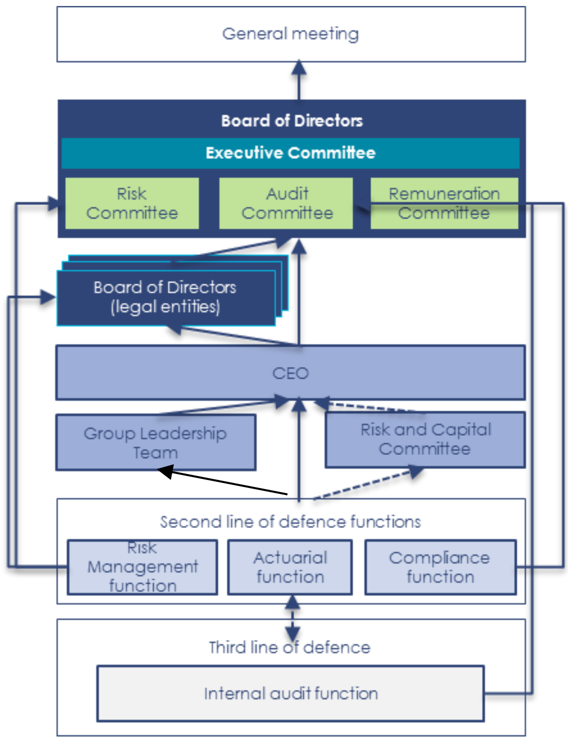
All key functions are equipped with proper resources and skills. The reporting lines to one another and to the BoD have been clearly defined.

In 2018 Gard changed the organisational structure to strengthen the independence of the 2nd line of defence functions. A new business area was established, Group Risk, which consists of Risk Management, Actuarial and Risk Capital, and the Compliance/Quality Management functions. Previously, the Risk and Actuarial functions were part of the Finance and Risk Management department under the CFO, and the Compliance/Quality Management function was part of Group Legal under the Chief Legal Counsel. The Group Risk function is led by the Chief Risk Officer who reports to the CEO.

The actuarial team was split between the actuarial function and the reserving function and organised in separate organisational units.

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



B 1.2 Remuneration policy

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

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

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

The remuneration governance structure is clear, transparent and effective.

Governance

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

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

Remuneration structure

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

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

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

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

For members of the Group Leadership Team (GLT) and defined Key Employees there is a bonus scheme as defined in the Solvency II directive. The maximum bonus payable to members of GLT and other Key Employees shall be 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 targets for the three years period.

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

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

Pension scheme

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

Some members of the GLT and certain key personnel have a pension scheme that gives them 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 1.3 Assessment of the adequacy of the system of governance

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

B 2 Fit and proper requirements

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

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

As a standard procedure, each year before the Annual General Meeting, the Election and Governance Committee reviews the current composition of the group's various boards and committees to ensure that they each meet the overall "fit and proper" criteria. Members of Gard's boards and committees, and candidates to be nominated for election to boards and committees, are required to complete a questionnaire and curriculum vitae prepared by the Election and Goverance 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
- Have the flexibility and competence to help Members and clients manage new risks and pursue attractive business opportunities as and when they arise

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

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

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

- **Controlled risk taking:** We have an unambiguous definition of our risk appetite. We only accept risks in line with our risk appetite, which we understand and are able to manage
- **Clear accountability:** Authority is delegated and responsibilities are clearly defined. Individuals are accountable for the risks they take on. There is no reward for taking risks 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 BoD, and shall report any issues of concern in a timely manner
- **Risk culture:** We are open and transparent about losses and failures. We take corrective action and learn from mistakes

B 3.2 Key elements of Gard's risk management system

The risk management system consists of the following components:

Risk appetite and limits

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

Risk policies

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

Risk management cycle

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

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

Internal model

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

Contingency procedures

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

Disclosure

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

B 3.3 Implementation and integration of the risk management system

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

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

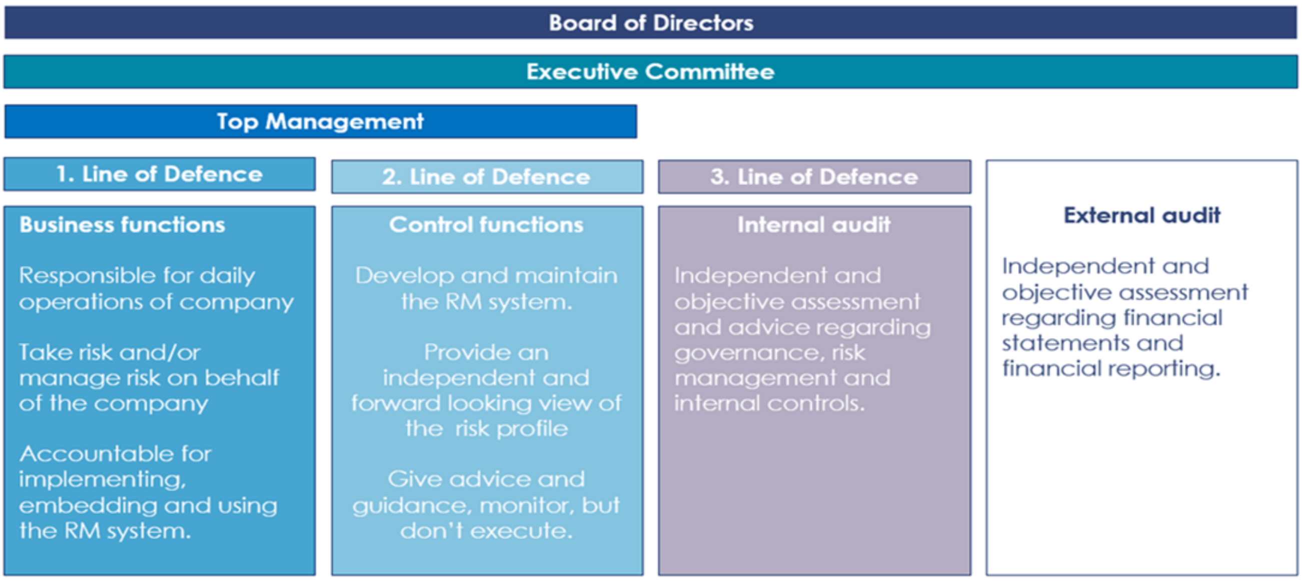
2nd line of defence functions: Operate efficiently and effectively and be independent from the 1st line of defence. The 2nd line of defence functions shall be responsible for their respective tasks across the group, including all subsidiaries and associated companies. The Risk Management and Compliance functions are responsible for developing and maintaining the Risk Management System for the 1st line to use in its day-to-day business and for providing an independent and forward-looking view of the risk profile to the BoD and the Executive Committee, hereunder:

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

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

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

3 lines of defence



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 on a consistent basis for all areas and on behalf of all insurance companies, branches and management companies in Gard group. The risk profile, capital and solvency situation and outlook over the planning period is reviewed throughout the year for each legal entity by key executive members.

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

The ORSA report is approved by the Executive Committee[7] 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

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

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

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

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

B 3.6 Risk management system for internal model

B.3.6.1 Roles and responsibilities

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

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

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

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

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

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

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

B.3.6.2 Internal model validation process

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

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

B 3.7 Material intra-group outsourcing arrangements

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

B 4 Internal control system

B 4.1 Elements of internal control system

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

The internal controls shall contribute to the prevention of financial losses or other adverse outcomes such as loss of reputation through timely and proactive control of relevant risks. Effective prevention averts or mitigates risks before any loss occurs. The internal control system shall also contribute to the detection of irregular business conduct at an early stage, deviations from agreed standards for process execution or data errors 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 proportionate to the nature, scale and complexity of the operations and risks involved
- Periodic reviews of the adequacy and effectiveness of internal controls shall be carried out

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

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

B 4.2 Compliance function

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

The Head of Compliance is responsible for ensuring that the Gard organisation 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, the Head of Compliance provides advice and challenges the Regional Compliance Officers and business functions, contributing to adequate management of compliance risk.

The regional compliance function shall provide advice to and challenge the local business functions and contribute to adequate management of compliance risk. The Regional Compliance Officers 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.

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

B 5 Implementation of internal audit function

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

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

a) Material risks are appropriately identified and managed

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

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

d) Employees' actions 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 BoD. The internal audit function evaluates the appropriateness and effectiveness of the group's management and control processes. The function also provides targeted and structured feedback on the organisation's compliance with guidelines and relevant legal requirements. The internal audit function shall contribute to continuous improvement in management and control. All critical and less critical suggestions for improvements in internal control, established routines and control plans are summarised in internal audit reports, which are presented to the BoD. The group assesses whether the suggested recommendations are appropriate and should be implemented.

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

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

Internal Audit is authorised to:

- Have unrestricted access to all functions, records, property, and personnel, including all documents pertaining to meetings of the boards and other governing bodies of the organisation
- Obtain the necessary assistance of personnel in the organisation, as well as other specialised services from within or outside the organisation
- Have full and free access to management and the Audit Committee
- 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 fraudulent activitities directly to the Supervisory Authority. 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 organised in the Actuary and Risk Capital team. The team is led by the actuarial function holder. The actuarial function holder reports to the CRO but has unrestricted access to the CEO, the Executive Committee and the BoD. The actuarial function is independent from the actuary in the Actuarial Reserving Department.

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. The monitoring of significant outsourcing contracts should take place as part of the annual legal entity review.

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

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

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

Reporting

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

Roles and responsibilities

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

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

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

When Gard legal entities enter into contracts between themselves, the signatory for each legal entity may be the same person, acting in a different capacity. For example, the Managing Director of Lingard may sign the contract on behalf of Gard

Bermuda as its insurance manager, and on behalf of Gard M&E as its insurance manager.

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

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

B 8 Any other information

There is no other material information to be disclosed.

C RISK PROFILE

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

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

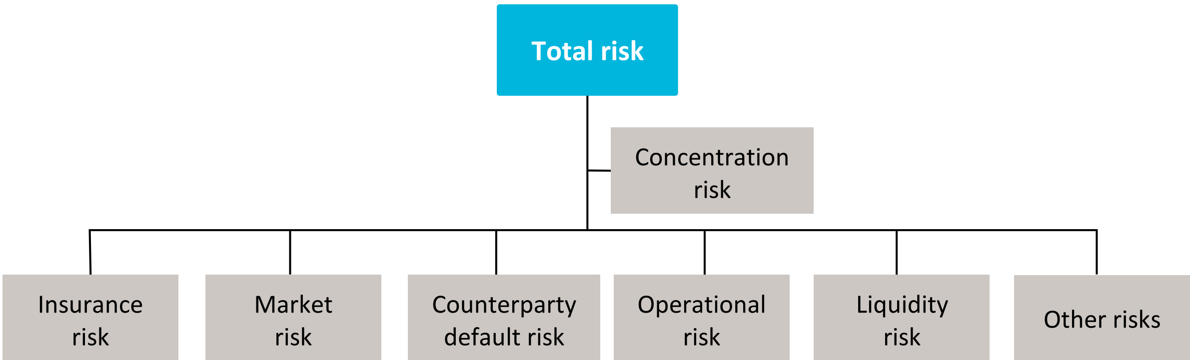
Gard has up to now been using the Solvency II standard formula for calculating regulatory capital requirements for the group and its Norwegian-based insurance entities. In 2018 Gard received approval from Finanstilsynet (The Norwegian FSA) to use its internal model for insurance risk and market risk for regulatory purposes. The approved partial internal model is used in regulatory reporting from 20 February 2019. To determine its internal capital requirements, Gard uses the internal model for all material quantifiable risk types. This includes insurance (underwriting) 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 C9 Risk sensitivity.

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

Gard's risk landscape



The material risks for 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 Insurance risk

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

Last year the solvency capital requirement (SCR) for insurance risk was calulated using the standard formula. After obtaining approval of using the internal model in the calculation of regulatory capital, the SCR for insurance risk per 20 February 2019 was calculated using Gard's internal model.

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

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

Insurance risk, Gard group

USD million, as of 20.02	2019	2018
Premium risk	374	430*
Reserve risk	288	
Cat risk	116	87
Lapse risk	5	-
Diversification	(301)	(58)
Total insurance risk	**482**	**459**

* Standard formula calculation of underwriting risk

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

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

C 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.

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

The decrease in market risk over the period is due to a combination of factors. Last year SCR for market risk was calculated using the standard formula, whereas SCR market risk per 20 February 2019 was calculated using Gard's internal model. There have been changes in the portfolio allocation. Concentration risk In the internal model is in relation to a single hedge fund holding which is stressed under a separate category, “Alternatives”. In addition, emerging market sovereign debt exposure, which under the standard formula falls under “interest rate risk” is stressed using an equity module and is allocated under “spread risk” in the internal model. Other changes from 2018 to 2019 are due to a general reduction in risk across the equity portfolio, a reduction in currency risk and a higher diversification effect in the internal model.

Market risk, Gard group

USD million, as of 20.02	2019	2018
Equity risk	147	191
Interest rate risk	35	62
Credit risk	126	66
Currency risk	4	76
Property risk	39	18
Concentration risk		59
Alternatives	41	
Diversification	(191)	(168)
Total market risk	**201**	**304**

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

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

C 2.1 Risk mitigation techniques for market risk

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

C 2.2 Prudent person principle

The BoD 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 BoD has ultimate overall responsibility for decision-making on investment matters. The BoD 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 BoD 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 BoD and the Executive Committee. The asset management is outsourced to independent fund managers and is mainly coordinated through the Gard Unit Trust Fund (Gard UTF) for insurers within the group. Gard is not doing any active internal asset management.

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 relate 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 ratings of our counterparties are monitored on an ongoing ad hoc basis. Each quarter an 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 default risk arises when unrealised positions are accrued. Normally, these unrealised positions will be very modest but as a risk mitigation tool, Gard may ask for cash collateral as security for unrealised 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.

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

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

Counterparty default risk , Gard group

USD million, as of 20.02	2019	2018
Counterparty default risk	38	38

C 4 Operational risk

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

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

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

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

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

Operational risk, Gard group

USD million, as of 20.02	2019	2018
Operational risk	43	41

C 5 Liquidity risk

The size and timing of cash flows are to a certain extent unpredictable. However, the liquidity risk for Gard group is assessed to be low, given the pay-out profile of liabilities and the liquidity of assets. Gard Bermuda, Gard Norway and Gard M&E have branches in other countries than they are registered in. Branch regulators can set requirements for deposits to meet liabilities when a large claim has occurred. This can strain the liquidity situation for the relevant branch and 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 being able to meet its 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 has companies and branches in several jurisdictions. Unexpected changes initiated by e.g. the regulators in one part of the group may have consequences for other parts of the group.

Compliance risks

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

Gard group comprises of companies and branches in several jurisdictions, as well as captive reinsurance companies, insurance intermediary companies, subsidiaries, and a property company. As a natural consequence of the group structure Gard is subject to several regulatory regimes such as those of Norway, Bermuda, Hong Kong, Singapore and Japan. Unexpected changes in legal and regulatory conditions as well as changes in the economic and social environment in which the group operates may pose a risk to Gard.

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

Reputational risks

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

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

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

C 7 Risk concentration

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

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

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

C 8 Reinsurance

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

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

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

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

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

Gard has different reinsurance programs for different classes of business.

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

C 9 Risk sensitivity

Gard performs 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 1.9 times the normalized annual profit for Gard and approximately 10 per cent of equity. The most severe losses from a single extreme event would be a scenario where Gard is exposed across several product areas with separate reinsurance programs. The Gard group may experience multiple extreme events in a single year.

Reverse stress tests

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

The reverse stress tests identify events that will jeopardize the Gard group's solvency, but not circumstances 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.

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 39 claims in excess of USD 20 million from an expectation of 9 will bring the solvency ratio down to 75 per cent. Similarly, a market loss of more than 60 per cent of the initial investment portfolio will jeopardize the Gard group's solvency ratio.

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

Multi-year stress tests

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

1. Increased demand for Marine transport

An increased demand in the world for Marine transport, resulting in a high utilisation of the available ships and crew, affecting both claims frequency and severity. The regulatory solvency capital requirement ratio decreases from an unstressed expectation in year 0 of 282 per cent to 152 per cent at the end of year 3.

2. Financial market crisis

The scenario describes a situation where the market values are over-priced at t=0 and that the market is being re-priced over a three-year period. The regulatory solvency capital requirement ratio decreases from an unstressed expectation in year 0 of 282 per cent to 163 per cent at the end of year 3.

3. Combined insurance risk and market risk scenario

The scenario describes a situation where higher claims concurs with adverse movements in global financial markets over a period of years. In the combined scenario, the regulatory solvency capital requirement ratio shows a decrease from an unstressed expectation in year 0 of 282 per cent to 170 per cent at the end of year 3.

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

Market risk stress and drawdown risk tests

Several stress tests using a range of scenarios for short-term market shocks as well as for longer, multi-year periods have been performed to estimate the potential impact on Gard's portfolio and capital situation.

Market shocks are assumed to be one-off instantaneous changes in asset prices and portfolio allocations. Combined scenarios, in which several factors experience simultaneous shifts in prices, have been designed in line with EIOPA's Insurance Stress Test specifications, published in May 2018.

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

C 10 Any other information regarding the risk profile

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

There is no other material information to be disclosed.

D VALUATION FOR SOLVENCY PURPOSES

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

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

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

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

Economic balance sheet, Gard group

USD million, as of 20.02. 2019	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	16	(16)
Intangible assets	-	1	(1)
Deferred tax assets	25	25	-
Property, plant & equipment held for own use	30	30	-
Government bonds	42	42	-
Collective investments undertakings	2,043	2,043	-
Deposits other than cash equivalents	25	25	-
Investments	**2,110**	**2,110**	**-**
Loans and mortgages to individuals	22	22	-
Reinsurance recoverables	213	273	(60)
Insurance and intermediaries receivables	207	207	-
Reinsurance receivables	8	8	-
Receivables (trade, not insurance)	2	2	-
Cash and cash equivalents	152	152	-
Any other assets, not elsewhere shown	13	13	-
Total assets	**2,782**	**2,859**	**(77)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	1,419	1,550	(132)
Risk margin	54	-	54
Technical provisions – non-life	**1,473**	**1,550**	**(77)**
Pension benefit obligations	36	36	-
Deferred tax liabilities	-	-	-
Insurance & intermediaries payables	27	27	-
Reinsurance payables	36	36	-
Payables (trade, not insurance)	18	18	-
Any other liabilities, not elsewhere shown	30	31	(1)
Total liabilities	**1,621**	**1,700**	**(78)**
Excess of assets over liabilities	**1,161**	**1,159**	**2**

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

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

There are no differences 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 valuations differ, in addition to balance sheet items explicitly mentioned in the Solvency II regulations and guidelines (i.e., deferred taxes and pension obligations).

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

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

D 1 Valuation of assets

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

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

D 1.1 Deferred acquisition costs

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

Deferred acquisition costs, Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	16

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

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

D 1.2 Intangible assets

Intangible assets represent licences and 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.

Intangible assets, Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Intangible assets	-	1

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

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

D 1.3 Deferred tax assets

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

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

Deferred tax assets, Gard group

USD million, as of 20.02	2019	2018
Specification of tax effect resulting from temporary differences		
Pension obligations	34	37
Portfolio investments	(5)	2
Equipment	41	2
Tax loss carried forward	115	89
Deferred tax carried forward from earlier years	-	-
Equity	(102)	(124)
Other temporary differences	18	2
Total temporary differences	101	7
Net deferred tax asset of total temporary differences	25	2

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

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

D 2 Valuation of technical provisions

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

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

Best estimate liabilities

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

Risk margin

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

Risk margin is not included in the statutory accounts.

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

Basis

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

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 (BBNI) business is calculated.

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

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

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

Claim provisions

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

- For the calculation of the incurred but not reported claims (IBNR) we use the developments of the claim incurred i.e., claim paid plus claim reserves, as the basis for future expected developments. This is primarily due to the volatility of large single payments that can distort any paid development factors
- For the analysis of IBNR, we use accident and development quarters to calculate the ultimate incurred claims
- For the definition of risk categories we use three main criteria:
  - A fit with our established business dimensions
  - Similar underlying drivers of risk.
  - Sufficient amount of data within each risk category
- The financial plan is used as the initial expected ultimate incurred (also known as "Apriori"). The financial plan provides a loss figure that is used as an alternative to a standard initial expected ultimate loss ratio on the gross and/or net premium
- The current reinsurance program is ont the same basis as last year's reinsurance program for 2017 and is taken into account on a large claims basis. However, during the year Gard acquired one large account with facultative reinsurance. This is taken into account at the same basis as the other claims.

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 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 include 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 reported claim provision and unreported claim provision.

The unreported claim provision is multiplied with a ratio unallocated expenses paid to total claims paid, π. 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

The binary event reserve is meant to satisfy the additional coverage of technical liabilities from a best estimate basis to an all possible outcomes basis. This is a measure of the potential volatility that we envisage, but have not experienced to date. To bring the best estimate to include 'all possible outcomes', a binary event factor is calculated based on tail values from our internal model and estimated volatility in our claims data. We also monitor the reserve against 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 such as claim payments, expenses and future premiums due, relating to future exposure arising from unearned incepted and BBNI business. The future expected cash flow calculation is based on the expected combined ratio for the relevant business. This estimation is done on gross basis and for the reinsurer's share of the business.

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

Main assumptions

The calculation of the best estimate liabilities, 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. A sensitivity test on the loss development factors showed that with a 10 per cent point increase in the incremental development factor, the gross IBNR increases by 7.8 per cent. A 10 per cent decrease reduces the gross IBNR reduces by 3.7 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 assessing the amount of liabilities for less mature development periods. This means that any uncertainty in the financial plan also applies to the best estimates. Sensitivity tests show that an increase of the Apriori estimate by 10 per cent increases gross IBNR by 6.3 per cent. A decrease of Apriori by 10 per cent decreases gross IBNR by 6.3 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: The ultimate outcome for long-tailed casualty claims is surrounded by uncertainty. The early years may not necessarily fully developed and the incurred values on these years affect our estimates for the more recent years. We will continue to monitor these claims but would note that these increase the volatility of the Gard group 's liabilities

D 2.3 Best estimate liabilities

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

Best estimate liabilities Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Best estimate technical provisions	1,419	1,550
Risk margin	54	-
Technical provisions	**1,473**	1,550

For information related to the best estimate liabilities for Gard Norway, see Appendix 1, section 1.9. For information related to the best estimate liabilities for Gard M&E Europe, see Appendix 2, section 2.9.

D 2.4 Risk margin

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

D 2.5 Reinsurance recoverables

The difference in valuation of reinsurance recoverables is due to discounting effects, reinsurers' share 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.

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Reinsurance recoverables, Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	273
Best estimate - reinsurance recoverables	213	-
Reinsurance recoverables	**213**	273

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 2019.

D 3.2 Pension benefit obligations

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

For the defined benefit pension plan, actuarial calculations are made with regards to pension commitments and funds at year end and resulting changes in pension obligations are charged to the income statement and other comprehensive income.

Pension costs and pension liabilities have been accounted for in accordance with IAS19.
There are no differences between the bases, methods and main assumptions used for the valuation of pension benefit obligations for Solvency purposes and those used for their valuation in statutory accounts.

Pension benefit obligations, Gard group

USD million, as of 20.02	2019	2018
Liabilities according to the actuarial calculations		
Pension obligation gross	64	70
Pension funds at market value	28	31
Net pension obligation at the end of the year	**36**	**39**

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

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

D 3.3 Any other liabilities, not elsewhere shown

The difference between Solvency II and statutory accounts values of USD 1.3 million is covering reinsurance commission provision, which is included in reinsurers' share of expected cash flow for unexpired cover in the statutory accounts balance sheet.

Any other liabilities, Gard group

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Any other liabilities	30	31

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.

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

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

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 minimise the risk of limited capital transferability. This also allows the group to consider the benefits that arise from such pooling in those jurisdictions where these benefits are recognised under the capital adequacy regime.

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

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

E 1 Own funds

Under Solvency II a company's own funds consist of basic own funds and ancillary own funds:

Basic own funds consist of excess of assets over liabilities.

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

Basic own funds are classified in Tier 1 or Tier 3. Tier 1 funds are equity capital which is fully paid in and available. Tier 1 is further classified as either "unrestricted" or "restricted". Tier 3 is deferred tax assets.

Ancillary own fund is classified as Tier 2. This is high quality capital in the form of unbudgeted supplementary calls. Ancillary own fund items require the prior approval of the supervisory authority to be considered when determining 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 eligible 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 deferred tax assets included as Tier 3 capital.

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

Due to the strong capital position of the Gard group, the Board of Directors decided to reduce the deferred call by 10 per cent of ETC, or USD 37 million, for the 2018 policy year. This is the tenth consecutive year that Gard has been able to call less than the forecast premium. Over the past 10 years mutual Members has benefitted from a total premium reduction of USD 429 million compared to forecast premium levels.

The equity of Gard group in the statutory accounts was USD 1,159 million per 20 February 2019 compared to USD 1,249 million per 20 February 2018.

The excess of assets over liabilities as calculated in the economic balance sheet was USD 1,161 million. Any non-available own funds are deducted to arrive at the available or eligible capital to cover solvency capital needed. Deduction of non-available own funds amounts to USD 25 million, resulting in eligible capital, Tier 1 of USD 1,136 million. For the entities writing Mutual business and for the group, up to 50 per cent of the solvency capital requirement (SCR) can be included as Tier 2 capital through the possibility to call for capital from the Members through unbudgeted supplementary calls.

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

USD million, as of 20.02	2019	2018
Excess of assets over liabilities	1,161	1,214
Statutory accounts equity	1,159	1,249
Difference between equity and excess of assets over liabilities	**2**	**(35)**
Specification of difference:		
Net technical provisions	17	(2)
Risk margin	(54)	(51)
Other	39	18
Difference between equity and excess of assets over liabilities	**2**	**(35)**

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

USD million, as of 20.02	2019	2018
Tier 1	1,136	1,192
Tier 2	245	328
Tier 3	-	-
Total eligible own funds	**1,380**	**1,520**

The reduction in Tier 1 capital of USD 56 million, from USD 1,192 million to USD 1,136 million can be explained as follows:

Change in tier 1 capital, Gard group

USD million	Change from 2018 to 2019
Total comprehensive income for the year	(90)
Change in non-available own funds	20
Other	14
Total	**(56)**

The reconciliation reserve[8] is attributable to Tier 1 capital. The reconciliation reserve was USD -23 million as per 20 February 2019.

Share premium account[9] covers 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 1,158 million as per 20 February 2019.

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

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

E 1.2 Non-available own funds

For most of the Gard’s branches there are regulatory requirements to hold deposits. When the required deposits or the restricted equity held exceeds the notional SCR for the operation, it represents a restriction in fungibility of the equity in the group. This is only valid to Gard’s Hydra cell which had non-available own funds of USD 59 million as of 20 February 2019. Non-available own funds reduces Tier 1 capital under the standard formula but not under the partial internal model where the required capital is exceeding the deposits held for Hydra.

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

E 1.3 Tier 2 capital (ancillary own funds)

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

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

The eligible own funds for supplementary calls (Tier 2 capital) was USD 245 million per 20 February 2019.

E 2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement under Solvency II approved partial internal model was USD 490 million. Total eligible own funds to meet the SCR was USD 1,380 million. The solvency ratio was 282 per cent.

Minimum Capital Requirement under Solvency II standard formula was USD 240 million. Eligible own funds to meet MCR was USD 1,136 million, i.e., a ratio of 472 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:

[8] 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.

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

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

E 2.1 Calculation of group solvency requirements

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

There are no significant restrictions to the fungibility and transferability of own funds eligible for covering the group solvency capital requirement when using partial internal model, see E1.2 Non-available own funds.

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

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

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

The approval for using the internal model for regulatory purposes for insurance and market risk is granted for the Gard group, Gard Norway and Gard M&E Europe.

E 2.2 Solvency Capital Requirements by risk category

Solvency capital requirement, Gard group

USD million, as of 20.02	2019	2018
Insurance risk	482	456
Market risk	201	301
Counterparty risk	38	36
Diversification	(250)	(168)
Basic Solvency Capital Requirement (BSCR)	471	625
Operational risk	43	41
Loss-absorbing capacity of deferred taxes (LACDT)	(24)	(14)
SCR	**490**	**652**

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

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

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

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

Gard does not use a duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement as this only applies to life undertakings providing certain occupational retirement provisions or retirement benefits where the typical holding period of equity investments is assumed to be consistent with an average duration of liabilities for such businesses and exceeding 12 years[10].

E 4 Description of internal model

E 4.1 Structure

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

E 4.2 Scope

All material quantifiable risk types are within the internal risk model scope. This includes premium risk, reserve risk, market risk, counterparty default risk and operational risk. All lines of business that are written by Gard are modelled within the internal model. Any new types of business written will be included in the scope, subject to the internal model change policy. Current lines of business are P&I Mutual, P&I Fixed, Marine, Energy and Builders. The lower level of granularity is the risk category. A risk category is a more detailed breakdown of the risks within a line a business.

E 4.3 Use

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

E 4.4 Methods used

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

E 4.5 Main differences in the methodologies and underlying assumptions used in the standard formula and in the internal model

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

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

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

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

E 4.6 Integration of partial internal model into the standard formula

See the first section of chapter E.2.1 Solvency Capital Requirements by risk category.

E 4.7 Data used

In principle the data used in the internal model is derived from the production systems via the data warehouse (DWH), accounting systems, investments systems and financial plans. There are exceptions especially for the premium risk parameterisation where we also rely on expert judgments.

The data from the DWH, accounting systems, investments systems and financial plan are reconciled before being used in the internal model. There is also reconciliation procedures in place to verify that the input parameters are correctly used in the model.

E 4.8 Aggregation methodologies and diversification effects

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

E 5 Compliance with SCR/MCR

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

E 6 Any other material information

There is no other material information to be disclosed.

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

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

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

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

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

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

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

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	2019	2018
Solvency II balance sheet		
Assets	444	491
Technical provisions	295	356
Other liabilities	29	25
Excess of assets over liabilities	120	110
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	120	110
Tier 2 Ancillary own funds	51	48
Tier 3 Other own funds	0	0
Eligible own funds	171	157
Capital Requirement		
Solvency Capital Requirement (SCR)	102	95
Minimum Capital Requirement (MCR)	26	26
Solvency ratio		
Eligible own funds to meet SCR	168 %	165 %
Eligible own funds to meet MCR	457 %	423 %

1.2 Underwriting Performance

The financial year ending 20 February 2019 delivered strong results for Gard Norway.

The strong mutual result allowed Gard Norway to make a reduction of 10 per cent in agreed estimated total call.

Gross written premiums on ETC basis is USD 173.0 million, a decrease of USD 5.9 million (3.3 per cent) from last year and USD 17.0 million below plan. The decrease in premium from last year is a result of a softening market and loss of some clients. After reduction in agreed estimated total call, gross written premium was USD 160 million, an increase of USD 8 million from last year.

Ceded reinsurance premium on earned basis was USD 75 million against USD 75 million last year.

Earned premium for own account was USD 84 million against previous year's net earned premium of USD 77 million.

Claims incurred for own account was USD 68 million, a decrease of USD 9 million (12.2 per cent) from last year. The decrease in claims incurred for own account is due to a good year with only one claim above USD 5 million and no claims above own retention.

The technical result is a positive USD 9 million compared to a negative technical result of USD 9 million last year. The CRN was 90 per cent against a CRN of 112 per cent last year.

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

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

USD million, as of 20.02	2019	2018
	Total P&I	
Technical result		
Gross written premium	160	152
Gross earned premium	160	152
Ceded reinsurance	(75)	(75)
Earned premium for own account	**84**	**77**
Other insurance related income	**0**	**-**
Claims incurred, gross:		
Incurred this year	93	(103)
Incurred previous years	(48)	189
Total claims incurred, gross	45	86
Reinsurers' share of gross incurred claims	22	(9)
Claims incurred for own account	**68**	**77**
Insurance related expenses for own account	6	7
Other insurance related expenses	2	2
Technical result	**9**	**(9)**

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

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

USD million, as of 20.02	2019	2018
EEA	75	66
Norway	1	1
Other areas	84	85
Total gross written premium	**160**	**152**

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 was negative USD 1 million compared to positive USD 12 million last year.

Loss on equities and investment funds amounted to USD 3 million this year, down from last year's gain of USD 7 million.

Income generated from equity funds (dividends) and from bond funds (interest) is for 2018 not reported on a separate line, but instead included in the net asset value of each investment fund.

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 is some exposure towards collateralised loan obligations and collateralised mortgage obligations. As of 20 February 2019 the exposure towards securitised products was USD 37 million.

Investment performance by asset class, Gard Norway

20.02.2019 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	0	0
Expenses	-	-	-	0	0
Realised gain & loss	(0)	(12)	-	(0)	(12)
Change in unrealised gain & loss	(3)	12	1	-	10
Total	**(3)**	**1**	**1**	**0**	**(1)**

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	**7**	**7**	**(1)**	**(0)**	**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.

Insurance risk , Gard Norway

USD million, as of 20.02	2019	2018
Premium risk	78	68*
Reserve risk	58	
Cat risk	-	23
Lapse risk	1	-
Diversification	(36)	(14)
Total insurance risk	**101**	**77**

* Standard formula calculation of underwriting risk

Market risk, Gard Norway

USD million, as of 20.02	2019	2018
Equity risk	13	10
Interest rate risk	5	4
Spread risk	11	8
Currency risk	3	5
Property risk	-	-
Concentration risk	-	-
Alternatives	-	
Diversification	(20)	(8)
Total market risk	**12**	**19**

Counterparty default risk, Gard Norway

USD million, as of 20.02	2019	2018
Counterparty default risk	21	17

Operational risk, Gard Norway

USD million, as of 20.02	2019	2018
Operational risk	9	10

1.5 Valuation for solvency purposes

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

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

Economic balance sheet, Gard Norway

USD million, as of 20.02. 2019	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	210	210	-
Deposits other than cash equivalents	2	2	-
Investments	**212**	**212**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	149	170	(21)
Insurance and intermediaries receivables	19	19	-
Reinsurance receivables	2	2	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	57	57	-
Any other assets, not elsewhere shown	3	3	-
Total assets	**444**	**465**	**(21)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	289	320	(31)
Risk margin	6	-	6
Technical provisions – non-life	**295**	**320**	**(25)**
Pension benefit obligations	2	2	-
Deferred tax liabilities	12	12	-
Insurance & intermediaries payables	6	6	-
Reinsurance payables	6	6	-
Payables (trade, not insurance)	1	1	-
Any other liabilities, not elsewhere shown	3	3	(0)
Total liabilities	**324**	**350**	**(25)**
Excess of assets over liabilities	**120**	**116**	**5**

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1.6 Deferred acquisition costs

Gard Norway had no deferred acquisition costs as per 20 February 2019.

1.7 Intangible assets

Gard Norway had no intangible assets as per 20 February 2019.

1.8 Deferred taxes

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

Deferred taxes, Gard Norway

USD million, as of 20.02	2019	2018
Specification of tax effect resulting from temporary differences		
Pension obligations	2	2
Portfolio investments	(5)	2
Tax loss carried forward	53	77
Other temporary differences	1	2
Equity	(97)	(118)
Total temporary differences	(47)	(36)
Deferred tax, 25 per cent of total temporary differences	**(12)**	**9**
Total deferred tax	(12)	9

1.9 Best estimate liabilities

Best estimate liabilities, Gard Norway

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Best estimate technical provisions	289	320
Risk margin	6	-
Technical provisions	**295**	320

1.10 Reinsurance Recoverables

Reinsurance recoverables, Gard Norway

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	170
Best estimate - reinsurance recoverables	149	-
Reinsurance recoverables	**149**	170

1.11 Contingent liabilities

Gard Norway had no contingent liabilities as per 20 February 2019.

1.12 Pension benefit obligations

Gard Norway has defined benefit plans covering two retired employees. This pension scheme covers the required occupational pension in accordance with the Norwegian Pension Act and 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 9 thousand covers 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

Assets over liabilities as calculated in economic balance sheet was USD 120 million. Assets over liabilities as calculated in economic balance sheet was USD 120 million. The equity of Gard Norway was USD 116 million.

The table below explains the difference between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as of 20 February 2019:

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

USD million, as of 20.02	2019	2018
Excess of assets over liabilities	120	110
Statutory accounts equity	116	112
Difference between equity and Excess of assets over liabilities	**5**	**(2)**
Specification of difference:		
Net technical provisions	11	4
Risk margin	(6)	(6)
Difference between equity and excess of assets over liabilities	**5**	**(2)**

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

USD million, as of 20.02	2019	2018
Tier 1	120	110
Tier 2	50	48
Tier 3	-	-
Total	**171**	**157**

The change in Tier 1 capital of USD 10 million, from USD 110 million to USD 120 million, can be explained as follows:

Change in tier 1 capital, Gard Norway

USD million	Change from 2018 to 2019
Total comprehensive income for the year	3
Tax on restatement of contingency reserves to equity	
Other	7
Total	**10**

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 5 million as per 20 February 2019.

Share premium account includes retained earnings, which is covering accumulated results. The share premium account was USD 116 million as per 20 February 2019.

Gard Norway did not have non-available own funds as per 20 February 2019.

1.15 Solvency capital requirement

SCR under the approved partial internal model was USD 102 million as at 20 February 2019. Total eligible own funds to meet the SCR was USD 171 million. The solvency ratio was 168 per cent.

Minimum capital requirement under Solvency II standard formula was USD 26 million. Eligible own funds to meet MCR was USD 120 million, i.e. a ratio of 457 per cent.

Solvency capital requirement by risk type, Gard Norway

USD million, as of 20.02	**2019**	**2018**
Insurance risk	101	77
Market risk	12	19
Counterparty risk	21	17
Diversification	(31)	(19)
Basic Solvency Capital Requirement (BSCR)	103	94
Operational risk	9	10
Loss-absorbing capacity of deferred taxes (LACDT)	(10)	(9)
SCR	**102**	**95**

The SCR for the Gard group is reduced by the amount of USD 10 million, as loss absorbing capacity of deferred taxes covering the amount calculated for the Norwegian insurance companies, under the justification that the Gard group is expecting positive result based on the five-year plan.

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	2019	2018
Solvency II balance sheet		
Assets	211	191
Technical provisions	134	108
Other liabilities	27	31
Excess of assets over liabilities	49	52
Eligible own funds		
Tier 1 Basic own funds (unrestricted)	49	52
Tier 2 Ancillary own funds	0	0
Tier 3 Other own funds	0	0
Eligible own funds	49	52
Capital Requirement		
Solvency Capital Requirement (SCR)	35	35
Minimum Capital Requirement (MCR)	8	9
Solvency ratio		
Eligible own funds to meet SCR	139 %	149 %
Eligible own funds to meet MCR	643 %	597 %

2.2 Underwriting performance

The financial year ending 20 February 2019 delivered a satisfactory result for Gard M&E Europe.

Gross written premiums was USD 91 million, an increase of USD 2 million (7.8 per cent) from last year. The increase was due to new clients in the UK branch and increase in volume from existing clients.

Earned premium for own account was USD 21 million, an increase of USD 2 million (10.0 per cent) from last year.

Claims incurred for own account was USD 22 million, an increase of USD 8 million (57 per cent) from last year. No large claims have hit the entity during the financial year 2018.

The technical result was a loss of USD 3 million compared to a profit of USD 3 million last year. The combined ratio net is 115 per cent, which is worse than the planned 110 per cent for the year.

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

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

USD million, as of 20.02	2019	2018
	Total M&E	
Technical result		
Gross written premium	91	84
Gross earned premium	86	78
Ceded reinsurance	(65)	(59)
Earned premium for own account	**21**	**19**
Other insurance related income	**-**	**-**
Claims incurred, gross:		
Incurred this year	90	59
Incurred previous years	5	14
Total claims incurred, gross	95	73
Reinsurers' share of gross incurred claims	(72)	(59)
Claims incurred for own account	**22**	**14**
Insurance related expenses for own account	1	2
Other insurance related expenses	1	1
Technical result	**(3)**	**3**

Underwriting performance by geographical area, Gard M&E Europe

USD million, as of 20.02	2019	2018
EEA	80	78
Norway	0	0
Other areas	11	6
Total gross written premium	**91**	**84**

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 was positive USD 1 million compared to USD 6 million last year. Total loss directly from equities and investment funds was USD 0.3 million this year, which is slightly down compared to last year’s loss of USD 0.0 million.

Income generated from equity funds (dividends) and from bond funds (interest) is for 2018 not reported on a separate line, but instead included in the net asset value of each investment fund.

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 is some exposure towards collateralised loan obligations and collateralised mortgage obligations. As of 20 February 2019 the exposure towards securitizsd products was USD 0.2 million.

Investment performance by asset class, Gard M&E Europe

20.02.2019 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	-	-	-	0	0
Expenses	-	-	-	-	-
Realised gain & loss	0	(1)	-	-	(1)
Change in unrealised gain & loss	(0)	2	-	-	1
Total	**(0)**	**0**	**-**	**0**	**1**

20.02.2018 Amounts in USD million	Equities and investment funds	Bonds	Financial derivatives	Other financial investments	Total
Income	0	0	5	0	6
Expenses	-	-	-	0	0
Realised gain & loss	1	-	-	-	1
Change in unrealised gain & loss	(0.02)	(0)	-	-	(0)
Total	**1**	**0**	**5**	**0**	**6**

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:

Insurance risk, Gard M&E Europe

USD million, as of 20.02	2019	2018
Premium risk	27	12*
Reserve risk	7	
Cat risk	-	19
Lapse risk	2	-
Diversification	(6)	(6)
Total insurance risk	**30**	**25**

* Standard formula calculation of underwriting risk

Market risk, Gard M&E Europe

USD million, as of 20.02	2019	2018
Equity risk	1	1
Interest rate risk	1	2
Spread risk	1	0
Currency risk	2	2
Property risk	-	-
Concentration risk	-	-
Alternatives	-	
Diversification	(4)	(1)
Total market risk	**1**	**3**

Counterparty default risk, Gard M&E Europe

USD million, as of 20.02	2019	2018
Counterparty default risk	11	10

Operational risk, Gard M&E Europe

USD million, as of 20.02	2019	2018
Operational risk	4	3

2.5 Valuation for solvency purposes

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

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

Economic balance sheet, Gard M&E Europe

USD million, as of 20.02. 2019	Solvency II value	Statutory accounts value	Difference
Assets			
Deferred acquisition costs	-	6	(6)
Intangible assets	-	-	-
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	-	-	-
Government bonds	-	-	-
Collective investments undertakings	40	40	-
Deposits other than cash equivalents	-	-	-
Investments	**40**	**40**	-
Loans and mortgages to individuals	-	-	-
Reinsurance recoverables	99	113	(14)
Insurance and intermediaries receivables	53	53	-
Reinsurance receivables	8	8	-
Receivables (trade, not insurance)	0	0	-
Cash and cash equivalents	11	11	-
Any other assets, not elsewhere shown	0	0	-
Total assets	**211**	**230**	**(20)**

	Solvency II value	Statutory accounts value	Difference
Liabilities			
Best estimate technical provisions	132	145	(13)
Risk margin	2	-	2
Technical provisions – non-life	**134**	**145**	**(11)**
Pension benefit obligations	-	-	-
Deferred tax liabilities	1	1	-
Insurance & intermediaries payables	4	4	-
Reinsurance payables	22	22	-
Payables (trade, not insurance)	0	0	-
Any other liabilities, not elsewhere shown	0	9	(9)
Total liabilities	**162**	**181**	**(19)**
Excess of assets over liabilities	**49**	**49**	**(0)**

2.6 Deferred acquisition costs

Deferred acquisition costs, Gard M&E Europe

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Deferred acquisition costs	-	6

2.7 Intangible assets

Gard M&E Europe had no intangible assets as at 20 February 2019.

2.8 Deferred taxes

Deferred tax/tax asset is calculated on all differences between the book value and the tax value of assets and liabilities. Deferred tax is calculated at the nominal tax rate of temporary differences and the tax effect of tax losses carried forward at the tax rate at the end of the accounting year.

Changes in tax rates are accounted for when the new rate has been approved and changes are presented as part of the tax expenses in the period the change has been made. A deferred tax asset is recorded in the balance sheet, when it is more likely than not that the tax asset will be utilised.

Deferred taxes, Gard M&E Europe

USD million, as of 20.02	2019	2018
Specification of tax effect resulting from temporary differences		
Portfolio investments	(0)	0
Tax loss carried forward	0	0
Other temporary differences	0	0
Equity	(4)	(5)
Total temporary differences	(5)	(5)
Deferred tax asset, 25 per cent of total temporary differences	**(1.1)**	**(1.2)**
Currency effect posted to Non-technical result	**-**	**-**
Net deferred tax asset of total temporary differences	(1.1)	(1.1)

2.9 Best estimate liabilities

Best estimate liabilities, Gard M&E Europe

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	113
Best estimate - reinsurance recoverables	99	-
Reinsurance recoverables	**99**	113

2.10 Reinsurance recoverables

Reinsurance recoverables, Gard M&E Europe

USD million, as of 20.02.2019	Solvency II value	Statutory accounts value
Reinsurance recoverables	-	113
Best estimate - reinsurance recoverables	99	-
Reinsurance recoverables	**99**	113

2.11 Contingent liabilities

Gard M&E Europe had no contingent liabilities as of 20 February 2019.

2.12 Pension benefit obligations

Gard M&E Europe had no pension benefit obligations as of 20 February 2019.

2.13 Any other liabilities

The difference between Solvency II and statutory accounts values of USD 9 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 46 million as of 20 February 2019.

Assets over liabilities as calculated in economic balance sheet was USD 49 million.

The table below explains the differences between equity as in the statutory accounts and excess of assets over liabilities as calculated under Solvency II as per 20 February 2019.

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

USD million, as of 20.02	2019	2019
Excess of assets over liabilities	49	49
Statutory accounts equity	49	49
Difference between equity and Excess of assets over liabilities	**(0)**	**(0)**
Specification of difference:		
Net technical provisions	(1)	(1)
Risk margin	(2)	(2)
Other	3	3
Difference between equity and Excess of assets over liabilities	**(0)**	**(0)**

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

USD million, as of 20.02	2019	2019
Tier 1	49	49
Tier 2	-	-
Tier 3	-	-
Total	**49**	**49**

Tier 1 capital is unchanged from last year.

The reconciliation reserve comprises the excess of assets over liabilities less ordinary share capital, share premium account and net deferred tax assets and is attributable to Tier 1 capital.

The reconciliation reserve for was USD 0.4 million as per 20 February 2019.

The share premium account was USD 7 million as per 20 February 2019.

2.15 Solvency capital requirement

Solvency capital requirement under the Solvency II approved partial internal model was USD 35 million. Total eligible own funds to meet the SCR was USD 49 million. The solvency ratio was 139 per cent.

MCR under Solvency II standard formula was USD 8 million. Eligible own funds to meet MCR was USD 49 million, i.e., a ratio of 643 per cent.

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

USD million, as of 20.02	**2019**	**2019**
Insurance risk	30	22
Market risk	1	3
Counterparty risk	11	11
Diversification	(7)	(6)
Basic Solvency Capital Requirement (BSCR)	35	30
Operational risk	4	4
Loss-absorbing capacity of deferred taxes (LACDT)	(4)	(4)
SCR	**35**	**30**

The SCR for the Gard group is reduced by the amount of USD 4 million, as loss absorbing capacity of deferred taxes covering the amount calculated for the Norwegian insurance companies, under the justification that the Gard group is expecting positive result based on the five-year plan.

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 groups using the standard formula and partial internal model (S.25.02.22)
- Undertakings in the scope of the group (S.32.01.22)

Gard Norway quantitative reporting templates

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

Gard M&E Europe quantitative reporting templates

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

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	25,255
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	30,254
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	2,110,146
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	10
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	10
Bonds	**R0130**	42,315
Government Bonds	**R0140**	42,315
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	2,042,887
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	24,934
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	21,538
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	21,538
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	212,864
Non-life and health similar to non-life	**R0280**	212,864
Non-life excluding health	**R0290**	212,864
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**	206,730
Reinsurance receivables	**R0370**	8,421
Receivables (trade, not insurance)	**R0380**	1,520
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**	152,274
Any other assets, not elsewhere shown	**R0420**	13,221
Total assets	**R0500**	2,782,225

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	1,473,309
Technical provisions – non-life (excluding health)	**R0520**	1,473,309
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	1,418,920
Risk margin	**R0550**	54,389
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	65
Pension benefit obligations	R0760	36,270
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	27,420
Reinsurance payables	R0830	36,420
Payables (trade, not insurance)	R0840	18,175
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	29,769
Total liabilities	R0900	1,621,428
Excess of assets over liabilities	R1000	1,160,797

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**				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						715,873											715,873
Gross - Proportional reinsurance accepted	**R0120**						43,962											43,962
Gross - Non-proportional reinsurance accepted	**R0130**																	-
Reinsurers' share	**R0140**						164,843											164,843
Net	**R0200**						594,992											594,992
Premiums earned																		
Gross - Direct Business	**R0210**						696,735											696,735
Gross - Proportional reinsurance accepted	**R0220**						38,180											38,180
Gross - Non-proportional reinsurance accepted	**R0230**																	-
Reinsurers' share	**R0240**						153,708											153,708
Net	**R0300**						581,208											581,208
Claims incurred																		
Gross - Direct Business	**R0310**						502,556											502,556
Gross - Proportional reinsurance accepted	**R0320**						14,152											14,152
Gross - Non-proportional reinsurance accepted	**R0330**																	-
Reinsurers' share	**R0340**						54,269											54,269
Net	**R0400**						462,439											462,439
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**						218,920											218,920
Other expenses	**R1200**																	(48)
Total expenses	**R1300**																	218,872

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

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		DK	DE	GR	NO	US	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	11,652	43,138	94,560	91,831	121,982	59,149	422,312
Gross - Proportional reinsurance accepted	R0120	953	2,625	152	-	5,472	165	9,367
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	2,723	9,929	20,834	20,208	27,753	13,044	94,490
Net	R0200	9,882	35,834	73,878	71,623	99,701	46,270	337,189
Premiums earned								
Gross - Direct Business	R0210	11,340	41,985	92,032	89,376	118,721	57,568	411,022
Gross - Proportional reinsurance accepted	R0220	828	2,280	132	-	4,753	143	8,135
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	2,539	9,259	19,426	18,843	25,878	12,162	88,107
Net	R0300	9,629	35,006	72,738	70,533	97,595	45,549	331,050
Claims incurred								
Gross - Direct Business	R0310	6,358	47,740	126,249	29,099	43,799	32,050	285,294
Gross - Proportional reinsurance accepted	R0320	-	1,154	212	-	1,681	(104)	2,943
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	671	5,139	13,344	3,071	4,768	3,374	30,367
Net	R0400	5,687	43,755	113,117	26,028	40,712	28,572	257,870
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	3,616	13,187	27,668	26,837	36,857	17,322	125,487
Other expenses	R1200							(39)
Total expenses	R1300							125,448

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

Annex I
S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	463	463			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,158,391	1,158,391			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	-23,312	-23,312			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	25,255				25,255
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270			-	-	-
Total deductions	R0280			-	-	-
Total basic own funds after deductions	R0290	1,160,797	1,135,541	-	-	25,255
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	668,532			668,532	
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	668,532			668,532	
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	1,829,329	1,135,541	-	668,532	25,255
Total available own funds to meet the minimum consolidated group SCR	R0530	1,135,541	1,135,541	-	-	
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	1,380,420	1,135,541	-	244,879	-
Total-eligible own funds to meet the minimum consolidated group SCR	R0570	1,135,541	1,135,541	-	-	
Minimum consolidated Group SCR	R0610	240,387				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	448 %				
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	1,380,420	1,135,541	-	244,879	-
Group SCR	R0680	489,758				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	282 %				

		C0060				
Reconciliation reserve						
Excess of assets over liabilities	R0700	1,160,797				
Own shares (included as assets on the balance sheet)	R0710					
Forseeable dividends, distributions and charges	R0720					
Other basic own fund items	R0730	1,184,109				
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	-23,312				
Expected profits						
Expected profits included in future premiums (EPIFP) - Life business	R0770					
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	30,684				
Total EPIFP	R0790	30,684				

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

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0080	C0090
10	Market risk IM	200,621	174,453		
20	Counterparty risk IM	38,148	21,236		
50	Non-life underwriting risk IM	482,467	419,537		
130	Operational risk IM	42,568	58,633		
150	Loss absorbing capacity of deferred taxes IM	- 24,145			

Calculation of Solvency Capital Requirement

		C0100
Total undiversified components	R0110	739,659
Diversification	R0060	- 249,901
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	489,758
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	489,758
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	24,145
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	240,387
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	489,758

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		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
FI	LEI/2138003GAO7REM2VXG04	1	OY Gard (Baltic) AB	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/21380084U7O1189W1Q41	1	Gard P. & I. (Bermuda) Ltd	2	Gjensidig selskap	1	Bermuda Monetary Authority							1		1
GB	LEI/2138008GLX45R5P25362	1	Gard (UK) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
GR	LEI/213800D8JGJCYQLS8V88	1	Gard (Greece) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
US	LEI/213800FY2T23ST15RW72	1	Gard (North America) Inc.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
JP	LEI/213800M7HGL8VMFH5228	1	Gard (Japan) KK	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
SG	LEI/213800O24Z6CETNDYK67	1	Gard (Singapore) Pte. Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800Q2POZHFSJGV914	1	Lingard Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800T4M3EDB4CNQN80	1	Gard Marine & Energy Limited	2	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
HK	LEI/213800TZYP2QXFEA7U98	1	Gard (HK) Ltd.	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800ZHTIW647JBKL75	1	Safeguard Guaranteee Company Ltd	2	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	LEI/213800ZIGLMXFERBEC96	1	Gard Reinsurance Co Ltd.	3	Aksjeselskap	2	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	LEI/5967007LIEEXZXAU8W91	1	Gard AS	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	LEI/5967007LIEEXZXAWK837	1	AS Assuransegaarden	10	Aksjeselskap	2		100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	SC/913861825	2	Gard Marine & Energy Insurance (Europe) AS	2	Aksjeselskap	2	Finanstilsynet	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
NO	SC/939717609	2	Assuranceforeningen Gard - gjensidig -	2	Gjensidig selskap	1	Finanstilsynet	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1
BM	SC/Hydra Gard Cell	2	Hydra Gard cell	3	Gjensidig selskap	1	Bermuda Monetary Authority	100.00 %	100.00 %	100.00 %		1	100.00 %	1		1

Annex I
S.02.01.02
Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	2,148
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	211,791
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**	209,986
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	1,806
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**	148,902
Non-life and health similar to non-life	**R0280**	148,902
Non-life excluding health	**R0290**	148,902
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**	19,015
Reinsurance receivables	**R0370**	1,824
Receivables (trade, not insurance)	**R0380**	228
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**	56,885
Any other assets, not elsewhere shown	**R0420**	3,406
Total assets	**R0500**	444,200

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	**R0510**	294,995
Technical provisions – non-life (excluding health)	**R0520**	294,995
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	288,988
Risk margin	**R0550**	6,007
Technical provisions - health (similar to non-life)	**R0560**	
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
Technical provisions calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
Technical provisions calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
Technical provisions calculated as a whole	**R0700**	
Best Estimate	**R0710**	

Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	1,795
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	11,659
Derivatives	**R0790**	
Debts owed to credit institutions	**R0800**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
Insurance & intermediaries payables	**R0820**	5,692
Reinsurance payables	**R0830**	5,695
Payables (trade, not insurance)	**R0840**	1,067
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**	3,192
Total liabilities	**R0900**	324,095
Excess of assets over liabilities	**R1000**	120,105

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**				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						151,554											151,554
Gross - Proportional reinsurance accepted	**R0120**						8,029											8,029
Gross - Non-proportional reinsurance accepted	**R0130**																	-
Reinsurers' share	**R0140**						75,127											75,127
Net	**R0200**						84,455											84,455
Premiums earned																		
Gross - Direct Business	**R0210**						151,555											151,555
Gross - Proportional reinsurance accepted	**R0220**						8,029											8,029
Gross - Non-proportional reinsurance accepted	**R0230**																	-
Reinsurers' share	**R0240**						75,122											75,122
Net	**R0300**						84,462											84,462
Claims incurred																		
Gross - Direct Business	**R0310**						20,534											20,534
Gross - Proportional reinsurance accepted	**R0320**						5,153											5,153
Gross - Non-proportional reinsurance accepted	**R0330**																	-
Reinsurers' share	**R0340**						(22,442)											(22,442)
Net	**R0400**						48,129											48,129
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**						27,718											27,718
Other expenses	**R1200**																	(6)
Total expenses	**R1300**																	27,712

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

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		JP	KR	NL	TW	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	R0110	302	18,516	11,184	14,164	12,625	16,107	72,900
Gross - Proportional reinsurance accepted	R0120	237	536	324	410	366	467	2,340
Gross - Non-proportional reinsurance accepted	R0130	-	-	-	-	-	-	-
Reinsurers' share	R0140	250	8,979	5,423	6,868	6,122	7,810	35,452
Net	R0200	290	10,074	6,085	7,706	6,869	8,763	39,788
Premiums earned								
Gross - Direct Business	R0210	302	18,517	11,184	14,165	12,625	16,107	72,900
Gross - Proportional reinsurance accepted	R0220	237	536	324	410	366	467	2,340
Gross - Non-proportional reinsurance accepted	R0230	-	-	-	-	-	-	-
Reinsurers' share	R0240	250	8,978	5,423	6,868	6,122	7,810	35,450
Net	R0300	290	10,075	6,085	7,707	6,870	8,764	39,791
Claims incurred								
Gross - Direct Business	R0310	475	7,592	3,870	5,100	16,581	2,815	36,434
Gross - Proportional reinsurance accepted	R0320	97	1,549	790	1,041	3,384	575	7,435
Gross - Non-proportional reinsurance accepted	R0330	-	-	-	-	-	-	-
Reinsurers' share	R0340	(510)	(8,142)	(4,150)	(5,470)	(17,783)	(3,019)	(39,074)
Net	R0400	1,082	17,284	8,810	11,611	37,747	6,409	82,943
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	92	3,313	2,001	2,534	2,259	2,882	13,080
Other expenses	R1200							(3)
Total expenses	R1300							13,077

		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 transport	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						(17,674)											(17,674)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						(14,269)											(14,269)
Net Best Estimate of Premium Provisions	R0150						(3,405)											(3,405)
Claims provisions																		
Gross	R0160						306,662											306,662
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						163,172											163,172
Net Best Estimate of Claims Provisions	R0250						143,490											143,490
Total Best estimate - gross	R0260						288,988											288,988
Total Best estimate - net	R0270						140,085											140,085
Risk margin	R0280						6,007											6,007
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						294,995											294,995
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						148,902											148,902
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340						146,093											146,093

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 & +**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											6,225
N-9	**R0160**	50,347	191,607	33,608	22,847	15,810	13,808	7,004	4,593	2,439	1,955	
N-8	**R0170**	7,473	10,981	13,682	4,213	7,932	1,219	1,329	227	340		
N-7	**R0180**	12,671	21,547	17,224	6,521	3,140	1,461	766	1,194			
N-6	**R0190**	14,913	28,858	17,566	5,544	4,934	2,299	291				
N-5	**R0200**	11,463	18,753	8,403	5,374	5,242	1,523					
N-4	**R0210**	19,455	17,244	7,895	6,841	3,824						
N-3	**R0220**	66,660	69,575	32,323	18,270							
N-2	**R0230**	14,844	16,745	10,711								
N-1	**R0240**	19,571	19,611									
N	**R0250**	12,370										

		In Current year	**Sum of years (cumulative)**
		C0170	**C0180**
	R0100	6,225	6,225
	R0160	1,955	344,018
	R0170	340	47,397
	R0180	1,194	64,523
	R0190	291	74,404
	R0200	1,523	50,759
	R0210	3,824	55,259
	R0220	18,270	186,827
	R0230	10,711	42,300
	R0240	19,611	39,182
	R0250	12,370	12,370
Total	**R0260**	76,313	923,265

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											50,146
N-9	**R0160**	295,113	130,588	96,834	66,666	57,174	37,050	29,649	21,465	14,604	11,366	
N-8	**R0170**	77,808	54,279	33,767	21,385	5,829	3,596	2,105	1,565	1,670		
N-7	**R0180**	69,899	43,565	24,579	16,378	8,147	5,302	4,278	3,514			
N-6	**R0190**	76,543	71,773	47,653	36,648	28,540	23,893	20,927				
N-5	**R0200**	62,215	25,424	20,963	15,091	8,253	7,951					
N-4	**R0210**	67,589	33,423	31,296	26,847	21,769						
N-3	**R0220**	279,064	121,816	70,529	50,893							
N-2	**R0230**	80,468	43,680	38,507								
N-1	**R0240**	81,177	38,516									
N	**R0250**	75,035										

		Year end (discounted data)
		C0360
	R0100	50,146
	R0160	10,939
	R0170	1,599
	R0180	3,348
	R0190	19,892
	R0200	7,547
	R0210	20,654
	R0220	48,319
	R0230	36,609
	R0240	36,688
	R0250	71,617
Total	**R0260**	307,358

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**	115,603	115,603			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	4,502	4,502			
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**	120,105	120,105			
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**	231,290			231,290	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	231,290			231,290	

Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	351,395	120,105	-	231,290	
Total available own funds to meet the MCR	**R0510**	120,105	120,105	-	-	
Total eligible own funds to meet the SCR	**R0540**	171,095	120,105	-	50,990	
Total eligible own funds to meet the MCR	**R0550**	120,105	120,105	-	-	
SCR	**R0580**	101,980				
MCR	**R0600**	26,253				
Ratio of Eligible own funds to SCR	**R0620**	168 %				
Ratio of Eligible own funds to MCR	**R0640**	457 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	120,105	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	115,603	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	4,502	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	3,492	
Total Expected profits included in future premiums (EPIFP)	**R0790**	3,492	

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

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
10	Market risk IM	12,150	10,565		
20	Counterparty risk IM	20,825	4,011		
50	Non-life underwriting risk IM	100,614	87,491		
130	Operational risk IM	8,670	21,638		
150	Loss absorbing capacity of deferred taxes IM	- 9,620			

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	132,638
Diversification	R0060	- 30,658
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	101,980
Solvency capital requirement excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	101,980
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	9,620
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	26,253

		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	140,085	84,455
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	26,253
SCR	R0310	88,600
MCR cap	R0320	39,870
MCR floor	R0330	22,150
Combined MCR	R0340	26,253
Absolute floor of the MCR	R0350	4,188
		C0070
Minimum Capital Requirement	R0400	26,253

Annex I

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	40,107
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**	40,107
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**	98,728
Non-life and health similar to non-life	**R0280**	98,728
Non-life excluding health	**R0290**	98,728
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**	53,226
Reinsurance receivables	**R0370**	7,706
Receivables (trade, not insurance)	**R0380**	66
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**	10,671
Any other assets, not elsewhere shown	**R0420**	40
Total assets	**R0500**	210,544

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	**R0510**	134,286
Technical provisions – non-life (excluding health)	**R0520**	134,286
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	131,851
Risk margin	**R0550**	2,435
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	1,127
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	3,874
Reinsurance payables	R0830	22,098
Payables (trade, not insurance)	R0840	196
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	182
Total liabilities	**R0900**	161,762
Excess of assets over liabilities	**R1000**	48,782

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**						85,307											85,307
Gross - Proportional reinsurance accepted	**R0120**						5,215											5,215
Gross - Non-proportional reinsurance accepted	**R0130**																	-
Reinsurers' share	**R0140**						68,512											68,512
Net	**R0200**						22,010											22,010
Premiums earned																		
Gross - Direct Business	**R0210**						82,376											82,376
Gross - Proportional reinsurance accepted	**R0220**						3,776											3,776
Gross - Non-proportional reinsurance accepted	**R0230**																	-
Reinsurers' share	**R0240**						65,245											65,245
Net	**R0300**						20,907											20,907
Claims incurred																		
Gross - Direct Business	**R0310**						87,623											87,623
Gross - Proportional reinsurance accepted	**R0320**						3,436											3,436
Gross - Non-proportional reinsurance accepted	**R0330**																	-
Reinsurers' share	**R0340**						72,214											72,214
Net	**R0400**						18,844											18,844
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**						5,162											5,162
Other expenses	**R1200**																	0
Total expenses	**R1300**																	5,163

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

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

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010						C0070
	R0010		FI	DE	IT	NL	GB	
		C0080						C0140
Premiums written								
Gross - Direct Business	**R0110**	-	4,928	50,819	3,931	5,729	5,487	70,895
Gross - Proportional reinsurance accepted	**R0120**	(0)	1	140	1,039	112	420	1,712
Gross - Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-	-	-
Reinsurers' share	**R0140**	(0)	3,731	38,575	3,760	4,422	4,470	54,958
Net	**R0200**	(0)	1,198	12,384	1,210	1,420	1,436	17,648
Premiums earned								
Gross - Direct Business	**R0210**	-	4,759	49,073	3,796	5,532	5,299	68,459
Gross - Proportional reinsurance accepted	**R0220**	(0)	0	101	752	81	304	1,239
Gross - Non-proportional reinsurance accepted	**R0230**	-	-	-	-	-	-	-
Reinsurers' share	**R0240**	(0)	3,553	36,735	3,581	4,211	4,257	52,337
Net	**R0300**	-	1,206	12,439	968	1,403	1,345	17,361
Claims incurred								
Gross - Direct Business	**R0310**	1	2,171	66,523	2,276	4,411	9,447	84,828
Gross - Proportional reinsurance accepted	**R0320**	(33)	-	179	3,405	-	651	4,202
Gross - Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-	-	-
Reinsurers' share	**R0340**	(24)	1,725	52,983	4,390	3,504	7,998	70,575
Net	**R0400**	(8)	446	13,719	1,291	907	2,099	18,455
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**	(0)	281	2,907	283	333	337	4,141
Other expenses	**R1200**							0
Total expenses	**R1300**							4,141

		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**							

Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport	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**						35,632											35,632
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						21,704											21,704
Net Best Estimate of Premium Provisions	**R0150**						13,928											13,928
Claims provisions							-											-
Gross	**R0160**						96,219											96,219
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						77,024											77,024
Net Best Estimate of Claims Provisions	**R0250**						19,195											19,195
Total Best estimate - gross	**R0260**						131,851											131,851
Total Best estimate - net	**R0270**						33,123											33,123
Risk margin	**R0280**						2,435											2,435
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**						134,286											134,286
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						98,728											98,728
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**						35,558											35,558

Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	Z0010	1

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

		Development year												In Current year	Sum of years (cumulative)
	Year	0	1	2	3	4	5	6	7	8	9	10 & +			
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											2	R0100	2	2
N-9	R0160	1,851	2,784	757	21	33	17	-	-	153	67		R0160	67	5,684
N-8	R0170	2,307	5,982	2,561	432	272	161	80	292	51			R0170	51	12,139
N-7	R0180	3,760	5,238	2,004	817	725	101	317	58				R0180	58	13,019
N-6	R0190	3,631	6,345	3,554	770	603	238	288					R0190	288	15,430
N-5	R0200	20,106	5,092	2,114	799	654	228						R0200	228	28,993
N-4	R0210	9,875	6,650	1,835	1,601	1,097							R0210	1,097	21,059
N-3	R0220	17,074	20,789	8,676	1,356								R0220	1,356	47,896
N-2	R0230	25,720	21,416	8,756									R0230	8,756	55,892
N-1	R0240	22,410	22,777										R0240	22,777	45,187
N	R0250	29,066											R0250	29,066	29,066
												Total	R0260	63,747	274,366

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	1,618	1,398	210	22	191	177	240	232	121	-		R0160	-
N-8	R0170	8,594	3,384	1,995	750	385	363	359	128	80			R0170	77
N-7	R0180	8,040	4,953	3,865	1,597	602	450	334	333				R0180	322
N-6	R0190	8,899	6,317	2,794	2,135	1,398	1,281	342					R0190	331
N-5	R0200	7,143	6,122	3,097	1,828	516	(360)						R0200	(348)
N-4	R0210	12,162	4,961	3,416	8,642	7,229							R0210	7,000
N-3	R0220	38,171	12,062	3,191	1,104								R0220	1,071
N-2	R0230	37,578	18,423	8,191									R0230	7,958
N-1	R0240	38,860	18,543										R0240	18,043
N	R0250	63,351											R0250	61,764
												Total	R0260	96,219

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**	42,572	42,572			
Share premium account related to ordinary share capital	**R0030**	6,594	6,594			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	(385)	(385)			
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**	48,782	48,782	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	48,782	48,782	-	-	-
Total available own funds to meet the MCR	**R0510**	48,782	48,782	-	-	
Total eligible own funds to meet the SCR	**R0540**	48,782	48,782	-	-	-
Total eligible own funds to meet the MCR	**R0550**	48,782	48,782	-	-	
SCR	**R0580**	35,149				
MCR	**R0600**	7,581				
Ratio of Eligible own funds to SCR	**R0620**	139 %				
Ratio of Eligible own funds to MCR	**R0640**	643 %				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	48,782	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**	49,166	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	(385)	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	17	
Total Expected profits included in future premiums (EPIFP)	**R0790**	17	

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

Unique number of component	Components Description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
10	Market risk IM	1,147	997		
20	Counterparty risk IM	11,203	2,727		
50	Non-life underwriting risk IM	29,514	25,664		
130	Operational risk IM	3,956	11,063		
150	Loss absorbing capacity of deferred taxes IM	- 3,831			

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	41,987
Diversification	R0060	- 6,839
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	35,149
Solvency capital requirement excluding capital add-on	R0200	
Capital add-ons already set	R0210	
Solvency capital requirement	R0220	35,149
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	3,831
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	6,493

		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	33,123	22,010
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	6,493
SCR	R0310	30,325
MCR cap	R0320	13,646
MCR floor	R0330	7,581
Combined MCR	R0340	7,581
Absolute floor of the MCR	R0350	4,188

		C0070
Minimum Capital Requirement	R0400	7,581