

DRAFT

Gard acquires marine and energy portfolio from If P&C

The Committee of Assuranceforeningen Gard, at its meeting in Geneva on the 27th of October, decided that the Association will acquire the Marine and Energy (M&E) portfolio from If P&C Insurance Ltd (publ) (“If”), through the establishment of a new company.

This new vehicle will;

- continue to be managed by Gard Services,
- be structured to obtain an A range, or better, from a leading rating agency,
- have shareholders’ equity of USD 190 million, USD 110 million provided by the Association and USD 80 million by If,
- maintain the strength of the Association’s balance sheet.

“The formation of Gard Services three years ago and the contract with If have brought many benefits to both Members of the Association, and clients of the M&E business,” said Leif Terje Løddesøl, Chairman of the Committee,

“Our shipowners and operators believe that by committing this capital they will secure the capacity for their ocean hull insurance going forward, and will also be able to continue to benefit from Gard Services’ experience and skills, as well as its highly efficient cost base.”

“By doing this deal, Gard Services can continue to build a customer offering that aims to meet both the current and future needs of shipowners and other clients.”

Deal structure

- The new company will be organised as a joint stock company, which will take over the responsibility for the existing M&E portfolio for a payment of USD 30 million to If for goodwill.
- The company will have shareholders' equity amounting to USD 190 million.
- The investment of the Association will be split between Assuranceforeningen Gard in Norway and Gard P&I (Bermuda) Limited.
- Assuranceforeningen Gard will acquire If's 40% shareholding in Gard Services at book value.
- USD 80 million of If's contribution will be in the form of paid up ordinary share capital.
- The balance of capital required will be provided by way of USD 15 million each from If and Sampo in the form of subordinated loans.
- If's ownership interest will be phased out over time giving the Association, complete ownership in due course.
- The Association is expected to maintain its current A rating and will remain well above statutory solvency requirements.

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