



Half-year report 2022/23

Accounts 21.02.2022–20.08.2022

125
YEARS
YOUNG

SKULD



Positive half-year result 2022/23

Skuld ended the first six months of the 2022/23 financial year with a positive bottom-line result of USD 18 million compared with a negative result of USD 24.9 million at the half-year in 2021/22. The outcome was mainly driven by a positive technical result, together with a significant investment contribution from the completion of the Asta sale.

The half-year technical result amounted to positive USD 12.1 million, with an overall combined ratio at 95%. Gross premium and calls increased with USD 27 million to USD 228.1 million compared with the same period last year, with growth both from mutual and commercial lines of business. The half year was characterised by a benign large-claim environment compared with the same period last year. In the first six months, no new large claims were reported to the International Group pooling system for this policy year.

The positive six-month technical result was driven by positive contribution from Skuld's commercial lines of business while the mutual book of business delivered a combined ratio above target. The uncertain claims environment and expected future

impact of inflation on claims costs confirms the continuous effort on bringing the mutual book back into balance through improved rates.

Net investment income for the period contributed negatively with an investment return of -2.0%. War in Ukraine, energy shortages in Europe and high inflation created volatility, shifted yield curves substantially upwards and reduced the value of most asset classes. The strengthening of the US dollar also impacted the investment portfolio negatively. The sale of our shareholding in Asta, which completed in July, helped to mitigate the unrealised loss during the period.

We are pleased with this six-month result, which sees an impressive reversal from the same period last year. We continue to see the benefits from the high quality of our entered tonnage, while our risk mitigation and loss-prevention initiatives continue to help to limit lower level, attritional claims. Moreover, our firm diversification strategy remains a successful priority.

But we must be realistic; the insurance and investment environments are still

Highlights:

- Positive technical result
- Premium growth
- Completion of sale of Asta contributed positively to investment income

extremely challenging, and with that in mind the threats imposed by the war in Ukraine and its political ramifications, high energy costs, and inflation keep us ever mindful of the need for sensible pricing, selective underwriting and very close working relationships with all of our members and clients. In so doing, we maintain our leadership position through financial strength and commitment to the highest quality service and will continue to provide members, clients, and brokers with our world class coverage and services, so that they can all rest assured with Skuld.

STÅLE HANSEN
President and CEO



Key figures

All figures in USD million

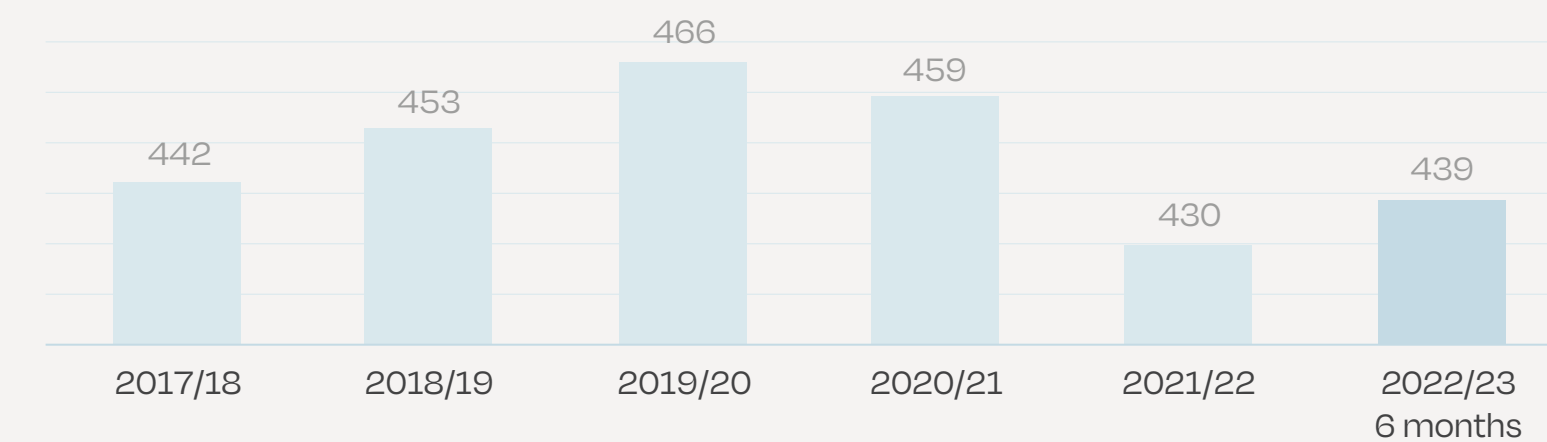
CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST 2022	2022 (6 Months)	2021 (6 Months)
TECHNICAL ACCOUNT		
Premiums and calls	228.1	201.1
Reinsurance premium	-34.3	-29.2
Premiums for own account	193.9	171.9
Pool claims	-16.7	-31.9
Own claims for own account	-122.4	-156.8
Claims for own account	-139.1	-188.7
Acquisition costs	-32.8	-28.4
Administrative expenses	-9.9	-8.9
Net operating expenses	-42.7	-37.3
Balance carried to non-technical account	12.1	-54.1
NON-TECHNICAL ACCOUNT		
Balance from technical account	12.1	-54.1
Net investment income	-4.2	16.7
Taxes	10.1	12.5
Balance carried to members' funds	18.0	-24.9

All figures in USD million

BALANCE SHEET AS AT 20 AUGUST 2022	20.08.2022	20.02.2022
ASSETS		
Financial investments	928.3	889.2
Debtors	18.0	11.2
Other assets	156.5	196.7
Prepayment and accrued income	18.1	19.0
Total assets	1 120.8	1 116.0
LIABILITIES		
Provisions for outstanding claims for own account	578.3	595.2
Contingency reserve	438.5	430.1
<i>Members' funds</i>	388.7	370.7
<i>Deferred cessation tax</i>	48.4	59.4
Technical provisions for own account	1 016.9	1 025.2
Provisions for other liabilities	46.6	58.8
Creditors	53.1	30.0
Accruals and deferred income	4.2	2.0
Total liabilities	1 120.8	1 116.0

CONTINGENCY RESERVE

USD million





Half-year accounts 2022/23

Condensed consolidated income statement

All figures in USD million

	21.05-20.08		YTD (21.02-20.08)	
	2022/23	2021/22	2022/23	2021/22
TECHNICAL ACCOUNT				
Premiums and calls				
Gross premiums and calls	118.3	105.9	228.1	201.1
Reinsurance premiums	-17.5	-12.6	-34.3	-29.2
Earned premiums and calls for own account	100.8	93.3	193.9	171.9
Pool claims	-10.7	-29.2	-16.7	-31.9
Own claims for own account	-63.6	-70.5	-122.4	-156.8
Claims incurred for own account	-74.4	-99.7	-139.1	-188.7
Acquisition costs	-16.2	-15.3	-32.8	-28.4
Administrative expenses	-4.2	-5.2	-9.9	-8.9
Net operating expenses	-20.4	-20.5	-42.7	-37.3
Balance carried to non-technical account	6.1	-26.8	12.1	-54.1
NON-TECHNICAL ACCOUNT				
Balance from technical account	6.1	-26.8	12.1	-54.1
Net investment income	32.9	8.6	-4.2	16.7
Taxes	0.4	9.9	10.1	12.5
Profit and loss	39.4	-8.3	18.0	-24.9
Distribution to members	0.0	0.0	0.0	0.0
Balance carried to members' funds	39.4	-8.3	18.0	-24.9

Condensed consolidated statement of financial position

All figures in USD million

	20.08.22	20.02.22
ASSETS		
Financial assets	928.3	889.2
Debtors	18.0	11.2
Other assets	156.5	196.7
Prepayments and accrued income	18.1	19.0
Total assets	1 120.8	1 116.0
LIABILITIES		
Technical provisions		
Gross provision for outstanding claims	946.2	917.6
Reinsurers' share	-367.9	-322.4
Provisions for outstanding claims for own account	578.3	595.2
Contingency reserve	438.5	430.1
<i>Members' funds</i>	388.7	370.7
<i>Deferred cessation tax</i>	48.4	59.4
Technical provisions for own account	1 016.9	1 025.2
Provisions for other liabilities	46.6	58.8
Other creditors	53.1	30.0
Accruals and deferred income	4.2	2.0
Total liabilities	1 120.8	1 116.0



Cash flow statement

All figures in USD million

	21.02.22-20.08.22	21.02.21-20.02.22
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Premiums received	257.4	419.0
Paid claims	-195.4	-307.3
Paid tax	-5.2	-0.2
Operational expenses/change in accruals	-46.8	-73.5
Net cash flow from operational activities	10.1	38.0
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interests and dividends received	11.1	5.7
Investments in fixed assets	-2.3	-2.3
Net financial investments	-58.6	-38.0
Net cash flow from investment activities	-49.8	-34.6
Net change in cash and cash equivalents	-39.7	3.5
Cash and cash equivalents at the beginning of the period	190.4	186.9
Cash and cash equivalents at the end of the period	150.7	190.4

Statement of changes in contingency reserves

All figures in USD million

	21.02.22-20.08.22	21.02.21-20.02.22
Members' funds opening balance	370.7	385.4
Balance carried forward to members' funds	39.4	-14.7
Members' funds closing balance	410.1	370.7
Deferred cessation tax	48.4	59.4
Contingency reserve closing balance	458.4	430.1



Note 1

Accounting Policy

The condensed interim financial report has been prepared according to regulations for Norwegian Insurance Companies and the Accounting Standard IAS 34 Interim financial reporting. Application of IAS 34 means that the report is limited compared to the annual financial statement. Accordingly this report is to be read in conjunction with the Annual Report as of 20 February 2022. No significant changes in accounting policies have been made in the period covered by this interim report.

The Financial Supervisory Authorities of Norway has approved the use of USD as functional currency for the Association, hence the interim financial statement is presented in USD. These sets of USD accounts are based on the official Norwegian accounts, but some reclassifications and modifications have been made in order to make the accounts comparable to the accounts of the other P&I clubs in the International Group. Refer to the Annual Report as of 20 February 2022 for further details.

The interim report shows the consolidated accounts for Assuranceforeningen Skuld (Gjensidig). The six-month statutory accounts for Assuranceforeningen Skuld (Gjensidig) ended with a negative result of USD 16.3 million.

The interim report is unaudited.

Note 2

Financial investments

All figures in USD million

	20.08.22	20.02.22
SHARES		
Listed shares and funds	210.7	226.6
Total shares	210.7	226.6
BONDS		
Treasuries	520.2	479.6
Corporate Securities	153.1	122.2
Cash and Money Market	(1.4)	1.7
Other	17.0	16.5
Total bonds	688.8	620.0
Other investments		
Hedge Funds	12.4	14.2
Infrastructure	11.6	11.8
Private Equity	5.0	6.1
Total other investments	29.1	32.2



Rest Assured.