



NINE-MONTH
REPORT

2021/22

21.02.21 - 20.11.21

SERVICE
AND COMPETENCE
YOU CAN RELY ON

NINE-MONTH RESULT

LARGE CLAIMS OUTWEIGH PREMIUM GROWTH AND POSITIVE INVESTMENT RETURN



Skuld delivered a negative result of USD 20.5 million for the first nine months of the 2021/22 fiscal year compared with a negative result of USD 10 million for the same period last year.

The technical result shows positive development over the past three months, with an improved combined ratio from 127% to 117%. The technical result amounts to a loss of USD 51.7 million, compared with negative USD 46.2 million at the same period last year. The technical result was influenced by several large claims reported through the International Group pooling system as well as some large claims in Skuld's own portfolio.

Gross premiums and calls ended at USD 309 million, an increase of USD 19.4 million compared with the same period last year. Despite the increase in premium, the continued negative technical result underpins the need to bring the portfolio back into balance through improved rates.

Net investment return of 2.2% partly offset the negative technical result. The value of Skuld's holdings in developed equity and private markets have continued upwards throughout the year, but expectations of permanently higher inflation have increased yield curves and the US dollar. Recent

developments in Covid-19 variants and transmission have caused heightened volatility across financial markets.

Despite this disappointing – but not unexpected – result on the mutual book of business, Skuld continues to see positive contributions from our commercial products, remaining firmly committed to our diversification strategy. I remain strongly optimistic about its long-term support of Skuld's renowned services to members and clients.

As said at the six-month report, losses in the marine sector have not abated, and even while they continue to outpace premium income across the marine liability insurance sector, we maintain our leadership position through financial strength and commitment to the highest quality service and support for our members and clients.

STÅLE HANSEN
President and CEO

KEY FIGURES

All figures in USD million

CONSOLIDATED INCOME STATEMENT AS AT 20 NOVEMBER 2021	2021 (9 months)	2020 (9 months)
TECHNICAL ACCOUNT		
Premiums and calls	309.0	289.6
Reinsurance premiums	-41.7	-32.8
Premiums for own account	267.3	256.8
Pool claims	-32.0	-36.5
Own claims for own account	-229.6	-214.0
Claims incurred for own account	-261.6	-250.5
Acquisition costs	-43.9	-41.0
Administrative expenses	-13.5	-11.5
Net operating expenses	-57.3	-52.5
Balance carried to non-technical account	-51.7	-46.2
NON-TECHNICAL ACCOUNT		
Balance from technical account	-51.7	-46.2
Net investment income	25.5	38.0
Taxes	5.6	-1.9
Balance carried to members' funds	-20.5	-10.0

BALANCE SHEET AS AT 20 NOVEMBER 2021	20.11.21	20.02.21
ASSETS		
Financial assets	844.1	863.5
Debtors	12.5	7.6
Other assets	260.1	192.8
Prepayment and accrued income	13.5	17.1
Total assets	1 130.2	1 081.0
LIABILITIES		
Provision for outstanding claims for own account	600.4	529.9
Contingency reserve	427.5	459.1
<i>Members' funds</i>	364.9	385.4
<i>Deferred cessation tax</i>	62.6	73.7
Technical provisions for own account	1 027.9	989.0
Provisions for other liabilities	80.9	61.1
Creditors	18.2	24.3
Accruals and deferred income	3.2	6.5
Total liabilities	1 130.2	1 081.0

NINE-MONTH ACCOUNTS 2021/22

CONDENSED CONSOLIDATED INCOME STATEMENT

All figures in USD million	21.08-20.11		YTD (21.02-20.11)	
	2021/22	2020/21	2021/22	2020/21
TECHNICAL ACCOUNT				
Premiums and calls	107.9	99.6	309.0	289.6
Reinsurance premiums	-12.5	-11.5	-41.7	-32.8
Earned premiums and calls for own account	95.4	88.1	267.3	256.8
Pool claims	-0.1	0.7	-32.0	-36.5
Own claims for own account	-72.8	-89.2	-229.6	-214.0
Claims incurred for own account	-73.0	-88.5	-261.6	-250.5
Acquisition costs	-15.5	-15.3	-43.9	-41.0
Administrative expenses	-4.5	-5.1	-13.5	-11.5
Net operating expenses	-20.0	-20.4	-57.3	-52.5
Balance carried to non-technical account	2.4	-20.7	-51.7	-46.2
NON-TECHNICAL ACCOUNT				
Balance from technical account	2.4	-20.7	-51.7	-46.2
Net investment income	8.9	23.7	25.5	38.0
Taxes	-6.9	1.4	5.6	-1.9
Profit and loss	4.4	4.4	-20.5	-10.0
Distribution to members	0.0	0.0	0.0	0.0
Balance carried to members' funds	4.4	4.4	-20.5	-10.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in USD million	20.11.21	20.02.21
ASSETS		
Financial assets	844.1	863.5
Debtors	12.5	7.6
Other assets	260.1	192.8
Prepayments and accrued income	13.5	17.1
Total assets	1 130.2	1 081.0
LIABILITIES		
Technical provisions		
Gross provision for outstanding claims	934.5	690.6
Reinsurers' share	-334.1	-160.6
Provisions for outstanding claims for own account	600.4	529.9
Contingency reserve	427.5	459.1
<i>Members' funds</i>	364.9	385.4
<i>Deferred cessation tax</i>	62.6	73.7
Technical provisions for own account	1 027.9	989.0
Provisions for other liabilities	80.9	61.1
Other creditors	18.2	24.3
Accruals and deferred income	3.2	6.5
Total liabilities	1 130.2	1 081.0

CASH FLOW STATEMENT

All figures in USD million	21.02.21 – 20.11.21	21.02.20 – 20.02.21
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Premiums received	327.3	376.0
Paid claims	-219.0	-371.1
Paid tax	-0.2	1.2
Operational expenses/change in accruals	-77.2	-76.8
Net cash flow from operational activities	31.0	-70.7
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interests and dividends received	4.5	10.4
Investments in fixed assets	-1.5	-0.5
Acquisition of subsidiary and investment in associated companies	0.0	4.6
Net financial investments	33.0	33.5
Net cash flow from investment activities	36.0	48.0
Net change in cash and cash equivalents	67.0	-22.7
Cash and cash equivalents at the beginning of the period	186.9	209.7
Cash and cash equivalents at the end of the period	253.9	186.9

STATEMENT OF CHANGES IN CONTINGENCY RESERVE

All figures in USD million	21.02.21 – 20.11.21	21.02.20 – 20.02.21
Members' funds opening balance	385.4	363.8
Change in minority interest	0.0	-3.4
Change in earlier years	0.0	0.4
Balance carried forward to members' funds	-20.5	24.6
Members' funds closing balance	364.9	385.4
Deferred cessation tax	62.6	73.7
Contingency reserve closing balance	427.5	459.1

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 2021. 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 2021 for further details.

The interim report shows the consolidated accounts for Assuranceforeningen Skuld (Gjensidig). The nine-month statutory accounts for Assuranceforeningen Skuld (Gjensidig) ended with a negative result of USD 20.5 million.

The interim report is unaudited.

NOTE 2 FINANCIAL INVESTMENTS

All figures in USD million

	2011.21	20.02.21
Shares		
Listed shares and funds	243.6	240.7
Total shares	243.6	240.7
Bonds		
Treasuries	435.5	439.7
Corporate securities	122.6	86.9
Cash and money market	3.6	5.3
Other	6.6	41.7
Total bonds	568.3	573.6
Other investments		
Hedge funds	14.1	15.6
Infrastructure	11.7	11.2
Private equity	7.2	7.9
Total other investments	32.9	34.6