



# Half-year report 2023/24

Accounts 21.02.2023–20.08.2023





## Positive half-year result 2022/23

Skuld delivered a positive half-year (six months ending 20 August 2023) result of USD 40 million, compared with USD 18 million at the half-year in 2022/23. The solid result was driven by a strong technical result and a contribution from the investment portfolio.

The half-year technical result amounted to USD 21 million, an increase of USD 9 million from the same period last year. This resulted in a net combined ratio of 90%. A strong renewal, with growth both in mutual and commercial lines of business, resulted in gross earned premiums and calls of USD 256 million, an increase of USD 28 million (12.3%) compared to the half-year 2022/23.

In general, the first six months of 2023/24 was characterised by a benign own large-claim environment within P&I, in particular the mutual line of business, while the physical damage line of business was affected negatively by increased competition and a heavier claims environment. Towards the end of the second quarter, several new large claims were reported by other clubs to the International Group (IG) pooling system. After the first six months, pool claims were

at a more normalised level and affected the result negatively by USD 12 million. Skuld reported no new pool claims during the first six months of 2023/24.

Net investment returns contributed positively with 2.2% in the first half. Investment in the artificial intelligence (AI) sector continued to pull US equity markets upwards via its largest tech companies. Valuation for growth companies in the world rose substantially amid disinflation and a significant upward shift of yield curves in developed markets. The US Fed funds rate was raised three times to 5.5%. Global equities were up 5% over the period, sovereign 2-year yield in the US approached 5% and the trade weighted US started and ended around the same level.

We are very pleased with this six-month report, which sees a continued improvement following last year's 'turnaround' half year result. The benefits from the high quality of our entered tonnage, combined with our risk mitigation and loss-prevention initiatives continue to support our results. Moreover, this result further endorses our firm diversification strategy.

### Highlights:

- Combined ratio at 90%
- Premium growth of 12%
- Positive investment return of 2.2%

However, the insurance and investment environments remain challenging. Inflation and high energy costs alongside various geopolitical tensions 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

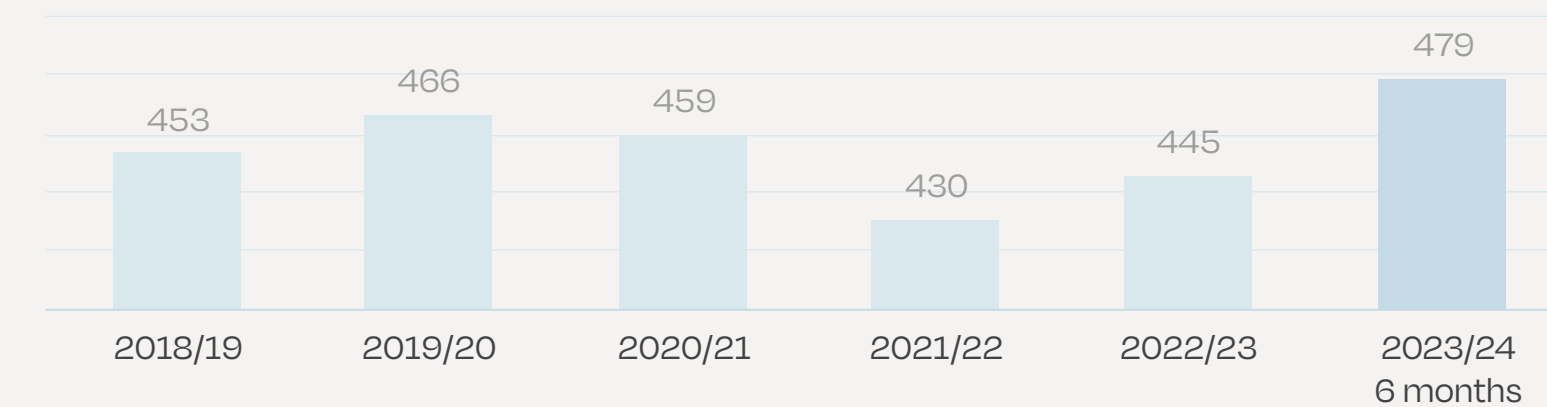
CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST	2023 (6 Months)	2022 (6 Months)
TECHNICAL ACCOUNT		
Premiums and calls	256.3	228.1
Reinsurance premium	-45.6	-34.3
<b>Premiums for own account</b>	<b>210.7</b>	<b>193.9</b>
Pool claims	-11.7	-16.7
Own claims for own account	-129.7	-122.4
<b>Claims for own account</b>	<b>-141.4</b>	<b>-139.1</b>
Acquisition costs	-36.5	-32.8
Administrative expenses	-11.5	-9.9
<b>Net operating expenses</b>	<b>-48.0</b>	<b>-42.7</b>
<b>Balance carried to non-technical account</b>	<b>21.3</b>	<b>12.1</b>
NON-TECHNICAL ACCOUNT		
Balance from technical account	21.3	12.1
Net investment income	19.1	-2.9
Taxes	-3.9	10.1
Other income and expenses	3.6	-1.2
<b>Balance carried to members' funds</b>	<b>40.1</b>	<b>18.0</b>

All figures in USD million

BALANCE SHEET	20.08.2023	20.02.2023
ASSETS		
Intangible assets	3.4	2.0
Financial investments	958.5	912.7
Debtors	29.7	36.3
Other assets	211.0	181.0
Prepayment and accrued income	17.5	25.5
<b>Total assets</b>	<b>1 220.0</b>	<b>1 157.5</b>
LIABILITIES		
Provisions for outstanding claims for own account	606.8	608.0
Contingency reserve	478.9	444.6
<i>Members' funds</i>	441.4	401.2
<i>Deferred cessation tax</i>	37.6	43.4
<b>Technical provisions for own account</b>	<b>1 085.7</b>	<b>1 052.6</b>
Provisions for other liabilities	54.8	47.6
Creditors	69.2	50.4
Accruals and deferred income	10.3	6.9
<b>Total liabilities</b>	<b>1 220.0</b>	<b>1 157.5</b>

### CONTINGENCY RESERVE

USD million





## Half-year accounts 2023/24

### Condensed consolidated income statement

All figures in USD million

	21.05-20.08		YTD (21.02-20.08)	
	2023/24	2022/23	2023/24	2022/23
TECHNICAL ACCOUNT				
<b>Premiums and calls</b>				
Gross premiums and calls	134.1	118.3	256.3	228.1
- Reinsurance premiums	-24.2	-17.5	-45.6	-34.3
<b>Earned premiums and calls for own account</b>	<b>109.9</b>	<b>100.8</b>	<b>210.7</b>	<b>193.9</b>
Pool claims	-10.4	-10.7	-11.7	-16.7
Own claims for own account	-70.5	-63.6	-129.7	-122.4
<b>Claims incurred for own account</b>	<b>-80.9</b>	<b>-74.4</b>	<b>-141.4</b>	<b>-139.1</b>
Acquisition costs	-19.3	-16.2	-36.5	-32.8
Administrative expenses	-6.3	-4.2	-11.5	-9.9
<b>Net operating expenses</b>	<b>-25.5</b>	<b>-20.4</b>	<b>-48.0</b>	<b>-42.7</b>
<b>Balance carried to non-technical account</b>	<b>3.5</b>	<b>6.1</b>	<b>21.3</b>	<b>12.1</b>
NON-TECHNICAL ACCOUNT				
<b>Balance from technical account</b>	<b>3.5</b>	<b>6.1</b>	<b>21.3</b>	<b>12.1</b>
Net investment income	9.8	33.4	19.1	-2.9
Taxes	0.5	0.4	-3.9	10.1
Other income and expenses	1.2	-0.5	3.6	-1.2
<b>Profit and loss</b>	<b>15.0</b>	<b>39.4</b>	<b>40.1</b>	<b>18.0</b>
<b>Balance carried to members' funds</b>	<b>15.0</b>	<b>39.4</b>	<b>40.1</b>	<b>18.0</b>

### Condensed consolidated statement of financial position

All figures in USD million

	20.08.23	20.02.23
ASSETS		
Intangible assets	3.4	2.0
Financial assets	958.5	912.7
Debtors	29.7	36.3
Other assets	211.0	181.0
Prepayments and accrued income	17.5	25.5
<b>Total assets</b>	<b>1 220.0</b>	<b>1 157.5</b>
LIABILITIES		
<b>Technical provisions</b>		
Gross provision for outstanding claims	1 090.8	1 107.2
Reinsurers' share	-484.0	-499.2
<b>Provisions for outstanding claims for own account</b>	<b>606.8</b>	<b>608.0</b>
Contingency reserve	478.9	444.6
<i>Members' funds</i>	441.4	401.2
<i>Deferred cessation tax</i>	37.6	43.4
<b>Technical provisions for own account</b>	<b>1 085.7</b>	<b>1 052.6</b>
Provisions for other liabilities	54.8	47.6
Other creditors	69.2	50.4
Accruals and deferred income	10.3	6.9
<b>Total liabilities</b>	<b>1 220.0</b>	<b>1 157.5</b>



## Cash flow statement

All figures in USD million

	21.02.23-20.08.23	21.02.22-20.02.23
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>		
Premiums received	293.5	471.8
Paid claims	-191.7	-348.3
Paid tax	-0.2	-5.0
Operational expenses/change in accruals	-43.2	-102.0
<b>Net cash flow from operational activities</b>	<b>58.5</b>	<b>16.5</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Interests and dividends received	9.6	15.2
Investments in fixed assets	-1.7	-3.7
Aquisition of subsidiary and investment in associated companies	30.5	34.5
Net financial investments	-68.1	-76.1
<b>Net cash flow from investment activities</b>	<b>-29.7</b>	<b>-30.0</b>
<b>Net change in cash and cash equivalents</b>	<b>28.7</b>	<b>-13.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>176.8</b>	<b>190.4</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>205.6</b>	<b>176.8</b>

## Statement of changes in contingency reserves

All figures in USD million

	21.02.23-20.08.23	21.02.22-20.02.23
<b>Members' funds opening balance</b>	<b>401.2</b>	<b>370.7</b>
Change in earlier years	0.0	-1.3
Balance carried forward to members' funds	40.1	31.8
<b>Members' funds closing balance</b>	<b>441.4</b>	<b>401.2</b>
Deferred cessation tax	37.6	43.4
<b>Contingency reserve closing balance</b>	<b>478.9</b>	<b>444.6</b>



## 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 2023. IFRS 9 Financial instruments is mandatory for the Association from the accounting year starting 21. February 2023. The half-year accounts for 2023/24 are presented in accordance with IFRS 9, resulting in a larger share of the investment result classified as Other income and expenses (OCI).

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 2023 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 positive result of USD 16.9 million.

The interim report is unaudited.

## Note 2

### Financial investments

All figures in USD million

	20.08.23	20.02.23
<b>SHARES</b>		
Listed shares and funds	221.8	212.1
<b>Total shares</b>	<b>221.8</b>	<b>212.1</b>
<b>BONDS</b>		
Debt funds	286.8	286.0
Central Government Bonds	233.5	209.0
Money Market funds	189.3	176.0
<b>Total bonds</b>	<b>709.6</b>	<b>670.9</b>
<b>OTHER INVESTMENTS</b>		
Hedge Funds	12.9	12.9
Infrastructure	12.7	12.3
Private Equity	3.9	4.3
<b>Total other investments</b>	<b>29.5</b>	<b>29.6</b>



Rest Assured.