

Research Update:

Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable

June 16, 2025

Overview

- Assuranceforeningen Skuld (Skuld or the Club) recorded underwriting losses for the fiscal year ended Feb. 20, 2025, following two consecutive years of strong results.
- Despite this, we believe the Club will restore capital adequacy at our 99.99% confidence level over our forecast period.
- We therefore affirmed our 'A' ratings on the insurer.
- The stable outlook indicates that we expect Skuld to restore capital adequacy in line with our 99.99% confidence level and for its underwriting results to recover to 100%-105% within the next 12-24 months.

Rating Action

On June 16, 2025, S&P Global Ratings affirmed its 'A' issuer credit and financial strength ratings on marine insurer Assuranceforeningen Skuld (Gjensidig) and Skuld Mutual Protection and Indemnity Association (Bermuda) Ltd. The outlook on both entities is stable.

Rationale

Following two consecutive years of strong underwriting performance, Skuld reported a net combined (loss and expense) ratio of 115.2% for fiscal 2025. The Club's underwriting losses were primarily driven by significant increase in large own claims, as well as claims arising from the International Group's (IG) pooling mechanism, whereby claims exceeding \$10 million are pooled between 12 members of the IG. Fiscal 2025 was one of the most challenging years for the IG, marked by a significant rise in both the frequency and severity of claims, which negatively impacted the underwriting performance of many protection and indemnity (P&I) clubs. Despite reporting a technical loss, Skuld's investment portfolio delivered a strong return of 7.3%, which helped offset underwriting losses and contributed to a modest net income of \$21 million for the year.

Primary contact

Sachin Bhojani
London
442033670539
sachin.bhojani
@spglobal.com

Secondary contact

Mark D Nicholson
London
44-20-7176-7991
mark.nicholson
@spglobal.com

Research contributor

Anisha H Tole
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Mumbai

Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable

In our base case, we forecast Skuld returning to a more sustainable level of results, improving its net combined ratio toward 100%-105% within 12-24 months. While Skuld's recent performance has been weaker than expected, the Club's three-year average combined ratio of 99.2% remains sound for a mutual insurer.

Under S&P Global Ratings' capital model, Skuld's capital adequacy has fallen marginally below the 99.99% confidence level. Despite this, we think that, through a combination of management actions, continued strong investment returns, and the commitment to maintaining underwriting discipline--including the implementation of a rate increase where necessary--we forecast Skuld will manage to restore capital adequacy to the 99.99% confidence level over the next two years.

We do not expect Skuld to consider making returns to members unless it builds up a significant buffer at our 99.99% confidence level.

Outlook

The stable outlook reflects our expectation that Skuld will improve its combined ratio to about 100%-105% within 12-24 months, indicating progress toward a more sustainable level of technical performance while restoring capital adequacy in line with our 99.99% confidence level. We also expect that the Club will deliver underwriting results in the top half of its peer group and maintain its strong competitive position in the P&I market.

Downside scenario

We could lower our ratings on Skuld within the next 12-24 months if its competitive position weakens, through sustained operating underperformance, with the combined ratio failing to improve toward the 100%-105% range.

We could also lower the ratings if Skuld's risk-based capital adequacy falls below the 99.99% confidence level for a prolonged period and we do not expect recovery, due to sustained technical losses, uncontrolled growth or increased asset risk.

Upside scenario

In our view, an upgrade is very unlikely over the next 24 months. Raising the rating would require Skuld to gain a leading market share in the P&I market, while at the same time diversifying its book away from P&I.

Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable

Rating Component Scores	
Business Risk Profile	Strong
Competitive position	Strong
IICRA	Intermediate risk
Financial Risk Profile	Strong
Capital and earnings	Very strong
Risk exposure	Moderately high
Funding structure	Neutral
Anchor	a
Modifiers	
Governance	Neutral
Liquidity	Exceptional
Comparable rating analysis	0
Current Credit Rating	
Local currency financial strength rating	A/Stable/--
Foreign currency financial strength rating	--
Local currency issuer credit rating	A/Stable/--
Foreign currency issuer credit rating	--

Related Criteria

- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Assuranceforeningen SKULD \(Gjensidig\)](#), Aug. 14, 2024

Ratings List

Ratings list	
Ratings Affirmed	
Assuranceforeningen SKULD (Gjensidig)	
Issuer Credit Rating	
Local Currency	A/Stable/--
Assuranceforeningen SKULD (Gjensidig)	

Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable

Ratings list

SKULD Mutual Protection and Indemnity Association Ltd. (Bermuda)	
Financial Strength Rating	
Local Currency	A/Stable/--

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceld/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable

Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.