S&P Global Ratings

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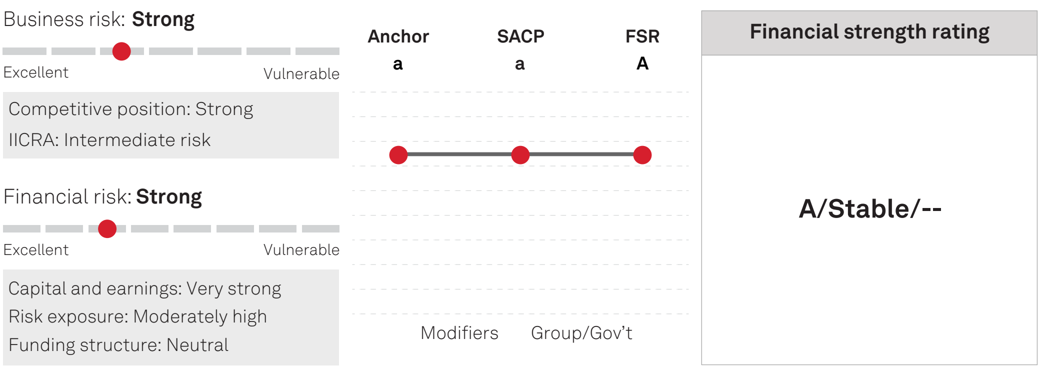
Assuranceforeningen SKULD (Gjensidig)

August 21, 2025

This report does not constitute a rating action.



FSR--Financial strength rating. ICR--Issuer credit rating. IICRA--Insurance industry and country risk assessment. SACP--Stand-alone credit profile.

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

Credit Highlights

Overview

Key strengths	Key risks
Strong reputation and position in the marine protection and indemnity (P&I) insurance market.	Largely undiversified outside its marine specialism, similar to peers.
The club is likely to return to capital levels above our 99.99% confidence level.	The P&I market is likely to remain a highly competitive marketplace over the next two years.
	Exposed to the volatility of other International Group (IG) clubs' claims through the IG's pooling system.

Assuranceforeningen SKULD (Gjensidig)(Skuld or the club) has maintained a strong competitive position in the P&I and marine markets. In S&P Global Ratings' opinion, Skuld maintains a strong relationship with its members and brokers due to its strong service fundamentals and recognized brand.

Despite recording an underwriting loss, we expect Skuld's net combined (loss and expense) ratio to improve to 100%–105% within the next 12–24 months. In financial year 2025 (ended Feb. 20, 2025), Skuld reported a net combined ratio (loss and expense) of 115%, following two consecutive years of strong underwriting results. Financial year 2025 was among the most challenging years for the IG, marked by a significant rise in both the frequency and severity of claims, which adversely affected the underwriting performance of many P&I clubs. We expect further rate increases at upcoming renewals to support the recovery of Skuld's technical result to a more sustainable level.

While Skuld's capital levels fell below our 99.99% confidence level, we expect that the club will rebuild its capital levels in financial year 2026. Skuld's capital adequacy declined slightly below the 99.99% confidence level alongside its regulatory capital ratio decreasing to 190% in financial year 2024 from 207% in the prior year. This reduction reflects the impact of the company's recent growth, recent elevated claims environment and the heightened market risk associated with its allocation to equities. We expect capital adequacy to return to the 99.99% level within our forecast horizon, supported by targeted management actions, strong investment performance, and continued underwriting discipline.

Similar to other P&I clubs, Skuld has the option to make unbudgeted calls on members. Our decision to select the 'a' anchor factors in Skuld's ability to make unbudgeted calls on members.

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.

Assumptions

- We forecast global GDP growth of 2.9% in 2025, versus 3.3% in 2024, U.S. policy unpredictability led by tariffs, continues to cloud the global macro picture.
- U.S. 10-year Treasury yields to rise to 4.3% in 2025, a steady increase from 4.2% in 2024 and 4.0% in 2023.
- U.S. GDP growth is expected to remain around 1.7% in 2025 and 1.6% in 2026, down from 2.8% in 2024, as a shifting policy mix is altering the economic outlook.

- Eurozone GDP growth of 0.8% in 2025, unchanged from 2024. However, we expect a substantial recovery from 2026, with GDP growth of 1.1% thanks to higher defense and infrastructure spending.

Skuld--Key Metrics

	2026f	2025f	2024	2023	2022
S&P Global Ratings capital adequacy*	99.99%	99.99%	99.95%	99.99%	Excellent
Net income (mil. $)	~40.0	~30.0	20.7	126.3	31.8
Gross premium written (mil. $)	~650.0	~610.0	577.5	527.0	473.3
Return on members' funds (%)	~6.5	~5.0	3.7	25.4	7.3
Net combined ratio (%)	~99.0	~101.0	115.2	86.1	96.2
Net loss ratio (%)	~78.0	~79.0	93.5	63.9	73.3
Net expense ratio (%)	~21.0	~22.0	21.7	22.2	22.9
Return on revenue (%)	~8.0	~6.0	-9.5	18.0	5.9

*Capital adequacy for 2023. 2024, 2025f and 2026f is as per the new capital model. f--S&P Global Ratings forecast. ~ Approximately.

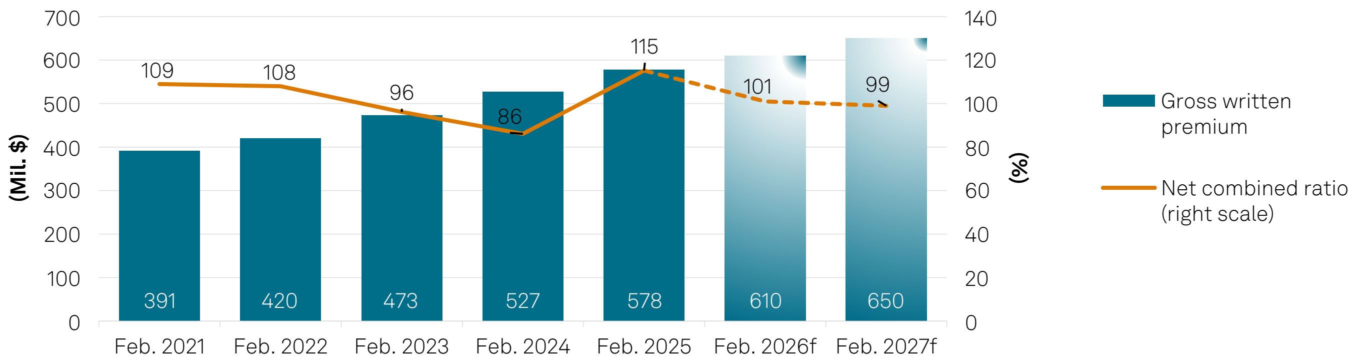
Business Risk Profile

Skuld is a mutual marine insurer and among the largest members of the IG--a group of 12 clubs that provides P&I cover for about 90% of the world's oceangoing tonnage. It ranks third by overall premium written. Among the club's key strengths is its membership in the IG, which includes a comprehensive excess-of-loss reinsurance program and regulations that limit competition among clubs on existing business. These factors enable IG clubs to offer extensive coverage levels, create high barriers to entry, enhance customer loyalty, and maintain a strong competitive position.

We expect Skuld to record underwriting results close to breakeven and above the sector average over the next two years. The club recorded underwriting losses last year, with a net combined ratio of 115.2%, following two years of strong results (net combined ratios of 86.1%, and 96.2%). We expect that Skuld will continue to implement rate increases across both its mutual P&I book and its commercial book over the next two years, allowing it to continue to return to a more sustainable technical result. We expect that Skuld's commercial business will help subsidize the mutual business in the next two years.

We believe Skuld's management will continue to focus on its strategy to diversify its business. Alongside its peers--Gard P&I (Bermuda) Ltd. (Gard) and Sveriges Angfartygs Assurans Forening (The Swedish Club)--Skuld is one of the few IG clubs to write a significant amount of business outside its core mutual P&I offering. The club currently offers hull, energy, and fixed-premium P&I products, and we anticipate it may introduce additional marine-related insurance lines over the next two years, further diversifying its portfolio. We do not expect it to expand into non-marine insurance. We expect Skuld's premium base to increase to about $610 million by the end of financial year 2026, supported by further rate increases and new business secured during the February 2025 P&I renewals. We expect the club will remain roughly split 50:50 between mutual P&I business and other lines.

Skuld has demonstrated year-on-year growth in recent years

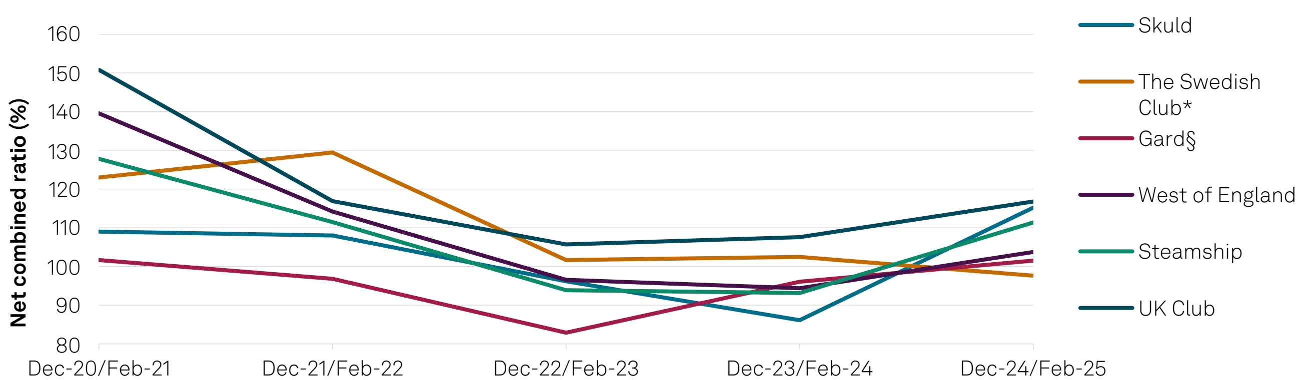


f--forecast. Source: S&P Global Ratings.

While Skuld's diversification is greater than that of most IG peers—with only Gard and The Swedish Club exhibiting similar breadth—it remains substantially less diversified compared with 'A' rated insurers outside the P&I sector, such as Gjensidige, Hiscox Ltd., and Länsförsäkringar AB. As nearly all of Skuld's income is derived from marine insurance, the club remains exposed to sector-specific vulnerabilities.

Skuld's membership base is geographically diverse, with premiums generated from Asia, the U.S., and Europe. To support its members in these regions, the club maintains offices in Norway, Bermuda, Denmark, Germany, Hong Kong, Japan, the U.K., the U.S., Greece, and Singapore. While these offices add to the club's expense base--consistent with other P&I mutuals--Skuld considers them essential for delivering the high-quality service that members expect. Over the next two years, we believe that the club will continue to diversify geographically, particularly in Asia.

Skuld's underwriting performance versus peers



*Year ends on Dec. 31. §Year ends on Dec. 31. §Gard's year-end was historically on Feb. 20. In 2022, Gard changed its year-end to Dec. 31 and reported for the shortened reporting period running from Feb. 21 to Dec. 31. Source: S&P Global Ratings.

Financial Risk Profile

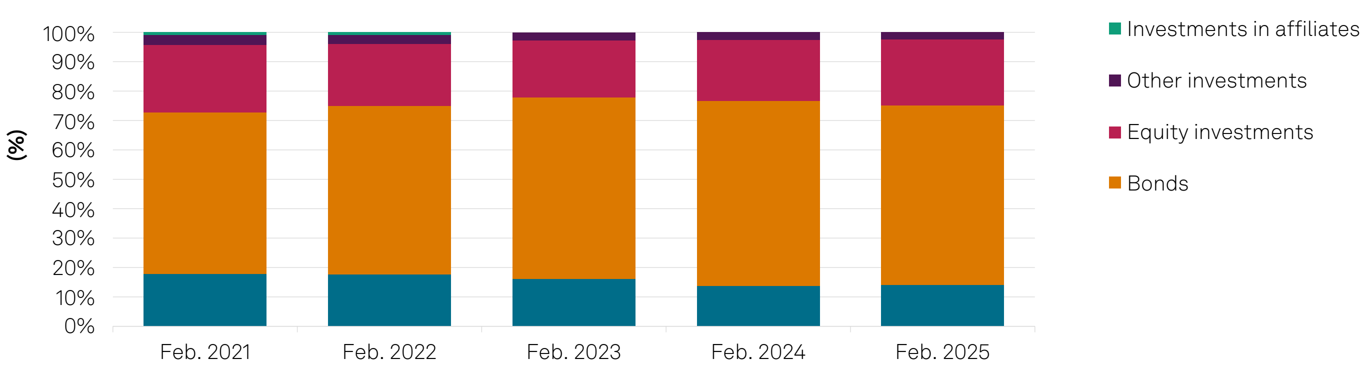
The club's capital position weakened in financial year 2025 due to a combination of a challenging claims environment, Skuld's growth, and increased market risk linked to its equity allocation. As a result, capital levels fell below the 99.99% confidence level, as well as the group's regulatory capital ratio declining to 190% at the end of fiscal 2025, down from 207% the previous fiscal year. However, we expect the capital position to recover to the 99.99% confidence level in fiscal 2026, supported by management actions. Although the club is expected to continue growing over the next two years, we expect that management will ensure the club maintains an excess of capital above our 99.99% confidence level. While Skuld made a distribution to members in 2024 following two profitable years, we do not expect the club to make such returns in fiscal 2026 and fiscal 2027, to support the rebuilding of the club's capital position.

The club benefits from about $200 million of ancillary own funds, reflecting its ability to make unbudgeted calls on its mutual members. While we do not consider this in our capital model, it influences our choice of the higher 'a' anchor. However, we believe the club's use of such a call would likely deteriorate its competitive position.

As with all P&I clubs, Skuld's earnings are subject to volatility stemming from its participation in the IG pooling agreement, which facilitates the sharing of individual claims between $10 million and $100 million among IG members. The inherently unpredictable nature of large claims leads to significant year-on-year variation in pooled claim volumes. In fiscal 2025, Skuld's pool costs increased to $54.9 million, up from $24.1 million in 2024, marking the highest pool-related expense for the club in the past five years.

Although Skuld's exposure to equities and other more volatile investments is relatively high for a typical non-life insurer, the club's portfolio is conservative, compared with many IG peers. Just over 75% of the club's investments are in bonds or cash, with only about 2% of the bond portfolio consisting of speculative-grade bonds.

Skuld's investment portfolio allocation



Source: S&P Global Ratings.

Other Credit Considerations

Governance

We consider Skuld's governance is in line with that of most P&I clubs. The majority of Skuld's board members are shipowner members and employee representatives. Skuld's executive team has been relatively stable in recent years. Stale Hansen has been president and CEO since 2015 and works with an experienced team of executives. Skuld also has a solid risk management framework in place, in our opinion, with clear tolerances for underwriting and investment risk.

Liquidity

We have a favorable view of Skuld's liquidity. The club has a large portfolio of liquid assets that comfortably cover our stressed liquidity requirements.

Group support

We assess both Assuranceforeningen SKULD (Gjensidig) and Skuld Mutual Protection and Indemnity Association (Bermuda) Ltd. as core to the Skuld group. We therefore rate these entities at the same level as the overall group (A/Stable/--).

Environmental, social, and governance

ESG factors have no material influence on our credit rating analysis of Skuld.

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

- Insurer Skuld 'A' Ratings Affirmed; Outlook Remains Stable, June 16, 2025

Ratings Detail (as of August 21, 2025)*	
Operating Companies Covered By This Report	
Assuranceforeningen SKULD (Gjensidig)	
Financial Strength Rating	
Local Currency	A/Stable/--
Issuer Credit Rating	
Local Currency	A/Stable/--
SKULD Mutual Protection and Indemnity Association Ltd. (Bermuda)	
Financial Strength Rating	
Local Currency	A/Stable/--
Domicile	Norway

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.