



HALF-YEAR
REPORT

2021/22
21.02.21 - 20.08.21

SERVICE
AND COMPETENCE
YOU CAN RELY ON

HALF-YEAR RESULT 2021/22



Widespread marine insurance premium increases during the past year have not yet been sufficient to carry Skuld to a positive sixth-month result. We recorded a net loss of USD 24.9 million for the first six months of the 2021/22 policy year, compared with a negative result of USD 14.5 million for the same period of 2020/21.

On the positive side, total gross premiums and calls during the half year reached USD 201.1 million, an increase of USD 11 million. Rising insurance premium in commercial lines were the main contributor to the increase, but Skuld's mutual book of business also delivered premium growth.

The negative technical result, a loss of USD 54.1 million and a combined ratio of 127%, was driven by an increased number of large claims. Some of these reached Skuld from the other clubs through the International Group pooling system, but we also suffered our own claims, including one which we ceded to the pool.

Net investment returns of 1.1% partly offset the technical loss. The value of our holdings in developed equity and private markets continued upwards after last year's shock to the global economy, but higher mid-term bond yields and the strengthening US dollar mitigated the positive

impact of gains in other asset classes. Meanwhile tax reductions due to losses further improved the overall financial result by USD 12.5 million.

Skuld continues to profit from the high quality of our new and longstanding members' entered tonnage, while our loss prevention initiatives help to limit lower level, attritional claims. The financial benefits of our firm diversification strategy have again been proven, and I remain strongly optimistic about its long-term support of Skuld's renowned services to members and clients.

That said, the rising loss trend in the industry which began several years ago has not abated, fuelled by increases in third-party casualty costs all shipowners face. While loss inflation continues 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

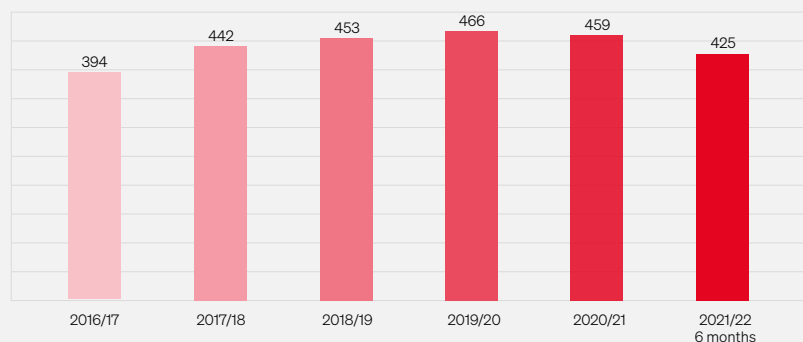
All figures in USD million

CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST 2021	2021 (6 months)	2020 (6 months)
TECHNICAL ACCOUNT		
Premiums and calls	201.1	190.0
Reinsurance premiums	-29.2	-21.4
Premiums for own account	171.9	168.7
Pool claims	-31.9	-37.2
Own claims for own account	-156.8	-124.8
Claims incurred for own account	-188.7	-162.0
Acquisition costs	-28.4	-25.7
Administrative expenses	-8.9	-6.4
Net operating expenses	-37.3	-32.1
Balance carried to non-technical account	-54.1	-25.5
NON-TECHNICAL ACCOUNT		
Balance from technical account	-54.1	-25.5
Net investment income	16.7	14.3
Taxes	12.5	-3.3
Balance carried to members' funds	-24.9	-14.5

BALANCE SHEET AS AT 20 AUGUST 2021	20.08.21	20.02.21
ASSETS		
Financial assets	866.8	863.5
Debtors	7.2	7.6
Other assets	215.5	192.8
Prepayment and accrued income	13.5	17.1
Total assets	1 102.9	1 081.0
LIABILITIES		
Provision for outstanding claims for own account	588.7	529.9
Contingency reserve	424.5	459.1
<i>Members' funds</i>	360.5	385.4
<i>Deferred cessation tax</i>	64.0	73.7
Technical provisions for own account	1 013.3	989.0
Provisions for other liabilities	68.0	61.1
Creditors	19.0	24.3
Accruals and deferred income	2.6	6.5
Total liabilities	1 102.9	1 081.0

CONTINGENCY RESERVE

USD million



HALF YEAR ACCOUNTS 2021/22

CONDENSED CONSOLIDATED INCOME STATEMENT

All figures in USD million	21.05-20.08		YTD (21.02-20.08)	
	2021/22	2020/21	2021/22	2020/21
TECHNICAL ACCOUNT				
Premiums and calls	105.9	98.7	201.1	190.0
Reinsurance premium	-12.6	-11.1	-29.2	-21.4
Earned premiums and calls for own account	93.3	87.6	171.9	168.7
Pool claims	-29.2	-20.5	-31.9	-37.2
Own claims for own account	-70.5	-58.0	-156.8	-124.8
Claims incurred for own account	-99.7	-78.5	-188.7	-162.0
Acquisition costs	-15.3	-13.1	-28.4	-25.7
Administrative expenses	-5.2	-3.3	-8.9	-6.4
Net operating expenses	-20.5	-16.4	-37.3	-32.1
Balance carried to non-technical account	-26.8	-7.3	-54.1	-25.5
NON-TECHNICAL ACCOUNT				
Balance from technical account	-26.8	-7.3	-54.1	-25.5
Net investment income	8.6	27.7	16.7	14.3
Taxes	9.9	-21.2	12.5	-3.3
Profit and loss	-8.3	-0.9	-24.9	-14.5
Distribution to members	0.0	0.0	0.0	0.0
Balance carried to members' funds	-8.3	-0.9	-24.9	-14.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in USD million	20.08.21	20.02.21
ASSETS		
Financial assets	866.8	863.5
Debtors	7.2	7.6
Other assets	215.5	192.8
Prepayments and accrued income	13.5	17.1
Total assets	1 102.9	1 081.0
LIABILITIES		
Technical provisions		
Gross provision for outstanding claims	922.8	690.6
Reinsurers' share	-334.1	-160.6
Provisions for outstanding claims for own account	588.7	529.9
Contingency reserve	424.5	459.1
<i>Members' funds</i>	360.5	385.4
<i>Deferred cessation tax</i>	64.0	73.7
Technical provisions for own account	1 013.3	989.0
Provisions for other liabilities	68.0	61.1
Other creditors	19.0	24.3
Accruals and deferred income	2.6	6.5
Total liabilities	1 102.9	1 081.0

CASH FLOW STATEMENT

All figures in USD million	21.02.21 – 20.08.21	21.02.20 – 20.02.21
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Premiums received	215.9	376.0
Paid claims	-138.1	-371.1
Paid tax	0.1	1.2
Operational expenses/change in accruals	-58.2	-76.8
Net cash flow from operational activities	19.7	-70.7
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interests and dividends received	3.2	10.4
Investments in fixed assets	-1.4	-0.5
Acquisition of subsidiary and investment in associated companies	0.0	4.6
Net financial investments	0.5	33.5
Net cash flow from investment activities	2.3	48.0
Net change in cash and cash equivalents	22.0	-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	209.0	186.9

STATEMENT OF CHANGES IN CONTINGENCY RESERVES

All figures in USD million	21.02.21 – 20.08.21	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	-24.9	24.6
Members' funds closing balance	360.5	385.4
Deferred cessation tax	64.0	73.7
Contingency reserve closing balance	424.5	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 ISA 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 half-year statutory accounts for Assuranceforeningen Skuld (Gjensidig) ended with a negative result of USD 24.9 million.

The interim report is unaudited.

NOTE 2 FINANCIAL INVESTMENTS

All figures in USD million

	20.08.21	20.02.21
Shares		
Listed shares and funds	256.2	240.7
Total shares	256.2	240.7
Bonds		
Treasuries	438.9	439.7
Corporate securities	87.5	86.9
Cash and money market	1.2	5.3
Other	39.7	41.7
Total bonds	567.4	573.6
Other investments		
Hedge funds	14.7	15.6
Infrastructure	11.5	11.2
Private equity	7.8	7.9
Total other investments	34.0	34.6