

Going the extra mile
for you

Consolidated income and expenditure account as of 20/11

MUSD	2003	2002
TECHNICAL ACCOUNT		
Premiums and calls	90,0	83,6
Reinsurance premiums	-16,2	-17,2
Premiums for own account	73,8	66,4
Claims incurred for own account	-57,5	-69,8
Acquisition costs	-8,2	-7,2
Administrative expenses	-10,9	-9,7
Net operating expenses	-19,1	-16,9
Balance carried to non-technical account	-2,8	-20,2
NON TECHNICAL ACCOUNT		
Balance from technical account	-2,8	-20,2
Net investment income	18,0	6,9
Balance before tax on ordinary activities	15,2	-13,4
Taxes	-0,2	-0,1
Balance carried to contingency reserves	15,0	-13,5

Balance sheet as of 20/11

MUSD	2003	2002
ASSETS		
Financial investments	306,3	298,1
Debtors	24,7	32,7
Other assets	41,7	38,4
Prepayment and accrued income	3,6	6,1
Total assets	376,4	375,4
LIABILITIES		
Prov. for outstanding claims f.o.a.	270,6	277,9
Contingency reserve	65,5	64,8
Technical provision for own account	336,2	342,7
Provisions for other liabilities	4,7	4,8
Creditors	0,5	4,1
Accruals and deferred income	35,0	23,9
Total liabilities	376,4	375,4

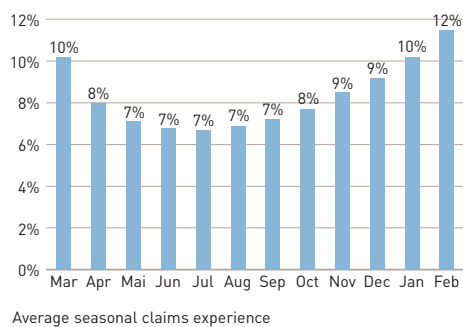
Improvements ahead of schedule

For the first time, Skuld releases the Association's third quarter results publicly. This continues the club's policy of increased transparency and openness.

As can be seen from the Profit and Loss Statement, Skuld is posting a profit of USD 15.0 mill. This is more than a doubling of the half year results, and represents a significant improvement of the club's contingency reserve which now stands at USD 65.5 mill.

Considering the positive development of the results and recent tightening of regulations for subordinated loans, Skuld has chosen not to draw on the subordinated loan as previously announced.

The following graph illustrates the club's seasonal claims experience over the years. As can be seen, we are now entering the worst season. To account for this, USD 4.3 mill. of premiums have been "saved" as a last quarter seasonal adjustment. This will contribute to offset increased claims during the winter storm season.



Average seasonal claims experience

The equity market continued its recovery throughout the third quarter. Skuld is now posting a 6.5% total return on investments. During the quarter, the decline in US interest rates flattened out, and there was a modest narrowing of credit spreads. The Association's fixed income managers continued to deliver satisfying returns, enhancing the returns by 0.84% of outperformance over benchmark during the first nine months.

P&I business and financial markets are volatile. Skuld has taken several conservative measures, but the uncertainty for the entire year is of course still significant.

Douglas Jacobsohn
President & CEO

