



# 3rd Quarter Report 2004



04 ▶

FINANCIAL SUMMARY

<b>CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT (MUSD)</b>	<b>As of 20.11.04</b>	<b>As of 20.11.03</b>
TECHNICAL ACCOUNT		
Premiums and calls	103.4	90.0
Reinsurance premiums	-13.0	-16.2
<b>Premiums for own account</b>	<b>90.5</b>	<b>73.8</b>
<b>Claims incurred for own account</b>	<b>-67.1</b>	<b>-57.5</b>
Acquisition costs	-8.8	-8.2
Administrative expenses	-9.8	-10.9
<b>Net operating expenses</b>	<b>-18.6</b>	<b>-19.1</b>
<b>Balance carried to non-technical account</b>	<b>4.7</b>	<b>-2.8</b>
NON TECHNICAL ACCOUNT		
Balance from technical account	4.7	-2.8
Net investment income	6.1	18.0
<b>Balance before tax on ordinary activities</b>	<b>10.8</b>	<b>15.2</b>
Taxes	-0.2	-0.2
<b>Balance carried to contingency reserves</b>	<b>10.6</b>	<b>15.0</b>

<b>BALANCE SHEET (MUSD)</b>	<b>As of 20.11.04</b>	<b>As of 20.11.03</b>
ASSETS		
Financial investments	327.9	306.3
Debtors	29.6	24.7
Other assets	41.1	41.7
Prepayment and accrued income	3.0	3.6
<b>Total assets</b>	<b>401.8</b>	<b>376.4</b>
LIABILITIES		
Provisions for outstanding claims for own account	259.1	270.6
Contingency reserve	92.2	65.5
Technical provision for own account	351.3	336.2
Provisions for other liabilities	4.8	4.7
Creditors	7.3	0.5
Accruals and deferred income	38.3	35.0
<b>Total liabilities</b>	<b>401.8</b>	<b>376.4</b>

## Skuld delivers strong third quarter result

The result for the third quarter of 2004 ended at USD 10.6 mill. This represents a doubling of the second quarter result and brings Skuld's contingency reserve to USD 92.2 mill. After this increase, reserves per gross tonnage equal USD 3.4.

During 2004, Skuld's own claims have seen two different developments. Frequency claims below USD 0.5 mill. have come down. At the same time, we have seen several larger claims in the area USD 1-5 mill. It is important to note that large claims by nature are volatile. We are confident that the intensified number of larger claims reflects ordinary variation, and does not constitute any new trend. Despite this claims development, the third quarter technical result is USD 4.7 mill.

For investments, the actively managed bond portfolios continued to outperform the benchmark, leaving acceptable fixed income returns in an unfavourable climate of increasing

interest rates. Simultaneously, equities experienced a major recovery, with the US in lead with a third quarter performance of 8.03%. The half year investment loss of USD 2.0 mill is thereby rectified by the strong third quarter equity return, leaving a net investment profit of USD 6.1 mill. after nine months, equivalent to a 2.37% total return on investments.

As a result of a solid operating performance, good capitalisation and a strong competitive position, Skuld has recently been upgraded by Standard & Poor's to BBB with a stable outlook. The full report can be found at Skuld's website [www.skuld.com](http://www.skuld.com).

Following a Board and Committee meeting in Shanghai, Skuld has announced a 7.5% general increase for owners' P&I and Defence business and a 10% general increase for charterers.



DOUGLAS JACOBSON  
President & CEO

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## SKULD OFFICE ADDRESSES

### Assuranceforeningen Skuld (Gjensidig)

Ruseløkkveien 26, Oslo, Norway  
Mailing address:  
P.O. Box 1376 Vika,  
0114 Oslo, Norway  
Telephone: +47 22 00 22 00  
Telefax: +47 22 42 42 22  
E-mail: [osl@skuld.com](mailto:osl@skuld.com)

### Skuld Bergen

Nedre Ole Bulls plass 3  
Mailing address:  
P.O. Box 75, 5803 Bergen, Norway  
Telephone: +47 55 30 18 60  
Telefax: +47 55 30 18 70  
E-mail: [bgo@skuld.com](mailto:bgo@skuld.com)

### Assuranceforeningen Skuld (Gjensidig)

ved Den Danske Afdeling  
Frederiksborggade 15  
DK-1360 Copenhagen K, Denmark  
Telephone: +45 33 43 34 00  
Telefax: +45 33 11 33 41  
E-mail: [cph@skuld.com](mailto:cph@skuld.com)

### Skuld (Far East)

Room 2909, China Resources Building  
26 Harbour Road, Wanchai, Hong Kong  
Telephone: +852 2836 3909  
Telefax: +852 2836 3219  
Telex: (802) 69571 SKULD HX  
E-mail: [hkg@skuld.com](mailto:hkg@skuld.com)

### Skuld Hellas

Filellinon 1-3,  
P.O. Box 80112  
GR-185 36 Piraeus  
Telephone: +30 210 459 4190  
Telefax: +30 210 459 4194  
Telex: (601) 212498 SKLD  
E-mail: [syn.ath@skuld.com](mailto:syn.ath@skuld.com)

Emergency phone: +47 952 92 200

Organisation number:  
NO 938419531 MVA

## EXCLUSIVE CORRESPONDENT IN THE UNITED STATES

### Anchor Marine Claims Services Inc.

805 Third Avenue, 21st Floor  
NEW YORK, N.Y. 10022, USA  
Telephone: (1) 212 758 9200 (24 hr.)  
Telefax: (1) 212 758 9935  
E-mail: [nyc@anchorclaims.com](mailto:nyc@anchorclaims.com)

[www.skuld.com](http://www.skuld.com)

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