



Skuld Third Quarter Report 2006



“This is the fifteenth consecutive positive quarterly result presented by the club.”

STABILITY

We are happy to once again be able to present a result reflecting a stable, solid performance. After the completion of the first three quarters of 2006, the result is USD 36.7 mill. Of this amount, USD 20.1 mill stems from return on investments, while as much as USD 16.6 mill comes from the technical side.

From our CEO

This is the fifteenth consecutive positive quarterly result presented by the club, and is a strong indication of a healthy operation. When the USD 36.7 mill are transferred to the contingency reserves, they will stand at USD 187.4 mill, corresponding to USD 5.5 per mutual gross tonnage at risk.

This level of free reserves is unprecedented in Skuld's history. But being a financial institution today requires significant reserves. Although P&I clubs are mutual, unbudgeted calls are very negative and probably more so now than previously. We all know that this is a volatile industry, and that a club can experience both a large upsurge in claims and a negative development of its assets under management. A robust club with sufficient contingency reserves, is in a far better position to offer its membership stable and predictable premiums through such volatility.

Solvency II requirements are a hot topic these days. A thorough consultation paper has recently been issued, and during spring

the insurance industry will calculate its anticipated solvency requirements before the final levels are determined by the EU.

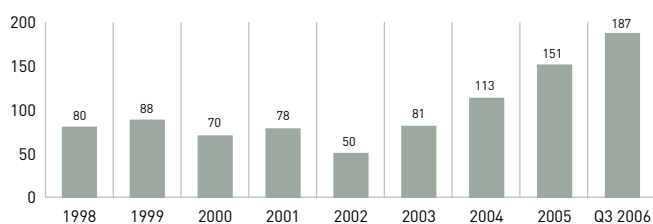
The new requirements are expected to be higher than under the current regime. With higher requirements, it is of vital importance that P&I clubs are well capitalised to be able to absorb risk and reap the associated rewards on behalf of their memberships.

Following the positive results the last several years and the expectations for the future, Skuld is in a good position to offer further stability and value for money to its members.

DOUGLAS JACOBSON
President and Chief Executive Officer

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AS OF 20/11 (MUSD)	2006	2005
TECHNICAL ACCOUNT		
Premiums and calls	123.7	110.3
Reinsurance premiums	-13.2	-11.2
Premiums for own account	110.5	99.1
Claims incurred for own account	-75.0	-79.4
Acquisition costs	-13.0	-11.1
Administrative expenses	-5.9	-5.4
Net operating expenses	-18.9	-16.5
Technical result	16.6	3.1
NON TECHNICAL ACCOUNT		
Balance from technical account	16.6	3.1
Net investment income	20.1	11.1
Taxes	0.0	-0.1
Balance carried to contingency reserves	36.7	14.1

Contingency reserves (MUSD)



Financial summary

BALANCE SHEET AS OF 20/11 (MUSD)	2006	2005
ASSETS		
Financial investments	358.9	355.9
Debtors	28.3	24.7
Other assets	95.2	39.3
Prepayment and accrued income	1.2	6.1
Total assets	483.7	425.9
LIABILITIES		
Provision for outstanding claims for own account	245.5	253.2
Contingency reserve	187.4	127.2
Technical provision for own account	433.0	380.3
Provisions for other liabilities	8.9	3.9
Creditors	-0.8	1.6
Accruals and deferred income	42.5	40.1
Total liabilities	483.7	425.9

In the P&L, direct claims cost and a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

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