



HALF YEAR REPORT 2014

20.02.14–20.08.14

SERVICE
AND
COMPETENCE
YOU CAN
RELY ON

CONTROLLED GROWTH, POSITIVE RESULTS

Skuld achieved a positive result of USD 20 million for the first half of 2014. This is an improvement of USD 8 million compared with same period last year. Contingency reserves now stand at a record high USD 354 million.

With focus on controlled growth, we continue to deliver a positive underwriting result and to maintain a combined ratio below 100%. The positive underwriting result is mainly derived from our non-mutual book of business and positive adjustments on claims on earlier policy years.

Skuld continues to see growth in written premium, with our Lloyd's syndicate Skuld 1897 operation as one of the main drivers. The syndicate is consolidated into the Skuld figures. The churn-effect on the mutual owners' book of business is still a challenge for the whole P&I industry and reduces premium growth.

Net investment income contributed positively with USD 18 million. Skuld has a moderate risk profile on its investments with the majority of assets in low risk bonds. Broad diversification in our investment portfolio reduces volatility and secures sufficient capital for further growth.

Skuld continues to develop its Enterprise Risk Management model and uses it actively in strategic decisions on risk appetite and risk allocation. This ensures that Skuld will be well capitalised when the new Solvency II capital requirements are implemented.

After six months the level of reported claims is in line with Skuld's budget expectations. There will always be an element of coincidence when it comes to claims, but we aim at attracting and retaining quality tonnage and providing our members and clients with the best possible tools to manage risk. When looking at categories of claims, we see that claims related to human error, such as collisions and groundings, still make up a substantial part.

Skuld aims at transparent communication and we also keep a constant focus on sharing knowledge and loss prevention advice with our members and clients. We recommend www.skuld.com for insight topics on current sanctions and a wide variety of other information from our Loss Prevention and Recurring Claims group.

We continue to support our members' and clients' needs and throughout Skuld our ambition is to deliver service and competence they can rely on.

Yours sincerely
Assuranceforeningen Skuld (Gjensidig)



DOUGLAS JACOBSON
PRESIDENT AND CEO

HIGHLIGHTS

- Positive half year result of USD 20 million
- Improvement of USD 8 million compared with 20 August last year
- Contingency reserves record high USD 354 million
- Net investment income USD 18 million

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT AS OF 20.08.14

MUSD	2014 (Q2)	2013 (Q2)
TECHNICAL ACCOUNT		
Premiums and calls	204.0	179.0
Reinsurance premiums	-30.1	-25.2
Premiums for own account	173.9	153.8
Claims incurred for own account	-123.7	-104.0
Acquisition costs	-38.1	-27.7
Administrative expenses	-10.0	-9.0
Net operating expenses	-48.1	-36.7
Balance carried to non-technical account	2.0	13.1

MUSD	2014 (Q2)	2013 (Q2)
NON-TECHNICAL ACCOUNT		
Balance from technical account	2.0	13.1
Net investment income	18.2	-0.4
Taxes	-0.2	-0.9
Balance carried to contingency reserve	20.0	11.7

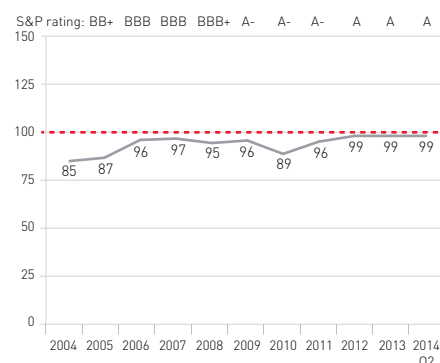
BALANCE SHEET AS OF 20.08.14

MUSD	2014 (Q2)	2013 (Q2)
ASSETS		
Financial investments	677.9	668.2
Debtors	87.7	59.8
Other assets	212.8	116.6
Prepayment and accrued income	20.1	14.2
Total assets	998.5	858.9

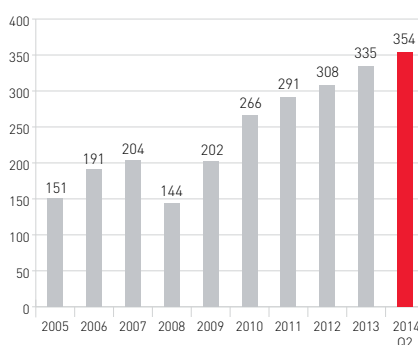
LIABILITIES		
Provision for outstanding claims for own account	496.6	418.7
Contingency reserve	354.1	319.9
Technical provisions for own account	850.7	738.6
Provisions for other liabilities	8.8	8.1
Creditors	11.4	7.0
Accruals and deferred income	127.7	105.2
Total liabilities	998.5	858.9

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

COMBINED RATIO
/ IN PERCENT



CONTINGENCY RESERVES
/ MUSD



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