





## HIGHLIGHTS

- Positive six-month result
- Underwriting result improved by USD 7.9 million compared with 20 August last year
- Strong contribution from diversification strategy

## POSITIVE SIX-MONTH RESULT

The first half year of 2015 ended with a positive result of USD 9 million after a benign claims period.

My first half year as President and CEO has been concluded and I am very proud to see the performance of the strong Skuld team and the great momentum we have in the market. In these challenging times, both for our shipowners and insurers, we will continue to deliver the best possible service and financial strength for our members and clients. Innovation, profitable growth and diversification will still be our key objectives for the benefit of our mutual members – our owners.

The focus on quality growth continues to deliver a positive underwriting result and an overall combined ratio below 100%. However, we note high pressure on premium rates with fierce competition on newbuilds. This is the main reason why our combined ratio on the mutual book of business is 104% even in a benign claims environment. It is therefore satisfying to see our strategy working in practice with a strong underwriting result and a combined ratio of 87% on our commercial activities.

Our new income streams through diversification will reduce the pressure for significant premium increases for our mutual members. Still, there are no doubt challenges on the commercial side as well and we notice fierce competition and unsustainable rating levels in certain markets due to all the insurance capacity available.

We will continue focusing on diversification for Skuld 1897, our syndicate at Lloyd's, and we are excited about the recently announced partnership with Lloyd's veteran Michael Pritchard, who has a first-class underwriting track record in non-marine of more than 20 years. By introducing some exposure in non-marine we will build further economy of scale and higher expected returns for the syndicate.

Continued growth, both in our mutual book of business and our commercial operations, will be of great importance. In today's competitive market it is all about selecting the right risks together with the right members and clients.

Net investment income shows a deficit of USD 0.8 million due to the recent volatility in the financial markets, mainly driven by our exposure in equities. We expect this volatility to continue throughout the year due to the current geo-political challenges.

In line with a change in Norwegian accounting principles similar to other EU countries, Skuld has recognised the actuarial loss on pension liabilities in the balance sheet. The balance sheet has been restated to show comparable figures, and increases the pension liabilities by USD 12 million, reducing the contingency reserves by the same amount.

The global shipping market will continue to offer both challenges and opportunities ahead. Skuld is a truly international organisation and together we make up a very strong, cohesive team that will continue to abide by the Skuld promise of delivering the best service and competence that our members and clients can rely on.

STÅLE HANSEN  
President and CEO

# KEY FIGURES

## CONSOLIDATED INCOME STATEMENT AS AT 20 AUGUST

MUSD	2015 (6 MONTHS)	2014 (6 MONTHS)
<b>TECHNICAL ACCOUNT</b>		
Premiums and calls	207.2	204.0
Reinsurance premiums	-31.8	-30.1
<b>Premiums for own account</b>	<b>175.4</b>	<b>173.9</b>
<b>Claims incurred for own account</b>	<b>-121.0</b>	<b>-123.7</b>
Acquisition costs	-35.8	-38.1
Administrative expenses	-8.7	-10.0
<b>Net operating expenses</b>	<b>-44.5</b>	<b>-48.1</b>
<b>Balance carried to non-technical account</b>	<b>9.9</b>	<b>2.0</b>
<b>NON TECHNICAL ACCOUNT</b>		
Balance from technical account	9.9	2.0
Net investment income	-0.8	18.2
Taxes	-0.1	-0.2
<b>Balance carried to contingency reserve</b>	<b>9.0</b>	<b>20.0</b>

## BALANCE SHEET AS AT 20 AUGUST

MUSD	2015 (6 MONTHS)	2014 (6 MONTHS)
<b>ASSETS</b>		
Financial investments	709.6	677.9
Debtors	104.9	87.7
Other assets	191.7	212.8
Prepayment and accrued income	27.4	20.1
<b>Total assets</b>	<b>1,033.5</b>	<b>998.5</b>
<b>LIABILITIES</b>		
Provision for outstanding claims for own account	502.6	496.6
Contingency reserve	342.8	354.1
Technical provisions for own account	845.3	850.7
Provisions for other liabilities	15.5	8.8
Creditors	18.0	11.4
Accruals and deferred income	154.6	127.7
<b>Total liabilities</b>	<b>1,033.5</b>	<b>998.5</b>

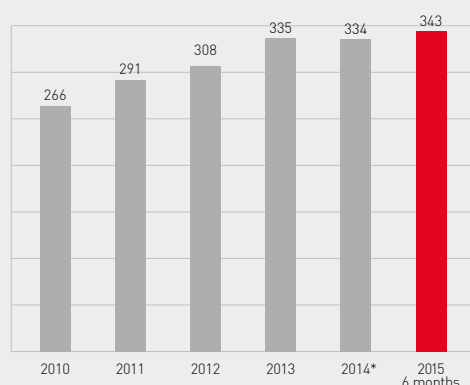
In the P&L, a relevant portion of overhead expenses is allocated to claims-, acquisition- and investment expenses respectively.

### CONTRIBUTION FROM DIVERSIFICATION

Contribution to contingency reserve	Combined ratio by percentage
MUTUAL	<b>104</b>
COMMERCIAL	<b>87</b>
TOTAL	<b>95</b>

### CONTINGENCY RESERVE

\ USD mill.



\* Contingency reserves for 2014 have been restated to recognise an actuarial loss of USD 12 mill.

### COMBINED RATIO

\ By percentage

