





## HIGHLIGHTS

- Positive bottom line result of USD 16 million
- Skuld's acquisition of SMA/Gerling finalised and renamed Skuld Marine Agency (SMA)
- The Skuld Board is committed to continuing the Members' Credit scheme

## CONTINUED DIVERSIFICATION AND FINANCIAL STRENGTH

Skuld ended the first nine months of 2016 with a positive bottom-line result of USD 16 million and continues to pursue its diversification strategy through the new entity Skuld Marine Agency (SMA).

The first nine months ended with a positive bottom-line result of USD 16 million and strong financial markets contributed to a positive income on investments. Skuld experienced a few large claims earlier in the year which has caused a small loss on the technical result. However, it was an improvement compared with the technical result at half year. The positive contribution to the contingency reserve brings the reserve's total to USD 364 million.

Net investment income ended at USD 20 million, mainly driven by strong equity markets. Net investment income is still significant but shows a deterioration compared with the six-month result. Expectations for higher interest rates have had a negative impact on the USD-denominated part of the fixed income portfolio. However, Skuld has a long-term investment strategy with a conservative approach, with the ability to absorb changes in market trends.

Market conditions are challenging for many of our members and clients. It is important for Skuld to support and service our members and maintain the right balance between premium levels, sustainable growth and financial strength. To show our commitment to our mutual members, the Board has announced its commitment to continue the Members' Credit scheme for next year and this will be decided in conjunction with the year-end closing.

The Board has carried out a risk-adjusted approach related to release calls in line with the principles adopted by the International Group of P&I Clubs. The release call has been set at 5% for the policy year 2017/18, reflecting Skuld's financial strength and low probability for any supplementary calls.

Skuld continues to pursue its diversification strategy and has acquired the SMA/Gerling Norway team and its portfolio of marine hull business. SMA/Gerling Norway will continue under the name Skuld Marine Agency (SMA) and the portfolio will begin to attach from 1 January 2017. The acquisition gives Skuld access to SMA/Gerling Norway's hull & machinery book of business, which covers around 6.000 vessels paying some USD 40 million in premium. Skuld's priority remains to ensure that all customers and brokers experience the same excellent service.

I would like to take this opportunity to send all our members, clients, brokers and other business associates my very best wishes for the holiday season and the New Year. We look forward in 2017 to continue to deliver our members, clients and brokers the service and competence they can rely on.

STÅLE HANSEN  
President and CEO

## KEY FIGURES

### CONSOLIDATED INCOME STATEMENT AS AT 20 NOVEMBER

MUSD	2016 (9 MONTHS)	2015 (9 MONTHS)
<b>TECHNICAL ACCOUNT</b>		
Premiums and calls	292.6	308.5
Reinsurance premiums	-48.0	-46.6
<b>Premiums for own account</b>	<b>244.5</b>	<b>261.9</b>
<b>Claims incurred for own account</b>	<b>-181.8</b>	<b>-172.2</b>
Acquisition costs	-51.9	-54.7
Administrative expenses	-13.8	-14.5
<b>Net operating expenses</b>	<b>-65.7</b>	<b>-69.3</b>
<b>Balance carried to non-technical account</b>	<b>-3.1</b>	<b>20.4</b>
<b>NON TECHNICAL ACCOUNT</b>		
Balance from technical account	-3.1	20.4
Net investment income	19.7	0.8
Taxes	-0.5	-1.0
<b>Balance carried to contingency reserve</b>	<b>16.1</b>	<b>20.2</b>

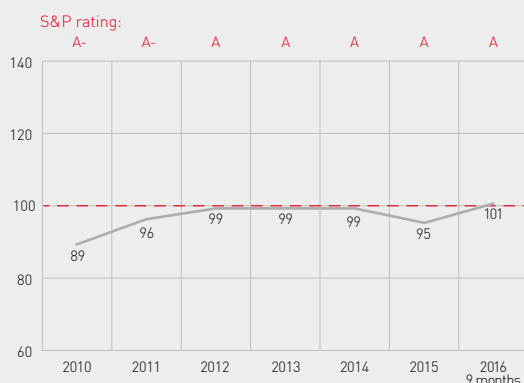
### BALANCE SHEET AS AT 20 NOVEMBER

MUSD	2016 (9 MONTHS)	2015 (9 MONTHS)
<b>ASSETS</b>		
Financial investments	737.9	705.4
Debtors	110.8	118.4
Other assets	185.5	186.3
Prepayment and accrued income	41.6	26.5
<b>Total assets</b>	<b>1,075.9</b>	<b>1,036.6</b>
<b>LIABILITIES</b>		
Provision for outstanding claims for own account	524.9	500.0
Contingency reserve	363.5	354.4
Technical provisions for own account	888.5	854.4
Provisions for other liabilities	16.9	14.7
Creditors	13.6	12.3
Accruals and deferred income	156.9	155.3
<b>Total liabilities</b>	<b>1,075.9</b>	<b>1,036.6</b>

In the Consolidated Income Statement, a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively.

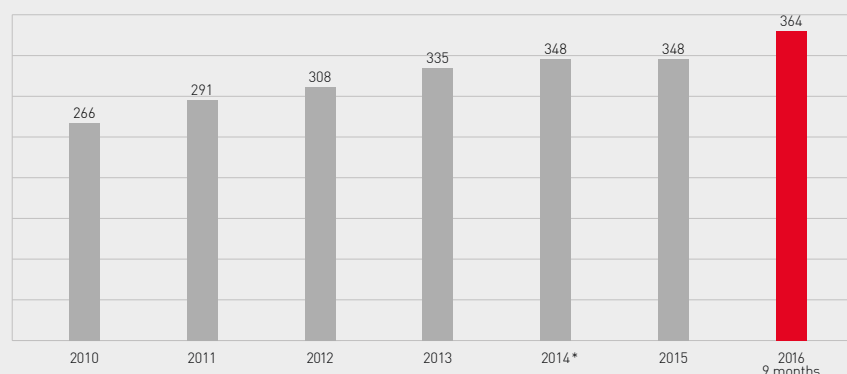
#### COMBINED RATIO

\ By percentage



#### CONTINGENCY RESERVE

\ USD mill.



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