



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	938 419 531
Organisasjonsform:	Gjensidig forsikringselskap
Foretaksnavn:	Assuranceforeningen SKULD (Gjensidig)
Forretningsadresse:	Rådhusgata 27 0158 OSLO

### Regnskapsår

Årsregnskapets periode:	21.02.2021 - 20.02.2022
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### Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Oda Bjerketvedt Norderud
Dato for fastsettelse av årsregnskapet:	05.05.2022

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 12.10.2023



### Resultatregnskap

Beløp i: USD	Note	2022	2021
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	6	417 496 000	387 919 000
Gjenforsikringsandel av opptjente bruttopremier		132 782 000	102 488 000
<b>Sum premieinntekter for egen regning</b>	4	<b>284 714 000</b>	<b>285 431 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader		523 381 000	263 716 000
Gjenforsikringsandel av brutto erstatningskostnader		264 187 000	20 639 000
<b>Sum erstatningskostnader for egen regning</b>	4,5	<b>259 194 000</b>	<b>243 077 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader	7	53 567 000	53 161 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for 7,13 mottatt gjenforsikring		18 244 000	17 379 000
<b>Sum forsikringsrelaterte driftskostnader</b>		<b>71 811 000</b>	<b>70 540 000</b>
Andre forsikringsrelaterte driftskostnader			
<b>Resultat av teknisk regnskap</b>		<b>-46 291 000</b>	<b>-28 186 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Inntekter fra investeringer i datterforetak, tilknyttede foretak og felleskontrollerte foretak	9	0	0
Renteinntekt og utbytte m.v. på finansielle eiendeler		5 965 000	18 349 000
Verdiendringer på investeringer		-27 583 000	46 441 000
Realisert gevinst og tap på investeringer		20 391 000	7 188 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		1 058 000	1 443 000
<b>Sum netto inntekter fra investeringer</b>		<b>-2 285 000</b>	<b>70 535 000</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>-2 285 000</b>	<b>70 535 000</b>
<b>Resultat før skattekostnad</b>		<b>-48 576 000</b>	<b>42 349 000</b>
Skattekostnad		-17 608 000	19 409 000



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Resultat før andre inntekter og kostnader</b>		<b>-30 968 000</b>	<b>22 940 000</b>
Estimatendringer knyttet til ytelsesbaserte pensjonsordninger	10	12 000	-1 399 000
Øvrige andre inntekter og kostnader		670 000	773 000
<b>Totalresultat</b>		<b>-30 286 000</b>	<b>22 314 000</b>



## Balanse

Beløp i: USD	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
<b>Sum immaterielle eiendeler</b>		<b>0</b>	<b>0</b>
<b>Investeringer</b>			
<b>Bygninger og andre faste eiendommer</b>		<b>0</b>	<b>0</b>
Aksjer og andeler i datterforetak, tilknyttede foretak og felleskontrollerte foretak	9	7 021 000	9 557 000
Fordringer på og verdipapirer utstedt av datterforetak, tilknyttede foretak og felleskontr. foretak	9,15	87 205 000	87 035 000
<b>Datterforetak, tilknyttede foretak og felleskontrollerte foretak</b>		<b>94 226 000</b>	<b>96 592 000</b>
<b>Finansielle eiendeler som måles til amortisert kost</b>		<b>0</b>	<b>0</b>
Aksjer og andeler (inkl. aksjer og andeler målt til kost)	3,9	226 615 000	240 751 000
Rentebærende verdipapirer	3,9	515 613 000	480 114 000
Finansielle derivater	3,9	0	4 723 000
Andre finansielle eiendeler	3,9	32 190 000	34 628 000
<b>Finansielle eiendeler som måles til virkelig verdi</b>		<b>774 418 000</b>	<b>760 216 000</b>
<b>Sum investeringer</b>		<b>868 644 000</b>	<b>856 808 000</b>
<b>Gjenforsikringsandel av brutto forsikringsforpliktelser</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie			
Gjenforsikringsandel av brutto erstatningsavsetning		390 652 000	216 919 000
<b>Sum gjenforsikringsandel av brutto forsikringsforpliktelser</b>		<b>390 652 000</b>	<b>216 919 000</b>
<b>Fordringer</b>			
Forsikringstakere		73 971 000	73 436 000
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>73 971 000</b>	<b>73 436 000</b>
Fordringer i forbindelse med gjenforsikring		7 523 000	
Andre fordringer		2 589 000	643 000
<b>Sum fordringer</b>	3	<b>84 083 000</b>	<b>74 079 000</b>
<b>Andre eiendeler</b>			
Anlegg og utstyr	8	5 689 000	4 924 000
Kasse, bank	3,16	134 240 000	141 943 000
<b>Sum andre eiendeler</b>		<b>139 929 000</b>	<b>146 867 000</b>



### Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Forskuddsbetalte direkte salgskostnader		10 061 000	9 785 000
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		11 237 000	8 800 000
<b>Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter</b>		<b>21 298 000</b>	<b>18 585 000</b>
<b>SUM EIENDELER</b>		<b>1 504 606 000</b>	<b>1 313 258 000</b>
<b>EGENKAPITAL OG FORPLIKTELSER</b>			
<b>Innskutt egenkapital</b>			
<b>Selskapskapital</b>		<b>0</b>	<b>0</b>
<b>Sum innskutt egenkapital</b>		<b>0</b>	<b>0</b>
<b>Opptjent egenkapital</b>			
<b>Fond m.v.</b>			
Annen opptjent egenkapital	3	394 232 000	424 518 000
<b>Sum opptjent egenkapital</b>		<b>394 232 000</b>	<b>424 518 000</b>
<b>Sum egenkapital</b>		<b>394 232 000</b>	<b>424 518 000</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		75 836 000	72 116 000
Brutto erstatningsavsetning		841 519 000	620 562 000
<b>Sum brutto forsikringsforpliktelser</b>	5	<b>917 355 000</b>	<b>692 678 000</b>
<b>Avsetninger for forpliktelser</b>			
Pensjonsforpliktelser o.l.	10	6 980 000	6 966 000
<b>Forpliktelser ved skatt</b>			
Forpliktelser ved periodeskatt	11	16 794 000	13 404 000
Forpliktelser ved utsatt skatt	11	93 072 000	114 131 000
<b>Sum avsetninger for forpliktelser</b>		<b>116 846 000</b>	<b>134 501 000</b>
Forpliktelser i forbindelse med direkte forsikring		11 725 000	10 954 000
Forpliktelser i forbindelse med gjenforsikring		43 618 000	23 681 000
Andre forpliktelser	15	19 579 000	21 210 000



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Sum forpliktelser		74 922 000	55 845 000
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Andre påløpte kostnader og mottatte ikke opptjente inntekter		1 251 000	5 717 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>1 251 000</b>	<b>5 717 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>1 504 606 000</b>	<b>1 313 259 000</b>



### Konsernets resultatregnskap

Beløp i: USD	Note	2022	2021
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	6	419 548 000	390 839 000
Gjenforsikringsandel av opptjente bruttopremier		54 123 000	44 736 000
<b>Sum premieinntekter for egen regning</b>	4	<b>365 425 000</b>	<b>346 103 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader	4	543 408 000	293 037 000
Gjenforsikringsandel av brutto erstatningskostnader		225 757 000	-8 580 000
<b>Sum erstatningskostnader for egen regning</b>	4,5	<b>317 651 000</b>	<b>301 617 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader	7	59 759 000	57 946 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for 7,13 mottatt gjenforsikring		18 277 000	17 648 000
<b>Sum forsikringsrelaterte driftskostnader</b>		<b>78 036 000</b>	<b>75 594 000</b>
Andre forsikringsrelaterte driftskostnader			
<b>Resultat av teknisk regnskap</b>		<b>-30 262 000</b>	<b>-31 108 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Inntekter fra investeringer i datterforetak, tilknyttede foretak og felleskontrollerte foretak	9	981 000	2 799 000
Renteinntekt og utbytte m.v. på finansielle eiendeler		5 745 000	17 547 000
Verdiendringer på investeringer		-28 773 000	59 147 000
Realisert gevinst og tap på investeringer		21 294 000	7 188 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		1 098 000	1 496 000
<b>Sum netto inntekter fra investeringer</b>		<b>-1 851 000</b>	<b>85 185 000</b>
<b>Andre inntekter og kostnader</b>			
Andre kostnader			8 125 000
<b>Resultat av ikke-teknisk regnskap</b>		<b>-1 851 000</b>	<b>77 060 000</b>



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Resultat før skattekostnad</b>		<b>-32 113 000</b>	<b>45 952 000</b>
Skattekostnad	11	-17 158 000	19 478 000
<b>Resultat før andre inntekter og kostnader</b>		<b>-14 955 000</b>	<b>26 474 000</b>
Estimatendringer knyttet til ytelsesbaserte pensjonsordninger	10	-182 000	103 000
Øvrige andre inntekter og kostnader		470 000	-2 010 000
<b>Totalresultat</b>		<b>-14 667 000</b>	<b>24 567 000</b>



### Konsernets balanse

Beløp i: USD	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	0
<b>Investeringer</b>			
<b>Bygninger og andre faste eiendommer</b>			
Aksjer og andeler i datterforetak, tilknyttede foretak og felleskontrollerte foretak	9	10 447 000	9 765 000
<b>Datterforetak, tilknyttede foretak og felleskontrollerte foretak</b>		<b>10 447 000</b>	<b>9 765 000</b>
<b>Finansielle eiendeler som måles til amortisert kost</b>			
Aksjer og andeler (inkl. aksjer og andeler målt til kost)	3,9	226 615 000	240 751 000
Rentebærende verdipapirer	3,9	619 955 000	573 644 000
Finansielle derivater	3,9	0	4 723 000
Andre finansielle eiendeler	3,9	32 190 000	34 628 000
<b>Finansielle eiendeler som måles til virkelig verdi</b>		<b>878 760 000</b>	<b>853 746 000</b>
<b>Sum investeringer</b>		<b>889 207 000</b>	<b>863 511 000</b>
<b>Gjenforsikringsandel av brutto forsikringsforpliktelser</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie			
Gjenforsikringsandel av brutto erstatningsavsetning		322 420 000	160 636 000
<b>Sum gjenforsikringsandel av brutto forsikringsforpliktelser</b>		<b>322 420 000</b>	<b>160 636 000</b>
<b>Fordringer</b>			
Forsikringstakere		73 972 000	73 436 000
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>73 972 000</b>	<b>73 436 000</b>
Fordringer i forbindelse med gjenforsikring		7 568 000	3 716 000
Andre fordringer		2 880 000	1 688 000
<b>Sum fordringer</b>	3	<b>84 420 000</b>	<b>78 840 000</b>
<b>Andre eiendeler</b>			
Anlegg og utstyr	8	6 259 000	5 870 000
Kasse, bank	3,16	190 397 000	186 933 000
<b>Sum andre eiendeler</b>		<b>196 656 000</b>	<b>192 803 000</b>
Forskuddsbetalte direkte salgskostnader		10 060 000	9 785 000
Andre forskuddsbetalte kostnader og opptjente ikke mottatte		8 940 000	7 364 000



### Konsernets balanse

Beløp i: USD	Note	2022	2021
inntekter			
<b>Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter</b>		<b>19 000 000</b>	<b>17 149 000</b>
<b>SUM EIENDELER</b>		<b>1 511 703 000</b>	<b>1 312 939 000</b>
<b>EGENKAPITAL OG FORPLIKTELSE</b>			
<b>Innskutt egenkapital</b>			
<b>Selskapskapital</b>		<b>0</b>	<b>0</b>
<b>Sum innskutt egenkapital</b>		<b>0</b>	<b>0</b>
<b>Opptjent egenkapital</b>			
<b>Fond m.v.</b>			
Annen opptjent egenkapital	3	370 701 000	385 367 000
<b>Sum opptjent egenkapital</b>		<b>370 701 000</b>	<b>385 367 000</b>
<b>Sum egenkapital</b>		<b>370 701 000</b>	<b>385 367 000</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		75 835 000	72 115 000
Brutto erstatningsavsetning		917 596 000	690 573 000
<b>Sum brutto forsikringsforpliktelser</b>	5	<b>993 431 000</b>	<b>762 688 000</b>
<b>Avsetninger for forpliktelser</b>			
Pensjonsforpliktelser o.l.	10	8 919 000	8 872 000
<b>Forpliktelser ved skatt</b>			
Forpliktelser ved periodeskatt	11	16 904 000	13 288 000
Forpliktelser ved utsatt skatt	11	91 648 000	112 654 000
<b>Sum avsetninger for forpliktelser</b>		<b>117 471 000</b>	<b>134 814 000</b>
Forpliktelser i forbindelse med direkte forsikring		11 725 000	10 954 000
Forpliktelser i forbindelse med gjenforsikring		6 606 000	2 833 000
Andre forpliktelser		9 754 000	9 738 000
<b>Sum forpliktelser</b>		<b>28 085 000</b>	<b>23 525 000</b>



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Andre påløpte kostnader og mottatte ikke opptjente inntekter		2 015 000	6 545 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>2 015 000</b>	<b>6 545 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>1 511 703 000</b>	<b>1 312 939 000</b>



**FINANSTILSYNET**  
THE FINANCIAL SUPERVISORY  
AUTHORITY OF NORWAY

Assuranceforeningen Skuld (gjensidig)  
Postboks 1376 Vika  
0114 OSLO

26.01.2012

SAKSBEHANDLER:  
Jan Erik Bakke

VÅR REFERANSE:  
12/878

DERES REFERANSE:

DIR.TLF:  
22 93 99 80

ARKIVKODE:  
452.6

## Dispensasjon - presentasjonsvaluta

Det vises til søknad av 17. januar 2012 om dispensasjon fra kravet om å presentere årsregnskapet i norske kroner iht. forskrift om årsregnskap m.m. for forsikringsselskaper § 2-7, jf. § 7-1.<sup>1</sup>

Finanstilsynet kan dispensere fra kravet om at årsregnskapet skal presenteres i norske kroner i det enkelte tilfellet, jf. forskriften § 7-1.

Kravet om presentasjonsvaluta i NOK er begrunnet med at bruk av en annen valuta vil kunne svekke årsregnskapet som grunnlag for kontroll, analyse og statistikk for norske myndigheter. Det følger av dette at det kreves særlige grunner for å dispensere fra kravet.

Assuranceforeningen Skuld (Gjensidig) (heretter "Skuld" eller "foreningen") viser til at foreningen driver i en svært internasjonal bransje der amerikanske dollar er den valutaen som generelt benyttes. Alle regnskapstall for konkurrentene presenteres i USD noe som gjør det enklere for markedet å sammenligne finansiell status mellom foretakene. Det vises også til at den andre norske aktøren i bransjen, Assuranceforeningen Gard (Gjensidig), presenterer årsregnskapet i USD.

Skuld oppgir at 3 prosent av premieinntektene, 0,4 prosent av kravskostnadene og 0,6 prosent av forsikringstekniske avsetninger for 2011 er knyttet til NOK. Premieinntekter, kravskostnader og forsikringstekniske avsetninger i USD utgjør henholdsvis 86 prosent, 77 prosent og 78 prosent, hvilket innebærer at USD er den mest sentrale valutaen for foreningen.

Skuld viser videre til at ved omregning til NOK som presentasjonsvaluta vil verdiene i resultat og balanse i stor grad kunne variere med endringer i valutakursene. Bruk av hovedvalutaen USD som presentasjonsvaluta vil gi et mer rettviseende bilde av foreningens økonomiske stilling sammenlignet med norske kroner.

<sup>1</sup> FOR 1998-12-16 nr. 1241



Finanstilsynet finner at det i dette konkrete tilfellet kan gjøres unntak fra kravet om presentasjonsvaluta i norske kroner. Anførslene viser at virksomheten er internasjonal, med hovedsakelig utenlandske kunder. Alle inntekter og kostnader er hovedsakelig knyttet til andre valutaer enn den norske. Det legges til grunn at presentasjonsvaluta i USD, etter foretakets vurdering, vil gi et mer rettviseende bilde av virksomheten.

Finanstilsynet har i medhold av forskrift om årsregnskap m.m. for forsikringsselskaper § 7-1, jf. § 2-7, fattet følgende vedtak om dispensasjon:

*Assuranceforeningen Skuld (Gjensidig) gis dispensasjon fra kravet om å presentere årsregnskapet i norsk valuta. Årsregnskapet skal presenteres i United States dollar (USD).*

Det understrekes at dispensasjonen kun gjelder finansregnskapet og ikke myndighetsrapportering, f.eks. Forsikringsselskapenes offentlige regnskaps- og tilsynsrapportering (FORT).

For Finanstilsynet

Terje Nilsen  
spesialrådgiver

Jan Erik Bakke  
seniorrådgiver



Assuranseforeningen Skuld  
ved Douglas Jacobsohn  
Postboks 1376 Vika  
0114 Oslo

Deres ref

Vår ref  
06/2925 FM MHe

Dato  
21.06.2007

### Søknad om engelsk som regnskapsspråk

Finansdepartementet viser til Deres brev 1. juni 2006, epost 2. februar 2007 samt telefonsamtale 9. februar 2007 om søknad om dispensasjon fra regnskapslovens krav til å utarbeide årsregnskap og årsberetning på norsk språk, og om å utarbeide disse på engelsk. Det vises også til Skattedirektoratets tilråding i brev 28. august 2006.

Departementet legger til grunn at søknaden kun gjelder dispensasjon fra krav til norsk språk i årsregnskap og årsberetning, og ikke selskapets mulighet til å utarbeide regnskapet i funksjonell valuta, jf. regnskapsloven § 3-4 første og andre ledd.

#### 1. SKATTEDIREKTORATETS TILRÅDING

I Skattedirektoratets brev 26. juni 2006 uttales blant annet følgende om de generelle hensyn som bør være relevant ved vurderingen av dispensasjonssøknader:

*"Praksis fram til nå har etter vår erfaring vært restriktiv til å benytte annet språk enn norsk i årsregnskapet. Vedrørende årsberetningen, så er adgangen til å søke om dispensasjon av nyere dato.*

*Ved evalueringen av regnskapsloven ble regnskapsspråk vurdert, jf. NOU 2003:23 Evaluering av regnskapsloven punkt 5.2 og Ot. prp. nr. 39 2004 -2004 om endringer i regnskapsloven. Det ble gitt en forskriftadgang i § 3-4 tredje ledd som åpner for at det kan lages forskrift som tillater at et annet språk benyttes. Dette ble begrunnet med at EU-kommisjonen har foreslått et nytt "transparency" direktiv som dersom det blir vedtatt, vil begrense norske myndigheters muligheter til å stille krav om norsk språk.*

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0030 Oslo

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Markus Heistad  
Telefon 22 24 45 64

Skattedirektoratet mener på generelt grunnlag at det fortsatt bør følges en restriktiv linje. Men andre momenter kan tale for en oppmykning av praksis. En eventuell vedtakelse av EU-kommisjonen sitt forslag til "transparency" direktiv, vil åpne for adgangen til å benytte annet språk enn norsk. Dessuten er engelsk også et språk som stadig flere av de aktuelle regnskapsbrukerne er fortrolig med.

Brukergruppen til det aktuelle regnskapet må vurderes ved en eventuell dispensasjon. Forhold som bør hensyntas kan være; norske eller utenlandske eiere, tilbys aksjene til en stor krets (børs) eller er det privateid, inngår selskapet i internasjonale forpliktende samarbeid, er virksomheten først og fremst rettet mot utlandet, hvor finansieres virksomheten mv.

Fra vårt ståsted som kontrollinstans og regnskapsbruker foretrekker vi norsk, men har ingen sterke innsigelser mot at det kan gis dispensasjon til bruk av svensk, dansk eller engelsk.

Etter Skattedirektoratets syn er det ingen sterke grunner for at dispensasjonspraksisen for årsberetningen ikke bør følge årsregnskapet.

For øvrig skal selvangivelse og ligningspapirer utarbeides på norsk språk."

Når det gjelder denne konkrete saken uttales det blant annet følgende:

"I den konkrete sak er det opplyst at 75 % av eierne er utenlandske. Søker er et gjensidig P & I forsikringselskap med profesjonelle eiere med engelsk som arbeidsspråk. Skattedirektoratet har ingen sterke innvendinger mot at søker gis dispensasjon til å benytte engelsk språk i årsregnskapet og årsberetningen."

## 2. DEPARTEMENTETS VURDERING

Etter regnskapsloven § 3-4 tredje ledd skal "[å]rsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot.prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig **prising** av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjult fordelt informasjon."



Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, kfr. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som sentrale verktøy i sin kontrollvirksomhet.

Det er etter departementets vurdering derfor avgjørende at spørsmål om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, ikke på vesentlige områder fraviker fra hensynet til sentrale brukere av regnskapsinformasjon. Søkeren må dessuten som et utgangspunkt for vurderingen ha en særlig interesse i å kunne utarbeide årsregnskap og/eller årsberetning på et annet språk enn norsk. Departementet slutter seg i det vesentligste til Skattedirektoratets vurdering av hvilke momenter som vil være relevante i en slik vurdering.

Assuranseforeningen Skuld er et gjensidig forsikringsselskap som tilbyr sjøforsikring. Den største delen av selskapets virksomhet retter seg mot utlandet. Foretaket har engelsk som arbeidsspråk, og 75 % av eierne er utenlandske. Foretaket er ikke børsnotert og de særskilte reglene i gjeldende børsforskrift § 23-5 kommer ikke til anvendelse, jf. også tilsvarende regler i ny verdipapirhandellov § 5-13.

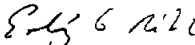
Skattedirektoratet har i brev 28. august 2006 gitt uttrykk for at det, som kontrollinstans og regnskapsbruker, ikke har vesentlige innvendinger mot at det kan gis dispensasjon til bruk av svensk, dansk eller engelsk i årsregnskap og årsberetning.

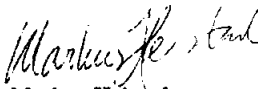
Finansdepartementets anser på denne bakgrunn ut fra en helhetsvurdering at Assuranseforeningen Skuld kan utarbeide årsregnskap og årsberetning på engelsk.

### 3. KONKLUSJON

Finansdepartementet gir Assuranseforeningen Skuld adgang til å utarbeide årsregnskap og årsberetning på engelsk, jf. regnskapsloven § 3-4 tredje ledd.

Med hilsen

  
Erling G. Rikheim e.f.  
avdelingsdirektør

  
Markus Heistad  
førstekonsulent

Gjenpart: Skattedirektoratet  
Kredittilsynet

Side 3

# Skuld annual review 2021/22

Accounts 21.02.2021-20.02.2022



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# Directors' report





# Directors' report

## Assuranceforeningen Skuld (Gjensidig) 2021/22

Assuranceforeningen Skuld (Gjensidig) ("the Association"), was established in Oslo in 1897 as a Protection & Indemnity (P&I) club for Scandinavian shipowners. Since then, the Association has grown into a diversified marine insurer and caters to the needs of shipowners, the offshore and energy sector, charterers and traders, and the superyacht community.

The Association offers bespoke P&I and physical damage covers. The P&I covers are mutual P&I insurance, commercial fixed P&I, yacht liability cover, charterers liability and more. Physical damage covers are hull and machinery, energy, war, and loss of hire. P&I is the Association's largest line of business and protects the members against third party losses and liabilities.

### Corporate structure

The Association's head office is located in Oslo, Norway, with branches in Singapore, Hong Kong, London and Copenhagen in addition to offices in Bergen, Hamburg, Piraeus and New York.

The consolidated statutory accounts include the Association's subsidiaries in addition to the Association's affiliated club in Bermuda, Skuld

Mutual Protection and Indemnity Association (Bermuda) Ltd., Hamilton, and its subsidiaries. In accordance with these two associations' byelaws, their members enjoy joint membership in both associations, which act as co-insurers on a joint basis with equal insurance conditions and byelaws. No member holds more than a 10% vote in the General Meeting or exercises a significant influence over the management. The two Associations participate on a joint basis in the International Group of P&I Clubs' pooling arrangements and excess loss reinsurance contracts entered via the pool.

### Environment

Skuld contributes to sustainable solutions through assessing and surveying shipping risks, conducting comprehensive casualty response services, and delivering extensive loss prevention programmes which aim to safeguard casualties and prevent injury to people, the environment and property. Skuld's purpose statement 'Protecting ocean industries' underlines Skuld's role in society, commitment to members and clients and to the global ocean industries.

Skuld is aware of its activities affecting the external environment, and reports on our carbon footprint based on our travel activities, electricity consumption and waste recycling. We aim to include all our offices in this reporting.

Skuld addresses sustainability towards its stakeholders where applicable and as part of its procurement procedure for screening of vendors.

Skuld insures vessels that intend to reduce its carbon footprint by applying more modern technology such as LNG and other technological advancements.

Skuld is committed to UN Global Compact and Global Reporting Initiative and strives to be systematic and transparent in its sustainability efforts. Skuld also contributes to the UN sustainable development goals.

### Corporate social responsibility

#### Corporate governance

Skuld's Board and management are committed to maintaining high ethical standards and contributing to good corporate governance that is in line with regulatory requirements in all jurisdictions in which Skuld operates. Skuld aims

for transparency in communication with internal and external stakeholders and regular information that is relevant to members, brokers, staff members or other stakeholders.

#### Anti-corruption, Anti Money-Laundering and Counter-Terrorism Financing

Skuld is opposed to corruption in all forms and committed to conducting business in accordance with the highest ethical guidelines and laws. Skuld has implemented policies and procedures regarding employees' conflicts of interest, relationships to customers, brokers and money-laundering and terrorism financing. Code of Conduct provides a comprehensive overview of requirements, which all employees are to fully adhere to. The purpose of the Code of Conduct is to create a solid company culture and to preserve the integrity of Skuld and its employees to promote high standards in business practice. Skuld's main action plan to anti-corruption has been to raise awareness of the Code of Conduct, the external reporting and to conduct training. Further efforts at preventing money-laundering and terrorism financing have been a focus area and will be further strengthened in the internal risk assessment framework, customer due diligence and reporting plans have been implemented.



### Human rights and employment conditions

Skuld's policy prohibits unlawful discrimination against employees, members, directors, customers and suppliers on account of ethnic or national origin, age, sex or religion. All individuals shall be treated with dignity and respect. All employees shall assist in creating a work environment free from any discrimination based on religion, skin colour, gender, sexual orientation, age, nationality, race or disability.

Skuld is also committed to ensuring modern slavery plays no part in Skuld's business or supply chains and we will not tolerate any form of human rights abuse, including modern slavery or human trafficking, in any part of our business. Employees can report censurable conditions without fear of retaliation. To ensure this, Skuld has established internal and external channels to ensure confidentiality and protect employees. This ties in with the Transparency Act which soon will be entered into force, and which is viewed as Norway's equivalent to the Modern Slavery Act in the UK. In line with the purpose of the act Skuld is committed to ensuring that its business, suppliers and business partners adhere to fundamental human rights and that employees have decent working conditions.

### Regulatory supervision

The Association and the consolidated group are subject to supervision by the Norwegian Financial Supervisory Authority (Finanstilsynet). Skuld Mutual Protection and Indemnity Association (Bermuda) Ltd is subject to Bermuda Monetary Authority's supervision and reporting.

### Directors and Officers liability insurance

Skuld has a worldwide Directors and Officers liability insurance covering all directors and officers. The insurance includes cover for management liability, certain legal fees, and costs as well as pre-claim inquiry costs with a limit at NOK 75 million in the aggregate.

### People and work environment

Skuld has a continued focus on our strategic objective "Inclusive and diverse culture" with clear KPIs measured through our leadership and work environment surveys. In 2021 we have worked systematically to ensure diversity, equality and non-discrimination through clearly defined processes within recruitment, salary and compensation, promotions and opportunities for development, adjustments for individual needs, harassment and non-discrimination, work environment/HSE and work-life balance and parental leave. Measures, statistics, and information about what Skuld has done to fulfil the activity and reporting obligation in the Gender equality and discrimination act §26, are published in the Annual Review and Accounts on Skuld's website.

Skuld implemented in 2021 a flexible 3+2 work arrangement, where all employees must work from the office minimum 3 days per week, with the option to work from home the remaining 2 days. Two work environment and leadership surveys has been performed during the pandemic and the employees reported that

Skuld has a continued focus on our strategic objective "Inclusive and diverse culture" with clear KPIs measured through our leadership and work environment surveys.

they can maintain the same level of service and effectiveness as before the pandemic, and the level of motivation is still relatively high among employees. With a flexible work arrangement in place, Skuld will continue to develop a modern way of work. All employees will be involved in a survey, workshops, and discussions to design the future way of work, to ensure Skuld remains an attractive employer moving forward.

Skuld also continues to focus on gender equality through the commitment to the UN Women Empowerment Principles and reporting to the SHE Index. The results from the SHE Index 2022 was recently published, and Skuld has since the starting point in 2019 improved further this year. Skuld has per 20 February 50% women and 50% men employed, and the gender equality rate in managerial and key positions in 2022 is 37%, up from 35% in 2021.

At the end of the financial year 2021/22, Skuld had 298 full time permanent employees. The global sickness absence rate was 1.69% in 2021/22, and no work-related incidents leading to significant

personal injury or damage to property reported during the year.

### Results and statement of financial position

The consolidated contribution to Merrett for the year 2021/22 ended at USD -1.1 (USD 24.6 million for 2020/21). The result ended up negative at USD 30.3 (negative USD 31.1 for 2020/21) with a ratio of 107%.

The Association's contribution to Merrett ended at USD -30.3 million (USD 22.3 million for 2020/21).

Mutual rates have not been sustainable over time and Skuld has started to work to bring the portfolio back into balance through in rates for policy year 2022.

Despite the negative result, Skuld has capital adequacy well above the capital requirements set by the Solvency II re-



<p>Skuld has a clean A (negative outlook) rating by Standard &amp; Poor's.</p>	<p>alongside with some own large claims within the club retention. Skuld reported one pool claim to IG during 2021/22. Net claims, after reinsurance recoveries, are USD 317.7 million, compared to USD 301.6 million last year.</p>	<p>The administrative expenses made up USD 0.7 million of the increase in operating expenses, the remaining was increased acquisitions costs, mainly written commission.</p>	<p>rate hikes and cessation of quantitative easing. The yield curve rose significantly during the year as commodity prices continued to rise and unemployment fell. Headline inflation reached levels not seen in 40 years and is expected a more than 1.5% rise in the coming year.</p>
<p><b>Premiums and calls</b> The consolidated gross earned premiums and calls have increased compared to 2020/21 and ended at USD 420 million (USD 391 for 2020/21).</p>	<p><b>Reinsurance</b> The increase in claims cost in 2021/22, both in offshore, the hull market and in the IG, was in a larger extent than prior years covered by the reinsurance program, and the reinsurance recoveries ended at USD 226 million. The same trend is seen in the other P&amp;I-clubs, in addition to the market in general and this pushes the rates, especially in the non-mutual P&amp;I market, upwards for the coming year.</p>	<p><b>Investment income</b> Total investment income was USD -1.9 million for 2021/22 with an investment return of -0.4% (USD 85.2 million and 9.8% for 2020/21). The negative investment return was primarily driven by rising yields and a strengthening of the USD.</p>	<p>Non-listed markets with exposure to Private Equity, absolute return fixed income, infrastructure and strategic equity returned this year, above the 4.2% performance target for equities.</p>
<p>After a number of years of softening market conditions driving premiums down, the mutual book of business premium started growing again in 2020/21 and has continued growing during 2021/22. The growth in 2021/22 is driven by a strong renewal with increased rates, as well as new vessels entering the Association during the year.</p>	<p>A comprehensive risk analysis programme, including the use of stochastic models, has also this year been used as a tool for the evaluation process and the assessment of improved covers and structures. This approach has proven to be very useful. The Association has a well-structured reinsurance programme, which is placed with the Lloyd's market and other leading reinsurers on favourable terms and conditions.</p>	<p>Skuld's investments are allocated across several asset classes and regions. The performance of the investment portfolio is considered in line with the main indices it follows. A substantial part of the portfolio has minimal credit risk, and with currency and duration matching the liabilities.</p>	<p><b>Equity</b> As at 20 February 2022 Members' fund was USD 370.7 million compared to USD 365.7 million at 20 February 2021.</p>
<p><b>Claims incurred</b> The consolidated gross claims increased with USD 250 million to USD 543 million for 2021/22 (USD 293 million for 2020/21). The increase is mainly driven by a number of Offshore claims, in addition to claims in the Hull business. An increased average cost on people claims is also increasing the claims cost, and Skuld has also this year been affected by COVID-19 related claims. And as last year, the claims costs have been significantly influenced by increased and new pool claims from other members of the International Group (IG).</p>	<p><b>Operating expenses</b> Net operating expenses was increased by USD 2.4 million to USD 78 million, compared to last year (USD 75.6 million). Travel restrictions and digital meetings due to COVID-19 was still affecting 2021/22, but the short pandemic relief during the autumn, increased the travel cost to some extent.</p>	<p>Global equity valuations continued its upward trend in the first half of the year. Investors were positive towards vaccine rollouts and growth recovery expectations. Omicron, Suez Canal blockage and semi-conductor shortage caused supply chain challenges and pressure on supply-driven inflation. Central banks initially considered inflation to be transitory and highly due to bottlenecks in supply and shortage of production capacity. Throughout the year, consumer and employment outlook shifted the inflation narrative into becoming more permanent and demand driven. Except for China, who continued supportive monetary policies, most central banks started to prepare for interest</p>	<p><b>Cash flow</b> The cash flow statement shows a net increase in the group from operations activities of USD 38 million in 2021/22 compared to net c of USD 70.7 million in 2020/21. The net c of USD 38 million in 2021/22 is primarily driven by from investment activities and negative cash equivalents is USD 3.5 million in 2021/22. Net change in cash equivalents is USD 3.5 million in 2021/22 compared to negative USD 20.7 million in 2020/21. The group's liquidity is considered strong. The investment portfolio is considered overweight of liquid assets in order to cover claims payments on short notice.</p>



## Change in tax regulations

The term Contingency Reserve has in previous years been the measurement for the Association's risk-carrying ability. As part of the implementation of Solvency II, Contingency Reserve was discontinued in the Norwegian regulatory framework and accounting standards in 2016 and reclassified to equity in the financial statement and to eligible capital in Solvency II. In parallel with the changes in Solvency II and the accounting standards, the Norwegian Ministry of Finance has worked on harmonising the tax regulations with the new standards. In 2018, new tax regulations for Norwegian insurance companies were approved, but the Norwegian Ministry of Finance are working on separate regulation for mutual marine associations. The Financial Statements of the Association for 2021/22 is presented in accordance with the general tax regulations for insurance companies.

For comparison purposes the Contingency Reserve for the Group is estimated to USD 430 million as at 20 February 2022, compared to USD 459 million as at 20 February 2021.

Skuld is in dialogue with the Ministry of Finance regarding the new tax regulations. The dialogue has so far been constructive and positive.

## Risk management

### Financial risk

#### Market risk

Skuld's functional currency is USD. However, the Association has projected obligations in many currencies, and thus is exposed to considerable currency risk. The Association aims to neutralise this risk by keeping assets in the same currencies as the assumed liabilities. The Association has large operating costs in NOK which occasionally are partly hedged with forward rate currency contracts. The Association runs a considerable interest rate risk due to the time delay from the loss date until settlement date, which is an average of about three years. When there are changes in the general interest rate (and thus the discount rate), the present value of the claims and thereby the Association's financial situation is altered. This risk is to a large extent neutralised by the Association's assets being matched so that they fluctuate in opposite directions (duration matching). In real economic terms, therefore, the Association is well hedged against interest rate changes. However, interest rate changes will quickly have a major effect on financial accounts since the claims provisions are booked at their nominal value and not adjusted to take account of their present value. This means inter alia that a rise in interest rates may result in a fall in the value of the Association's assets, while the liabilities appear to remain the same. In real economic terms, however, the present value of the outstanding claims will also fall so that the overall effect on the Association will be modest.

Through its investments, the Association runs considerable risk relating to various financial markets. At the end of financial year 2021/22, 65.6% of the investment portfolio was in global fixed income. The vast majority of these were government bonds and investment grade corporate bonds. 24% were in global equity funds, 5.8% in cash, 4.6% in non-listed markets including strategic equity investments.

The diversified portfolio leads to less volatility on the investment portfolio over time, but the Association has a notable part of the portfolio invested in asset classes of high volatility which may lead to considerable future losses if the markets fall dramatically.

### Credit risk

In addition to the investment portfolio, the Association carries credit risk relating to its members and reinsurers. The organisation has high focus on collecting premiums and to protect itself against bad debt losses thereby avoiding any significant increase.

The Association has awarded its reinsurance contracts to companies with a minimum A-rating with Standard & Poor's. Apart from this, the Association has outstanding claims on the other P&I clubs in the International Group. The credit risk here is considered limited, due to the fact that all the clubs provide a bank guarantee for their obligations.

### Liquidity risk

Skuld considers its liquidity to be very good and

has not considered introducing measures to change the liquidity risk apart from the requirements regarding a constant liquidity reserve.

### Other risks

#### War in Ukraine

The risk picture for Skuld after 20 February 2022 is characterised by the war in Ukraine. Development causes grave concern, and Board has identified a number of risks below. Mitigating actions are in place for these risks, and the Board is confident they are handled appropriately.

#### Financial risk

The current situation impacts the global economy and stability. The war in Ukraine exacerbates the recent volatility in commodity markets due to rising interest rates, about inflation and supply chain bottlenecks. Going forward, growth might be lower than expected. This will affect Skuld's portfolio investment income.

#### Risk of breaching sanctions

The European Union, United States, and other jurisdictions have adopted sanctions against Russia in response to the war in Ukraine. Sanctions are very extensive and new sanctions are introduced continuously across all jurisdictions. This makes it difficult to comply with the requirements, both for Skuld and the members.



Skuld will follow laws and regulations regarding sanctions and terminate cover if required.

- Risk of not receiving payments and/or not being able to pay for claims  
A number of Russian banks and financial institutions are subject to sanctions, other restrictions and financing bans. The measures vary in nature and scope but create issues in making payments to/receiving payments from Russia. In addition, members on lawful voyages to Russia or with Russian crew may experience issues making payments. Russian members may also have issues paying premium to us. There might also be issues in posting securities (LoU or bank guarantee issued by Skuld).

- Risk of Skuld's exposure not being covered by reinsurers  
Skuld's reinsurers are currently assessing the situation, with specific focus on war risk clauses. So far, no market approach has been applied, but this is expected to change.

War Risks are excluded under mutual terms but are offered as part of standard or additional cover under Fixed, Offshore, Charterers and Yachts.

On Mutual, the International Group (IG) agreed on a common excess war cover, exceeding standard war risk cover for up to the value of the vessel. Skuld's reinsurance programme contains provisions where reinsurers may issue a 7 days' notice of cancellation for war risks

or demand that each call into war risk zone is advised and subject to additional premium. Skuld's own terms mirror the reinsurers' except for certificates issued under Maritime Labour Convention (MLC), which can only be terminated on 30 days' notice, potentially leaving Skuld uncovered for 23 days. As MLC is meant to protect seafarers from injury, death and abandonment, this might not represent a significant exposure.

- Risk of increased claims costs due to deteriorating safety and security  
As there are ongoing war activities, ports and areas along the Russian/Ukraine maritime border become extremely unsafe. Skuld has information on commercial vessels hit, vessels that are currently in Ukrainian ports struggling to leave/discharge, Ukrainian crew members questioned if calling Russian ports and struggling to return home at the end of their contract.

- Risk of Skuld becoming victim of consequences of direct or indirect cyber attack

Skuld has been warned of heightened cyber risk and Skuld is closely monitoring the risk together with its IT providers. Intility does not consider Skuld to be specifically targeted but many of Skuld's customers belong to sectors that are more exposed. Skuld might therefore be indirectly exposed, e.g., through spread of malicious code beyond initial target. The threat landscape against Intility is however not significantly altered.

- Risk that adverse publicity will cause a loss of confidence in the integrity of Skuld  
Skuld has a policy of following sanctions regulation and not beyond, and might be viewed as not doing enough, where other companies are pulling out of Russia.

#### Financial risks from climate change

Continuous growth in CO2 emissions will increase global temperatures, leading to more extreme weather and manifestations of physical risk. Given that no effective policy responses are taken, it is expected that physical risk will crystallise and start significantly impacting Skuld's portfolio from 2050 and onwards.

Authorities around the world are considering and implementing policy responses that will affect the development of emissions growth and enable the transition to a carbon neutral society. The impact of this transitional risk depends on the manner policy responses are implemented; the longer this is delayed, the more disruptive the implementation of policy responses will be.

Transitional risk will affect Skuld directly and indirectly, with effects on the global economy and the shipping industry feeding through to Skuld as an insurance provider.

#### Going concern

In accordance with section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that prerequisites for the going concern

assumption exist and that the annual have been prepared on the assumption that the Association is a going concern. The assumptions based on the income projections for 2024 and the Association's long-term projections. The Association is in a healthy economic and financial position. The Association concludes that all factors for a going concern are in place.

#### Events after 20 February 2022

##### War in Ukraine

The war in Ukraine started shortly after 20 February 2022, causing government around the globe to impose multiple sanctions with immediate effect. Skuld follows international regulations regarding sanctions and has terminated cover with Russian reinsurers and reinsurers required. Skuld's total premiums and Russian nexus corresponds to about 3% of projected gross premiums and calls for year 2022/23. If Skuld would be required to terminate all covers with Russian reinsurers, projected solvency ratio at 2022/23, projected solvency ratio at 2023 is assumed to be 1 to 2, a percentage lower than previously expected, all else being equal.

#### Future outlook

Skuld is in a healthy financial position positioned for future growth. The strategy remains to diversify and grow revenue bringing the mutual book of business into balance.



The Skuld brand has become well-recognised in the marine insurance industry and the service Skuld provides to members and clients around the world is second to none. The diversified portfolio of products Skuld offers, with offshore liability, charterers liability, fixed P&I, Skuld Yachts and physical damage is expected to contribute positively both to growth and bottom line.

The pandemic aftermath has posed distress on global supply chains and led to commodity scarcity and rising inflation. The new situation with the Russia/Ukraine war brings further concern. The most direct financial impact on Skuld is reduced premium volume from entries being terminated due to sanctions, however the expected bottom-line impact is neglectable. It remains to be seen, however, how the pandemic aftermath and the new situation in Europe will play out in the global economy and the financial markets.

Paris, 5 May 2022

Klaus Kjørulff  
Chairman of the Board

Martin Larsen  
Board member

Terje H. Michelsen  
Board member

Catherine Cheung  
Board member

Ann-Marie Aström  
Board member

Daria Avdeeva  
Employee Representative

Peter Blecher  
Employee Representative

Ståle Hansen  
President and CEO

# Accounts









A Fig. 100 in USD 1,000

**CONSOLIDATED**

	20.02.22	20.02.21		20.02.22	20.02.21
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
370 701	385 367		3	394 232	424 518
370 701	385 367			394 232	424 518
<b>Technical provisions</b>					
75 835	72 115			75 835	72 115
917 595	690 573			841 519	620 562
993 431	762 688		5	917 355	692 678
<b>Provisions for liabilities</b>					
8 919	8 872		10	6 980	6 966
91 648	112 654		11	93 072	114 131
16 904	13 288		11	16 794	13 404
117 471	134 814			116 846	134 500
<b>Other liabilities</b>					
11 725	10 954			11 725	10 954
6 606	2 833			43 618	23 681
0	0		15	11 111	13 075
9 754	9 738			8 468	8 136
28 086	23 524			74 922	55 845
<b>Accruals and deferred income</b>					
2 015	6 546			1 251	5 717
2 015	6 546			1 251	5 717
<b>1 511 703</b>	<b>1 312 939</b>			<b>1 504 606</b>	<b>1 313 258</b>
<b>Off-balance sheet items</b>					
829 862	888 675		12	829 862	888 675

13 Accounts

Paris, 5 May 2022

Klaus Maaruff  
Chairman of the Board

Martin Larsen  
Board member

Terje H. Michelsen  
Board member

Catherine Cheung  
Board member

Ann-Marie Aström  
Board member

Daria Avdeyeva  
Employee Representative

Peter Blöcher  
Employee Representative

Ståle Hansen  
President and CEO



## Cash flow statement

A fig. i € in USD 1.000

	CONSOLIDATED		ASSOCIATION	
	2021/22	2020/21	2021/22	2020/21
<b>Cash flow from operational activities</b>				
Premiums received	419 013	375 998	418 961	365 985
Paid claims	-307 306	-371 132	-334 318	-287 818
Paid tax	-231	1 184	-60	1 146
Operational expenses/change in accruals	-73 451	-76 796	-66 879	-64 635
Net cash flow from operational activities	38 025	-70 746	15 703	14 679
<b>Cash flow from investment activities</b>				
Interests and dividends received	5 745	10 378	5 965	15 040
Investments in fixed assets	-2 290	-510	-2 195	-633
Profit/loss on investment in associated companies	0	4 611	0	0
Net financial investments	-38 015	33 546	-27 177	6 581
Net cash flow from investment activities	-34 560	48 026	-23 407	20 988
<b>Net change in cash and cash equivalents</b>	<b>3 464</b>	<b>-22 720</b>	<b>-7 704</b>	<b>35 667</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>186 933</b>	<b>209 653</b>	<b>141 943</b>	<b>106 277</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>190 397</b>	<b>186 933</b>	<b>134 240</b>	<b>141 943</b>



## Statement of changes in equity

A Figurer i USD:1.000

### CONSOLIDATED

A Figurer i USD:1.000

### ASSOCIATION

	Members' funds	Minority interests	Total Equity	Members' funds
<b>Equity as of 20.02.20</b>	<b>365 397</b>	<b>-4 612</b>	<b>360 788</b>	<b>402 336</b>
Result before other income and expenses	26 474		26 474	22 940
Profit/loss on financial instruments available for sale	774		774	774
Exchange differences on subsidiaries	-2 783		-2 783	-1 399
Remeasurement of defined benefit pension plan	103		103	-625
Total other income and expenses	-1 907		-1 907	22 314
Profit / Loss	24 567		24 567	
Decrease in Minority share	-4 612	4 612	0	424 518
<b>Equity as of 20.02.21</b>	<b>385 367</b>	<b>0</b>	<b>385 367</b>	<b>-30 968</b>
Result before other income and expenses	-14 955		-14 955	671
Profit/loss on financial instruments available for sale	671		671	12
Exchange differences on subsidiaries	-200		-200	682
Remeasurement of defined benefit pension plan"	-182		-182	-30 286
Total other income and expenses	288		288	
Profit / Loss	-14 667		-14 667	
<b>Equity as of 20.02.22</b>	<b>370 701</b>	<b>0</b>	<b>370 701</b>	<b>394 232</b>

Notes





## Note 1 Accounting principles

### 1.1 Basis for preparation

The financial statements are prepared according to the Norwegian Accounting Act and the regulation for preparing annual accounts for insurance companies ("Forskrift om årsregnskap for skadeforsikringssekselskaper").

The accounts consist of the consolidated accounts for Skuld group (Skuld) and separate accounts for Assuranceforeningen Skuld (Gjensidig) (the Association). In accordance with the regulation, the applied principles for recognition and measurements are based on IFRS with the exceptions for medium-sized entities.

The accounting year covers the period from 21 February to 20 February.

The Financial Supervisory Authority of Norway has approved the use of USD as functional currency for the Association, hence the financial statements are presented in USD.

1.1.1 Changes in accounting principles  
For the year 2021/22 no changes in accounting principles have been implemented.

In accordance with changes in the regulation for preparing annual accounts for insurance companies as of 12 February 2021.

Assuranceforeningen Skuld (Gjensidig) has applied the option to defer the adoption of IFRS 9 for the financial statements until and including the financial year 2022/23. Recognition and measurement of financial instrument in the financial statement of 2021/22 is in accordance with IAS 39. Skuld has applied the option of not recognising lease agreements in accordance with IFRS 16.

### 1.2 Basis of consolidation

The consolidated financial statement includes the financial statements of Assuranceforeningen Skuld (Gjensidig) and affiliated Skuld Mutual P&I Association (Bermuda) Ltd, and entities controlled by Assuranceforeningen Skuld (Gjensidig) and Skuld Mutual P&I Association (Bermuda) Ltd. Skuld Mutual P&I Association (Bermuda) Ltd is owned and controlled by the same owners as Assuranceforeningen Skuld (Gjensidig).

An entity is considered to be controlled by Skuld when Skuld is exposed or has rights, to variable returns from its involvement in that undertaking, and have the opportunity to influence these returns. It is presumed that Skuld has control when the ownership interests in another company represent more than 50%. Assessments are made for each investment. Entities are consolidated when control is transferred to the group until control is ceased.

All entities in Skuld applies uniform accounting policies and principles. For those entities that have a different financial closure date, the latest available monthly financial statements prior to the reporting period for Skuld is used for consolidation. When preparing the consolidated accounts, intra-group transactions and balances, along with profit and losses on transactions between group entities, are eliminated.

### 1.3 Shares in subsidiaries

Shares in subsidiaries are carried at historical cost less any impairment losses in the financial statement of the Association.

### 1.4 Investments in associated companies

An associate is an entity in which Skuld has a significant influence but does not control the management of its finances and operations. The consolidated financial statement includes

Skuld's share of the profit/loss from associates, accounted for using the equity method from significant influence is achieved and until such influence ceases. Accounting principles in associated companies are adjusted for when there are differences from Skuld's accounting principles. When an investment is classified as held for sale it is measured at carrying amount, see note 9.

**1.5 Transactions in foreign currencies**  
Income and expenses in foreign currencies initially recorded at the functional currency of the date of the transaction. Monetary liabilities in foreign currencies and those and liabilities carried at fair value, are carried at the functional currency at the exchange date of the balance sheet. Changes in exchange rates in exchange rates between transaction date and the date of the balance sheet are recognised in the income statement.

When consolidating, the assets and liabilities of foreign operations are converted to USD at the exchange rate at the date of reporting. Statement transactions are converted to USD at the exchange rates at the transaction date. Exchange differences arising are recognised in other result components.

**1.6 Income and cost recognition principles**  
The premium income is recognised in the period that risk is obtained. The profit is calculated and recognised according to the number of days that Skuld has obtained. Unearned premiums are presented as income. Claims are recognised in the statement the period they are incurred. Gross claims include an allocated portion for direct claims handling costs.

**1.7 Estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The most significant estimates are case estimates, IBNR and pensions. Refer to note 2, 5 and 10 for further information on such estimates.

**1.8 Technical provisions**

Technical provisions are valued in accordance with relevant accounting regulations. The provisions also include a reserve for Unallocated Loss Adjustment Expenses (ULAE). The technical provisions have not been discounted.

**1.8.1 Provision for unearned premiums**

The provision for unearned premiums is an accrual for premiums written. Premiums written are distributed over the risk period at a linear basis. The provision relates to the unearned part of the premiums written.

**1.8.2 Provisions for outstanding claims**

Provisions for outstanding claims are expected compensation for damages that are reported but not settled and incurred damages that has not yet been reported at the end of the accounting period. The provision as of 20 February therefore

consists of both reported (RBNS) and not reported claims (IBNR). Both IBNR and RBNS are provided for using the Association's own assessment. The provision for IBNR is calculated using experience data. Provisions for RBNS are assessed individually by the claims handlers, and IBNR provision is based on empirical data for estimating the extent of subsequent claims based on statistical models.

Computation of IBNR uses statistical methods on historical claims data, and expert judgements from actuaries. Skuld applies the Chain Ladder method, the Bornhuetter-Ferguson method, and the Generalised Cape Cod model. The methods are validated periodically by computing ultimate claims costs for historical periods and measuring their ability to project the claims development.

**1.8.3 Reinsurers' share**

Reinsurers' share of technical gross provision is presented as an asset in the balance sheet and represents the settlements that Skuld expects to receive from the reinsurer according to signed contracts.

**1.8.4 Pool**

Skuld's participation in the International Group of P&I clubs' (IG) pooling arrangement is treated as coinsurance.

**1.9 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**1.9.1 Financial assets**

Financial assets are classified in the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group and the Association determines the classification of financial assets at initial recognition.

Financial assets are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e. the date that the group or Association commits to purchase or sell the asset.

Skuld's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments and derivative financial instruments. Insurance balances such as reinsurers and members are measured in accordance with IAS 39. Impairment losses on these assets are recognised if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that Skuld may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that will be received.

The subsequent measurement of financial assets depend on their classification as follows:

**Fair value through profit or loss**

Financial assets at fair value through profit or loss includes financial assets held for sale and financial assets designated upon recognition at fair value through profit or loss. Skuld has performed such designation of assets as held for sale for trading purposes. Assets are classified as held for trading if they are acquired for the purpose of selling in the short term. This category includes derivative financial instruments entered into by Skuld that meet the hedge accounting criteria as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains or losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as in the consolidated income statement as a result of the amortisation process.

**Available-for-sale**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in the two preceding categories. After

measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised as other result components until the investment is derecognised, at which time, the cumulative gain or loss is recognised in the result before other result components, or determined to be impaired, when the cumulative loss is reclassified from the other result components to the income statement.

**1.9.2 Financial liabilities**

Financial liabilities are classified as other liabilities. Skuld determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value. The group and Association's financial liabilities include trade and other payables, together with financial guarantee contracts.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gain and loss are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. Financial guarantee contracts issued by the group and Association are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is

measured at the higher of the best estimate of the expenditure required to settle the present obligation at the balance sheet date and the amount recognised less cumulative amortisation.

**1.9.3 Fair value of financial instruments**

The fair value of financial instruments that are traded in active financial markets is determined by reference to quoted price from an exchange at the close of business on the balance sheet date. The majority of the company's financial assets are traded in an active market.

Financial instruments not traded in an active market are valued according to different valuation techniques and are divided into two categories:

- a) Valuation based on observable market data:
  - recently observed transactions in the relevant instrument between informed, willing and independent parties
  - instruments traded in an active market which is substantially similar to the instrument that is valued
  - other valuation techniques where key parameters are based on observable market data
- b) Valuation based on other factors than observable market data:
  - estimated cash flows
  - valuation of assets and liabilities in companies
  - models where at least one parameter of central significance to the valuation is not based on observable market data
  - possible industry standards

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired, if evidence of impairment exists, the cumulative loss previously recognised in other comprehensive income is removed from other comprehensive income and recognised in the statement of profit and loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

When using valuation techniques, values are adjusted for credit and liquidity risk. Valuations are based on pricing of risk for similar instruments.

**1.9.4 Impairment of financial assets**

Skuld assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets are impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**1.10 Fixed assets**

Fixed assets are measured on initial recognition at cost. Following initial recognition, the assets are carried at cost less any accumulated amortisation

and any accumulated impairment loss of fixed assets is derecognised upon any gain or loss arising on derecognition. An asset is included in the income statement

**1.11 Intangible assets**

Intangible assets are measured on initial recognition at cost, being the fair value of acquisition. After initial recognition, assets are measured at cost less accumulated amortisation. Intangible assets are amortised over their useful economic life, and the amount of amortisation is recognised in the income statement in the expense category consistent with the function of the assets. Software is classified as a fixed asset.

**1.12 Pensions**

The group operate various pension schemes which all comply with local laws and regulations in each country in which Skuld operates. Pension schemes are recognised in accordance with IFRS (IAS 19). Changes in the pension liability are recognised in the income statement for the defined benefit pension schemes as a result of changes in the actuarial assumptions used in the valuation. Variations between actual and anticipated pension fund costs, are recognised in the income statement immediately, through other income or expense. These schemes are defined contribution schemes, defined contribution pension scheme, defined contribution pension scheme.



<p>1.1.2.1 Defined benefit scheme</p> <p>The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.</p> <p>The change in the net defined obligation is recognised within administrative expenses.</p> <p>Remeasurements, comprising of actuarial gains and losses and the return on plan assets are recognised in other comprehensive income in the period in which they occur.</p> <p>1.1.2.2 Defined contribution scheme</p> <p>The group has a commitment to pay a yearly contribution for each employee to privately administered pension insurance plans. The cost is recognised within administrative expenses.</p> <p>1.1.2.3 Hybrid pension scheme</p> <p>The employees in Norway are members of a hybrid pension scheme. In the members' accumulation period the Association has a commitment to pay a yearly contribution for</p>	<p>each employee, in addition to a cost for future administration. The Association hence has no obligation when the employee becomes a pensioner or choose to leave Skuld. This cost is recognised within administrative expenses. In the member's payment period, the life insurance company obtains the obligation to pay the members their yearly pension, in addition to guarantee the member a minimum return of 0 per cent.</p> <p><b>1.1.3 Tax</b></p> <p>Following the implementation of Solvency II, a new accounting regulation came into force in 2016, regulating amongst others the technical presentation of contingency reserve in the financial statements. For accounting purposes, the contingency reserve should no longer be treated as an element of technical provisions. In December 2018, new tax regulations for Norwegian insurance companies were approved with impact from financial year 2018. Skuld and the marine insurance industry have challenged these new regulations. In the meantime the tax regulations for other non-life insurers will also apply for the mutual marine associations. The treatment is consistent with the treatment applied from 2017 where 75% of the contingency reserve was reclassified as equity, and 25% was recognised as deferred cessation tax. This deferred tax will be payable with 1/10 each year over a 10 years period until Ministry of Finance has issued the new regulation.</p>	<p>With the exception of the changes in the accounting and tax regulations described above, there are no changes to the principles of presenting taxes: deferred tax assets are recognised when it is probable that the Association or group will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The Association or group recognise previously unrecognised deferred tax assets to the extent it has become probable that the Association or group can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the Association or group no longer regard it as probable that it can utilise the deferred tax asset. Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies in the group where temporary differences have arisen.</p> <p>The Association is subject to wealth tax to the Norwegian state. The tax is assessed on the Associations net wealth (taxable asset value – taxable debt value), adjusted for valuation discounts.</p>
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# Note 2 Risk management

A Fig. 1000 in U.S.D 1,000

## 2.1 Introduction

Skuld's core business is marine insurance, and underwriting (UW) risk is Skuld's main risk. Skuld is further exposed to financial risk, i.e. market risk and liquidity risk, due to investment activities. The above-mentioned risks are taken and accepted in order to create value for our members.

Skuld is also exposed to internal risks arising from within the organisation, generating no strategic benefit, and to external risks. A material risk in this category is operational risk, while compliance and reputational risk are also relevant for Skuld.

In this note, the risk management system is described first. A description of the main risks and their management follows. Details on technical provisions and the calculation of regulatory capital requirement are shown in separate notes. Skuld's approach to climate risk is described in section 2.9.

## 2.2 Risk management system

The Board is responsible for ensuring that Skuld has an effective risk management system. The Board oversees that the total risk exposure is in line with Skuld's risk bearing capacity. It states the Association's Risk Appetite and sets Risk

Limits that are consistent with available capital. The Board's Risk Committee prepares the Board's management of the Association's aggregated risk and assesses if the Association's governance and control measures are adapted to the Association's risk levels and scope of activities.

The distribution of responsibilities with regard to risk management follows a model based on three lines of defence as illustrated in the diagram below.

The first line of defence is made up of the risk owners and their organisations. The risk owners

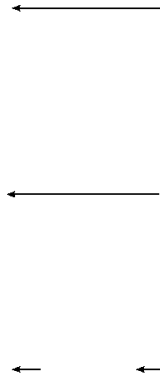
are responsible for identifying and managing risks within their business units or department, and for executing risk assessments. Further, risk owners are responsible for setting up appropriate risk controls.

The second line of defence is made up of independent control functions for risk management, compliance and the actuarial process. The Chief Risk Officer (CRO) is responsible for the risk management and actuarial function, while the compliance function is headed by the Head of Compliance. The CRO is responsible for establishing an integrated risk

management framework for all aspects across the organisation. The CRO monitors risk management system and the general profile, and reports independently to the Association giving his assessment of the Association's picture. Regarding the actuarial function, it is responsible for ensuring the requirements in Solvency II regulations governing the are met. The Head of Compliance is responsible for developing and maintaining a robust effective framework for complying with internal and external regulations.

The third line of defence consists of an independent internal audit function. The audit function is outsourced and reports to the Board's Audit Committee. The internal audit function is responsible for reviewing efficiency of the Association's risk management framework.

CEO



1st Line of Defence

Risk Owners

2nd Line of Defence

Risk Management  
Actuarial  
Compliance

3rd Line of Defence

Internal Audit

BOARD OF DIRECTORS

Skuld has also established an advisory risk committee. The committee is responsible for reviewing Skuld's risk management framework and the ORSA.

The risk management department submits a monthly report to CEO and the Board, the development in calculating risk capital the main risk types, as well as the dev

<p>in overall risk profile and in risk limits. The CRO submits a report to each meeting of the Board's Risk Committee, giving an overview of Skuld's risk picture and an assessment of the risk level.</p>	<p>out to estimate the size of reinsurance recoveries. The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified, where information about the claim is available.</p>	<p>part of the exposure, but purchase reinsurance in the market to reduce the total exposure. The P&amp;I clubs have through IG established Hydra, a segregated account company, where each of the clubs have their own segregated cell, reinsuring part of the exposure in the pool. Skuld also writes other covers with very high vertical limits of cover. These covers are reinsured in the market based on a risk assessment of the desired risk level. According to instructions from Norwegian Financial Supervisory Authority (Finanstilsynet) Skuld no longer takes into account risk mitigation through Hydra when calculating solvency capital requirements (SCR).</p>	<p>default risk and liquidity risk. Skuld is these types of risk through investment. The primary purpose of the investment is to support the insurance business by providing value of insurance liabilities against fluctuations in market variables. Funds beyond this are invested to help achieve Skuld's overall goals, with a controlled downside risk.</p>
<p><b>2.3 Underwriting risk</b> Underwriting risk is the risk of a change in value due to a deviation of the actual claims payments from the expected amount of claims payments (including expenses), and consists of reserve risk, premium risk and catastrophe risk.</p>	<p><b>2.3.2 Premium risk</b> Premium risk relates to future exposures, future claims and their related expenses. Exposure arises on unexpired risk from contracts already underwritten (i.e. the "unearned" exposure) and from future underwritten contracts.</p>	<p><b>2.5 Managing underwriting risk</b> The main documents for managing underwriting risk are Skuld's underwriting policy, describing management of underwriting risk, and more detailed underwriting instructions. Skuld's reinsurance policy describes the management of the reinsurance process. Should it become necessary to reduce underwriting risk, Skuld has the option to terminate underwritten covers. Currently, Skuld has an exposure to a number of lines of business which are written on fixed basis. In case risk reduction is needed, reducing or eliminating the exposure to one or several of the lines of business on fixed basis would be a possible way to reduce total risk without affecting Skuld's core business of mutual P&amp;I.</p>	<p><b>2.6.1 Market risk</b> Market risk refers to the risk of loss or change in the financial situation resulting directly or indirectly, from fluctuations in the volatility of market prices of assets and financial instruments. Within market instruments, Skuld's main exposure is to bonds, equity, interest rate risk and currency risk. Skuld's lesser degree of exposure to spread risk, and concentration risk.</p>
<p><b>2.3.1 Reserve risk</b> Reserve risk is the risk that the current claims provisions are not sufficient to cover the development of already incurred claims and related expenses. Reserve risk reflects principally the emergence of uncertainty related to actual claims' size (for reported, but not yet settled claims, i.e. RBNS) being higher than expected, and claims incurred but not reported (IBNR) being greater than expected.</p>	<p><b>2.3.3 Catastrophe risk</b> Catastrophe risk refers to the risk of financial losses related to unlikely events with high severity (natural, economic and man-made disasters with immediate impact).</p>	<p><b>Equity risk</b> Equity risk refers to the risk that the value of an asset or liability will change due to fluctuations in the level or volatility of the market price of equities. Skuld's equity exposures are investments in international diversified companies with the majority focusing on the United States and other developed markets. There are also investments in several private equity funds, as well as hedge funds. Please refer to notes on overview of equity investments.</p>	<p>Interest rate risk and currency risk Interest rate risk refers to the risk that the</p>
<p>The cost of RBNS is estimated by a claims handler for each individual claim and is based on relevant information available from claims reports, loss adjusters, medical certificates and information about the costs of settling claims with similar characteristics in previous periods.</p>	<p><b>2.4 Risk mitigation</b> In order to mitigate underwriting risk, Skuld participates alongside the 12 other P&amp;I clubs in the International Group of P&amp;I clubs' (IG) pooling arrangement, where currently, claims above a certain retention level are pooled. The pooling agreement provides a solid market reinsurance program, and sets out how the losses in the pooling layers are distributed between the participating clubs. This enables solvency after events with extreme losses, but also in years with a high frequency of low severity claims. Thus, reinsurance is applied to ensure that underwriting risk is kept within the accepted risk appetite. The clubs in the pooling arrangement retain</p>	<p><b>2.6 Financial risk</b> Financial risk consists of market risk, counterparty</p>	<p>Interest rate risk and currency risk Interest rate risk refers to the risk that the</p>



of an asset or liability will change due to a change in term structure of interest rates or interest rate volatility. Currency risk refers to the risk that arises from changes in the level or volatility of currency exchange rates. In real economic terms, Skuld is well secured against shifts in interest rates, but shifts will have an effect in the financial statement because outstanding claims are held at nominal value and are not adjusted to net present value. This implies that increased interest rates could cause a drop in Skuld's assets while the liabilities are unchanged.

The net present value of the liabilities will have the same drop and the total effect will be limited. Surplus assets will be exposed to the same risks, as they include fixed income instruments and holdings in other currencies than USD.

The following table shows the group's interest rate sensitivity to assets as the rate increases and decreases by 0.5% and 1.0%:

A figure in USD 1,000

	Adjustments in interest rate level	Effect on profit before tax
<b>2021/22</b>	0.50%	-6 887
	1.00%	-13 734
	-0.50%	6 887
	-1.00%	13 734
<b>2020/21</b>	0.50%	-7 525
	1.00%	-15 050
	-0.50%	7 525
	-1.00%	15 050

Bonds are divided into the following duration intervals:

	0-1 month	1-3 months	3-12 months	1-3 year*	3-5 years
<b>20.02.22</b>					
Fixed Income valued at fair value	125 805	51 552	105 706	178 775	81 797
<b>20.02.21</b>					
Fixed Income valued at fair value	72 686	24 340	108 306	202 767	81 121

\* Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 78.3 million as of 20.02.22 (USD 64.5 million as of 20.02.21) with duration intervals

#### Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level or in the volatility of credit spread risk-free interest rate term structure. Increased spreads will result in a loss in fixed income instruments. An increase in the spread points (bps) would have the following effect on the market value of fixed income securities:

	20.02.22	20.02.21
Sensitivity at +100 bps	-3 144	-5 891



2.6.2 Counterparty default risk  
Counterparty default risk is the risk that a counterparty fails to meet its obligations. Bond issuers, account receivables, bank deposits and reinsurers represent important counterparty risks. The majority of bond holdings consist of highly rated issues. The average rating of bonds is AA (as defined by S&P). Minimum rating requirements are applied to reinsurers and banks, enabling efficient control of counterparty risk. Bank guarantees issued in favour of the group shall not be rated below A investment grade.

A Fig. ves i USD 1.000

20.02.22	AAA	AA	A	BBB/BB/B	Not rated
Derivates valued at fair value					0
Fixed Income valued at fair value	381.316	94.016	82.943	37.288	24.391
<b>Total financial assets valued at fair value</b>	<b>381.316</b>	<b>94.016</b>	<b>82.943</b>	<b>37.288</b>	<b>24.391</b>
Members and clients					73.971
Reinsurers			7.568		
Other debtors					2.880
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>7.568</b>	<b>0</b>	<b>76.851</b>
Cash at bank			190.397		
<b>Total cash at bank</b>	<b>0</b>	<b>0</b>	<b>190.397</b>	<b>0</b>	<b>0</b>

20.02.21	AAA	AA	A	BBB/BB/B	Not rated
Derivates valued at fair value					7.723
Fixed Income valued at fair value	402.571	21.631	62.651	18.712	6.079
<b>Total financial assets valued at fair value</b>	<b>402.571</b>	<b>21.631</b>	<b>62.651</b>	<b>18.712</b>	<b>7.802</b>
Members and clients					72.436
Reinsurers			3.716		
Other debtors					7.688
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>3.716</b>	<b>0</b>	<b>7.712</b>
Cash at bank			186.933		
<b>Total cash at bank</b>	<b>0</b>	<b>0</b>	<b>186.933</b>	<b>0</b>	<b>0</b>

\* Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 78.3 million as of 20.02.22 (USD 64.5 million as of 20.02.21) with ratings AA



Solvency capital requirements for counterparty risk are given in note 3. Refer to note 6 for bad debt accruals for members and clients. According to the Association's statutes, Skuld may terminate the entry of any vessels entered on three day's notice, where the member is in breach of his obligations in respect of the payments of premiums of other sums due to the Association.

### 2.6.3 Liquidity risk

Liquidity risk is the risk that Skuld is unable to meet payment obligations, with financing only possible at an excessive cost. This risk is controlled by placing parts of financial assets in instruments that are highly liquid. A separate portfolio containing liquid bank deposits ensures sufficient cash resources to meet Skuld's daily obligations.

The table below shows the realisation time that applies to investment assets.

A: Fig. see in USD 1,000

20.02.22	Asset	Market value	%
	Cash and Equivalents	190 397	17.6%
	Equities	226 615	21.0%
	Fixed Income*	619 954	57.4%
	Hedge Funds	14 229	1.3%
	Private Equity	6 117	0.6%
	Infrastructure	11 844	1.1%
	Strategic investments in associated companies**	10 447	1.0%
	Derivates		0.0%
	<b>Total</b>	<b>1 079 604</b>	<b>100.0%</b>

\*Hydra Skuld Cell's share of this investment is USD 63.3 million.

\*\* See note 9 for further information

20.02.21	Asset	Market value	%
	Cash and Equivalents	186 933	17.8%
	Equities	240 751	22.9%
	Fixed Income*	573 644	54.6%
	Hedge Funds	15 587	1.5%
	Private Equity	7 866	0.7%
	Infrastructure	11 174	1.1%
	Strategic investments in associated companies**	9 765	0.9%
	Derivates	4 723	0.4%
	<b>Total</b>	<b>1 050 444</b>	<b>100.0%</b>

\*Hydra Skuld Cell's share of this investment is USD 64.5 million.



Equities and fixed income investments make up the major part of the investment portfolio. Passively managed bonds can be realised within 6 business days, and passively managed equities and commodities at mid-month and month end. Hedge funds are less liquid and have monthly openings. Private Equity funds are investments where capital is committed for a longer period of time, normally around ten years. Realisation of the invested capital before the end of the agreed life cycle implies that the invested capital must be sold in a secondary market.

The below table divides fixed income instruments, debtors and bank deposits by duration.

A fig. € in USD 1,000

	0-1 month	1-3 months	3-12 months	1-3 year*	3-5 years	5 years <
<b>20.02.22</b>						
Derivates valued at fair value						
Bonds valued at fair value*	125 805	51 552	105 706	178 775	81 797	76 318
<b>Total financial assets valued at fair value</b>	<b>125 805</b>	<b>51 552</b>	<b>105 706</b>	<b>178 775</b>	<b>81 797</b>	<b>76 318</b>
Members and clients		73 971				
Reinsurers			7 568			
Other debtors		2 880				
<b>Total debtors</b>	<b>0</b>	<b>76 851</b>	<b>7 568</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash at bank	190 397					
<b>Total cash at bank</b>	<b>190 397</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>20.02.21</b>						
Derivates valued at fair value						
Bonds valued at fair value*	1 103	1 345	2 276			
	72 686	24 340	108 306	202 767	81 121	64 422
<b>Total financial assets valued at fair value</b>	<b>73 789</b>	<b>25 685</b>	<b>110 582</b>	<b>202 767</b>	<b>81 121</b>	<b>64 422</b>
Members and clients		73 436				
Reinsurers			3 716			
Other debtors		1 688				
<b>Total debtors</b>	<b>0</b>	<b>75 124</b>	<b>3 716</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash at bank	186 933					
<b>Total cash at bank</b>	<b>186 933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Bonds valued at fair value in Hydra Skuld Cell amounts to USD 63.3 million as of 20.02.22 (USD 64.5 million as of 20.02.21) with duration in 0-1 year

<p><b>2.7 Managing financial risk</b> The main risk mitigation objective concerning financial risk is to reduce the likelihood of risk materialising, and to reduce the impact, should the risk materialise.</p> <p>Total risk tolerance for market risk is described in Skuld's risk appetite statement. Investment mandates are established to respect these high-level risk limits. The investment and liquidity policy assign clear responsibilities and ensures the investment process is carried out in accordance with regulatory requirements. The investment strategy details the operationalisation of investment beliefs, policy and mandates.</p> <p>The Investment department, supported by the Risk management function, is responsible for carrying out this strategy. The composition of financial assets follows the criteria and guidelines given by the market risk limits and investment strategy. Financial assets are used both for risk mitigating purposes and for maximising expected return given the specified restrictions.</p> <p>To improve the risk/return relationship funds are invested across a large number of asset classes. The company has only passively managed instruments. Fund of fund vehicles are used to reduce manager risk in private equity.</p> <p>The majority of equity holdings are invested in passively managed index tracking funds. These funds are benchmarked against an adjusted</p>	<p>MSCI All Country World Investable Market Index. This implies a risk profile consistent with the global equity market, without overweighting specific sectors, countries or regions. The index is widely diversified, including both developed and emerging countries, small-, large- and mid-cap stocks.</p> <p>Interest and currency risk of claims liabilities are immunised by Asset Liability management (ALM) in a separate portfolio. This portfolio consists of government bonds and bills issued by low-risk states. Changes to the value of the ALM portfolio are accompanied by a corresponding revaluation of the claims liabilities' present value. Interest risk is immunised by holding the duration of the portfolio equal to the duration of the claims liabilities, while currency risk is minimised by letting the currency composition mirror that of the claims liabilities. Derivative contracts (futures and forward contracts) may be used to improve the matching.</p> <p>The main tool for managing and controlling market risk is calculating capital requirement through the standard formula. The development of capital requirement is followed at least monthly by the Risk management function. Should it become necessary to reduce market risk, Skuld has the option to change the asset allocation in the investment portfolio. Moving assets from asset classes with high risk to asset classes with low risk offers another tool to reduce total risk. An advantage with this option is that measures</p>	<p>to reduce risk can be carried out on a very short notice in the financial markets.</p> <p>Counterparty default risk is treated in the investment and liquidity process through investment and liquidity mandates, and investment and liquidity strategies. Risk limits and restrictions in these guiding documents are based on Skuld's risk appetite.</p> <p>Skuld's liquidity strategy details framework and guidelines for ensuring adequate cash management to meet liabilities in due time. The liquidity risk tolerance is set in Skuld's risk appetite statement, to minimum 3% of the total investment portfolio. Compliance with risk tolerance is monitored by ERM.</p> <p>In addition to the daily monitoring of the cash situation, a liquidity assessment describing monitoring activities and assessing the tolerance limit is prepared at least annually. A monthly mandate control covering the liquidity situation is also carried out.</p>	<p>Code of Conduct. Operational risk is controlled by active prevention. Risk business units are responsible for implementing adequate internal controls in operational processes. Executive Management enforces the necessary instructions, guidelines and procedures for managing operational risk in all material products, activities, processes and systems are in place.</p> <p>An important part in managing operational risk is a risk assessment process, carried out at least bi-annually. The risk matrices used in risk assessment process are an expression of Skuld's risk appetite regarding operational risk and reputation risk.</p> <p>CRO supports risk owners and performs based monitoring activities in order to identify deficiencies in guidelines, processes and procedures, and propose corrective operational risk, regulations require capital of risk capital. Unlike for financial risk, however, no connection between risk and actual risk level, so that risk capital can have no real control function for operational risk. Incident reporting and the follow-up incidents is on the other hand an important part for controlling operational risk. CRO is responsible for the framework for incident reporting together with Head of Compliance, for the record of all reported incidents and for actions taken to mitigate risk of recurrence.</p>
<p><b>2.8 Operational risk</b> Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems.</p> <p>The main risk mitigation objective concerning operational risk is to avoid or eliminate occurrence of risk events. Operational processes are monitored and people's behaviours and decisions are guided toward desired norms through Skuld's</p>	<p>The main tool for managing and controlling market risk is calculating capital requirement through the standard formula. The development of capital requirement is followed at least monthly by the Risk management function. Should it become necessary to reduce market risk, Skuld has the option to change the asset allocation in the investment portfolio. Moving assets from asset classes with high risk to asset classes with low risk offers another tool to reduce total risk. An advantage with this option is that measures</p>	<p>to reduce risk can be carried out on a very short notice in the financial markets.</p> <p>Counterparty default risk is treated in the investment and liquidity process through investment and liquidity mandates, and investment and liquidity strategies. Risk limits and restrictions in these guiding documents are based on Skuld's risk appetite.</p> <p>Skuld's liquidity strategy details framework and guidelines for ensuring adequate cash management to meet liabilities in due time. The liquidity risk tolerance is set in Skuld's risk appetite statement, to minimum 3% of the total investment portfolio. Compliance with risk tolerance is monitored by ERM.</p> <p>In addition to the daily monitoring of the cash situation, a liquidity assessment describing monitoring activities and assessing the tolerance limit is prepared at least annually. A monthly mandate control covering the liquidity situation is also carried out.</p>	<p>Code of Conduct. Operational risk is controlled by active prevention. Risk business units are responsible for implementing adequate internal controls in operational processes. Executive Management enforces the necessary instructions, guidelines and procedures for managing operational risk in all material products, activities, processes and systems are in place.</p> <p>An important part in managing operational risk is a risk assessment process, carried out at least bi-annually. The risk matrices used in risk assessment process are an expression of Skuld's risk appetite regarding operational risk and reputation risk.</p> <p>CRO supports risk owners and performs based monitoring activities in order to identify deficiencies in guidelines, processes and procedures, and propose corrective operational risk, regulations require capital of risk capital. Unlike for financial risk, however, no connection between risk and actual risk level, so that risk capital can have no real control function for operational risk. Incident reporting and the follow-up incidents is on the other hand an important part for controlling operational risk. CRO is responsible for the framework for incident reporting together with Head of Compliance, for the record of all reported incidents and for actions taken to mitigate risk of recurrence.</p>



**2.9 Other risk types**

Compliance risk is the risk of legal or regulatory sanctions resulting in a financial loss, or loss of reputation as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct. Reputational risk is the risk that adverse publicity regarding Skuld's business practices and associations, whether accurate or not, will cause a loss of confidence in the integrity of Skuld.

The main mitigation objective for these risk types is to avoid or eliminate occurrence.

External risks are risks arising from events outside Skuld and that are beyond its influence and control. External fraud is acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party; this includes money laundering. Political risk is any political change that alters the expected outcome and value of a given economic action by changing the probability of achieving business objectives. Regulatory risk are changes in current regulation (or imposition of new regulation) that will materially increase the cost of doing business.

The main mitigation objective for external risks is to reduce impact should risk event occur. These risks are controlled mainly by envisioning risks and evaluate severity through scenario planning and stress testing. The main risk management tool for these risks is risk assessment by executive management.

**2.9.1 Financial risks from climate change**  
Continuous growth in CO2 emissions will increase global temperatures, leading to more extreme weather and manifestations of physical risk. Given that no effective policy responses are taken, it is expected that physical risk will crystallise and start significantly impacting Skuld's portfolio from 2050 and onwards.

Authorities around the world are considering and implementing policy responses that will affect the development of emissions growth and enable the transition to a carbon neutral society. The impact of this transitional risk depends on the manner policy responses are implemented; the longer this is delayed, the more disruptive the implementation of policy responses will be. Transitional risk will affect Skuld directly and indirectly, with effects on the global economy and the shipping industry feeding through to Skuld as an insurance provider.

**2.9.2 War in Ukraine**  
The risk picture for Skuld after 20 February 2022 is characterised by the Russian/Ukraine war. The development causes grave concern, and the Board has identified a number of risks, outlined below. Mitigating actions are in place for each of these risks, and the Board is confident that they are handled appropriately.

**Financial risk**  
The current situation impacts the global economy and stability. The war in Ukraine

# The risk picture for Skuld after 20 February 2022 is characterised by the Russian/Ukraine war.

exacerbates the recent volatility in stock markets due to rising interest rates, concerns about inflation and supply-chain bottlenecks. Going forward, growth might be lower than expected. This will affect Skuld's portfolio and investment income.

**Risk of breaching sanctions**  
The European Union, United States, UK and other jurisdiction have adopted sanctions as a central part of their response to the events in Ukraine. The sanctions are very extensive and new sanctions are introduced continuously across jurisdictions with immediate effect. This makes it challenging to comply with the requirements, both for Skuld and the members.

**Risk of not receiving payments and/or not being able to pay for claims**  
A number of Russian banks and financial institutions are subject to sanctions, other restrictions and financing bans. The measures vary in nature and scope but create issues in making payments to/receiving payments from Russia. In addition, members on lawful voyages

to Russia or with Russian crew may experience issues making payments. Russian members also have issues paying premium to underwriters. This might also be issues in posting security bank guarantee issued by Skuld).

**Risk of Skuld's exposure not being covered by reinsurers**  
Skuld's reinsurers are currently in a difficult situation, with specific focus on war risks. So far, no market approach has been made, but this is expected to change.

**War Risks** are excluded under the mutual reinsurance program. War Risks are offered as part of standard or additional cover under Fixed, Offshore, Charterers and On Mutual, the International Group (ICIG) and a common excess war cover. The maximum war risk cover for up to the value of the insured cargo. Skuld's reinsurance program contains provisions where reinsurers may issue 7 days' cancellation for war risks or demand to be called into war risk zone is advanced and additional premium. Skuld's own terms and conditions for war risks states that reinsurers' except for certificates issued



Risk that adverse publicity will cause a loss of confidence in the integrity of Skuld  
 Skuld has a policy of following sanctions regulation and not beyond, and might be viewed as not doing enough, where other companies are pulling out of Russia.

Maritime Labour Convention (MLC), which can only be terminated on 30 days' notice, potentially leaving Skuld uncovered for 23 days. As MLC is meant to protect seafarers from injury, death and abandonment, this might not represent a significant exposure.

*Risk of increased claims costs due to deteriorating safety and security*  
 As there are ongoing war activities, ports and areas along Russian/Ukraine maritime border become extremely unsafe. Skuld has information on commercial vessels hit, vessels that are currently in Ukrainian ports struggling to leave/discharge, Ukrainian crew members questioned if calling Russian ports and struggling to return home at the end of their contract.

Risk of Skuld becoming victim of consequences of direct or indirect cyber attack  
 Skuld has been warned of heightened cyber risk and Skuld is closely monitoring the risk together with its IT providers. Intility do not consider that Skuld is specifically targeted but many of Skuld's customers belong to sectors that are more exposed. Skuld might therefore be indirectly exposed, e.g. through spread of malicious code beyond initial target. The threat landscape against Intility is however not significantly altered.



## Note 3 Solvency requirements

Skuld's level of capitalisation should at all times ensure reaching strategic targets within the adopted risk appetite, as well as fulfil regulatory requirements.

The Solvency Capital Requirement (SCR) is the amount of funds Skuld is required to hold in order to operate without regulatory intervention. The absolute minimum level of own funds that is required to protect policyholders is represented by the Minimum Capital Requirement (MCR).

Capital requirements are calculated based on the standard formula specified in the Solvency II regulation.

The current solvency ratio, i.e. the ratio of available own funds to SCR, calculated with the standard formula is 174%. The Board expects the solvency ratio to lie within 140% to 210%, and with a target of 175%.

Calculation of solvency ratio is based on requirements given in the regulations, which in some instances are open to interpretation. In addition, calculations per 20 February 2022 are based on the tax framework applicable to general non-life insurers.

Skuld has based the calculation of the Group's solvency ratio per 20 February 2022 on assumptions that represent the management's best judgement at the time the financial statement is prepared, and which are reviewed on an ongoing basis. Changes to interpretations of the regulations or the proposed tax framework may lead to changes in the solvency ratio.

### Solvency Capital

Skuld's eligible solvency capital includes Basic Own Funds and Ancillary Own Funds. Basic Own Funds are assets in excess of liabilities, calculated according to Solvency II principles. The main difference between the Solvency II and IFRS balance sheet is the addition of risk margin, premium provision and discounting and the exclusion of intangible assets. Skuld's Ancillary Own Funds is calculated based on Skuld's ability to levy supplementary calls on its mutual members.

Ancillary Own Funds may cover up to 50% of the solvency capital requirement.

A Fig. € in USD 1,000

CONSOLIDATED		Eligible own funds to cover SCR	
20.02.22	20.02.21		
354 933	347 020	Tier 1	
143 182	129 511	Tier 2	
<b>498 115</b>	<b>476 531</b>	<b>Total eligible own funds to meet the SCR</b>	

CONSOLIDATED		Eligible own funds to cover MCR	
20.02.22	20.02.21		
0	0	Tier 1	
354 933	347 020	Tier 2	
<b>354 933</b>	<b>347 020</b>	<b>Total eligible own funds to meet the MCR</b>	



The SCR is based on different sources of risks. The main risks for Skuld are underwriting risk and market risk. Counterparty default risk and operational risk also contribute to the capital requirement. These risks are described in note 2, "Risk Management". A diversification benefit is accounted for as all risks will not occur at the same time.

### Regulatory Minimum Capital Requirement

MCR represents the minimum level of capital required to be able to continue business. In practice, authorities would intervene long before this level is reached.

A <sup>1</sup>fig. i € i USD 1.000

	CONSOLIDATED		ASSOCIATION		ASS
	20.02.22	20.02.21	20.02.22	20.02.21	
	256 800	234 556	201 384	185 947	333 4
	138 904	128 118	152 800	139 862	87 2
	57 582	56 329	63 293	63 316	296 1
	-99 481	-92 737	-99 866	-93 573	439 9
	<b>353 804</b>	<b>326 267</b>	<b>317 611</b>	<b>295 552</b>	
	0	0	0	0	
	24 208	19 097	22 186	17 228	
	-91 648	-86 341	-84 949	-78 195	
	<b>286 364</b>	<b>259 023</b>	<b>254 848</b>	<b>234 586</b>	
	498 115	476 531	510 845	470 791	
	211 751	217 508	255 997	236 206	
	<b>173,9%</b>	<b>184,0%</b>	<b>200,5%</b>	<b>200,7%</b>	

A <sup>1</sup>fig. i € i USD 1.000

	CONSOLIDATED		ASS
	20.02.22	20.02.21	
	354 933	347 020	Total eligible own funds to meet the MCR
	108 735	103 698	MCR
	246 198	243 322	Capital surplus
	<b>326,4%</b>	<b>334,6%</b>	<b>MCR margin</b>

### Contingency Reserve

The term Contingency Reserve has in previous years been the measurement for the Association's risk-carrying ability. As part of the implementation of Solvency II, Contingency Reserve discontinued in the Norwegian regulatory framework and accounting standards in 2011 and reclassified to equity in the financial statement and to eligible capital in Solvency II. Part of the changes in Solvency II and the accounting standards, the Norwegian Ministry of Finance worked on harmonising the tax regulations with the new standards. In 2018, new tax regulations for Norwegian insurance companies were approved, but the Norwegian Ministry of Finance on separate regulation for mutual marine associations. The Association is presented in the general tax regulations for insurance companies. Regulators have indicated that effects will be reversed when new tax rules are implemented. At 20 February 2022 Contingency Reserve amounts to USD 430 million, while the corresponding figure per 20 February 2021 amounts to USD 459 million.



## Note 4 Premiums and claims

A Figures in USD 1,000

A Figures in USD 1,000

	CONSOLIDATED		ASSOCIATION		CONSOLIDATED		ASSOCIATION	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
<b>Total</b>								
Written gross premiums	430 802	405 379	428 705	403 054	136 972	122 130	Physical damage, FD&D and other	85 219
Change in unearned premium provision	-11 255	-14 540	-11 210	-15 135	-3 749	-9 418	Written gross premiums	127 999
Reinsurance premiums	-54 123	-44 736	-132 782	-102 488	-6 714	-4 205	Change in unearned premium provision	-4 076
<b>Premiums and calls for own account</b>	<b>365 425</b>	<b>346 103</b>	<b>284 713</b>	<b>285 431</b>	<b>126 509</b>	<b>108 506</b>	Reinsurance premiums	-79 248
Gross claims incurred, current policy year	422 888	273 197	412 481	261 109	64 092	40 844	<b>Premiums and calls for own account</b>	53 842
Gross claims incurred, earlier policy years	120 521	19 840	110 900	2 607	37 752	37 321	Gross claims incurred, current policy year	85 219
<b>Gross claims incurred</b>	<b>543 408</b>	<b>293 037</b>	<b>523 381</b>	<b>263 716</b>	<b>101 844</b>	<b>78 165</b>	Gross claims incurred, earlier policy years	127 999
Reinsurers' share of gross claims incurred	225 757	-8 580	264 188	20 639	1 493	0	<b>Gross claims incurred</b>	97 608
<b>Claims incurred for own account</b>	<b>317 651</b>	<b>301 617</b>	<b>259 193</b>	<b>243 078</b>	<b>100 351</b>	<b>78 165</b>	Reinsurers' share of gross claims incurred	41 826

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	2021/22	2020/21	2021/22	2020/21
<b>P&amp;I</b>				
Written gross premiums	293 830	283 250	291 539	280 448
Change in unearned premium provision	-7 505	-5 122	-7 134	-5 122
Reinsurance premiums	-47 409	-40 530	-53 534	-38 868
<b>Premiums and calls for own account P&amp;I</b>	<b>238 916</b>	<b>237 597</b>	<b>230 871</b>	<b>236 458</b>
Gross claims incurred, current policy year	358 795	232 353	327 262	225 273
Gross claims incurred, earlier policy years	82 769	-17 481	98 511	-30 405
<b>Gross claims incurred P&amp;I</b>	<b>441 564</b>	<b>214 872</b>	<b>425 772</b>	<b>194 868</b>
Reinsurers' share of gross claims incurred	224 264	-8 580	222 262	-7 559
<b>Claims incurred for own account P&amp;I</b>	<b>217 300</b>	<b>223 452</b>	<b>203 511</b>	<b>202 427</b>

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## Note 5 Technical provisions

A Figures in LUSD 1,000

CONSOLIDATED		ASSOCIATION	
2021/22	2020/21	2021/22	2020/21
690 573	688 008	620 562	632 087
98 235	75 292	94 318	74 372
226 569	122 163	224 191	112 419
-97 781	-194 891	-97 552	-198 316
<b>917 595</b>	<b>690 573</b>	<b>841 519</b>	<b>620 562</b>
322 420	160 636	390 652	216 919
<b>595 176</b>	<b>529 937</b>	<b>450 867</b>	<b>403 643</b>
75 835	72 115	75 835	72 115
Net provision for unearned premium income as at 20 February			
CONSOLIDATED		ASSOCIATION	
2021/22	2020/21	2021/22	2020/21
211 846	204 103	210 237	202 562
113 500	109 396	112 637	108 569
Gross claims - International Group of P&I Clubs			
Net claims - International Group of P&I Clubs			

### Actuarial methods

The contract with the pool and the pools reinsurers is renewed at balance date, so there is no provision for unearned premiums at the balance date.

The insurance provisions are related to claims incurred before the balance date, including provisions for both claims that are known but unsettled (RENS) and claims incurred but not yet known (IBNR). The liabilities are undiscounted, and include both allocated and unallocated loss adjustment expenses.

Computation of IBNR uses statistical methods on historical claims data, and expert judgements from actuaries. For P&I, Skuld applies the Chain Ladder method and the Bornhuetter-Ferguson method. For some products with little historical data we use a frequency-severity approach. The methods are validated periodically by computing ultimate claims costs for historical periods and measuring their ability to project the claims development.

During the first years of operation, Skuld Hull & Machinery had set aside and accumulated 7.5%

of earned premium in IBNR reserve business is as at 20 February 2022 Generalised Cape Cod model. The of the Generalised Cape Cod model material effect on the IBNR reserve

The booked premium provision is between written and earned premium is earned linearly and is booked on average duration of the group's insurabilities are 3 years.

### Reserve calculations for Solvency II

The same basic principles for claim are applied to the Solvency II claim. These are discounted using the EIC rates. The risk margin is applied, being according to Solvency II regulations

For Solvency II the premium provision computed as the future cashflow by Group and the member of customer within the contract boundaries as Solvency II regulations. Future instalments are considered as an out-



## Note 6

### Gross earned premiums and calls distributed by country

A Fig. ves in USD 1,000

Country	Premiums	%
Norway	44 679	10.6%
Nordic countries excl. Norway	26 851	6.4%
Germany	25 020	6.0%
Greece	30 137	7.2%
United Kingdom	19 811	4.7%
Rest of Europe	72 459	17.3%
USA	31 211	7.4%
Far East	102 300	24.4%
Other	67 080	16.0%
<b>Total gross earned premiums and calls</b>	<b>419 548</b>	<b>100.0%</b>
Premiums within EEA	120 672	28.8%

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### Bad debt accruals members and clients

A Fig. ves in USD 1,000

#### ASSOCIATION AND CONSOLIDATED

	2021/22
Accruals bad debt opening balance	2 112
Realised loss during the year	-947
Change accruals	762
<b>Accruals bad debt closing balance</b>	<b>1 927</b>

#### Potential losses on reinsurers

The credit risk on reinsurers are closely monitored and all reinsurers are rated by the recognition agency. All reinsurers have a strong financial position with no ratings below A-. There has not been booked any provision for potential loss on reinsurers.



## Note 7 Acquisition costs

A Figurer i USD 1,000

CONSOLIDATED	
2021/22	2020/21
19 739	21 128
38 302	35 433
1 717	1 385
<b>59 758</b>	<b>57 946</b>

Underwriting expenses  
Commission  
Other acquisition costs  
**Acquisition costs**

## Administrative expenses

A Figurer i USD 1,000

ASSOCIATION		CONSOLIDATED	
2021/22	2020/21	2021/22	2020/21
19 704	20 803	2 062	1 902
32 596	31 320	1 387	1 314
1 267	1 038	1 230	1 342
<b>53 567</b>	<b>53 161</b>	13 214	12 851
		385	238
		<b>18 277</b>	<b>17 648</b>

Facilities and services  
IT  
Operational expenses  
Personnel costs  
Other administrative expenses  
**Administrative expenses**

The Association buys services from regional offices within Skuld group. These services are for a mark-up according to local transfer pricing legislations. In the consolidated figures the mark-up is eliminated.

Other administration expenses in the Association includes reallocation of expenses to the activities within the group.

ASSOCIATION
2021/22
1 262
1 167
7 313
8 140
362
<b>18 244</b>



## Note 8 Fixed assets

A. Figures in USD 1,000

CONSOLIDATED	Software	Fixtures, cars and equipment	Real estate	Other fixed assets	Total	ASSOCIATION	Software	Fixtures, cars and equipment	Real estate	Other fixed assets
Cost at 20.02.21	8 378	8 680	1 604	161	18 823	Cost at 20.02.21	8 378	4 941	1 604	161
Purchased in the year	229	585	1 476	0	2 290	Purchased in the year	229	490	1 476	0
Sales / Scrapping in the year	0	14	220	0	234	Sales / Scrapping in the year	0	-83	220	0
Cost at 20.02.22	8 607	9 251	2 860	161	20 879	Cost at 20.02.22	8 607	5 514	2 860	161
Accumulated depreciation	7 312	7 308	0	0	14 620	Accumulated depreciation	7 312	4 141	0	0
<b>Net book value 20.02.22</b>	<b>1 294</b>	<b>1 943</b>	<b>2 860</b>	<b>161</b>	<b>6 259</b>	<b>Net book value 20.02.22</b>	<b>1 294</b>	<b>1 373</b>	<b>2 860</b>	<b>161</b>
Depreciation this year	607	1 190	0	0	1 797	Depreciation this year	607	695	0	0

Depreciation period 3 - 10 Years 7 - 15 Years  
Depreciation method Linear Linear

Skuld has offices in 10 locations. The lease period for these offices range from 1 to 10 years. Rental expenses for these offices are USD 5.3 million.

Depreciation period 3 - 10 Years 7 - 15 Years  
Depreciation method Linear Linear

Rental expenses for the Association amounts to USD 4.3 million including offices in Oslo, Bergen, Singapore, Hong Kong, London and Copenhagen.



## Note 9 Financial assets

### Classification of financial instruments into categories

A - fig. i € i USD 1.000

As of 20.02.22

As of 20.02.21

CONSolidATED

CONSolidATED

Main line	Classes of financial instruments	Fair value through profit or loss		Loans and receivables	Available for sale	Other liabilities	Main line	Classes of financial instruments	Fair value through profit or loss		Loans and receivables	Available for sale
		Held for trading	Designated						Held for trading	Designated		
Shares, mutual funds and derivatives	Equities		226 615				Shares, mutual funds and derivatives	Equities		240 751		
	Derivatives		0					Derivatives		4 723		
	Hedge funds		14 229					Hedge funds		15 587		
	Bonds		619 954					Bonds		573 644		
	Private equity				6 117			Private equity				7 366
Other debtors	Infrastructure				11 844		Other debtors	Infrastructure				11 174
Creditors	Debtors			84 420		9 754	Creditors	Debtors			78 840	
Other creditors	Other creditors					18 331	Other creditors	Other creditors				
Other assets	Other liabilities						Other creditors	Other liabilities				
	Cash at bank			180 397			Other assets	Cash at bank				186 833



A Figurer i USD 1.000

As of 20.02.21 ASSOCIATION

Main line	Classes of financial instruments	Fair value through profit or loss		Loans and receivables	Available for sale
		Held for trading	Designated		
Shares, mutual funds and derivatives	Equities		240 751		
	Derivatives		4 723		
	Hedge funds		15 587		
	Bonds		480 114		
	Private equity				7 866
	Infrastructure				11 174
Other debtors	Debtors			74 080	
Creditors	Other creditors				
Other creditors	Other liabilities				
Other assets	Cash at bank				141 943

A Figurer i USD 1.000

As of 20.02.22 ASSOCIATION

Main line	Classes of financial instruments	Fair value through profit or loss		Loans and receivables	Available for sale	Other liabilities
		Held for trading	Designated			
Shares, mutual funds and derivatives	Equities		226 615			
	Derivatives		0			
	Hedge funds		14 229			
	Bonds		515 613			
	Private equity				6 117	
	Infrastructure				11 844	
Other debtors	Debtors			84 083		8 468
Creditors	Other creditors					66 454
Other creditors	Other liabilities					
Other assets	Cash at bank					
				134 240		



## Financial instruments at fair value

The following hierarchy is used for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

A. Fig. 663 in USD 1,000

Assets measured at fair value	20.02.22	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Shares	226 615	226 615		
Bonds	619 954	619 954		
Hedge funds	14 229		14 229	
Derivatives	0		0	
<b>Available for sale financial assets</b>				
Private equity	6 117			6 117
Infrastructure	11 844			11 844
<b>Total</b>	<b>878 760</b>	<b>846 570</b>	<b>14 229</b>	<b>17 961</b>

A. Fig. 663 in USD 1,000

Assets measured at fair value	20.02.21	Level 1	Level 2
<b>Financial assets at fair value through profit or loss</b>			
Shares	240 751	240 751	
Bonds	573 644	573 644	
Hedge funds	15 587		15 587
Derivatives	4 723		4 723
<b>Available for sale financial assets</b>			
Private equity	7 866		
Infrastructure	11 174		
<b>Total</b>	<b>853 746</b>	<b>814 395</b>	<b>20 310</b>

## Årsregnskap regnskapsåret 2022 for 938419531

A description of valuation of the various levels is described in more detail in notes 1. Shares units classified as level 3 include private equity funds. Fair value for the funds are mainly reported values from the general partner. For private equity funds the general partner use cash-based models or multiples in estimating the fair value. The company does not have information about all elements of these valuations and therefore has no basis for determining alternative values for alternative assumptions. Private equity funds have invested in a number of underlying companies and this significantly reduces the uncertainty associated with value of individual fund units. There is uncertainty associated with fixed values and in the realised underlying investments there can be both profit and loss.



Reconciliation of movements in Level 3 of fair value measurements:

A. Fig. 103 in USD 1,000

	Private equity	Infrastructure
<b>20.02.22</b>		
<b>Financial assets</b>		
Opening balance	7 866	11 174
Income in the period	-41	0
Implied realisations, other than income	-81	0
Change in unrealised gains or losses	-691	671
Purchases in period	-56	0
Disposals in period	-881	0
<b>Closing balance</b>	<b>6 117</b>	<b>11 844</b>
<b>20.02.21</b>		
<b>Financial assets</b>		
Opening balance	8 390	10 400
Income in the period	-68	0
Implied realisations, other than income	68	0
Change in unrealised gains or losses	-44	774
Purchases in period	0	0
Disposals in period	-480	0
<b>Closing balance</b>	<b>7 866</b>	<b>11 174</b>



## Shares

A Fig. \*€3 in USD 1,000

	Underlying shares	Purchase Cost	Market / Book value
<b>Norwegian shares</b>			
<b>Mutual funds</b>			
	MSCI NOK Indx	261	332
	<b>Total norwegian shares</b>	<b>261</b>	<b>332</b>
<b>Other shares</b>			
<b>Mutual funds</b>			
	MSCI Argentina Indx	0	0
	MSCI ATS Indx	83	128
	MSCI AUD Indx	2 277	3 507
	MSCI BEF Indx	362	454
	MSCI BRL Indx	1 314	1 151
	MSCI CAD Indx	3 879	5 986
	MSCI CAD Small Cap Indx	672	920
	MSCI CHF Indx	2 565	5 032
	MSCI CLP Indx	205	122
	MSCI CNY Indx	7 271	7 567
	MSCI COP Indx	87	51
	MSCI CZK Indx	33	39
	MSCI DEM Indx	3 028	4 449
	MSCI DKK Indx	493	1 213
	MSCI EAFE Small Cap Indx	4 818	8 912
	MSCI EGP Indx	25	22
	MSCI Emg Mkts Small Cap Indx	2 170	3 320
	MSCI ESP Indx	1 089	1 181
	MSCI FIM Indx	267	502
	MSCI FRF Indx	3 203	5 960
	MSCI GRD Indx	88	44
	MSCI HKD Indx	904	1 527
	MSCI HUF Indx	38	63
	MSCI IDR Indx	310	341

41 Accounts

## Shares cont.

A Fig. \*€3 in USD 1,000

	Underlying Currency	Purchase Cost	Market / Book value
	MSCI IEP Indx	208	208
	MSCI INR Indx	1 757	1 757
	MSCI Israel Indx	256	256
	MSCI ITL Indx	915	915
	MSCI JPY Indx	6 631	6 631
	MSCI KRW Indx	1 820	1 820
	MSCI Kuwait Indx	122	122
	MSCI MXN Indx	488	488
	MSCI MYR Indx	370	370
	MSCI NLG Indx	941	941
	MSCI NZD Indx	74	74
	MSCI Pakistan Indx	48	48
	MSCI PEN Indx	153	153
	MSCI PHP Indx	243	243
	MSCI PLN Indx	99	99
	MSCI PTE Indx	179	179
	MSCI Qatar Indx	581	581
	MSCI RUR Indx	598	598
	MSCI Saudi Arabia Indx	1 044	1 044
	MSCI SEK Indx	476	476
	MSCI SGD Indx	353	353
	MSCI THB Indx	153	153
	MSCI TRL Indx	1 211	1 211
	MSCI TWD Indx	235	235
	MSCI UAE Indx	5 684	5 684
	MSCI UK Indx	751	751
	MSCI ZAR Indx	42 878	42 878
	US Total Market Indx	103 445	103 445
	<b>Total other shares</b>	<b>103 706</b>	<b>103 706</b>



## Bonds

A. Figur i USD 1.000

	Underlying currency	Committed Capital	Committed Capital USD	Purchase cost	Market / Book value	Underlying currency	Committed Capital	Committed Capital USD	Purchase cost
<b>Foreign bonds</b>									
Money Market Fund	USD			174 665	174 755	USD			174 665
U.S. Treasury 1-3 Year Index CTF*	USD			67 021	72 242	USD			67 021
U.S. Treasury 3-10 Year Index CTF	USD			71 525	85 006	USD			71 525
Long U.S. Treasury Index CTF	USD			1 492	2 403	USD			1 492
Treasury bonds and bills				131 020	134 704				131 020
SPDR BC Emerging Markets Local Bond ETF	EUR			5 529	3 622	EUR			5 529
SPDR BC Emerging Markets Local Bond ETF	USD			1 000	847	USD			1 000
Emerging Markets Bond Fund	USD			4 991	7 832	USD			4 991
SSgA Global Aggregate Bond Index Fund	USD			28 658	30 924	USD			28 658
Vanguard Global Aggregate Bond Fund	USD			73 026	72 147	USD			73 026
DNB Global Treasury Bond Fund	NOK			11 026	11 126	NOK			11 026
Pareto Nordic Cross Credit Fund	NOK			8 789	9 293	NOK			8 789
Alfred Berg Nordic Bond Fund	NOK			11 515	11 068	NOK			11 515
<b>Total foreign bonds</b>				<b>590 257</b>	<b>615 959</b>				<b>590 257</b>
<b>Norwegian bonds</b>									
Treasury bonds and bills				4 044	3 995				4 044
<b>Total Norwegian bonds</b>				<b>4 044</b>	<b>3 995</b>				<b>4 044</b>
<b>Total bonds</b>				<b>594 300</b>	<b>619 954</b>				<b>594 300</b>

\*Hydra Skuld Cell part of this investment is USD 78.3 million.

## Other investments

A. Figur i USD 1.000

	Underlying currency	Committed Capital	Committed Capital USD	Purchase cost
<b>Hedge funds</b>				
Nordkinn fixed income macro fund (USD)	USD			4 510
Nordkinn fixed income macro fund (NOK)	NOK			8 831
<b>Total Hedge funds</b>				<b>13 342</b>
<b>Infrastructure</b>				
JP Morgan Infrastructure Fund	USD			10 000
<b>Total infrastructure</b>				<b>10 000</b>
<b>Private equity*</b>				
Pantheon Asia Fund V LP	USD	4 000	4 000	4 000
Pantheon Europe Fund V A LP	EUR	4 500	5 457	4 995
Pantheon Europe Fund VI LP	EUR	3 000	3 638	3 124
Pantheon USA Fund VII LP	USD	9 000	9 000	8 285
Pantheon USA Fund VIII LP	USD	4 000	4 000	3 865
<b>Total Private equity</b>				<b>20 773</b>
<b>Total other investments</b>				<b>30 414</b>

\*Totally USD 170 million and EUR 7.5 million has been committed to private equity. Of this USD 111 million EUR 7.2 million has been called and paid.



Investment in associated companies - held for sale

A. Figur 63 in USD:1,000

		Share cap.	Shares	Percent	Par value	Book value
Asta Capital Ltd	London	993	67 623	28.39%	0.01	10 447
<b>Book value as of 20.02.22</b>						<b>10 447</b>

Skuld has through Skuld Investment Ltd shares in Asta Capital Limited. Skuld Investments Ltd. is 100% owned by Skuld Holding Ltd., a subsidiary of Skuld Mutual P&I Association (Bermuda) Ltd. Skuld has 2 of total 6 votes in the Board of Asta Capital Ltd. The investment has been treated as an associated company in Skuld consolidated financial statement and valued based on the equity method until the time when the investment was classified as held for sale. The investment was classified as held for sale at the end of Q1 2021.

Late 2021 the shareholders of Asta Capital Ltd. entered into a Share Purchase Agreement. The completion of the sale is subject to and conditional upon regulatory approval.

The date for the disposal is dependent on when the risk and control of the shares are transferred, and according to the signed agreement the completion date is the date when the risk and control of the shares is transferred to the buyer. The sale was not completed at 20 February 2022. Skuld will recognise the sale on the completion date. Until that date, the investment is presented as held for sale measured at carrying amount.



## Note 10 Pension

The current pension scheme is a hybrid pension scheme. A hybrid pension scheme has elements from defined contribution schemes as well as from defined benefit schemes. In the member's accumulation period, the hybrid pension scheme is similar to a defined contribution scheme, while in the member's payment period it's similar to a defined benefit scheme. The association has a commitment to pay a yearly contribution for each employee of 7% of salary up to 12 times the base amount (G), and 18.1% between 7.1G and 12G. The scheme also includes entitlement to disability and children's pensions. The retirement age is 70 years. The yearly contribution is recognised as cost within administrative expenses. Number of employees in the hybrid pension scheme per 20 February 2022 is 155.

The association in Norway also has an early retirement pension agreement with the employees (born before 1952), which will pay out 85% of the salary between 66-67 years of age (65 for directors). This is a non-funded obligation, and includes 1 employee. The association in Norway also has non-funded obligations for the President & CEO. This includes early retirement pension and pension for salaries exceeding 12G.

From 1 January 2020 SMA entered into a hybrid pension scheme with the same terms as for the association in Norway. Number of employees in the hybrid pension scheme per 20 February 2022 is 23. Skuld Marine Agency (SMA) AS had until 31 December 2019 a defined benefit scheme with a life insurance company to provide pension benefits for its employees, and currently disabled members who are not 100% disabled remained in the defined benefit scheme. The defined benefit pension scheme for SMA includes 2 pensioners.

The defined benefit pension scheme in Skuld North America Inc. only effects the net pension obligations for secured pensions, and per 28 February 2022 the scheme included 7 employees and 4 pensioners. Starting 31 December 2020 there was a plan freeze and no new employees will be added to this pension scheme.

The pension schemes for Skuld Marine Agency (SMA) AS and Skuld North America Inc. are included in the consolidated figures.

A \*fig., see in USD 1,000

### Investment profile of pension assets in Storebrand Livsforsikring AS:

	31.12.18	31.12.19	31.12.20
Shares	15.4%	14.8%	11.0%
Notes and money market	17.9%	19.5%	20.3%
Bonds	35.7%	36.4%	33.6%
Real estate	13.7%	13.4%	15.6%
Loan		14.7%	19.6%
Other	1.2%	1.2%	0.6%

### Value adjusted capital return in Storebrand Livsforsikring AS:

	31.12.18	31.12.19	31.12.20
			4%
	2.0%	6.1%	4%



A Fig. 466 in USD 1,000

	CONSOLIDATED		ASSOCIATION	
	20.02.22	20.02.21	20.02.22	20.02.21
<b>Net pension costs</b>				
<b>Defined benefit pension plan:</b>				
Current service cost	373	274	326	231
Net interest expense / (income)	91	74	96	79
Social Security Tax (SST)	81	59	81	59
Administration Cost	2	2	0	0
Past service cost	0	389	0	389
Remeasurements	0	0	0	0
Net benefit pension costs (income)	546	798	503	758
Contribution pension plan cost	3 897	3 736	2 723	2 115
Other costs related to closing of defined benefit pension plan	0	0	0	0
<b>Total pension costs charged to the income statement for the year</b>	<b>4 443</b>	<b>4 534</b>	<b>3 227</b>	<b>2 874</b>
Changes in pension assumptions charged to Other results components	-182	103	12	-1 399
<b>Secured Pensions</b>				
Estimated pension obligations	2 529	3 836	0	4
Pension plan assets (at market value)	-620	-1 925	-29	0
Social Security Tax (SST)	0	0	0	0
Unrecognised past service cost	0	0	0	0
Unrecognised effects of actuarial gains/losses	0	0	0	0
<b>Net pension obligations</b>	<b>1 910</b>	<b>1 911</b>	<b>-29</b>	<b>4</b>



	CONSOLIDATED		ASSOCIATION	
	20.02.22	20.02.21	20.02.22	20.02.21
<b>Unsecured Pensions</b>				
Estimated pension obligations	5 885	5 845	5 885	5 845
Pension plan assets (at market value)	0	0	0	0
Social Security Tax (SST)	1 124	1 116	1 124	1 116
Unrecognised effects of actuarial gains/losses	0	0	0	0
<b>Net pension obligations</b>	<b>7 009</b>	<b>6 962</b>	<b>7 009</b>	<b>6 962</b>
Net pension assets	-105	-256	-29	0
Net pension obligations	9 024	9 128	7 009	6 966
<b>Net pension obligations</b>	<b>8 919</b>	<b>8 872</b>	<b>6 980</b>	<b>6 966</b>
<b>Assumptions used to determine benefit obligation</b>	<b>20.02.22</b>	<b>20.02.21</b>	<b>20.02.22</b>	<b>20.02.21</b>
Discount rate	1.90%	1.70%	1.90%	1.70%
Wage growth	2.75%	2.25%	2.75%	2.25%
Yearly increase in pension payments	0 % / 1.50%	0 % / 1.50%	0 % / 1.50%	0 % / 2.50%
Yearly increase in G	2.50%	2.00%	2.50%	2.00%
Yield on pension assets	1.90%	1.70%	1.90%	1.70%
Average turnover members over/under 40 years old	0.00%			
Industry tariff basis of mortality prepared by Finansnærings Fellesorganisasjon	0-8%	0-8%	0-8%	0-8%
	K2013/KU	K2013/KU	K2013/KU	K2013/KU

The table below shows an estimate of the potential effects in benefit pension obligation of changes in the key assumptions for the defined benefit plans in Norway.

	Discount rate	Future wage growth	Social security base amount	Annual adjustment to pensions
<b>Benefit pension obligation (change in %)</b>				
Discount rate	1.90%	2.75%	2.50%	0.00%
Wage growth	-10.40%	0.00%	0.00%	12.10%
Yearly increase in pension payments	11.90%	0.00%	0.00%	0.00%



## Note 11 Taxes

A Fig. 68 INLUSD 1.000

### CONSOLIDATED

	20.02.22	20.02.21	20.02.22	20.02.21	20.02.22	20.02.21
<b>Tax expense</b>						
Withholding tax/branch taxation	-950	1 130				
Tax payable	5 352	4 629				
Change in tax estimate last year	2	0				
Change in deferred tax	-13 727	89				
Tax payable in subsidiaries	-556	2 076				
Exchange rate differences	-7 278	11 553				
<b>Tax expense</b>	<b>-17 158</b>	<b>19 478</b>				

### Specification of tax effects resulting from temporary differences:

	20.02.22	20.02.21	20.02.22	20.02.21
	Asset	Liability	Asset	Liability
Non-current assets	55			
Bad debt accruals	1 927			
Pensions	9 178			
Gains and losses		254		
Other temporary differences	3 575			
Contingency reserve		237 448		
Financial assets		143 437		
Accumulated deficit	0			
<b>Total</b>	<b>14 734</b>	<b>381 138</b>	<b>15 094</b>	<b>15 094</b>
Deferred tax asset (liability)		-91 648		
Total deferred tax liability balance sheet		-91 648		



A Fig. 66 INLSD.1.000

**ASSOCIATION**

	20.02.22	20.02.21	20.02.22	20.02.21	20.02.22	20.02.21
			Specification of tax effects resulting from temporary differences:	Asset	Liability	Asset
<b>Tax expense</b>						
Withholding tax/branch taxation	-948	1 130	Non-current assets		86	83
Tax payable	5 352	4 629	Bad debt accruals	1 927		2 112
Change in tax estimate last year	2	0	Pensions	7 009		6 962
Change in deferred tax	-14 734	2 097	Gains and losses		254	
Exchange rate differences	-7 280	11 553	Other temporary differences		0	
<b>Tax expense</b>	<b>-17 608</b>	<b>19 409</b>	Contingency reserve		237 448	
			Financial assets		143 437	
<b>Tax base calculation</b>			Accumulated deficit	0		0
Profit before income tax	-47 879	43 123	<b>Total</b>	<b>8 936</b>	<b>381 224</b>	<b>9 157</b>
Permanent differences	23 417	-56 798	Deferred tax asset (liability)		-93 072	
Difference in estimated tax previous years	386	-1 929	Total deferred tax liability balance sheet		-93 072	
Change in accumulated deficit	0	0				
Change in temporary differences	39 175	43 308				
Exchange rate differences	2 170	-4 864				
<b>Tax base</b>	<b>17 269</b>	<b>22 841</b>				
			<b>Specification of tax expense</b>		<b>20.02.22</b>	
			25% tax on profit before tax		-11 970	
			Tax effect from permanent differences		5 854	
			Changes in deferred tax		-6 805	
			Difference in estimated tax previous years		96	
			Currency effect		-4 784	
			<b>Tax expense for the period</b>		<b>-17 608</b>	

The Association has disputed the taxation of historical contingency reserve in 2018/19 and 2019/20 tax papers and the payment of tax payable related to this is put on hold



## Note 12 Off-balance sheet items

### Guarantees

Bank Guarantees and "Club Letter of Guarantees" amounting in total to USD 829.9 million have been issued to claimants in connection with claims, of which the latter makes up by far the greater part. The face value of these guarantees greatly exceeds the expected payments from the related claims. The expected payments from these claims are fully covered in the provisions made for outstanding claims.



## Note 13 Salaries and other administrative expenses

A Fig. 66 INLUSD

	Board remuneration	Salary	Bonus	Benefits in kind	Pension cost	Total remuneration
<b>Executive Management</b>						
Ståle Hansen (President and CEO)		979 043	497 346	45 431	442 440	1 964 260
Kristian Dekke Løberg (Chief Financial Officer)		359 919	109 718	29 499	53 168	552 303
Lars Dueled (Chief Underwriting Officer)		356 186	88 394	32 533	103 124	580 237
Trude S. Husebø (Chief Human Resources Officer)		286 901	81 307	30 115	50 843	449 167
Hilde Søbstad Løvskar (Chief Legal Officer)		206 858	23 941	28 175	35 296	294 271
Gregory Thomas (Chief Business Development Officer)		329 043	80 237	46 947	54 096	510 323
Alem Jasarevic (Chief Operating Officer)		214 889	52 267	26 950	34 960	329 166
Mattias Hedqvist (Chief Claims Officer)		274 240	66 916	28 495	46 920	416 571
<b>Members of the Board</b>						
Klaus Kjørulff (Chairman)	62 000					62 000
Martin Larsen (Member)	27 500					27 500
Ann-Marie Åström (Member)	25 000					25 000
Catherine Cheung (Member)	25 000					25 000
Terje HJ Michelsen (Member)	27 500					27 500
Peter Bløcher (Employee representative)	25 000					25 000
Daria Avdeeva (Employee representative)	25 000					25 000
<b>Total remuneration</b>	<b>217 000</b>	<b>3 007 179</b>	<b>1 000 127</b>	<b>268 145</b>	<b>820 848</b>	<b>5 313 299</b>



Regulation on remuneration schemes in financial institutions, established by the Ministry of Finance 1 December 2010, states that the company shall make public information on the main principles for determination of remuneration, criteria for determination of variable remuneration, as well as quantitative information on remuneration of Executive management, employees with responsibilities of particular significance for the company's risk exposure, and employees with supervisory responsibilities and elected representatives with corresponding remuneration.

Corporate guidelines for remunerations in Skuld apply to remunerations for all employees. The guidelines determine that total remunerations shall be given based on an overall assessment of the group's results as well as the unit's and each employee's contribution. Remuneration shall be designed in such a way that it does not contribute to cause Skuld unwanted risk. The remuneration shall be competitive, but at the same time cost-effective for Skuld. The guidelines also determine that monetary remuneration shall consist of a basic salary as well as a variable portion where appropriate. The basic salary shall be remuneration for the responsibility, demands and complexity associated with the position, while variable salary shall encourage additional performance and desired behaviour. The scheme is designed in accordance with Skuld's Reward and Recognition policy and general guidelines adopted by the Board's remuneration committee. The President and CEO has the overall responsibility for Skuld's scheme in accordance with the prevailing guidelines. The corporate guidelines for variable remuneration shall ensure that Skuld's schemes prevent excessive risk-taking as well as achieve and maintain an adequate and robust solvency ratio and long-term profitability. The scheme shall support Skuld's strategy and interest and ensure compliance with Skuld defined risk appetite.

For employees subject to regulations on remuneration, a minimum of 50 per cent of the accrued variable remuneration is divided into 3 parts with a holding period (deferred and conditional) with 1/3 each year over three years. The deferred and conditional payment will follow the provisions of the remuneration regulation. Total deferred bonus for employees subject to regulations on remuneration is USD 847,421.

Total remuneration for the Committee, Audit-, Election-, Risk- and Remuneration Committee is USD 204,900.

Number of employees in the Group as of 20 February 2022 was 299.

**Auditor's remuneration**

	2021/22		2020/21	
	Consolidated	Association	Consolidated	Association
Audit fee	467 256	334 302	339 910	216 505
Further assurance services	0	0		
Other services	9 638	3 851		
Tax services	37 931	13 646		

All amounts exclusive VAT.



## Note 14

Mortgages and other loans to employees,  
board and other

A Figurer i USD 1.000

Loans to Executive Management:	20.02.22
Ståle Hansen (President and CEO)	214
Kristian Dekke Løberg (Chief Financial Officer)	57
Lars Dueled (Chief Underwriting Officer)	40
Trude S. Husebø (Chief Human Resources Officer)	37
Gregory Thomas (Chief Business Development Officer)	35
Alem Jasarevic (Chief Operating Officer)	23
Mattias Hedqvist (Chief Claims Officer)	30
Hilde Søbstad Løvskar (Chief Legal Officer)	15
<b>Total</b>	<b>452</b>
Other loans to employees	0

There are no other loan or guarantee issued to member of the board, control committee or other bodies.

## Conditions:

Interest rate: Norwegian authorities minimum tax free interest rate  
 Term: Max 3 years  
 Collateral: Withheld granted bonus payment

53 Accounts

## Note 15

## Intercompany accounts and transactions

A Figurer i USD 1.000

	ASSOCIATION		Interest
	Receivables	Payables	
	20.02.22	20.02.21	20.02.22
Intercompany accounts	47 205	47 035	11 111
		<b>Sales</b>	
	<b>2021/22</b>	<b>2020/21</b>	<b>2021/22</b>
Skuld Hellas Ltd	1 629	1 179	
Skuld Far East Ltd	5 241	5 214	
Skuld Germany GmbH	3 178	3 090	
Skuld North America Inc	4 504	5 126	-1
Skuld Services Ltd	7 055	6 227	
Skuld Marine Agency (SMA) AS	2 775	3 013	
Skuld I Ltd and Skuld II Ltd			1172
Skuld Investment Ltd			1172
<b>Intercompany transactions</b>	<b>24 381</b>	<b>23 850</b>	



## Note 16

### Cash and bank holdings

Part of Skuld's cash holdings are restricted funds to cover employers' tax and future claim payments.

A <sup>4</sup>fig. -es in LuSD 1,000

20.02.22  
50 486  
50 644

Association  
Consolidated

## Note 17

### Subsequent events

#### War in Ukraine

The war in Ukraine started shortly after the 20 February 2022, causing governments from the globe to impose multiple sanctions with immediate effect. Skuld follows laws and regulations regarding sanctions and have after 20 February 2022 terminated cover where required.

Skuld's total premiums and calls with Russian nexus corresponds to about 3% to 4% of gross premiums and calls for financial year 2022/23. If Skuld would be required to terminate covers with Russian nexus during 2022/23, projected solvency ratio at 20 February 2023 to be 1. to 2 percentage points lower than previously expected, all else being equal.



# Auditor's report



To the General Meeting of Assuranceforeningen Skuld (Gjensidig)

### Independent Auditor's Report

#### Opinion

We have audited the financial statements of Assuranceforeningen Skuld (Gjensidig), which comprise:

- The financial statements of the parent company Assuranceforeningen Skuld (Gjensidig) (the Association), which comprise the statement of financial position as at 20 February 2022, the income statement and cash flow statement and changes of equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Assuranceforeningen Skuld (Gjensidig) and its subsidiaries (the Group) which comprise the statement of financial position as at 20 February 2022, the income statement and cash flow statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Association as at 20 February 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 20 February 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (657/2004) Article 51, have been provided.

We have been the auditor of the Association for 2 years from the election by the general meeting of the shareholders on 3 September 2020 for the accounting year 2020/21.

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Statsautorisert revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

#### How our audit addressed the Key Audit Matter

The estimation of the gross provision for outstanding claims liabilities involved management using a significant degree of judgement. The liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date 20 February 2022, whether reported or not, together with the Unallocated Loss Adjustment Expenses (ULAE).

A range of methods, including statistical models, were used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

We focused on this area because of management's use of judgement and the inherent complexities necessary to determine the provision for gross outstanding claims.

See note 1.8 and note 5 where management explain their processes for calculating the provisions, methodology and the assumptions applied.

We assessed the calculation of the gross provision for outstanding claims by performing among others the following procedures:

- understood and tested both the governance process and internal controls that determined the provisions for gross outstanding claims,
- tested the underlying data to source documentation on a sample basis,
- used our actuarial specialist team members, applied our industry knowledge and experience to compare the methodology, models and assumptions used against recognised actuarial practices,
- used our actuarial specialist team members to independently estimate the reserves on selected classes of business, particularly focusing on the largest and most uncertain reserves. For these classes we compared our estimates of reserves to those booked by management, and sought to understand any significant differences,
- for the remaining classes we evaluated the methodology and assumptions applied, and compared the historical loss developments to reported provisions to discover any abnormality in the applied methodology, and
- assessed the disclosures in the financial statements.

We read the relevant notes and assessed them to be in line with the requirements. No matters of consequence arose from the procedures above.



### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(3)



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 5 May 2023

PricewaterhouseCoopers AS

Erik Andersen

State Authorised Public Accountant



Rest assured.