



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode:	21.02.2022 - 20.02.2023
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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:	Morten Rolstad
Dato for fastsettelse av årsregnskapet:	11.05.2023

### Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

*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, 23.10.2024



### Resultatregnskap

Beløp i: USD	Note	2023	2022
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	6	475 827 000	417 496 000
Gjenforsikringsandel av opptjente bruttopremier		165 430 000	132 782 000
<b>Sum premieinntekter for egen regning</b>	4	<b>310 397 000</b>	<b>284 714 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader		539 703 000	523 381 000
Gjenforsikringsandel av brutto erstatningskostnader		308 980 000	264 188 000
<b>Sum erstatningskostnader for egen regning</b>	4,5	<b>230 723 000</b>	<b>259 193 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader	7	63 431 000	53 567 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for 7,13 mottatt gjenforsikring		20 211 000	18 244 000
<b>Sum forsikringsrelaterte driftskostnader</b>		<b>83 642 000</b>	<b>71 811 000</b>
Andre forsikringsrelaterte driftskostnader			
<b>Resultat av teknisk regnskap</b>		<b>-3 968 000</b>	<b>-46 290 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Renteinntekt og utbytte m.v. på finansielle eiendeler		14 813 000	5 965 000
Verdiendringer på investeringer		-81 359 000	-27 583 000
Realisert gevinst og tap på investeringer		33 537 000	20 390 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		1 166 000	1 058 000
<b>Sum netto inntekter fra investeringer</b>		<b>-34 175 000</b>	<b>-2 286 000</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>-34 175 000</b>	<b>-2 286 000</b>
<b>Resultat før skattekostnad</b>		<b>-38 143 000</b>	<b>-48 576 000</b>
Skattekostnad	11	-21 577 000	-17 608 000
<b>Resultat før andre inntekter og kostnader</b>		<b>-16 566 000</b>	<b>-30 968 000</b>



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Estimatendringer knyttet til ytelsesbaserte pensjonsordninger	10	-931 000	12 000
Øvrige andre inntekter og kostnader		-1 263 000	671 000
Skatt på andre inntekter og kostnader som kan bli omklassifisert	11	-667 000	
<b>Totalresultat</b>		<b>-18 093 000</b>	<b>-30 285 000</b>



## Balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
Andre immaterielle eiendeler	8	2 034 000	
<b>Sum immaterielle eiendeler</b>		<b>2 034 000</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	19 362 000	47 021 000
Fordringer på og verdipapirer utstedt av datterforetak, tilknyttede foretak og felleskontr. foretak	15	5 911 000	47 205 000
<b>Datterforetak, tilknyttede foretak og felleskontrollerte foretak</b>		<b>25 273 000</b>	<b>94 226 000</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)	2,9	212 105 000	226 615 000
Rentebærende verdipapirer	2,9	516 122 000	515 613 000
Andre finansielle eiendeler	2,9	29 610 000	32 190 000
<b>Finansielle eiendeler som måles til virkelig verdi</b>		<b>757 837 000</b>	<b>774 418 000</b>
<b>Sum investeringer</b>		<b>783 110 000</b>	<b>868 644 000</b>
<b>Gjenforsikringsandel av brutto forsikringsforpliktelse</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie			
Gjenforsikringsandel av brutto erstatningsavsetning		567 675 000	390 652 000
<b>Sum gjenforsikringsandel av brutto forsikringsforpliktelse</b>		<b>567 675 000</b>	<b>390 652 000</b>
<b>Fordringer</b>			
Forsikringstakere		80 190 000	73 971 000
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>80 190 000</b>	<b>73 971 000</b>
Fordringer i forbindelse med gjenforsikring		31 272 000	7 523 000
Andre fordringer		4 059 000	2 589 000
<b>Sum fordringer</b>	3	<b>115 521 000</b>	<b>84 083 000</b>
<b>Andre eiendeler</b>			
Anlegg og utstyr	8	3 783 000	5 689 000
Kasse, bank	3,16	160 312 000	134 240 000
<b>Sum andre eiendeler</b>		<b>164 095 000</b>	<b>139 929 000</b>



## Balanse

Beløp i: USD	Note	2023	2022
Forskuddsbetalte direkte salgskostnader		11 507 000	10 061 000
Andre forskuddsbetalte kostnader og opptjente ikke mottatte inntekter		13 310 000	11 263 000
<b>Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter</b>		<b>24 817 000</b>	<b>21 324 000</b>
<b>SUM EIENDELER</b>		<b>1 657 252 000</b>	<b>1 504 632 000</b>
<b>EGENKAPITAL OG FORPLIKTELSER</b>			
<b>Innskutt egenkapital</b>			
<b>Selskapskapital</b>		<b>0</b>	<b>0</b>
Annen innskutt egenkapital		374 211 000	394 232 000
<b>Sum innskutt egenkapital</b>		<b>374 211 000</b>	<b>394 232 000</b>
<b>Opptjent egenkapital</b>			
<b>Fond m.v.</b>			
<b>Sum opptjent egenkapital</b>		<b>0</b>	<b>0</b>
<b>Sum egenkapital</b>		<b>374 211 000</b>	<b>394 232 000</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		84 403 000	75 835 000
Brutto erstatningsavsetning		1 022 686 000	841 519 000
<b>Sum brutto forsikringsforpliktelser</b>	5	<b>1 107 089 000</b>	<b>917 354 000</b>
<b>Avsetninger for forpliktelser</b>			
Pensjonsforpliktelser o.l.	10	8 108 000	6 980 000
<b>Forpliktelser ved skatt</b>			
Forpliktelser ved periodeskatt	11	29 405 000	16 794 000
Forpliktelser ved utsatt skatt	11	52 982 000	93 072 000
<b>Sum avsetninger for forpliktelser</b>		<b>90 495 000</b>	<b>116 846 000</b>
Forpliktelser i forbindelse med direkte forsikring		14 974 000	11 725 000
Forpliktelser i forbindelse med gjenforsikring		46 731 000	43 618 000
Finansielle derivater		918 000	



## Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
Andre forpliktelser	15	16 543 000	19 579 000
<b>Sum forpliktelser</b>		<b>79 166 000</b>	<b>74 922 000</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Mottatte, ikke opptjente leieinntekter		6 289 000	1 251 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>6 289 000</b>	<b>1 251 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>1 657 250 000</b>	<b>1 504 605 000</b>



### Konsernets resultatregnskap

Beløp i: USD	Note	2023	2022
<b>TEKNISK REGNSKAP FOR SKADEFORSIKRING</b>			
Opptjente bruttopremier	6	478 125 000	419 548 000
Gjenforsikringsandel av opptjente bruttopremier		86 124 000	54 123 000
<b>Sum premieinntekter for egen regning</b>	4	<b>392 001 000</b>	<b>365 425 000</b>
<b>Erstatningskostnader</b>			
Brutto erstatningskostnader		564 421 000	543 408 000
Gjenforsikringsandel av brutto erstatningskostnader		277 181 000	225 757 000
<b>Sum erstatningskostnader for egen regning</b>	4,5	<b>287 240 000</b>	<b>317 651 000</b>
<b>Forsikringsrelaterte driftskostnader</b>			
Salgskostnader	7	69 540 000	59 758 000
Forsikringsrelaterte administrasjonskostnader inkl. provisjoner for 7,13 mottatt gjenforsikring		20 207 000	18 277 000
<b>Sum forsikringsrelaterte driftskostnader</b>		<b>89 747 000</b>	<b>78 035 000</b>
Andre forsikringsrelaterte driftskostnader			
<b>Resultat av teknisk regnskap</b>		<b>15 014 000</b>	<b>-30 261 000</b>
<b>IKKE-TEKNISK REGNSKAP</b>			
<b>Netto Inntekter fra investeringer</b>			
Inntekter fra investeringer i datterforetak, tilknyttede foretak og felleskontrollerte foretak	9	30 456 000	981 000
Renteinntekt og utbytte m.v. på finansielle eiendeler		15 247 000	5 745 000
Verdiendringer på investeringer		-81 531 000	-28 773 000
Realisert gevinst og tap på investeringer		34 163 000	21 294 000
Administrasjonskostnader knyttet til investeringer, herunder rentekostnader		1 158 000	1 099 000
<b>Sum netto inntekter fra investeringer</b>		<b>-2 823 000</b>	<b>-1 852 000</b>
<b>Resultat av ikke-teknisk regnskap</b>		<b>-2 823 000</b>	<b>-1 852 000</b>
<b>Resultat før skattekostnad</b>		<b>12 191 000</b>	<b>-32 113 000</b>
Skattekostnad	11	-21 241 000	-17 158 000



## Konsernets resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Resultat før andre inntekter og kostnader</b>		<b>33 432 000</b>	<b>-14 955 000</b>
Estimatendringer knyttet til ytelsesbaserte pensjonsordninger	10	567 000	-182 000
Øvrige andre inntekter og kostnader		-2 352 000	470 000
Skatt på andre inntekter og kostnader som kan bli omklassifisert		-178 000	
<b>Totalresultat</b>		<b>31 825 000</b>	<b>-14 667 000</b>



### Konsernets balanse

Beløp i: USD	Note	2023	2022
<b>BALANSE - EIENDELER</b>			
<b>Immaterielle eiendeler</b>			
Andre immaterielle eiendeler	8	2 034 000	
<b>Sum immaterielle eiendeler</b>		<b>2 034 000</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	20 000	10 447 000
<b>Datterforetak, tilknyttede foretak og felleskontrollerte foretak</b>		<b>20 000</b>	<b>10 447 000</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)	2,9	212 105 000	226 615 000
Rentebærende verdipapirer	2,9	670 947 000	619 954 000
Andre finansielle eiendeler	2,9	29 610 000	32 191 000
<b>Finansielle eiendeler som måles til virkelig verdi</b>		<b>912 662 000</b>	<b>878 760 000</b>
<b>Sum investeringer</b>		<b>912 682 000</b>	<b>889 207 000</b>
<b>Gjenforsikringsandel av brutto forsikringsforpliktelser</b>			
Gjenforsikringsandel av ikke opptjent bruttopremie			
Gjenforsikringsandel av brutto erstatningsavsetning		499 184 000	322 420 000
<b>Sum gjenforsikringsandel av brutto forsikringsforpliktelser</b>		<b>499 184 000</b>	<b>322 420 000</b>
<b>Fordringer</b>			
Forsikringstakere		80 326 000	73 971 000
<b>Fordringer i forbindelse med direkte forretninger</b>		<b>80 326 000</b>	<b>73 971 000</b>
Fordringer i forbindelse med gjenforsikring		31 272 000	7 568 000
Andre fordringer		4 986 000	2 880 000
<b>Sum fordringer</b>	3	<b>116 584 000</b>	<b>84 419 000</b>
<b>Andre eiendeler</b>			
Anlegg og utstyr	8	4 174 000	6 259 000
Kasse, bank	3,16	176 822 000	190 397 000
<b>Sum andre eiendeler</b>		<b>180 996 000</b>	<b>196 656 000</b>
Forskuddsbetalte direkte salgskostnader		11 523 000	10 061 000
Andre forskuddsbetalte kostnader og opptjente ikke mottatte		13 973 000	8 940 000



### Konsernets balanse

Beløp i: USD	Note	2023	2022
inntekter			
<b>Sum forskuddsbetalte kostnader og opptjente ikke mottatte inntekter</b>		<b>25 496 000</b>	<b>19 001 000</b>
<b>SUM EIENDELER</b>		<b>1 736 976 000</b>	<b>1 511 703 000</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		401 205 000	370 701 000
<b>Sum opptjent egenkapital</b>		<b>401 205 000</b>	<b>370 701 000</b>
<b>Sum egenkapital</b>		<b>401 205 000</b>	<b>370 701 000</b>
<b>Sum ansvarlig lånekapital m.v.</b>		<b>0</b>	<b>0</b>
<b>Brutto forsikringsforpliktelser</b>			
Avsetning for ikke opptjent bruttopremie		84 539 000	75 835 000
Brutto erstatningsavsetning		1 107 176 000	917 595 000
<b>Sum brutto forsikringsforpliktelser</b>	5	<b>1 191 715 000</b>	<b>993 430 000</b>
<b>Avsetninger for forpliktelser</b>			
Pensjonsforpliktelser o.l.	10	8 712 000	8 919 000
<b>Forpliktelser ved skatt</b>			
Forpliktelser ved periodeskatt	11	29 503 000	16 904 000
Forpliktelser ved utsatt skatt	11	52 781 000	91 648 000
<b>Sum avsetninger for forpliktelser</b>		<b>90 996 000</b>	<b>117 471 000</b>
Forpliktelser i forbindelse med direkte forsikring		14 974 000	11 725 000
Forpliktelser i forbindelse med gjenforsikring		19 792 000	6 606 000
Finansielle derivater	2,9	918 000	
Andre forpliktelser		10 460 000	9 754 000
<b>Sum forpliktelser</b>		<b>46 144 000</b>	<b>28 085 000</b>



## Konsernets balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>Påløpte kostnader og mottatte ikke opptjente inntekter</b>			
Andre påløpte kostnader og mottatte ikke opptjente inntekter		6 916 000	2 015 000
<b>Sum påløpte kostnader og mottatte ikke opptjente inntekter</b>		<b>6 916 000</b>	<b>2 015 000</b>
<b>SUM EGENKAPITAL OG FORPLIKTELSER</b>		<b>1 736 976 000</b>	<b>1 511 702 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Betingede forpliktelser	12	857 400 000	829 862 000



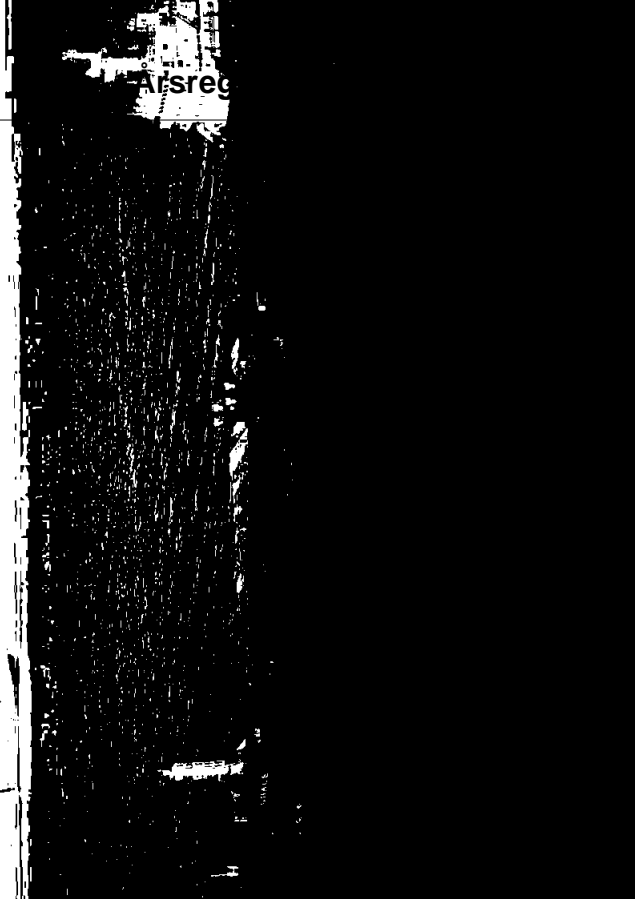
# Consolidated Financial Statements 2022/23

Accounts 21.02.2022-20.02.2023



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Directors' report





## Directors' report

### Assuranceforeningen Skuld (Gjensidig) 2022/23

Assuranceforeningen Skuld (Gjensidig) ("the Association"), was established in Oslo in 1897 as a Protection & Indemnity (P&I) insurance company 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 worldwide.

The Association offers bespoke P&I and physical damage covers. The P&I covers offered include the 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 protecting 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, Copenhagen and Tokyo (opened in 2022). In addition, the Association has 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, whereas Bermuda Association retains 1% of risk on most P&I policies. During the financial year the Association has completed the merger with the subsidiary Skuld Marine Agency (SMA).

The number of votes per member are determined on the basis of total gross tonnage entered with the Association and Estimated Total Call. No member currently 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 pooling reinsurance arrangement.

#### Environment

Sustainability is one of Skuld's strategic initiatives and Skuld is running a programme which includes development targets and activities within relevant Skuld areas. The programme is supported by Skuld's Board and management and is integrated in all core business processes.

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 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. Skuld has taken significant measures to reduce its carbon footprint in the last years. These measures

include implementing more sustainable practices and adopting new standards.

Skuld is aware of its activities affecting external environment, and reports on carbon footprint based on travel activities, electricity consumption and waste. Skuld addresses sustainability towards stakeholders where applicable and a its procurement procedure for screening vendors. Skuld insures vessels that reduce its carbon footprint by applying modern technology such as LNG and technological advancements.

#### Governance

##### Corporate governance

Skuld's Board and management are to maintaining high ethical standards contributing to good corporate governance that is in line with regulatory requirements in all jurisdictions in which Skuld operates. Skuld aims for an open and transparent communication with internal and external stakeholders and regularly publishes information that is relevant to members, brokers, staff members or other stakeholders.



**Anti-corruption, anti-money-laundering and counter-terrorism financing**  
Skuld is firmly opposed to bribery and corruption in all forms and is committed to conducting business in a manner that has a sustainable and positive impact on the community. Skuld has implemented detailed internal instructions regarding employees' conflicts of interest, relationships to customers, brokers and suppliers, gifts and hospitality, money-laundering and terrorism financing. Skuld's expectations to its employees are summarised in its Code of Conduct, with the aim to promote high standards of good business practice.

To further Skuld's anti-corruption efforts in 2022, all of Skuld's operations and the central documents setting forth the global framework countering bribery and corruption has been assessed and revised. The framework articulates the required procedures in central areas including risk assessments, training, controls, and reporting.

Skuld has also committed to contribute to the collective action to tackle corruption in the maritime industry by partnering with the Maritime Anti-Corruption Network ("MACN"). MACN is comprised of like-minded companies dedicated to promoting compliance with anti-corruption laws and the elimination of corrupt practises.

In 2022, Skuld applied a new, risk-based, system for Customer Due Diligence integrated with Skuld's insurance systems to streamline identification and assessment of potential money laundering, terrorism financing, and sanctions risks faced by Skuld's underwriting portfolio. A new – tailor-made for Skuld – training program on money-laundering and bribery has been rolled out to all employees in 2022. A dedicated Anti-Financial Crime Officer started in 2022 and the work of building efficient due diligence measures and controls continues.

**Human rights and employment conditions**  
Skuld is committed to respecting and promoting human rights and decent working conditions and transparency. As a global business, this includes a focus on respecting human rights in our own business, as well as in our supply chain and with our business partners. Skuld also has a zero-tolerance approach to modern slavery, and we are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains. 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.

A new – tailor-made for Skuld – training program on money-laundering and bribery has been rolled out to all employees in 2022.

Further information about what Skuld has done to comply with the Norwegian Transparency Act, is published in Annual Review 2022/23 on Skuld's website.

**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. Further, each of Skuld's branches is subject to separate supervision by local supervisory authorities.

**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**  
"Inclusive and diverse culture" is one of Skuld's strategic objectives approved by the Board and implemented by the Executive Management. In 2022 Skuld have worked systematically to ensure diverse and non-discrimination through clear processes within recruitment, salary compensation, promotion and opportunities for development, adjustments for in needs, harassment and non-discrimination work environment/HSE and work-life and parental leave.

Skuld also continues to focus on gender equality through the commitment to Women Empowerment Principles and to the SHE Index. The results from the Index 2023 was recently published, has since the starting point in 2019 further this year. Per 20 February 2023 has 50% women and 50% men employees.



<p>the gender equality rate in managerial and key positions in 2023 is 38%, up from 37% in 2022.</p> <p>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 Annual Review 2022/23 on Skuld's website.</p> <p>In 2022, the 3+2 flexible working solution was formally implemented in Skuld on a permanent basis. Throughout 2022, Skuld has focused on developing an effective and sustainable way of work for all employees. With a flexible work arrangement in place, Skuld will continue to develop a modern way of work to ensure Skuld remains an attractive employer moving forward.</p> <p>At the end of the financial year 2022/23, Skuld had 299 full time permanent employees. The global sickness absence rate was 2.10 % in 2022/23, and no work-related incidents leading to significant personal injury or damage to property were reported during the year.</p> <p><b>Results and statement of financial position</b></p> <p>The consolidated contribution to Members' funds for the year 2022/23 ended at USD 31.8 million (USD -14.7 million for 2021/22). The technical result ended at USD 15 million (negative USD 30 for 2021/22) with a</p>	<p>combined ratio of 97% (107% for 2021/22). The Association's contribution to Members' funds ended at USD -18.1 million (USD -30.3 million for 2021/22).</p> <p>After a period of non-sustainable rates in the mutual book of business, there was a gradual improvement of technical result during 2022/23. With expectation of inflation increases and uncertain claims environment, Skuld continues the work to improve the performance of the mutual portfolio through improved rates also for policy year 2023.</p> <p>Skuld has a strong capital adequacy well above the capital requirements set by the Solvency II regulation. Skuld has a clean A (negative outlook) rating by Standard &amp; Poor's.</p> <p><b>Premiums and calls</b></p> <p>The consolidated gross earned premiums and calls have increased compared to 2021/22 and ended at USD 478 million (USD 420 million for 2021/22). Driven by a strong renewal with increased rates and new vessels entering the Association during the year, significant premium growth is seen in both mutual and commercial lines of business.</p> <p><b>Claims incurred and reinsurance</b></p> <p>The consolidated gross claims increased with USD 21 million to USD 564.4 million for 2022/23 (USD 543.4 million for 2021/22). The</p>	<p>increase in claims cost in 2022/23 was to a larger extent than previous year covered by the reinsurance program. Reinsurance recoveries ended at USD 277.2 million resulting in net claims of USD 287.2 million, a reduction from USD 317.7 million last year.</p> <p>In general, 2022/23 was a benign claims year with a reduction of large claims compared to historical average. The increase in gross claims is mainly driven by a few large Offshore and Fixed P&amp;I claims, which to a large extent is covered by Skuld's reinsurance program.</p> <p>Covid-19 related claims were significantly reduced, partly offset by a couple of larger Hull War claims in connection with the war in Ukraine.</p> <p>Although slightly reduced from 2021/22, the claims costs have been significantly influenced by pool claims from other members of the International Group (IG). Skuld reported no pool claim to IG during 2022/23.</p> <p><b>Operating expenses</b></p> <p>Net operating expenses increased by USD 12 million to USD 90 million, compared to last year (USD 78 million). Acquisition costs made up USD 10 million of the increase in operating expenses, explained by increased commission driven by premium increase together with travel activity after the COVID-19 pandemic. The remaining</p>	<p>increase is related to increased administrative expenses, mainly personnel costs.</p> <p><b>Investment income</b></p> <p>Total investment income was USD - for 2022/23 with an investment portfolio return of -1.2% (USD -1.9 million and 2021/22).</p> <p>Equities, fixed income and currencies contributed to the negative investment. These effects were largely offset by Asta Capital Ltd and performance listed markets.</p> <p>Skuld's investments are allocated across several asset classes, regions and currencies. The performance of the investment is in line with the main indices it follows. A substantial part of the portfolio has credit risk, and with currency and duration matching liabilities.</p> <p>Russia's invasion of Ukraine has had having enormous humanitarian consequences and has also impacted financial markets in real economies substantially. The high inflation experienced at the end of last year, increased demand coming out of countries turned into being driven by limited supply as sanctions towards Russia were introduced and energy supply from Russia dramatically reduced. As inflation continued upward</p>
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Western central banks stepped up to dampen wage growth and shifted yields aggressively upwards. The flat yield curve from last year inverted with US 2-year rates and 10-year rates going from 1.5% to 4.6%, and 2% to 3.8%, respectively. Global bonds and global equities were highly correlated and were down more than 20% from peak to trough during the year, before recovering somewhat.

With the Federal Reserve being ahead of most other countries in raising interest rates, the US dollar strengthened significantly during the year, reducing the value of Skuld's non-dollar assets. As China swiftly removed most of its rigid covid-related restrictions, and the war in Ukraine persisted, inflationary pressure did not seem to fade. Central banks' quest of bringing inflation down to 2% while avoiding economic recession was probably the most dominant theme throughout the year.

#### Taxes

Skuld had a tax income of USD 21 million in 2022/23, driven by currency effects of tax balances in NOK and the negative results in the statutory accounts of the Association.

Total deferred tax is USD 53 million (USD 92 million for 2021/22), and mainly consist of deferred tax on historical contingency reserve that will be payable over a 10-year period. Refer to section "Change in tax regulations" below for further information.

#### Equity

As at 20 February 2023 Members' funds stand at USD 401.2 million compared to USD 370.7 million at 20 February 2022.

#### Cash flow

The cash flow statement shows a net cash flow in the group from operational activities of USD 16.5 million in 2022/23 compared to USD 38.0 million in 2021/22. The net cash flow from investment activities is negative USD 30 million in 2022/23. Net change in cash and cash equivalents is negative USD 13.6 million in 2022/23 compared to USD 3.5 million in 2021/22. The group's liquidity is considered very strong. The investment portfolio contains an overweight of liquid assets in order to enable large claims payments on short notice.

#### 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. Skuld and the marine insurance industry have challenged these new regulations and Skuld has disputed the taxation of historical contingency reserve in tax papers since 2018. In 2022 a notice of adjustment of tax assessment was received, which has been challenged by Skuld to the Norwegian Tax Appeals Committee. The Financial Statements of the Association for 2022/23 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 445 million as at 20 February 2023, compared to USD 430 million as at 20 February 2022.

#### 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 time until settlement date, which is an average of about 2.5 years. When there are changes in the general interest rate (and thus the discount rate), the present value of the claims thereby the Association's financial statements is altered. This risk is to a large extent mitigated by the Association's assets being matched so that they fluctuate in opposite directions (duration matching). In real economic terms, the Association is well hedged against interest rate changes. However, interest rate changes will quickly have a major impact on financial accounts since the claims are booked at their nominal value and are 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 to remain the same. In real economic terms, however, the present value of the obligations will also fall so that the overall risk to the Association will be modest.

Through its investments, the Association is exposed to considerable risk relating to various markets. At the end of financial year 2022, 69,2% of the investment portfolio was in fixed income. The vast majority of the investment portfolio consists of government bonds and corporate bonds. 21.9% were in global funds, 5.3% in cash, 3.6% in non-listed investments including strategic equity investments



<p>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.</p>	<p>and in the beginning of 2023 has been characterised by general global unrest, consequences of the war in Ukraine and volatility in financial markets. The Board follows the development closely and, having ensured that mitigating actions are in place, the Board is confident that risks stemming from the unrest are handled appropriately.</p>	<p>where a number of war exclusions having been introduced last-minute. All inclusions are mirrored in P&amp;L terms and conditions and additional clauses.</p>	<p>change – physical risk – increases the risk for claims. The ongoing transition to a neutral economy requires shipowner strategic decisions under significant and entails increasing costs. Sudden unanticipated future policy responses disrupt the industry, entailing transition fall behind or to be perceived as inactive to become more sustainable in reputational, regulatory, and financial response, Skuld have made management climate-related risks an area for high action. In line with UNGC Principle 7, we established a cross-functional Climate Working Group to address the risks and climate change, and to examine and the opportunities. The Working Group identified a number of action points that Skuld manages to implement that are resilient to the effects of climate</p>
<p><b>Credit risk</b> 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.</p>	<p>The current situation impacts the global economy and stability and going forward, growth might be lower than expected. This will affect Skuld's portfolio and investment income.</p>	<p>Right after the invasion, increased cyber risk and higher claims cost were anticipated. Even though there have been several coordinated cyber-attacks during the year, Skuld has not been affected.</p>	<p>reputational, regulatory, and financial response, Skuld have made management climate-related risks an area for high action. In line with UNGC Principle 7, we established a cross-functional Climate Working Group to address the risks and climate change, and to examine and the opportunities. The Working Group identified a number of action points that Skuld manages to implement that are resilient to the effects of climate</p>
<p>The Association has awarded its reinsurance contracts to companies with a minimum A-rating with Standard &amp; Poor's. Apart from this, the Association has outstanding claims on the other P&amp;L 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.</p>	<p>The sanctions regime following the Russian invasion in Ukraine is very extensive and restrictions have been escalating rapidly throughout 2022. For 2023 the main focus for authorities will likely be the enforcement of restrictions. Skuld is closely monitoring sanctions regulations implemented and continuously assesses its risk exposure, taking the necessary measures to stay compliant.</p>	<p>Anticipated higher claims costs have not materialised, and 2022 has ended being a benign claims year. Going forward it is expected that claims costs will normalise.</p>	<p>Working Group to address the risks and climate change, and to examine and the opportunities. The Working Group identified a number of action points that Skuld manages to implement that are resilient to the effects of climate</p>
<p><b>Liquidity risk</b> Skuld considers its liquidity to be very good and has not considered introducing measures to change the liquidity risk apart from the minimum requirements regarding a constant liquidity reserve.</p>	<p>An indirect consequence of the sanctions regime is the risk of business disruption which has increased throughout 2022 in line with bank's stricter self-sanctioning with respect to Russian nexus transactions. Skuld may not receive premium from members with even a distant Russian nexus and may neither be able to pay a claim with a Russian nexus.</p>	<p>physical impact of climate change and potential consequences for Skuld's portfolio, risks connected with the transition to a lower carbon economy, and liability risks.</p>	<p>are resilient to the effects of climate</p>
<p><b>Other risks</b> <i>Global unrest</i> The risk picture for Skuld throughout 2022</p>	<p>The war in Ukraine has also complicated the renewal of Skuld's reinsurance programme,</p>	<p>Climate change, environmental degradation, and social risk issues have an increasing impact on Skuld, creating both opportunities and risks. The physical impact of climate</p>	<p>are resilient to the effects of climate</p>



## Future outlook

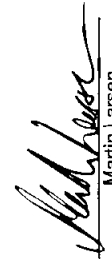
With positive results and a healthy financial position, Skuld is well positioned for future growth. The strategy remains to diversify and grow revenues across P&I and Hull, and across traditional and new revenue streams within ocean industries.


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 recent P&I renewal has reaffirmed Skuld's strong standing.


The war in Europe has prolonged and posed new challenges on global supply chains, leading to commodity scarcity and inflation, with rapid increase in interest rates to fight the inflation as a response and consequently fear of economic recession. The global unrest presents a challenging backdrop, and it remains to be seen how the situation will play out, and how it will impact the global economy and the financial markets.


Paris, 11 May 2023

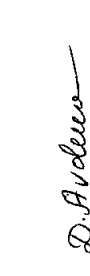
  
Klaus Kjerulff  
Chairman of the Board

  
Martin Larsen  
Board member


  
Torleif Hjeltnes  
Board member

  
Catherine Cheung  
Board member

  
Ann-Marie Aström  
Board member

  
Daria Avdeeva  
Employee Representative

  
Peter Bløcher  
Employee Representative

  
Stale Hansen  
President and CEO

# Accounts







## Statement of financial position

A Fig. i.ee in USD 1.000

A Fig. i.ee in USD 1.000

	CONSOLIDATED		ASSOCIATION		CONSOLIDATED		
	20.02.23	20.02.22	20.02.23	20.02.22	20.02.23	20.02.22	Note
<b>ASSETS</b>							
<b>Intangible assets</b>							
Intangible assets	2 034	0	2 034	0	489 184	322 420	
Total intangible assets	2 034	0	2 034	0	489 184	322 420	
<b>Financial assets</b>							
<b>Subsidiaries and associated companies</b>							
Shares in subsidiaries	0	0	4 362	7 021	80 326	73 971	
Investment in associated companies	20	10 447	0	0	31 272	7 568	
Other investments	0	0	15 000	40 000	4 986	2 880	
Intercompany receivables	0	0	5 911	47 205	116 584	84 420	3
<b>Financial assets at fair value</b>							
Shares	212 105	226 615	212 105	226 615	4 174	6 259	
Bonds, fixed income instruments	670 947	619 954	516 122	515 613	176 822	190 397	8
Other investments	29 610	32 190	29 610	32 190	180 996	196 656	3, 16
Total financial assets	912 682	889 207	783 109	868 644	180 996	196 656	
<b>Prepayments and accrued income</b>							
Prepaid acquisition costs					11 523	10 061	
Other prepayments					13 973	8 940	
Total prepayments and accrued income					25 495	19 001	
<b>Total assets</b>					<b>1 736 976</b>	<b>1 511 703</b>	
<b>LIABILITIES AND EQUITY</b>							
<b>Equity</b>							
Share capital	80 190	80 190					
Reserves	31 272	31 272					
Other equity	4 059	4 059					
Total equity	115 521	115 521					
<b>Liabilities</b>							
Reinsurers' share							
Reinsurers' share of provisions for outstanding claims					489 184	322 420	
Total reinsurers' share					489 184	322 420	
<b>Total liabilities</b>							
<b>Total liabilities and equity</b>					<b>1 652 251</b>	<b>1 499 283</b>	

Årsregnskapregnskapet 2023 for 938419531



A Fig. 100 in USD 1,000

**CONSOLIDATED**

	20.02.23	20.02.22		Note	20.02.23	20.02.22
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
401 205	370 701	370 701	Members' funds		374 211	394 232
401 205	370 701		Total equity		374 211	394 232
<b>Technical provisions</b>						
84 539	75 835		Provision for unearned premium income		84 403	75 835
1107 176	917 595		Gross provision for outstanding claims		1022 687	841 519
1181 715	993 431		Total technical provisions	5	1107 089	917 355
<b>Provisions for liabilities</b>						
8 712	8 919		Pension liabilities	10	8 108	6 980
<b>Tax</b>						
52 781	91 648		Deferred tax	11	52 982	93 072
29 503	16 904		Tax payables	11	29 405	16 794
90 996	117 471		Total provision for liabilities		90 495	116 846
<b>Other liabilities</b>						
14 974	11 725		Members, clients and brokers		14 974	11 725
19 792	6 806		Reinsurers		46 731	43 618
0	0		Intercompany payables	15	7 401	11 111
918	0		Financial derivatives	2,9	918	0
10 460	9 754		Other creditors		9 142	8 468
46 144	28 086		Total other liabilities		79 166	74 922
<b>Accruals and deferred income</b>						
6 916	2 015		Accruals and deferred income		6 289	1 251
6 916	2 015		Total accruals and deferred income		6 289	1 251
<b>1 736 976</b>	<b>1 511 703</b>		<b>Total equity and liabilities</b>		<b>1 657 251</b>	<b>1 504 606</b>
<b>Off-balance sheet items</b>						
857 400	829 862		Bank Guarantees and Club Letters of Guarantees	12	857 400	829 862

13 Consolidated Financial Statements

Paris, 11 May 2023

Klaus Kierulff  
Chairman of the Board

Martin Larsen  
Board member

Torleif Michelsen  
Board member

Catherine Cheung  
Board member

Ann-Marie Aström  
Board member

Daria Avdeeva  
Employee Representative

Peter Bløcher  
Employee Representative

Stale Hansen  
President and CEO



## Cash flow statement

A figure in USD 1,000

	CONSOLIDATED		ASSOCIATION	
	2022/23	2021/22	2022/23	2021/22
<b>Cash flow from operational activities</b>				
Premiums received	471 770	419 013	469 609	416 961
Paid claims	-348 330	-307 306	-385 556	-334 318
Paid tax	-5 027	-231	-5 902	-60
Operational expenses/change in accruals	-101 957	-73 451	-30 871	-66 879
Net cash flow from operational activities	16 456	38 025	47 279	15 703
<b>Cash flow from investment activities</b>				
Interests and dividends received	15 247	5 745	14 813	5 965
Investments in fixed assets	-3 733	-2 290	-3 613	-2 195
Proceeds from sale of associated companies	34 543	0	0	0
Net financial investments	-78 087	-38 015	-32 407	-27 177
Net cash flow from investment activities	-30 031	-34 560	-21 207	-23 407
<b>Net change in cash and cash equivalents</b>	<b>-13 575</b>	<b>3 464</b>	<b>26 072</b>	<b>-7 704</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>190 397</b>	<b>186 933</b>	<b>134 240</b>	<b>141 943</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>176 822</b>	<b>190 397</b>	<b>160 312</b>	<b>134 240</b>



## Statement of changes in equity

A Figurer i USD:1.000

### CONSOLIDATED

	Members' funds	Total Equity
<b>Equity as of 20.02.21</b>	<b>385 367</b>	<b>385 367</b>
Result before other income and expenses	-14 955	-14 955
Profit/loss on financial instruments available for sale	671	671
Exchange differences on subsidiaries	-200	-200
Remeasurement of defined benefit pension plan	-182	-182
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>370 701</b>
Result before other income and expenses	33 432	33 432
Profit/loss on financial instruments available for sale	-1 263	-1 263
Exchange differences on subsidiaries	-1 088	-1 088
Remeasurement of defined benefit pension plan	567	567
Taxes on other income and expenses	178	178
Total other income and expenses	-1 607	-1 607
Profit / Loss	31 825	31 825
Change in earlier years	-1 321	-1 321
<b>Equity as of 20.02.23</b>	<b>401 205</b>	<b>401 205</b>

A Figurer i USD:1.000

### ASSOCIATION

	Members' funds	Total Equity
<b>Equity as of 20.02.21</b>	<b>424 518</b>	<b>424</b>
Result before other income and expenses	-30 968	-30
Profit/loss on financial instruments available for sale	671	671
Remeasurement of defined benefit pension plan	12	12
Total other income and expenses	682	682
Profit / Loss	-30 286	-30
<b>Equity as of 20.02.22</b>	<b>394 232</b>	<b>394</b>
Result before other income and expenses	-16 566	-16
Profit/loss on financial instruments available for sale	-1 263	-1
Remeasurement of defined benefit pension plan	-931	-
Taxes on other income and expenses	667	667
Total other income and expenses	-1 528	-1
Profit / Loss	-18 094	-18
Merger Skuld Marine Agency (SMA) AS	-1 826	-1
<b>Equity as of 20.02.23</b>	<b>374 211</b>	<b>374</b>

## Årsregnskap regnskapsåret 2023 for 938419531

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 2022/23 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 2022/23 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.

#### 1.2.1 Merger

Merger is carried out in accordance with rules on group continuity (NRS 9.6). All assets and liabilities are continued by Skuld at the values used in the consolidated accounts.

### 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 there are differences from Skuld's accounting principles. When an investment is classified as held for sale it is measured at carrying amount.

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

The premium income is recognised in the period that risk is obtained. The profit is calculated and recognised according to

number of days that Skuld has obtained risk. Unearned premiums are presented as deferred income. Claims are recognised in the income statement the period they incur. Gross claims include an allocated portion of direct and indirect 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 under the terms of the contract, and has a reliably measurable impact on 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 trading and financial assets designated upon recognition at fair value through profit or loss. Skuld has performed such designation on assets acquired for the purpose of selling them in the near future. Financial assets are classified as held for trading if they are acquired for the purpose of selling them in the near future. 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 or 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 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 any of the two preceding categories. After initial 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 asset is carried at cost less any accumulated and any accumulated impairment losses 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, intangible assets are measured at cost less accumulated amortisation. Intangible assets are amortised over their useful economic life, and the amount of amortisation is recognised as an expense on intangible assets. The recognition of an intangible asset is consistent with the function of the intangible asset. Software is classified and presented as

**1.12 Pensions**

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

1.12.1 Defined benefit scheme  
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.

The change in the net defined obligation is recognised within administrative expenses.

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.

1.12.2 Defined contribution scheme  
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.

1.12.3 Hybrid pension scheme  
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 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 members' 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.

**1.13 Tax**  
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.

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.

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.

**1.14 Upcoming changes in Accounting standards**  
Effective from accounting years starting from 1.1.2023 or later IFRS 17 Insurance Contracts is introduced and replaces IFRS 4. Skuld have applied the eligibility not to implement IFRS 17 insurance contracts.

Effective from accounting years starting from 1.1.2023 or later, IFRS 9 Financial instruments is mandatory for insurance companies. The standard introduces new requirements for the classification and measurement of financial instruments.

According to IFRS 9 Financial instruments be classified and measured at fair value through profit and loss (FVTPL) unless the change of the financial instrument is "solely principal and interest" (SPPI criteria). If the criteria is met, classification and measurement are determined by the type of instrument the business model. Equity instrument derivatives are classified and measured at value. Debt instruments will be classified and measured based on the SPPI criteria and business model to either amortized cost value through other comprehensive income (FVTOCI). IFRS 9 introduces an expected loss (ECL) model for financial instruments measured at FVTOCI. The standard requires entities at each reporting period to record a loss allowance for 12-month ECL, if the financial instrument was not in default significantly since initial recognition. The risk on the financial instrument that has increased significantly since initial recognition, ECL shall be recognized. A simplified approach for financial instruments with low credit risk is allowed. The credit risk of the instrument is considered low if the financial instrument has a low risk of default, the borrower has capacity to meet its contractual cash obligations in the near term and adverse economic and business conditions term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual obligations.



Skuld have performed an initial assessment of the transition effects of implementing the new standard. Skuld have investments in financial assets that fulfils the SPPI criteria. As of 20.02 2023 this amounts to USD 209 million and relates to investments in government bonds (obligations). The investments are primarily included in the asset liability matching (ALM) portfolio and under the IFRS 9 framework considered to be a business model that is both to hold to collect principal and interests and to hold to sell. According to IFRS 9 these financial instruments should be measured fair value and changes in fair value should be recognized in OCI. Due to low credit risk on the financial instruments a simplified ECL model will be applied. Under IAS 39 these investments are classified and measured at fair value through profit and loss. Skuld have USD 18 million in long term investments in infrastructure and PE funds. According to IFRS 9 these equity instruments are classified and measured as FVTPL. Under IAS 39 these instruments are classified as held for sale and measured as FVTOCI.





# Note 2 Risk management

A fig. nr. 1 U\$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. Internal risks, of which sanctions risk is currently the most significant, originate from within the organisation, while Skuld at the same time operates in a risk landscape, being affected by a number of external risks. Skuld's business operations and the way risks are being dealt with may give rise to reputational risk.

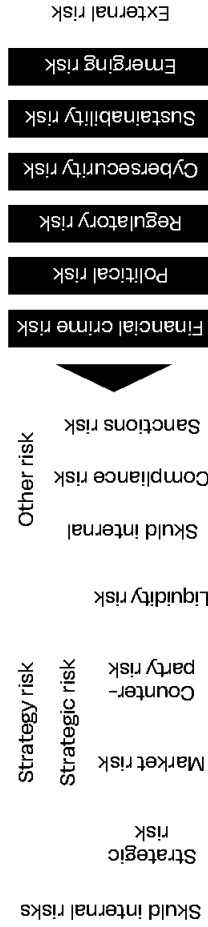
In this note, the risk management system is described first. A description of the main risks and their management follows. Details on technical provisions and the calculation of regulatory capital requirement are shown in separate notes. Skuld's approach to climate risk is described in section 2.12.

## 2.2 Risk management system

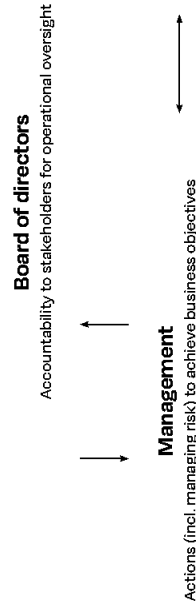
The Board is responsible for ensuring that Skuld has an effective risk management system. The Board oversees that the total risk exposure is in line with Skuld's risk bearing capacity. It states the Association's Risk Appetite and sets Risk Limits that are consistent with available capital. The Board's 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 within risk management follows a model based on lines of defence as illustrated in the diagram below.

First line roles are made up of the risk and their organisations. The risk owners are responsible for identifying and managing within their business units or departments executing risk assessments. Further, they are responsible for setting up appropriate controls.



Reputational risk  
Negative impact on business objectives  
(financial results, capitalisation & profitability)



- First line roles
- Risk owners
- Second line roles
- Risk management
  - Actuarial function
  - Compliance
- Third line roles
- Independent assurance

Internal Audit



Second line roles are made up of independent control functions for risk management, compliance and the actuarial process. The Chief Risk Officer (CRO) heads the department responsible for the risk management and actuarial function, while the compliance function is headed by the Chief Compliance Officer. The CRO is responsible for establishing an integrated risk management framework for all aspects of risk across the organisation. The CRO monitors the risk management system and the general risk profile, and reports independently to the Board, giving his assessment of the Association's risk picture. The actuarial function is responsible for ensuring the requirements given in Solvency II regulations governing this function are met. The Chief Compliance Officer is responsible for developing and maintaining a robust and effective framework for complying with internal and external regulations.

The third line consists of an independent internal audit function. The internal audit function is outsourced and reports directly to the Board's Audit Committee. The internal audit function is responsible for reviewing the efficiency of the Association's risk management framework. Skuld has also established an advisory internal 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, describing

the development in calculated risk capital for the main risk types, as well as the development 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.

### 2.3 Underwriting risk

Underwriting risk is the risk of loss or of adverse change in the value of insurance liabilities 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.

#### 2.3.1 Reserve risk

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.

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.

Statistical methods are used for calculating IBNR provisions. IBNR provisions and provisions for outstanding claims are initially estimated at a gross level, and a separate calculation is carried 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.

#### 2.3.2 Premium risk

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.

#### 2.3.3 Catastrophe risk

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).

### 2.4 Risk mitigation

In order to mitigate underwriting risk, Skuld participates alongside the 11 other P&I clubs in the International Group of P&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 claim reinsurance is applied to ensure that risk is kept within the accepted risk at The clubs in the pooling arrangement part of the exposure, but purchase reinsurance in the market to reduce the total exposure. P&I clubs have through IG established segregated account company, where clubs have their own segregated cell, part of the exposure in the pool. Skuld and other covers with very high vertical limit. These covers are reinsured in the market at a risk assessment of the desired risk level.

### 2.5 Managing underwriting risk

Underwriting policy describes the management of underwriting risk which is regulated and detailed through underwriting instructions and underwriting product instructions and Each policy written shall have a reinsurance program attached. Limits in excess of reinsurance limits may not be offered. Reinsurance policy describes the main part of the reinsurance process.

Underwriting is the process of classifying, selecting and pricing the insured risks to be accepted. The underwriter analyses the risk and related risk categories and details the pricing per risk, cost and market conditions. Pricing is based on pricing models and deviation from the models are given in underwriting instructions.



<p>All new/renewal risks and policy amendments are subject to Skuld's Underwriting Control Framework, where consideration must be given to each part of the framework.</p> <p>Skuld's Underwriting Committee meets on a quarterly basis to monitor all underwriting activities in Skuld. The committee's terms of reference specify its responsibilities.</p> <p>On a monthly basis, development in underwriting risk is followed through calculating SCR according to the standard formula. 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></p> <p>Market risk refers to the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Within market risk, Skuld's main exposure is towards equity risk, interest rate risk and currency risk. Skuld is to a lesser degree exposed to spread risk, property risk and concentration risk.</p> <p><b>Equity risk</b></p> <p>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 prices for equities. Skuld's equity exposures are mainly investments in internationally diversified funds, 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 note 9 for an overview of equity investments.</p>	<p>value. This implies that increased interest rates could cause a drop in Skuld's assets while the liabilities are unchanged.</p> <p>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.</p>
<p><b>2.6 Financial risk</b></p> <p>Financial risk consists of market risk, counterparty default risk and liquidity risk. Skuld is exposed to these types of risk through investment activities. The primary purpose of the investments is to support the insurance business by securing the value of insurance liabilities against fluctuations in market variables. Funds beyond this will be invested to help achieve Skuld's overall financial goals, with a controlled downside risk.</p>	<p><b>Interest rate risk and currency risk</b></p> <p>Interest rate risk refers to the risk that the value 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</p>	



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 Fig. 68 in USD 1,000

	Adjustments in interest rate level	Effect on profit before tax									
2022/23	0.50 %	-6 200	Total	5 years <	103 242	5 years <	78 383	1-3 year**	210 168	Total	670 947
	1.00 %	-12 401									
	-0.50 %	6 200									
2021/22	-1.00 %	12 401	Total	5 years <	76 318	5 years <	81 797	1-3 year*	178 775	Total	619 954
	0.50 %	-6 867									
	1.00 %	-13 734									
	-0.50 %	6 867									
	-1.00 %	13 734									

Bonds are divided into the following duration intervals:

	0-1 month	1-3 months*	3-12 months	1-3 year**	5 years <	Total
20.02.23	117 688	41 115	120 364	210 168	103 242	670 947
Fixed Income valued at fair value						
* Fixed Income valued at fair value in Hydra Skuld Cell amounts to USD 48.2 million as of 20.02.23 with duration interval 1-3 months.						
** Fixed Income valued at fair value in Hydra Skuld Cell amounts to USD 61.7 million as of 20.02.23 with duration interval 1-3 years.						
20.02.22	125 805	51 552	105 706	178 775	76 318	619 954
Fixed Income valued at fair value						
* Fixed Income valued at fair value in Hydra Skuld Cell amounts to USD 78.3 million as of 20.02.22 with duration interval 1-3 years.						

**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 spreads over the risk-free interest rate term structure. Increased spreads will result in a loss in fixed income instruments. An increase in the spread 100 basis points (bps) would have the following effect on the market value of fixed income securities:

Sensitivity at +100 bps	20.02.23	20.02.22
	-2 477	-3 144



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.

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.

A Fig. 4611 USD 1,000

20.02.23	AAA	AA	A	BBB/BB/B	Not rated	Total
Derivates valued at fair value					0	0
Fixed Income valued at fair value*	427 050	86 643	84 390	31 741	41 123	670 947
<b>Total financial assets valued at fair value</b>	<b>427 050</b>	<b>86 643</b>	<b>84 390</b>	<b>31 741</b>	<b>41 123</b>	<b>670 947</b>
Members and clients					80 326	80 326
Reinsurers			31 272			31 272
Other debtors					4 986	4 986
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>31 272</b>	<b>0</b>	<b>85 312</b>	<b>116 584</b>
Cash at bank			176 822			176 822
<b>Total cash at bank</b>	<b>0</b>	<b>0</b>	<b>176 822</b>	<b>0</b>	<b>0</b>	<b>176 822</b>

\*Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 109.9 million as of 20.02.23 with following rating: USD 91.7 million with rating AAA, USD 3.5 million with AA rating, USD 12.3 million with A rating and USD 2.9 million not rated.

20.02.22	AAA	AA	A	BBB/BB/B	Not rated	Total
Derivates valued at fair value					4 723	4 723
Fixed Income valued at fair value*	381 316	94 016	82 943	37 288	24 391	619 954
<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>	<b>619 954</b>
Members and clients					73 971	73 971
Reinsurers			7 568			7 568
Other debtors					2 880	2 880
<b>Total debtors</b>	<b>0</b>	<b>0</b>	<b>7 568</b>	<b>0</b>	<b>76 851</b>	<b>84 420</b>
Cash at bank			190 397			190 397
<b>Total cash at bank</b>	<b>0</b>	<b>0</b>	<b>190 397</b>	<b>0</b>	<b>0</b>	<b>190 397</b>

\*Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 78.3 million as of 20.02.22 with rating AA.



### 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.

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

A Fig. 469 in USD 1,000

Asset	Market value	%
Cash and Equivalents	176 822	16.2%
Equities	212 105	19.5%
Fixed Income <sup>a</sup>	670 947	61.6%
Hedge Funds	12 922	1.2%
Private Equity	4 341	0.4%
Infrastructure	12 348	1.1%
Strategic Investments in associated companies	20	0.0%
Derivates		0.0%
<b>Total</b>	<b>1 089 504</b>	<b>100.0%</b>

<sup>a</sup> Hydra Skuld Cell's share of investment is USD 109.9 million.

Asset	Market value	%
Cash and Equivalents	190 397	17.6%
Equities	226 615	21.0%
Fixed Income <sup>a</sup>	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>

<sup>a</sup> Hydra Skuld Cell's share of investment is USD 63.3 million.



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

A. Fig. 66 in USD 1,000

20.02.23	0-1 month	1-3 months*	3-12 months	1-3 years**	3-5 years	5 years <	Total
Derivates valued at fair value							
Bonds valued at fair value*	117 695	41 115	120 364	210 168	78 363	103 242	670 947
<b>Total financial assets valued at fair value</b>	<b>117 695</b>	<b>41 115</b>	<b>120 364</b>	<b>210 168</b>	<b>78 363</b>	<b>103 242</b>	<b>670 947</b>
Members and clients	80 326						80 326
Reinsurers			31 272				31 272
Other debtors		4 986					4 986
<b>Total debtors</b>	<b>0</b>	<b>85 312</b>	<b>31 272</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116 584</b>
Cash at bank	176 822						176 822
<b>Total cash at bank</b>	<b>176 822</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>176 822</b>

\* Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 48.2 million as of 20.02.23 with duration interval 0-3 months.

\*\* Fixed income valued at fair value in Hydra Skuld Cell amounts to USD 61.7 million as of 20.02.23 with duration interval 1-3 years.

20.02.22	0-1 month	1-3 months	3-12 months	1-3 years	3-5 years	5 years <	Total
Derivates valued at fair value							
Bonds valued at fair value*	125 805	51 552	105 706	178 775	81 797	76 318	619 954
<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>	<b>619 954</b>
Members and clients	73 971						73 971
Reinsurers			7 568				7 568
Other debtors		2 880					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>	<b>84 420</b>
Cash at bank	190 397						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>190 397</b>

\* Bonds valued at fair value in Hydra Skuld Cell amounts to USD 63.3 million as of 20.02.22 with duration interval 1-3 years.



## 2.7 Managing financial risk

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.

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.

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.

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.

The majority of equity holdings are invested in passively managed index tracking funds. These funds are benchmarked against an adjusted 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.

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.

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 to reduce risk can be carried out on a very short notice in the financial markets.

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.

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.

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.

## 2.8 Operational risk

Operational risk refers to the risk of loss arising from inadequate or failed internal processes, or from personnel and systems.

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 Code of Conduct. Operational risk is mainly controlled by active prevention. Risk owners in all

business units are responsible for implementing adequate internal controls in operational processes. Executive Management ensure the necessary instructions, guidelines and procedures for managing operational risk in all material products, activities, processes and systems are in place.

An important part in managing operational risk is a risk assessment process, carried out at least bi-annually. The risk matrices used in the risk assessment process are an expression of Skuld's risk appetite regarding operational compliance risk and reputational risk.

CRO supports risk owners and performs based monitoring activities, in order to identify deficiencies in guidelines, processes and procedures, and propose corrective actions. Operational risk, regulations require care of risk capital. Unlike for financial risks however, no connection between risk and actual risk level, so that risk capital calculation have no real control function for operational reporting and the follow-up of operational risk. CRO is responsible for the framework for incident reporting, and with Chief Compliance Officer for keeping all reported incidents and for monitoring taken to mitigate risk of recurrence.

## 2.9 Other risk types

Compliance risk is the risk of legal or sanctions resulting in a financial loss,



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.

Sanctions risk is the risk of non-compliance with applicable sanctions regimes, which may result in monetary and civil penalties. Current risk picture is described in 2.12 below.

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

**2.10 External risks**

External risks are risks arising from events outside Skuld and that are beyond its influence and control.

External financial crime risk results from acts of a type intended to defraud, misappropriate property or circumvent the law, by a third party; includes money laundering.

Cybersecurity risk is the risk of financial loss, disruption or damage to reputation from pre-meditated attacks from outside parties.

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.

Emerging risks are new or future risks whose hazard potential is not yet reliably known and whose implications are difficult to assess.

The main mitigation objectives for external risks is to reduce impact should risk event occur or avoid/eliminate occurrence.

**2.11 Sustainability risk**

Sustainability risk are factors with potential consequences for the climate and environment or socio-economic consequences. Skuld considers especially the following risks within this category:

- i. reputational, regulatory and financial risk of making insufficient progress in addressing sustainability issues,
- ii. physical impact of climate change and potential consequences for Skuld's portfolio,
- iii. risks connected with the transition to a lower carbon economy, and
- iv. liability risks.

**2.12 Global unrest**

The risk picture for Skuld throughout 2022 and in the beginning of 2023 has been characterised by general global unrest, consequences of the war in Ukraine and volatility in financial markets.

# The risk picture for Skuld throughout 2022 and in the beginning of 2023 has been characterised by general global unrest.

Sanctions risk continues to be significant, with EU, UK and US keeping a dynamic and escalating sanctions regime. Many of the sanctions are coordinated, while many more are specific. Skuld screens all entered members, clients and third-party recipients automatically against continuously updated sanctions lists. Manual screening is carried out for members with Russian touchpoint.

An indirect consequence of the sanctions regime is the risk of business disruption which has increased throughout 2022 in line with bank's stricter self sanctioning with respect to Russian nexus transactions. Skuld may not receive premium from members with even a very distant Russian nexus and may neither be able to pay a claim with an unexpected Russian nexus.

The war in Ukraine has also complicated the renewal of Skuld's reinsurance programme, with a number of war exclusions having been introduced. All inclusions are mirrored in P&I terms and conditions and additional clauses.

Uncertainty about the future transmission of volatility in financial markets translates into substantial fluctuations in Skuld's investment portfolio. The recent upheavals in the banking sector has only had a minor impact on Skuld, the estimated exposure to Credit Default Swap (CDS) to Credit Default Swap (CDS) was around USD 260,000.

Right after the invasion, increased cyberattacks and higher claims cost were anticipated, though there have been several coordinated cyber-attacks during the year. Skuld has not been affected. The main focus in 2022 has been on phishing attempts.

Anticipated higher claims costs have not materialised, and 2022 has included fewer claims year. Going forward, the expected claims costs will normalise.



## 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 177 % for Skuld group. 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 2023 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 2023 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 balance and the consolidated statement of financial position is the addition of risk margin, premium provision and discounting and the exclusion of intangible assets. Skuld's Ancillary Own Funds are 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. 469 in USD 1,000

	CONSOLIDATED		Eligible own funds to cover SCR	
	20.02.23	20.02.22		
	421 704	354 933	Tier 1	
	165 470	143 182	Tier 2	
	<b>587 174</b>	<b>498 115</b>	<b>Total eligible own funds to meet the SCR</b>	

	CONSOLIDATED		Eligible own funds to cover MCR	
	20.02.23	20.02.22		
	421 704	354 933	Tier 1	
	0	0	Tier 2	
	<b>421 704</b>	<b>354 933</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 in USD 1.000

A <sup>1</sup>fig. i € i in USD 1.000

	CONSOLIDATED		ASSOCIATION		CONSOLIDATED		ASS
	20.02.23	20.02.22	20.02.23	20.02.22	20.02.23	20.02.22	
	263 438	256 800	203 780	201 384	421 704	354 933	389 8
Underwriting risk	116 730	138 904	127 526	152 800	109 492	108 735	88 7
Market risk	82 770	57 582	85 070	63 293	312 212	246 198	301 0
Counterparty risk	-99 775	-99 481	-98 918	-99 866	385.1%	326.4%	439.2
Diversification	363 163	353 804	317 458	317 611			
<b>BSCR</b>	0	0	0	0			
Adjustment due to ring-fenced funds	28 238	24 208	26 205	22 186			
Operational risk	-60 461	-91 648	-59 036	-84 949			
Loss-absorbing capacity of deferred taxes	330 940	286 364	284 628	254 848			
<b>SCR</b>	587 174	498 115	532 145	510 845			
Total eligible own funds to meet the SCR	256 234	211 751	247 518	255 997			
Capital surplus	177.4%	173.9%	187.0%	200.5%			
<b>SCR margin / Solvency Ratio</b>							

**Contingency Reserve**

The term Contingency Reserve has in previous years been the measurement for the Ass carrying ability. As part of the implementation of Solvency II, Contingency Reserve, was d in the Norwegian regulatory framework and accounting standards in 2016 and reclassified in the financial statement and to eligible capital in Solvency II. Parallel with the changes in and the accounting standards, the Norwegian Ministry of Finance has worked in harmon regulations with the new standards. In 2018, new tax regulations for Norwegian insurance were approved, resulting in 25 % contingency reserve recognised as deferred taxation t over a 10-year period. Skuld and the marine insurance industry have challenged these ne but since the outcome is uncertain the financial statement is presented in accordance v tax regulations for insurance companies. At 20 February 2023 Contingency Reserve amou 445 million, while the corresponding figure per 20 February 2022 was USD 430 million.





## Note 5 Technical provisions

A: Figures in USD 1,000

CONSOLIDATED		ASSOCIATION	
2022/23	2021/22	2022/23	2021/22
917 595	690 573	841 519	620 562
53 843	98 235	53 137	94 318
205 671	226 569	197 381	224 191
-69 934	-97 781	-69 351	-97 552
<b>1 107 176</b>	<b>917 595</b>	<b>1 022 687</b>	<b>841 519</b>
499 184	322 420	567 675	390 652
<b>607 991</b>	<b>595 176</b>	<b>455 012</b>	<b>450 867</b>
84 539	75 835	84 403	75 835

CONSOLIDATED		ASSOCIATION	
2022/23	2021/22	2022/23	2021/22
199 458	211 846	197 985	210 237
123 441	113 500	122 529	112 637

\* As of 2022/23 USD 251 063 is change in gross claims incurred, earlier policy years.

### 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 Skuld 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. For Hull & Machinery, Skuld uses a Generalized Cape Cod model. The model is chosen because Skuld wants to calibrate

against exposure and the model has been validated in how to add expert judgements to observations or assumptions given modelled on gross basis, disregarding the perspective.

The booked premium provision is the difference between written and earned premium. The earned premium is earned linearly and is booked into the average duration of the group's insurance liabilities are 3 years.

### Reserve calculations for Solvency II

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

For Solvency II the premium provision is computed as the future cash inflow by the Group and the member of the customer within the contract boundaries as determined by Solvency II regulations. Future insurance premiums are considered as an out-



## Note 6

### Gross earned premiums and calls distributed by country

A - fig. ves i USD 1,000

Country	Premiums	%
Norway	49 879	10.4%
Nordic countries excl. Norway	28 108	5.9%
Germany	33 070	6.9%
Greece	38 655	8.1%
United Kingdom	21 861	4.6%
Rest of Europe	80 650	16.9%
Americas	83 390	17.4%
Asia	122 308	25.6%
Other	20 204	4.2%
<b>Total gross earned premiums and calls</b>	<b>478 125</b>	<b>100.0%</b>
Premiums within EEA	141 608	29.6%

### Bad debt accruals members and clients

A - fig. ves i USD 1,000

#### ASSOCIATION AND CONSOLIDATED

	2022/23
Accruals bad debt opening balance	1 927
Realised loss during the year	59
Change accruals	875
<b>Accruals bad debt closing balance</b>	<b>2 961</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 Fig. i USD 1.000

CONSOLIDATED	
2022/23	2021/22
21 823	19 739
43 006	38 302
4 711	1 717
<b>69 540</b>	<b>59 758</b>

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

## Administrative expenses

A Fig. i USD 1.000

ASSOCIATION		CONSOLIDATED	
2022/23	2021/22	2022/23	2021/22
22 053	19 704	1 818	2 062
37 785	32 596	1 398	1 387
3 593	1 267	1 670	1 230
<b>63 431</b>	<b>53 567</b>	15 039	13 214
		282	385
		<b>20 207</b>	<b>18 277</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 up is eliminated.

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

ASSOCIATION		CONSOLIDATED	
2022/23	2021/22	2022/23	2021/22
1 167			
1 259			
6 816			
10 709			
259			
<b>20 211</b>			



## Note 8 Fixed- and intangible assets

A. Figures in USD 1,000

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 20.02.22	8 607	9 251	2 860	161	20 879	Cost at 20.02.22	8 607	5 514	2 860	161
Purchased in the year	1 376	323	0	0	1 699	Purchased in the year	1 376	203	0	0
Sales / Scrapping in the year	0	639	233	0	871	Sales / Scrapping in the year	0	64	233	0
Cost at 20.02.23	9 982	8 935	2 628	161	21 707	Cost at 20.02.23	9 982	5 653	2 628	161
Accumulated depreciation	7 948	7 551	0	0	15 499	Accumulated depreciation	7 948	4 659	0	0
<b>Net book value 20.02.23</b>	<b>2 034</b>	<b>1 385</b>	<b>2 628</b>	<b>161</b>	<b>6 208</b>	<b>Net book value 20.02.23</b>	<b>2 034</b>	<b>994</b>	<b>2 628</b>	<b>161</b>
Depreciation this year	636	810	0	0	1 446	Depreciation this year	636	609	0	0

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

Skuld has offices in 11 locations. The lease period for these offices range from 1 to 10 years. Rental expenses for these offices are USD 5.0 million.

Rental expenses for the Association amounts to USD 4.2 million including offices in Oslo, Bergen, Singapore, Hong Kong, Tokyo, London and Copenhagen.







## 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. 93 in USD 1,000

Assets measured at fair value	20.02.23	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>				
Shares	212 105	212 105		
Bonds	670 947	670 947		
Hedge funds	12 922		12 922	
Derivatives				
<b>Available for sale financial assets</b>				
Private equity	4 341			4 341
Infrastructure	12 348			12 348
<b>Total</b>	<b>912 662</b>	<b>883 051</b>	<b>12 922</b>	<b>16 689</b>

Financial liability as of 20.02.23 comprise derivatives measured at level 1 fair value of USD 918 thousand.

A. Fig. 93 in USD 1,000

Assets measured at fair value	20.02.22	Level 1	Level 2
<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			
<b>Available for sale financial assets</b>			
Private equity	6 117		
Infrastructure	11 844		
<b>Total</b>	<b>878 760</b>	<b>846 570</b>	<b>14 229</b>

A description of valuation of the various levels is described in more detail in notes. 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 uses cash-based models or multiples in estimating the fair value. The company does not have to 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 underlying companies and this significantly reduces the uncertainty associated with valuation 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>20.02.23</b>		
<b>Financial assets</b>		
Opening balance	6 117	11 844
Income in the period	-26	0
Implied realisations, other than income	210	0
Change in unrealised gains or losses	-1 767	504
Purchases in period	-92	0
Disposals in period	-336	0
<b>Closing balance</b>	<b>4 341</b>	<b>12 348</b>
<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>



Shares

A Fig. \*€3 in USD 1,000

Shares cont.

A Fig. \*€3 in USD 1,000

	Underlying Currency	Purchase Cost	Market / Book value	Underlying Currency	Purchase Cost	Market / Book value	Underlying Currency	Purchase Cost	Market / Book value	Underlying Currency	Purchase Cost	Market / Book value
<b>Norwegian shares</b>												
<b>Mutual funds</b>												
MSCI NOK Indx	NOK	155	171									
<b>Total norwegian shares</b>		155	171									
<b>Other shares</b>												
<b>Mutual funds</b>												
MSCI ATS Indx	EUR	37	48									
MSCI AUD Indx	AUD	1 253	1 922									
MSCI BEF Indx	EUR	211	246									
MSCI BRL Indx	BRL	635	543									
MSCI CAD Indx	CAD	2 048	2 954									
MSCI CAD Small Cap Indx	CAD	359	452									
MSCI CHF Indx	CHF	1 320	2 429									
MSCI CLP Indx	CLP	93	63									
MSCI ONY Indx	CNY	3 943	3 471									
MSCI COP Indx	COP	30	14									
MSCI CZK Indx	CZK	14	17									
MSCI DEM Indx	EUR	1 555	2 102									
MSCI DKK Indx	DKK	251	709									
MSCI EAFE Small Cap Indx	USD	2 519	4 133									
MSCI EGP Indx	EGP	22	17									
MSCI Emg Mkts Small Cap Indx	USD	1 200	1 597									
MSCI ESP Indx	EUR	555	637									
MSCI FIM Indx	EUR	135	233									
MSCI FRF Indx	EUR	1 618	3 059									
MSCI GRD Indx	EUR	56	38									
MSCI HKD Indx	HKD	454	683									
MSCI HUF Indx	HUF	16	19									
MSCI IDR Indx	IDR	186	204									
MSCI IEP Indx	EUR	131	182									
MSCI INR Indx	INR											970
MSCI Israel Indx	ILS											185
MSCI ITL Indx	EUR											433
MSCI JPY Indx	JPY											3 352
MSCI KRW Indx	KRW											1 021
MSCI Kuwait Indx	KWD											66
MSCI MXN Indx	MXN											237
MSCI MYR Indx	MYR											198
MSCI NLG Indx	EUR											497
MSCI NZD Indx	NZD											28
MSCI PEN Indx	PEN											22
MSCI PHP Indx	PHP											79
MSCI PLN Indx	PLN											118
MSCI PTE Indx	EUR											45
MSCI Qatar Indx	QAR											94
MSCI RUR Indx	RUB											581
MSCI Saudi Arabia Indx	SAR											340
MSCI SEK Indx	SEK											567
MSCI SGD Indx	SGD											323
MSCI THB Indx	THB											185
MSCI TRL Indx	TRY											86
MSCI TWD Indx	TWD											665
MSCI UAE Indx	AED											123
MSCI UK Indx	GBP											2 698
MSCI ZAR Indx	ZAR											377
STATE STREET WORLD SCREENED IN SS WLD	USD											90 053
SCR INDX EQU FD IUSD	USD											22 243
US Total Market Indx	USD											144 224
<b>Total other shares</b>												144 379
<b>Total shares</b>												144 379



Bonds

A Fig. 66 in USD 1,000

	Underlying currency	Committed Capital	Committed Capital USD	Purchase cost	Market / Book value
<b>Foreign bonds</b>					
Money Market Fund*	USD			178 563	175 971
U.S. Treasury 1-3 Year Index CTF**	USD			67 020	70 473
U.S. Treasury 3-10 Year Index CTF	USD			70 387	78 385
Long U.S. Treasury Index CTF	USD			1 492	1 860
Treasury bonds and bills				204 219	205 533
SPDR BC Emerging Markets Local Bond ETF	EUR			5 529	3 145
SPDR BC Emerging Markets Local Bond ETF	USD			1 000	734
Emerging Markets Bond Fund	USD			4 991	6 876
SSgA Global Aggregate Bond Index Fund	USD			28 681	26 921
Vanguard Global Aggregate Bond ETF	USD			73 045	69 877
DNB Global Treasury Bond Fund	NOK			11 026	9 890
Pareto Nordic Cross Credit Fund	NOK			8 789	8 336
Alfred Berg Nordic Bond Fund	NOK			11 560	9 523
<b>Total foreign bonds</b>				<b>666 301</b>	<b>667 515</b>
<i>Outstanding transactions with brokers</i>					
<b>Norwegian bonds</b>					
Treasury bonds and bills				4 044	3 431
<b>Total Norwegian bonds</b>				<b>4 044</b>	<b>3 431</b>
<b>Total bonds</b>				<b>670 345</b>	<b>670 947</b>

\* Hydra Skuld Cell part of this investment is USD 48.2 million

\*\* Hydra Skuld Cell part of this investment is USD 61.7 million

Other investments

A Fig. 66 in USD 1,000

	Underlying currency	Committed Capital	Committed Capital USD	Purchase cost
<b>Hedge funds</b>				
Nordkinn Fixed Income macro fund (USD)	USD			4 518
Nordkinn Fixed Income macro fund (NOK)	NOK			8 843
<b>Total Hedge funds</b>				<b>13 361</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	3 868
Pantheon Europe Fund V A LP	EUR	4 500	4 809	3 995
Pantheon Europe Fund VI LP	EUR	3 000	3 206	3 124
Pantheon USA Fund VII LP	USD	9 000	9 000	8 779
Pantheon USA Fund VIII LP	USD	4 000	4 000	3 763
<b>Total Private equity</b>				<b>3 829</b>
<b>Total other investments</b>				<b>3 219</b>

\*Totally USD 17.0 million and EUR 7.5 million has been committed to private equity. Of this USD 3.1 million and EUR 7.2 million has been called and paid.



## Financial derivatives

Investment in associated companies - held for sale

A: Figur i € in USD 1,000

Contract description	Value date	NOK bought	USD sold	Market value
NOK/USD bought/sold with DNB	10.03.2023	43 000	4 325	-122
"	11.04.2023	18 000	1 812	-50
"	10.05.2023	37 000	3 729	-102
"	12.06.2023	36 000	3 632	-97
"	11.07.2023	40 000	4 038	-105
"	10.08.2023	18 000	1 818	-45
"	12.09.2023	43 000	4 344	-104
"	10.10.2023	18 000	1 819	-42
"	10.11.2023	37 000	3 741	-82
"	04.12.2023	27 000	2 731	-58
"	09.01.2024	37 000	3 743	-76
"	12.02.2024	18 000	1 821	-35
<b>Total financial derivatives*</b>				<b>-918</b>

\* Purpose of the financial derivatives is to hedge the currency risk related to administrative expenses.

Skuld has through Skuld Investment Ltd previously held shares in Asta Capital Limited Investments Ltd. is 100% owned by Skuld Holding Ltd., a subsidiary of Skuld Mutual P (Bermuda) Ltd. Skuld sold all of its shares in Asta Capital Limited 13 July 2022 and received a gain of USD 30.5 million in investment income.

## Subsidiaries

The tables below set forth the Association's ownership interest in subsidiaries, in addition to directly owned subsidiaries. The Association controls 100% of voting rights in all subsidiaries.

## Shares in subsidiaries

Bokført verdi i USD 1,000

Subsidiary	Currency	Share Cap.	Shares	Percent
Skuld Far East Ltd	HKD	3 701 000	370 100	100%
Skuld Services Ltd - A-shares	USD	1 225 000	625	100%
Skuld Services Ltd - B-shares	USD	239	292	100%
Skuld Investments Ltd - A-shares	GBP	6 500 000	6 500 000	100%
Skuld Hellas Ltd	USD	40 000	500	100%
Skuld Germany GmbH	EUR	25 000	1	100%
Skuld North America Inc	USD	2 471 000	10	100%
<b>Book value as of 20.02.23</b>				

The Association completed the merger of the subsidiary Skuld Marine Agency (SMA) and Skuld North America Inc. The merger is accounted for using the continuity method.



Shares in subsidiaries owned through Skuld Mutual P&I Association (Bermuda) Ltd

	Office	Currency	Ownership interest	
			20.02.23	20.02.22
<b>Hydra Insurance Company (Skuld Cell)</b>				
Skuld Holding Ltd	Hamilton	USD	100%	100%
Skuld RE Ltd	Hamilton	USD	100%	100%
Skuld Investments Ltd - A-shares	London	USD	100%	100%
Skuld Investments Ltd - B-shares	London	GBP	100%	100%

**Other Investments**

Assuranceforeningen Skuld (Gjensidig) is an Association Class Member of Skuld Mutual P&I Association (Bermuda) Ltd and has in accordance with the bylaws preference to receive dividends, distributions or other payments, but have no voting rights at the general meeting.

In 2022/23 Skuld Mutual P&I Association (Bermuda) Ltd re-paid USD 25 million of former capital contribution from the Association.



## 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 2023 is 171.

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.

In 2022 Skuld Marine Agency AS (SMA) merged with the association and the employees included in the hybrid pension scheme was transferred to the association with the same terms. SMA 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. During 2022 the defined benefit scheme consisted of two contracts including two pensioners. One of the schemes was terminated 31.03.2022, and the other is transferred to the association and includes 1 pensioner.

The defined benefit pension scheme in Skuld North America Inc. only effects the net pension obligations for secured pensions, and per 28 February 2023 the scheme included 6 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 North America Inc. is included in the consolidated figures.

A. Fig. - see in USD 1,000

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

	31.12.19	31.12.20	31.12.21
Shares	14.8%	8.5%	12.0%
Bonds	11.2%	9.7%	9.3%
HTM Bonds	36.4%	34.9%	39.4%
Real Estate	13.4%	15.1%	13.9%
Loan	14.7%	22.4%	16.5%
Other	1.2%	2.9%	2.1%

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

	31.12.19	31.12.20	31.12.21
	6.1%	5.6%	3.6%



A Fig. 466 in USD 1,000

	CONSOLIDATED		ASSOCIATION	
	20.02.23	20.02.22	20.02.23	20.02.22
<b>Net pension costs</b>				
<b>Defined benefit pension plan:</b>				
Current service cost	294	373	294	326
Net interest expense / (income)	205	91	103	96
Social Security Tax (SST)	76	81	76	81
Administration Cost	2	2	2	0
Past service cost	109	0	109	0
Remeasurements	0	0	0	0
Net benefit pension costs (income)	685	546	584	503
Contribution pension plan cost	4 638	3 897	3 819	2 723
<b>Total pension costs charged to the income statement for the year</b>	<b>5 324</b>	<b>4 443</b>	<b>4 403</b>	<b>3 227</b>
Changes in pension assumptions charged to Other results components	567	-182	-931	12
<b>Secured Pensions</b>				
Estimated pension obligations	1 209	2 529	606	0
Pension plan assets (at market value)	-47	-620	-47	-29
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>1 163</b>	<b>1 910</b>	<b>559</b>	<b>-29</b>



	CONSOLIDATED		ASSOCIATION	
	20.02.23	20.02.22	20.02.23	20.02.22
<b>Unsecured Pensions</b>				
Estimated pension obligations	6 338	5 885	6 338	5 885
Pension plan assets (at market value)				
Social Security Tax (SST)	1 211	1 124	1 211	1 124
Unrecognised effects of actuarial gains/losses				
<b>Net pension obligations</b>	<b>7 549</b>	<b>7 009</b>	<b>7 549</b>	<b>7 009</b>
Net pension assets	-47	-105	-47	-29
Net pension obligations	8 758	9 024	8 155	7 009
<b>Net pension obligations</b>	<b>8 712</b>	<b>8 919</b>	<b>8 108</b>	<b>6 980</b>
<b>Assumptions used to determine benefit obligation</b>				
Discount rate	3.00%	1.90%	3.00%	1.90%
Wage growth	3.50%	2.75%	3.50%	2.75%
Yearly increase in pension payments	1.50% / 3.25%	0% / 1.50%	1.50% / 3.25%	0% / 1.50%
Yearly increase in G	3.25%	2.50%	3.25%	2.50%
Yield on pension assets	4.70%	1.90%	4.70%	1.90%
Average turnover members over/under 40 years old	0-8%	0-8%	0-8%	0-8%
Industry tariff basis of mortality prepared by Finansnærings Felleorganisasjon	K2013/KU	K2013/KU	K2013/KU	K2013/KU



## Note 11 Taxes

A Fig. 66 til USD 1.000

### CONSOLIDATED

	20.02.23	20.02.22
<b>Tax expense</b>		
Withholding tax/branch taxation	127	-950
Tax payable	19 970	4 796
Change in tax estimate last year	-1	2
Change in deferred tax	-28 558	-13 727
Exchange rate differences	-12 779	-7 278
<b>Tax expense</b>	<b>-21 241</b>	<b>-17 158</b>

In 2022/23 a tax income of USD 0.2 million is booked in OCI (Other income and expenses) related to change in deferred tax.

	20.02.23	20.02.22
<b>Specification of tax effects resulting from temporary differences:</b>		
Non-current assets		
Bad debt accruals	2 966	
Pensions	8 223	
Gains and losses		
Other temporary differences	260	
Contingency reserve		
Financial assets		
<b>Total</b>	<b>11 449</b>	<b>14 750</b>
Deferred tax asset (liability)	-52 781	
<b>Total deferred tax liability balance sheet</b>	<b>-52 781</b>	

20.02.23

20.02.22

Asset

Liability

Asset

Specification of tax effects resulting from temporary differences:

20.02.22

20.02.23

Tax expense

Withholding tax/branch taxation

Tax payable

Change in tax estimate last year

Change in deferred tax

Exchange rate differences

Tax expense



A. Fig. 66 in USD 1,000

**ASSOCIATION**

	20.02.23	20.02.22	20.02.21
<b>Tax expense</b>			
Withholding tax/branch taxation	126	-948	
Tax payable	20 404	5 352	
Change in tax estimate last year	-1	2	
Change in deferred tax	-29 338	-14 734	
Exchange rate differences	-12 768	-7 280	
<b>Tax expense</b>	<b>-21 577</b>	<b>-17 608</b>	
In 2022/23 a tax income of USD 0,7 million is booked in OCI (Other income and expenses) related to change in deferred tax.			
<b>Tax base calculation</b>			
Profit before income tax	-40 335	-47 879	
Permanent differences	83 356	23 417	
Difference in estimated tax previous years	-168	386	
Change in accumulated deficit			
Change in temporary differences	36 004	39 175	
Exchange rate differences	2 759	2 170	
<b>Tax base</b>	<b>81 616</b>	<b>17 269</b>	
<b>Specification of tax effects resulting from temporary differences:</b>			
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>
Non-current assets		258	1 927
Bad debt accruals	2 966		
Pensions	7 541		7 009
Gains and losses		386	
Other temporary differences			
Contingency reserve		173 683	
Financial assets		48 108	
<b>Total</b>	<b>10 507</b>	<b>222 435</b>	<b>8 936</b>
Deferred tax asset (liability)		-52 982	
Total deferred tax liability balance sheet		-52 982	
<b>Specification of tax expense</b>			
25% tax on profit before tax			20 02.23
Tax effect from permanent differences			-10 084
Changes in deferred tax			20 839
Difference in estimated tax previous years			-23 832
Currency effect			-42
<b>Tax expense for the period</b>			<b>-8 458</b>
			<b>-21 577</b>

From 2018/19 The Association has disputed the taxation of historical contingency reserve papers. In 2022 a notice of adjustment of tax assessment was received, which has been confirmed by Skuld to the Norwegian Tax Appeals Committee. Refer to note 1 (1.1.3) for further information.



## Note 12 Off-balance sheet items

### Guarantees

Bank Guarantees and "Club Letter of Guarantees" amounting in total to USD 857.4 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)		944 026	393 369	44 512	421 005	1 802 912
Kristian Dekke Løberg (Chief Financial Officer)		337 497	87 957	29 691	50 230	505 374
Lars Dueled (Chief Underwriting Officer)		333 090	64 834	31 914	97 320	527 158
Trude S. Husebø (Chief People, Communication and Sustainability Officer)		270 832	52 352	28 156	46 836	398 276
Hilde Sobstad Løvskar (Chief Legal Officer)		201 183	45 951	27 009	34 818	308 961
Gregory Thomas (Chief Business Development Officer)		332 917	58 857	46 406	51 265	489 445
Alem Jasarevic (Chief Operating Officer)		204 801	37 511	25 610	33 312	301 234
Mattias Hedqvist (Chief Claims Officer)		263 796	50 419	27 256	45 184	386 655
<b>Members of the Board</b>						
Klaus Kjørulff (Chairman)	68 200					68 200
Martin Larsen (Member)	33 000					33 000
Ann-Marie Åström (Member)	27 500					27 500
Catherine Cheung (Member)	27 500					27 500
Terje HJ Michelsen (Member)	33 000					33 000
Peter Bløcher (Employee representative)	24 750					24 750
Daria Avdeeva (Employee representative)	27 500					27 500
<b>Total remuneration</b>	<b>241 450</b>	<b>2 888 142</b>	<b>791 249</b>	<b>260 554</b>	<b>780 069</b>	<b>4 961 464</b>



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 607,541.

Total remuneration for the Committee, Audit-, Election-, Risk- and Remuneration Committee is USD 206,608.

Number of employees in the Group as of 20 February 2023 was 299.

**Auditor's remuneration**

	2022/23		2021/22	
	Consolidated	Association	Consolidated	Association
Audit fee	324 759	219 721	467 256	334 302
Further assurance services	2 076	2 076	0	0
Other services	94 844	94 844	9 638	3 851
Tax services	18 851	14 484	37 931	13 646

All amounts exclusive VAT.





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>1</sup> figures in LUSD 1,000

	<b>20.02.23</b>
Association	63 228
Consolidated	63 228

Note 17

Subsequent events

No subsequent events considered to have any effect on the financial statements.



# Auditor's report



To the General Meeting of Assuransforeningen Skuld (Gjensidig)

### Independent Auditor's Report

#### Opinion

We have audited the financial statements of Assuransforeningen Skuld (Gjensidig), which comprise: the financial statements of the parent company Assuransforeningen Skuld (Gjensidig) (the Association), which comprise the statement of financial position as at 20 February 2023, the income statement, cash flow statement and statement of changes in 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 Assuransforeningen Skuld (Gjensidig) and its subsidiaries (the Group), which comprise the statement of financial position as at 20 February 2023, the income statement, cash flow statement and 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 2023, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 20 February 2023, and its financial performance and its cash flows for the year then ended in accordance with 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 relevant laws and regulations in Norway 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 (537/2014) Article 5.1 have been provided.

We have been the auditor of the Association for 3 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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#### 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.

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new Key Audit Matters for our audit of the 2022/2023 financial statements. Furthermore, valuation of gross provision for outstanding claims has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year.

#### Key Audit Matter

Valuation of gross provision for outstanding claims

The estimation of 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 20 February 2023, 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 significant judgement and the inherent complexities in determining the provision for gross outstanding claims.

See note 1.8 and note 5 where management explains the technical provisions.

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

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

- Understood and tested both the governance process and internal controls relevant to the determined 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 classes of business, or those classes of business we compared our estimated 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 noted no material errors during the course of our procedures.



#### 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 statutory 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.

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- 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 and 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's 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 precludes 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, 11. May 2023  
PricewaterhouseCoopers AS

Erik Andersen  
State Authorised Public Accountant

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Rest assured.



**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



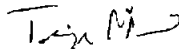
Finanstilsynet finner at det i dette konkrete tilfellet kan gjøres unntak fra kravet om presentasjonsvaluta i norske kroner. Anførslene viser at virksomheten er internasjonal, med hovedsakelig utenlandske kunder. Alle inntekter og kostnader er hovedsakelig knyttet til andre valutaer enn den norske. Det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

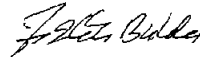
Finanstilsynet har i medhold av forskrift om årsregnskap m.m. for forsikringsselskaper § 7-1, jf. § 2-7, fattet følgende vedtak om dispensasjon:

*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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Org. nr. 972 417 807

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Saksbehandler  
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.

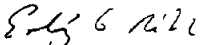
Skattedirektoratet har i brev 28. august 2006 gitt uttrykk for at det, som kontrollinstans og regnskapsbruker, ikke har vesentlige innvendinger mot at det kan gis dispensasjon til bruk av svensk, dansk eller engelsk i årsregnskap og årsberetning.

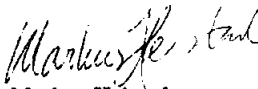
Finansdepartementets anser på denne bakgrunn ut fra en helhetsvurdering at Assuranseforeningen Skuld kan utarbeide årsregnskap og årsberetning på engelsk.

### 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