



17 November 2022

CIRCULAR TO ALL MEMBERS

Skuld Renewal Update 1 policy year 2023/24

Skuld's Board of Directors met in Hamilton, Bermuda, on 9 November 2022 to discuss the upcoming P&I renewal for the policy year starting 20 February 2023.

The Board of Directors noted and agreed the following:

There has been a gradual improvement in the financial performance of the mutual product. Achieving rating adequacy has been an aim over the past two renewals, particularly at the most recent renewal. However, there is still some way to go to ensure that this product on an overall level will alleviate the industry-wide concerns in terms of performance and the Board noted the continuous focus from ratings agencies.

There are early signs that claims costs are increasing due to inflation, but the full effect of the global impact of inflation is yet to be realised, although it will have a negative financial impact in the short to medium term.

There has been a significant level of investment market volatility during 2022, however Skuld's own solvency position remains strong.

Large claims performance this year has been benign across all products. However, in spite of the benign nature of the year, mutual performance on its own is still producing a negative technical result.

On an operational level all products combined produced a positive result at the half year stage (combined ratio of 95%). This has shown the importance of the efforts to improve the performance of the mutual portfolio, particularly at the last renewal in order to achieve the combined-ratio targets agreed.

Commercial products have performed well, and on an overall basis the portfolio of commercial business has grown throughout 2022.

All mutual P&I records that are used to negotiate the upcoming renewal will be abated at USD 3 million, to clearly identify all mutual members' individual large claims contributions. Furthermore, all Charterers and Fixed P&I records will now include costs of running the business.

There will be a continued focus on individual member performance and negotiations will be concluded on this basis.



To address the aforementioned considerations all mutual members can expect an increase at the upcoming P&I renewal and it will be necessary to achieve an overall ETC adjustment of 10 percent for the mutual product before any adjustments to the Group Excess of Loss contract.

RELEASE CALL 2022/23

The applicable release calls are presented below:

2020/21 = 7.5%

2021/22 = 10%

2022/23 = 15%

2023/24 = 15%

Yours faithfully,
Assuranceforeningen Skuld (Gjensidig)

Ståle Hansen
President and CEO