



SKULD

RENEWAL CIRCULAR 2015

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This circular provides you with an operational update, financial overview and general information about the requirements and risk evaluation for the upcoming renewal at 20 February 2015.

The information is of general nature and applicable to all covers provided by Skuld P&I including policies renewed throughout the policy year 2015/16. When the reinsurance costs and other P&I premium allocations for our mutual members are known, Skuld will issue a separate circular outlining the final allocations.

OPERATIONAL YEAR 2014

- Positive half year 2014 bottom-line result driven by strong growth in our non-mutual segment (e.g. charterers, offshore and Skuld 1897 at Lloyd's). Achieving a balanced result in the mutual business alone is challenging
- Affirmed 'A' rating (stable outlook)
- Increasing number of larger marine casualties and personal injury claims
- Underwriting authority for Skuld 1897 is being established for Skuld's global network of offices
- Investment return continues to be under pressure

Skuld President & CEO, Douglas Jacobsohn, said: "Skuld's diversification strategy has shown that we are on the right track in supporting our mutual members and maintaining a balanced and positive result. Our ambition is continued growth but we will always focus to maintain our financial strength. Being transparent and with a dedication to maintaining high service and competence, we will always put our members and clients first."

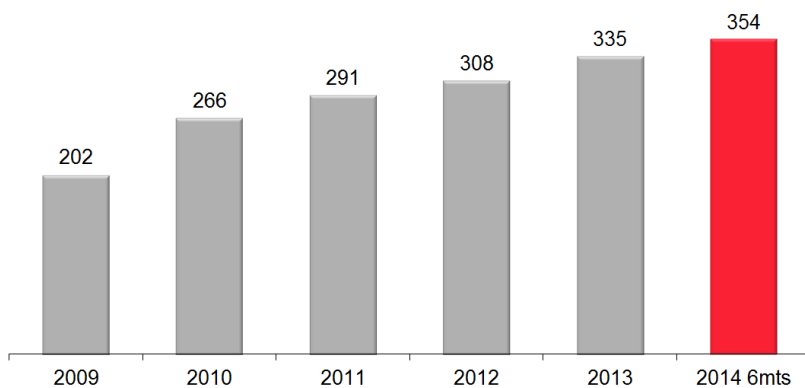
'A' RATING

Standard & Poor's affirmed Skuld's 'A' rating (stable outlook) in July 2014, stating the following:

- Business risk Profile: **Strong**
 - One of the most diversified of its IG peers
 - Increased brand reputation and **sector-leading operating performance**
- Financial Risk Profile: **Strong**
 - Capital adequacy will likely remain above or only just below the "AA" level
 - Sector-leading operating performance a ratings strength and a key differentiator
 - **Less-volatile operating performance** than most of its peers

CONTINGENCY RESERVES

* USD mill



PREMIUM STRUCTURE

1. INDIVIDUAL RISK ASSESSMENT

Recognising that all members of Skuld are unique, Skuld makes individual risk assessments. This is considered to be an appropriate and fair evaluation of the performance and exposure of each member. Skuld will, however, adjust premiums for changes in both the individual and overall "global" risk factors.

2. BASIC RISK PREMIUM

Frequency claims or attritional claims. Members' Basic Risk Premium is adjusted depending on your statistical records taking into account claim costs, types of claim, claims trends as well as claims frequency. We also take into consideration type and age of vessels and fleet composition/development. Members' overall risk exposure is also subject to the continuous claims inflation due to increased levels of compensations awarded to claimants and increased legal and expert costs in defending your claims. The impact of new global conventions and increased limits under existing conventions is also of importance. To maintain a status quo on the exposure, premiums have to be adjusted accordingly independent of statistical records. Certain risks and trades associated with the respective unique member may warrant a higher adjustment.

3. PREMIUM FOR "LARGER" CLAIMS

Claims occurring less frequently and considered as "large" claims will be balanced by the membership of

the club. Each member has to contribute in sharing large claims within our retention below the Pool. The overall claims numbers for the current year is on budget. However, we are experiencing a continued pressure on larger claims and we anticipate this challenge to remain. Your premium will be adjusted to ensure an adequate mutual level of contribution towards these larger claims.

4. POOL CLAIMS

Every Skuld member contributes to the Pool Claims system. Skuld has a smaller share of the Pool compared with its peers due to favourable loss records with the Pool. Since the Pool (currently 71 MUSD excess 9 MUSD) in practice is a pooling system for all the members of the P&I clubs in the International Group, the cost of sharing these claims will be borne by all members. Skuld's role is to collect from members their share of the pool contribution which is done through the premium levied.

5. GROUP'S EXCESS OF LOSS REINSURANCE

The International Group of P&I Clubs will protect the members' Pool by purchasing an excess of loss reinsurance which today (2014) is in excess of 80 MUSD. Skuld will renew P&I covers for the coming policy year in advance of the final cost for the Group's Excess of Loss Reinsurance and adjust premiums when the final figures are available. A further Circular will be issued as soon as terms of the reinsurance programme have been agreed.

DEDUCTIBLE ADJUSTMENTS

After six years without adjustments, all Skuld standard deductibles for Owners Mutual P&I/FDD, Owners Fixed P&I/FDD and Charterers P&I/FDD will increase by USD 2,500 as from 20 February 2015.

SKULD CALL HISTORY

For mutual P&I and mutual FDD:

YEAR	ORIGINAL SUPPLEMENTARY CALL	FINAL CALL	GENERAL INCREASE	RELEASE CALL
2011/12	0%	0%	Individual adjustments	Closed
2012/13	0%	(est 0%)		0%
2013/14	0%	(est 0%)		0%
2014/15	0%	(est 0%)		10%
2015/16*	0%	(est 0%)		15%

* As decided by the Skuld Board of Directors 5-6 November 2014

PRODUCTS AND SERVICES

SKULD OFFSHORE

Based on a clear understanding of the offshore and energy industry, Skuld Offshore has become a leading provider specialising in liability insurance for offshore contractors. In addition Skuld covers FDD, Energy, Mobile Offshore Units, Operators Risks, Subsea and Offshore Equipment, and more.

SKULD FIXED P&I

Fixed P&I insurance is a product by Skuld P&I offering a fixed premium facility with the full service of Skuld P&I. Skuld can now also provide a fixed premium cover with its own terms & conditions. This cover is suitable for shipowners not interested in the full mutual protection; i.e., mainly shipowners with limited exposure, in local trade or with smaller vessels.

SKULD YACHTS

Skuld Yachts is a fixed cover specially designed for super yachts and with its own terms & conditions. Backed by Skuld P&I and its world-wide recognised service, Skuld Yachts provides a new haven for the exclusive owners who require high quality and modern insurance solutions.

SKULD SYNDICATE 1897 AT LLOYD'S

Skuld is the only P&I club with a syndicate at Lloyd's. The syndicate provides a number of marine products, such as Hull and Machinery, Cargo, Energy Physical Damage and other Marine Liabilities not provided by Skuld P&I, such as Ports and Terminals. A number of Skuld's P&I members have placed a share of their Hull and Machinery insurance with the syndicate. More and more also elect to use our syndicate as claims lead. Underwriting authority for Skuld 1897 is being established for Skuld's global network of offices.

SKULD CLAIMS SERVICES

Skuld Claims Services is specially designed for handling hull claims when Skuld 1897 at Lloyd's provides hull insurance on a claims lead basis. The team is set up within Skuld P&I with staff specialising in hull insurance.

ABOUT SKULD

Skuld is a world leading marine insurance provider with a strong financial position and around 250 highly skilled employees worldwide. Skuld is 'A' rated by Standard & Poor's and offers a wide range of marine insurance products through Skuld P&I and Skuld 1897, a syndicate at Lloyd's.

The P&I club Skuld was founded in Oslo, Norway in 1897. Since then, we have developed from a Scandinavian club into a diversified global marine insurer.

Skuld now offers tailored marine insurance covers catering to the needs of shipowners, the offshore and energy sector, charterers and traders, ports and terminals, cargo and the superyacht community. Through our world-wide office network we serve our international members and clients 24 hours a day.

Yours faithfully
Skuld

Douglas Jacobsohn
President & CEO