

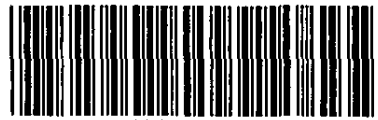
PC 29618

SKYD.COM

ANNUAL ACCOUNTS

2010

TUESDAY



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A05

13/03/2012

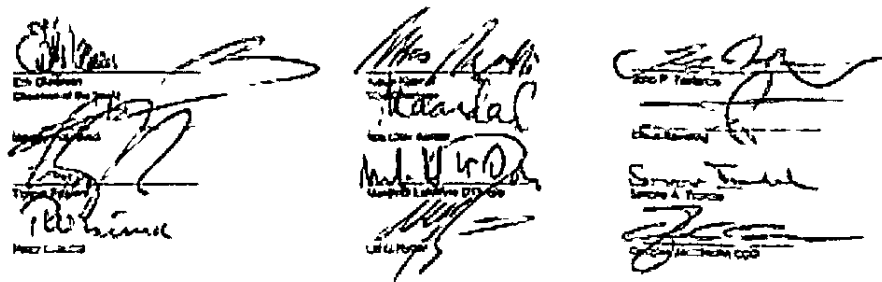
#267

COMPANIES HOUSE

CONSOLIDATED
INCOME AND
EXPENDITURE
ACCOUNT

All figures in USD 1000	Note	2010	2009
TECHNICAL ACCOUNT			
Premiums and calls			
Gross premiums and calls	2	272 429	255 386
- Reinsurance premium		-32 312	-26 507
Earned premiums and calls for own account		240 117	228 879
Claims incurred			
Gross claims paid	3	204 348	194 414
- Reinsurance recoveries	3	-54 618	-66 838
Gross change in estimated outstanding claims	3	-16 064	94 909
- Reinsurers share	3	31 407	-43 450
Claims incurred for own account		165 073	179 035
Operating expenses			
Acquisition costs	4	33 535	30 194
Administrative expenses	4	10 901	9 023
Net operating expenses		44 436	39 217
Balance carried to non-technical account		30 609	10 626
NON-TECHNICAL ACCOUNT			
Balance from technical account		30 609	10 626
Investment income			
Investment income		10 533	11 488
Unrealised gains / losses on investments		-449	44 587
Realised gains / losses on investments		19 876	-304
Total investment income		29 960	55 770
Investment expenses			
Investment management expenses		1 850	857
Foreign exchange adjustments			
Foreign exchange adjustments		8 932	-2 847
Balance before tax on ordinary activities		67 651	62 693
Taxes			
Taxes		3 029	5 685
Balance carried to contingency reserve		64 622	57 008

BALANCE SHEET AS OF 20 02 11

	All figures in USD 1000	Note	2010	2009
ASSETS				
Intangible assets				
Net deferred tax assets			4 750	0
Total intangible assets			4 750	0
Financial assets				
Real estate			251	251
Mortgages			1 599	1 647
Other loans			550	428
Commodities	6		6 595	4 533
Hedge Funds	6		196	9 126
Private Equity	6		13 643	8 005
Shares	6		96 845	53 075
Bonds	6		478 147	436 983
Total financial assets			597 826	514 048
Debtors				
Members and brokers			3 692	605
Reinsurers			296	7 385
Other debtors			660	1 284
Total debtors			4 649	9 273
Other assets				
Fixed assets	5		2 525	2 575
Pension assets			2 984	1 962
Cash at bank			48 251	32 771
Total other assets			53 759	37 308
Prepayments and accrued income				
Prepayments and accrued income	7		10 164	6 705
Total assets			671 148	567 334
LIABILITIES				
Provisions for outstanding claims for own account	9		367 504	333 202
Contingency reserve	8		266 436	201 505
Technical provisions for own account	9 10		633 940	534 707
Provisions for other liabilities				
Pension liabilities			9 561	6 909
Provision for taxation			0	7 853
Total provisions for other liabilities			9 561	14 762
Creditors				
Members and brokers			4 972	2 358
Reinsurers			7 058	3 310
Other creditors			9 004	6 227
Total creditors			21 035	11 895
Accruals and deferred income				
Accruals and deferred income			6 613	5 970
Total liabilities			671 148	567 334
				

Note 1 ACCOUNTING POLICY

The accounts are prepared in USD but in the official accounts for Skuld USD has been converted to NOK. Furthermore, the accounts have been prepared in compliance with the regulations from the Norwegian Banking Security and Insurance Commission. These regulations are based on EU accounting standards.

The USD accounts are based on the official accounts but some reclassifications have been made to make the accounts more comparable to the accounts of the other P&I clubs.

- Provisions for bad and doubtful debts are included in calls and premiums
- Interest on overdue payments is included in calls and premiums
- Claims management expenses are included in claims incurred

Protection &
Indemnity

There are also some deviations from the official accounts in the Notes.

Basis of accounting

The accounts are prepared on an annual accounting basis and include the following:

- All premiums for policies commencing during the year
- The cost of claims incurred and reinsurance for the current year
- Any adjustments relating to earlier years
- Operating expenses and investment income

Consolidation

The consolidated accounts include the accounts for Skuld Mutual Protection & Indemnity Association (Bermuda) Ltd and the Association's subsidiaries: Vika Management AS, Skuld Seminar Services AS, Skuld AB (New), Skuld Germany GmbH, Skuld Insurance Eastern Europe ZAO, Moskva, Skuld Far East Ltd, Skuld Hellas Ltd, Skuld North America Inc, Skuld Offshore Ltd and APS Generalagenturet for Skuld, Copenhagen, Hydra Insurance Company Ltd, Skuld I Ltd and Skuld II Ltd, Skuld Holding Ltd and Skuld II Reinsurance (Bermuda) Ltd are fully-owned and controlled by Skuld Mutual Protection & Indemnity Association (Bermuda) Ltd. In the accounts, shares in subsidiaries, receivables from and payables to subsidiaries, and transactions between the Association and the subsidiaries, have been eliminated.

Calls and Premiums

Calls and premiums include gross calls and supplementary calls, less return premiums and provisions for bad and doubtful debts. These calls and premiums are the total receivable for the whole period of cover provided by the contracts commencing during the accounting period, together with any premium adjustments relating to prior accounting years.

The calls and premiums include provisions for estimated future supplementary calls in respect of open policy years.

Claims

The claims expenses include all claims incurred during the year together with claims management expenses. The technical provision for claims outstanding includes an element of claims incurred but not reported (IBNR). Historical data is used in assessing IBNR. Provision for the cost of future claims handling is not included.

Reinsurance premiums

These include premiums payable to market underwriters, charged to the consolidated income and expenditure account on an accruals basis.

Reinsurance recoveries

Reinsurance recoveries are accrued to match relevant claims and include estimated recoveries on estimated outstanding claims.

Operating expenses

Account is taken of accruals and prepayments in arriving at operating expenses.

Foreign currency

Assets and liabilities have been translated to USD at the rate of exchange on the balance sheet date.

Investments

Account is taken of accrued interest on fixed interest securities and deposits, dividends are credited when receivable. The investments are assessed at market value on the balance sheet date.

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. 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. Similarly, the company will reduce a deferred tax asset to the extent that the Association or Group no longer regards 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.

Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet.

Note 2 **PREMIUMS DISTRIBUTED BY COUNTRY**

Country	Premiums	%
Norway	28 883	10.6%
Nordic countries excl. Norway	34 470	12.7%
Germany	33 595	12.3%
Greece	18 396	6.8%
Rest of Europe	74 546	27.4%
USA	23 436	8.6%
Far East	39 590	14.5%
Other	19 513	7.2%
Total gross premiums and calls	272 429	100.0%

Note 3 **NET CLAIMS INCURRED**

	2010	2009
Gross claims paid		
Members claims	199 516	179 168
Group Pooling arrangements	4 832	15 245
Gross claims paid	204 348	194 414
Reinsurers share		
Group Pooling arrangements	-10 726	-28 477
Market underwriters	-43 891	-38 361
Other P&I Associations	0	0
Reinsurers share	-54 618	-66 838
Net claims paid	149 730	127 576
Change in provision for gross claims		
Provision opening balance	494 963	424 337
Provision closing balance	501 481	494 963
Change in currency valuation at year end	-22 582	24 283
Change in provision for gross claims	-16 064	94 909
Less movements in provision for reinsurers share		
Provision opening balance	-161 761	-151 158
Provision closing balance	-133 977	-161 761
Change in currency valuation at year end	3 623	-32 847
Less movements in provision for reinsurers share	31 407	-43 450
Change in provision for future claims		
Net change in claims provision	15 343	51 460
Claims incurred for own account	165 073	179 035

Note 4 NET OPERATING EXPENSES

	2010	2009
Administrative expenses	10 901	9 023
Salary etc	11 067	10 701
Commissions	16 063	13 909
Marketing	1 890	2 001
Surveys	266	310
Other acquisition costs	4 249	3 273
Acquisition costs	33 535	30 194
Net operating expenses	44 436	39 217

In the P&L direct claims cost and a relevant portion of overhead expenses are allocated to claims-, acquisition- and investment expenses respectively

In accordance with Schedule 3 of the international Group Agreement the Association is required to disclose the Average Expense Ratio for the Association's P&I business

The operating expenses include all expenditure incurred in operating the Association's P&I business excluding expenditure dealing with claims and a reasonable allocation of general overhead expenses. The premium includes all earned premium allocated to the policy year of origin.

For the five years ended 20th February 2011 a ratio of 12.1% (12.2% at 20th February 2010) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant Financial Statements.

Note 5 FIXED ASSETS

	Fixed assets
Cost	
As at 20th February 2010	10 093
Purchases in the year	1 160
Sales / Scrapping in the year	-95
As at 20th February 2011	11 158
As at 20th February 2010	7 519
Depreciation on sold / scrapped assets	2
Depreciation this year	1 095
As at 20th February 2011	8 616
Net book value	
As at 20th February 2010	2 575
As at 20th February 2011	2 543

Note 6 FINANCIAL INVESTMENTS

	2010	2009
	Market value	Market value
Shares		
Norwegian shares	2 663	1 490
Foreign shares	94 182	51 585
Total shares	96 845	53 075
Bonds		
Treasuries	332 112	181 743
Asset Backed Securities	0	35 057
Mortgage Backed Securities	0	10 218
Corporate Securities	118 219	121 681
Government Agency Securities	0	36 883
Cash and Money Market	27 816	51 401
Total bonds	478 147	436 983
Alternative investments		
Commodity derivatives	6 595	4 533
Hedge Funds	196	9 126
Private Equity	13 643	8 005
Total alternative investments	20 434	21 664

Note 7 PREPAYMENTS AND ACCRUED INCOME

	2010	2009
Accrued interest	14	13
Other prepayments	10 151	6 692
Prepayments and accrued income	10 164	6 705

Note 8 CONTINGENCY RESERVE

	2010	2009
Contingency reserve opening balance	201 505	143 967
Balance carried forward to contingency reserve	64 622	57 008
Difference related to subsidiaries	310	530
Contingency reserve closing balance	266 436	201 505

Note 9 PROVISIONS FOR OUTSTANDING CLAIMS BY POLICY YEAR

	2010	2009	2008	Closed years	Total
Gross estimated outstanding including IBNR	148 620	48 741	45 929	244 765	488 055
The Association's estimated share of other associations' pool-claims including IBNR	9 115	2 307	619	1 385	13 425
Gross provision for outstanding claims	157 735	51 048	46 548	246 150	501 481
Estimated outstanding recoveries including IBNR from					
Pooling agreements	4 152	0	-2 471	52 810	54 491
Group excess loss	0	0	3 378	95 854	99 231
Other reinsurers' share	3 119	-46 824	89	23 871	-19 745
Total estimated outstanding recoveries	7 271	-46 824	995	172 535	133 977
Provisions for outstanding claims for own account	150 465	97 872	45 553	73 615	367 504
Contingency reserve	38 846	92 716	-75 377	210 251	266 436
Technical provisions for own account	189 311	190 588	-29 824	283 866	633 940

Note 10 TECHNICAL PROVISIONS FOR OWN ACCOUNT

	2010	2009
P&I		
Gross estimated outstanding including IBNR	462 098	460 268
The Association's estimated share of other associations' pool-claims including IBNR	13 425	14 838
Gross provision for outstanding claims	475 524	475 106
Estimated outstanding recoveries from		
Pooling agreements	-54 491	-56 361
Other reinsurers' share	-79 586	-105 592
Total estimated outstanding recoveries	-134 077	-161 953
Provision for outstanding claims for own account	341 446	313 153
FD&D		
Gross estimated outstanding including IBNR	25 957	19 857
The Association's estimated share of other associations' pool-claims including IBNR	0	0
Gross provision for outstanding claims	25 957	19 857
Estimated outstanding recoveries from		
Pooling agreements	0	0
Other reinsurers' share	100	192
Total estimated outstanding recoveries	100	192
Provision for outstanding claims for own account	26 057	20 049
Total P&I and FD&D		
Provision for outstanding claims for own account	367 504	333 202
Contingency reserve	266 436	201 505
Technical provision for own account	633 940	534 707

Note 11 OFF-BALANCE SHEET ITEMS

Guarantees

Bank Guarantees and Club Letter of Guarantees amounting in total to USD 663.6 mill have been issued in connection with claims of which the latter makes up by far the greater part. The face value of these guarantees greatly exceed the expected payments from the related claims. The expected payments from these claims are fully covered in the provisions made for outstanding claims.

The Association has entered into a 10 years lease period for the Oslo office building starting 01.12.2002.

Note 12 FINANCIAL RISK

Investment risk is managed in accordance with the internal Enterprise Risk Management policy.

Interest and currency risk on claims liabilities are immunized by Asset-Liability management. Changes to the value of the Association's fixed income securities are accompanied by a corresponding revaluation of the claim liabilities present value. Interest risk is immunized by holding the duration of the portfolio equal to the duration of the claims liabilities. Currency risk is minimized by letting the portfolio's currency composition mirror that of the claims liabilities. The part of the investment portfolio not utilized for Asset-Liability management is divided between a liquidity portfolio providing liquid assets for cash management, and diversified risk portfolio aiming for maximum return within a defined risk level. The majority of the risk portfolio is invested in passively managed fund vehicles.

Note 13

POLICY YEAR STATEMENT BY CLASS AS AT 20 02 11

	2010	2009	2008
P&I			
Advance calls releases and other gross premiums charged in years to 20th February 2010	0	241 595	203 383
current accounting year	256 420	380	515
	256 420	241 975	203 898
Supplementary calls levied in years to 20th February 2010	0	0	0
current accounting year	0	0	0
	0	0	0
Total calls and premiums	256 420	241 975	203 898
Reinsurance premiums	-32 451	-27 942	-22 190
	223 969	214 032	181 708
Claims incurred net of reinsurance recoveries	-182 842	-133 095	-149 819
	41 127	80 937	31 889
Net operating expenses	-41 058	-37 736	-30 813
Net investment income	35 133	49 702	-69 438
Taxes	-2 868	-5 422	830
Total P&I	32 334	87 482	-67 531
FD&D			
Advance calls releases and other gross premiums charged in years to 20th February 2010	0	11 241	10 710
current accounting year	14 402	538	102
	14 402	11 779	10 812
Supplementary calls levied in years to 20th February 2010	0	0	0
current accounting year	0	0	0
	0	0	0
Total calls and premiums	14 402	11 779	10 812
Reinsurance premiums	0	0	0
	14 402	11 779	10 812
Claims incurred net of reinsurance recoveries	-7 100	-6 600	-13 196
	7 302	5 179	-2 384
Net operating expenses	-2 541	-2 043	-1 810
Net investment income	1 912	2 362	-3 695
Taxes	-161	-263	44
Total FD&D	6 512	5 234	-7 845
Total P&I and FD&D	38 846	92 716	-75 377

Calls and premiums reinsurance premiums claims and commission to brokers are allocated to the policy year to which they relate Operating expenses and investment income have been allocated to the policy year corresponding to the accounting year

Note 14 POLICY YEAR STATEMENT AS AT 20 02 11 – MUTUAL AND FIXED BUSINESS

	2010	2009	2008
Mutual			
Total calls and premiums	205 477	195 073	155 710
Reinsurance premiums	-23 703	-21 939	-13 462
	181 774	173 135	142 248
Claims incurred net of reinsurance recoveries	-162 009	-114 871	-130 101
	19 764	58 263	12 147
Net operating expenses	-33 239	-30 576	-23 794
Net investment income	28 535	40 542	-54 206
Taxes	-2 298	-4 394	648
Total Mutual	12 762	63 835	-65 204
Fixed			
Total calls and premiums	65 346	58 681	56 998
Reinsurance premiums	-8 748	-6 004	-8 728
	56 598	52 677	48 270
Claims incurred net of reinsurance recoveries	-27 934	-24 824	-32 914
	28 664	27 853	15 356
Net operating expenses	-10 359	-9 203	-8 829
Net investment income	8 510	11 522	-18 927
Taxes	-731	-1 291	226
Total Fixed	26 084	28 881	-12 174
Total Mutual and Fixed business	38 846	92 716	-77 379

Calls and premiums reinsurance premiums and claims are allocated to the policy year to which they relate. Commission has been allocated to the respective policy year. Other operating expenses and net investment income have been allocated to the policy year corresponding to the accounting year.



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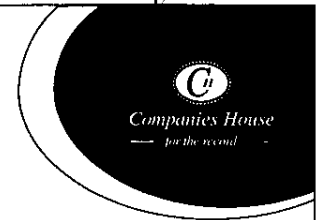
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100116/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company



What this form is for
You may use this form to accompany your accounts disclosed under parent law

What this form is NO
You cannot use this for an alteration of manner with accounting require



COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ①	Assuranceforeningen SKULD (Gjensidig)- Skuld UK
	If the company has already been registered in the UK, please enter the establishment number below
UK establishment number ②	B R 0 1 4 6 0 0

→ **Filing in this form**
Please complete in typescript or in bold black capitals

All fields are mandatory unless specified or indicated by *

① This is the name of the company in its home state

② This should only be completed if the company has already been registered in the UK

Part 2 Statement of details of parent law and other information for an overseas company

A1	Legislation
	Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited
Legislation ③	Norwegian Law

③ This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2	Accounting principles
Accounts	Have the accounts been prepared in accordance with a set of generally accepted accounting principles? Please tick the appropriate box <input type="checkbox"/> No. Go to Section A3 <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3
Name of organisation or body ④	EU Accounting Standards

④ Please insert the name of the appropriate accounting organisation or body

A3	Accounts
Accounts	Have the accounts been audited? Please tick the appropriate box <input type="checkbox"/> No Go to Section A5 <input checked="" type="checkbox"/> Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

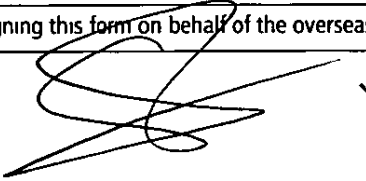
A4 Audited accounts

Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box <input type="checkbox"/> No Go to Part 3 'Signature' <input checked="" type="checkbox"/> Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'	Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ①	IAS 39	

A5 Unaudited accounts

Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box <input type="checkbox"/> No <input type="checkbox"/> Yes	
--------------------	---	--

Part 3 Signature

Signature	I am signing this form on behalf of the overseas company	
	Signature X  X	
This form may be signed by Director, Secretary, Permanent representative		

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **Sopher + Co**

Address **5 Elstree Gate**

Elstree Way

Post town **Borehamwood**

County/Region **Hertfordshire**

Postcode

W	D	6	1	J	D
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Country

DX

Telephone

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- The company name and, if appropriate, the registered number, match the information held on the public Register
- You have completed all sections of the form, if appropriate
- You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address:

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 NR Belfast 1

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk