

Overview

- Skuld have navigated an exceptionally difficult year with success, reporting an overall surplus of US\$ 21m, notwithstanding a dramatic increase in claims. Fortunately, the investment managers excelled, with a reported return of 7.3% and net income of US\$ 92m, lifting the overall result back into surplus.

A
S&P
Rating

Key Performance Indicators

		2025	2024	2023
S&P Rating		A	A	A
Gross Owned Tonnage	Mil	119	107	95
Combined Ratio	%	115	88	96
Investment Return	%	7.3	7.2	0.3
General Increase	%	5	5	10
Solvency	%	175	188	173
Movement in Net Premiums	%	10	8.4	7.3
Movement in Free Reserves	%	4	16.4	3.4
Movement in Incurred Claims	%	57.1	-3.1	-9.6
AER (Average Expense Ratio)	%	11.2	12.2	12.7
Increase in GT	%	10.3	12.6	-4.0
Average net PR per GT	\$	3.96	3.97	4.13
Free Reserves per GT	\$	4.56	4.84	4.68
Surplus /(Deficit)(Mil)	\$	21	116	32

7.3%
Investment
Return

\$21M
Surplus

Underwriting

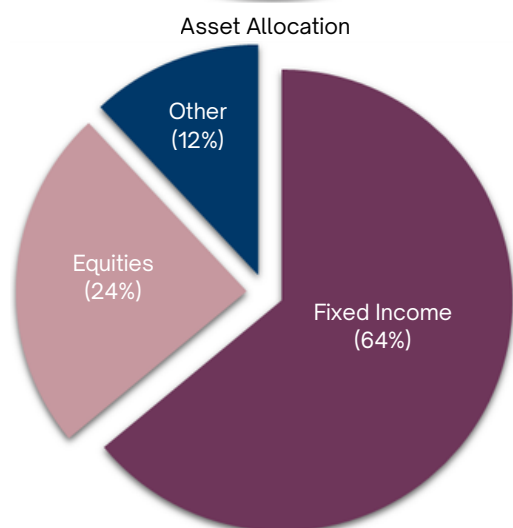
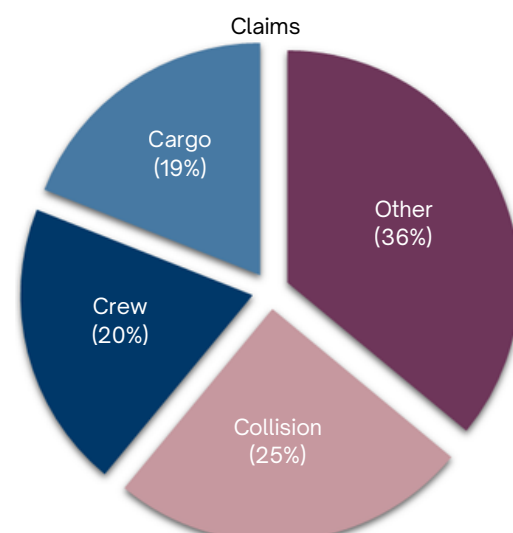
- There was an increase in the net premium income of 10% following a 5% General Increase at the 2024 renewal and a 10% increase in mutual GT. In addition to the mutual P&I business, the Club underwrites Hull and Machinery, Offshore, Yachts, Aquaculture and Autonomous vessels.
- The commercial business, including fixed premium P&I, performed well during the year returning a positive underwriting result. The deterioration occurred on the mutual P&I book following a number of very modest claims years. Incurred claims in the 2024 policy year rose by 68% (after twelve months) compared to the 2023 policy year.
- There were an unusually high number of P&I claims in the second half of the year. The adverse development was driven by a surge in the reported claims in the US\$ 500k to US\$ 2m band, plus a substantial increase in the cost of the IG pool claims, which included two of Skuld's own claims.
- The Club's share of IG pool claims was US\$ 55m, compared to US\$ 24m a year earlier, while their own claims from all classes rose by 50% to US\$ 382m from US\$ 254m. The Club retained a 5% General Increase at the 2025 renewal, and will be hoping for a more modest level of claims moving forwards to avoid any future capital erosion.

115%
Combined
Ratio

Investments

- The investment managers were clearly the 'heroes of the hour' reporting net income of US\$ 92m, which more than covered the underwriting deficit to keep the free reserves moving in a positive direction.
- The investment markets behaved positively in the year, with falling bond yields and rising prices in anticipation of improvements in economic conditions. Prices responded in expectation of lower interest rates and falling inflation, resulting in unrealised investment gains of US\$ 68m and other net investment income of US\$ 24m. The 27% equity and alternatives asset allocation was clearly a positive factor in the outcome.

Balance Sheet	US\$000's	2025	2024	2023
Investments		1,155,885	1,037,626	911,150
Cash		189,831	166,713	178,354
Debtors		54,337	46,430	61,753
Other Assets		12,488	10,189	6,208
Total Assets		1,412,541	1,260,958	1,157,465
Outstanding Claims		713,575	587,349	607,991
Creditors		160,896	156,191	104,848
Total Liabilities		874,471	743,540	712,839
Free Reserves		538,070	517,418	444,626
Revenue Statement	US\$000's	2025	2024	2023
Net Premiums		467,339	425,006	392,001
Net Claims Incurred		437,162	278,259	287,240
Management Costs		101,222	97,801	90,905
		538,384	376,060	378,145
Underwriting Surplus / (Deficit)		(71,045)	48,946	13,856
Investment Income / (Loss) Less Tax		91,698	66,993	17,968
Surplus / (Deficit)		20,653	115,939	31,824



Outlook

- Skuld have increased their free reserves by US\$ 21m / 4% after a very difficult year. The combined ratio rose from a very positive 88% last year to 115% this year, leading to an underwriting deficit of US\$ 71m. The situation was alleviated by a positive performance from the fixed premium and commercial sector, without which the situation would have been much worse.
- The P&I was hit by a massive increase in claims, not only from the IG pool, but from claims within their own retention, particularly claims under US\$ 2m. The cost of the reinsurance increased by US\$ 19m in the year, but this had no overall impact on the outcome, while estimated claims on the 2024 policy year exceeded the net premium income by 33%.
- The concern within the IG must be whether this is an isolated bad year or the start of a rather unpleasant trend. The Club retained its S&P A credit rating with a stable outlook and have a strong solvency ratio of 175% and more than enough free reserves to handle any immediate problems.