



PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

FOR IMMEDIATE RELEASE

CONTACTS: Jose Berenguer
Senior Financial analyst
+31 20 308 54 29
jose.berenguer@ambest.com

Dr. Mathilde Jakobsen
Director, Analytics
+31 20 308 5427
mathilde.jakobsen@ambest.com

Christopher Sharkey
Manager, Public Relations
+1 908 439 2200, ext. 5159
christopher.sharkey@ambest.com

Al Slavin
Senior Public Relations Specialist
+1 908 439 2200, ext. 5098
al.slavin@ambest.com

AM Best Affirms Credit Ratings of Sveriges Ångfartygs Assurans Förening (The Swedish Club)

AMSTERDAM, 27 January 2023—AM Best has affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Rating of “a-” (Excellent) of Sveriges Ångfartygs Assurans Förening (The Swedish Club) (TSC or the Club) (Sweden). The outlook of these Credit Ratings (ratings) is negative.

These ratings reflect TSC’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management.

The negative outlooks reflect pressure on TSC’s balance sheet strength assessment, as challenging conditions in marine insurance and financial markets have translated into significant losses in 2021 and 2022, leading to a deterioration in the Club’s free reserves and risk-adjusted capitalisation. AM Best expects the Club’s free reserves to begin recovering in 2023, driven by an expected improvement in operating performance; this will be supported by the Club’s announcement that it will apply a 10% general increase on protection and indemnity (P&I) rates for the 2023/24 policy year. However, a negative rating action could occur if risk-adjusted capitalisation fails to improve during 2023.

TSC’s balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level at year-end 2021, as measured by Best’s Capital Adequacy Ratio (BCAR). Free reserves dropped in 2021 and are expected to have decreased further in 2022 (year-end 2022 audited financial statements not yet available). As a

—MORE—

—2—

result, AM Best expects TSC’s BCAR assessment to decrease to the very strong or strong level by year-end 2022. The Club’s BCAR scores are expected to improve in 2023, standing at least at the very strong level. TSC maintains a good liquidity profile, with liquid assets representing 142% of net technical provisions at year-end 2021.

Historical operating performance has been moderately volatile, with earnings varying from a profit after tax of USD 18.5 million (2019) to a loss after tax of USD 35.5 million (2021) over the 2017-2021 period. In 2021, the Club reported a technical loss of USD 44 million, translating into a combined ratio of 129% (2020: 123%). The deterioration was driven by further losses reported on the P&I line of business, while the performance of its hull and machinery line of business remained at a reasonable level. For 2022, AM Best expects TSC to report a significant improvement in its technical result, driven by better P&I performance. However, TSC is expected to report an overall loss for 2022, as a result of market value reductions in its fixed income and equity investment portfolios.

TSC maintains a well-diversified portfolio within the marine insurance market, offering hull and machinery, and P&I types of cover, and benefits from membership in the International Group of P&I Clubs. TSC’s gross written premium increased by 12% in 2021 and AM Best expects further premium growth to be reported for 2022 and 2023, as a result of the Club’s general rate increases for its P&I members.

This press release relates to Credit Ratings that have been published on AM Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best’s [Recent Rating Activity](#) web page. For additional information regarding the use and limitations of Credit Rating opinions, please view [Guide to Best’s Credit Ratings](#). For information on the proper use of Best’s Credit

—MORE—



PRESS RELEASE

OLDWICK, N.J. • MEXICO CITY • LONDON • AMSTERDAM • DUBAI • SINGAPORE • HONG KONG

—3—

Ratings, Best’s Performance Assessments, Best’s Preliminary Credit Assessments and AM Best press releases, please view [Guide to Proper Use of Best’s Ratings & Assessments](#).

AM Best is a global credit rating agency, news publisher and data analytics provider specialising in the insurance industry. Headquartered in the United States, the company does business in over 100 countries with regional offices in London, Amsterdam, Dubai, Hong Kong, Singapore and Mexico City. For more information, visit www.ambest.com.

Copyright © 2023 by A.M. Best Rating Services, Inc. and/or its affiliates. ALL RIGHTS RESERVED.

#####