



— With you at all times —

Half Year Report 2018



Highlights



Underwriting
result of USD
4.7 million



**5 % discount on
P&I premiums**



**Free reserves of
USD 210 million
after discount**



Combined ratio
of **96 %**



**Return on
investments**
in line with
benchmark



Focus on
**Emergency
Response Training
and loss prevention
initiatives**

Results

Six months to 30 June 2018 (unaudited)

All amounts are stated in USD million	H1 2018	H1 2017
Gross premiums earned	72.5	79.6
Reinsurance premiums	-19.0	-19.2
Reinsurance commissions	2.2	0.8
Premiums net of reinsurance	55.6	61.2
Investment income transferred from NTA	2.7	2.5
Claims net of reinsurance	-41.7	-45.3
Acquisition costs	-8.5	-8.9
Administrative expenses	-3.4	-3.4
Underwriting result	4.7	6.0
Financial result	-4.5	16.3
Result before appropriations, tax and discount	0.2	22.3
Combined ratio	96 %	94 %

The combined ratio of the Club, before premium discount, came to 96 % (94 %) in the first half year of operations 2018. This result was achieved in a continued soft market for marine pricing and in the third consecutive year of a zero general P&I price increase.

Members' claims have been broadly in line with expectations as predicted by the Club's statistical claims models, and there has been no claim notified to the P&I pool. The claims on prior policy years have developed favourably.

The underwriting result was USD 4.7 (6.0) million.

In the first half of the year, financial markets displayed increased volatility. Major stock markets and world indices were down at mid year and USD interest rates have continued to climb.

As a result, the investment portfolio showed a return of -0.4 %, in line with the Club's benchmark.

In 2017, the Club gave a 4 % discount to P&I members. Again, the Board of the Club has decided to offer a discount – this year 5 % – to all P&I members, effective 20 August 2018. This discount follows three consecutive years of 0 % General Increases.


note: () = H1 2017

Balance sheet

As of 30 June 2018 (unaudited)

All amounts are stated in USD million	H1 2018	H1 2017
Assets		
Investment assets	362.2	373.6
Reinsurers share	41.6	66.0
Debtors	81.7	95.0
Other assets	59.9	57.8
Total assets	545.4	592.4
Equity, provisions and liabilities		
Free reserves*	209.6	213.8
Provision for outstanding claims	206.1	249.1
Provision for unearned premiums	82.8	82.2
Other liabilities	46.8	47.4
Total equity, provisions and liabilities	545.4	592.4

* Equity, untaxed reserves and deferred tax



The balance sheet has been reduced year-on-year. This reduction comes predominantly from payments of previous years' claims and a generally lower claims activity.

The Club held approximately 18 % of its investment portfolio assets in equities at the end of June 2018.

The free reserves were USD 210 million at the end of June 2018 (measured after the agreed discount). Favourable overall operating performance over many years has placed the Club in a strong financial position.

According to the methodology of Solvency II regulations, the Basic Own Funds of the Club amounted to USD 232 million at mid-year. Adding Ancillary Own Funds, the Club's Eligible Own Funds (EOF) came to USD 284 million. With a Solvency Capital Requirement (SCR) of USD 104 million, the key ratio of EOF/SCR amounted to 274 %. This percentage underscores the financial strength of the Club.



The Swedish Club Board members

representing shipowners across the globe.



Back row from left: Lars Höglund, Twinchok Tanthuwani, Elisabeth Rydén, Peter Claesson, Michael Vinnen, Thanasis C. Beis, Jude Correa, Lu Jian, Rob Grool

Front row from left: Jakob Osvald, Lars Rhodin, Mikael Livijn, Khalid Hashim, Lennart Simonsson, Anders Källsson, Demetri Dragazis, Weng Yi, Anders Leissner

Not present: John Coustas, Idil Baran Sualp, Michael Bodouoglou, Gustaf Grönberg, Gu Zhongdong, Andonis Lemos, Zou Yingying.



Lars Rhodin

Managing Director

In the first six months, the Club's underwriting performance balanced out prevailing weak investment conditions. The 96 % combined ratio brought the result to a surplus of USD 0.2 million before the decided P&I discount of 5 %, effective 20 August 2018. The combined ratio has been below 100 % on a ten year average.

The free reserves are still on a high level of USD 210 million, ensuring further business growth.

We continue to grow according to plan and the Club currently insures some 2,700 ships on hull and machinery and has doubled its volume in P&I over the last decade to in excess of 50 million gross tonnes. That figure is now over 80 million gross tonnes with the inclusion of charterers' liability.

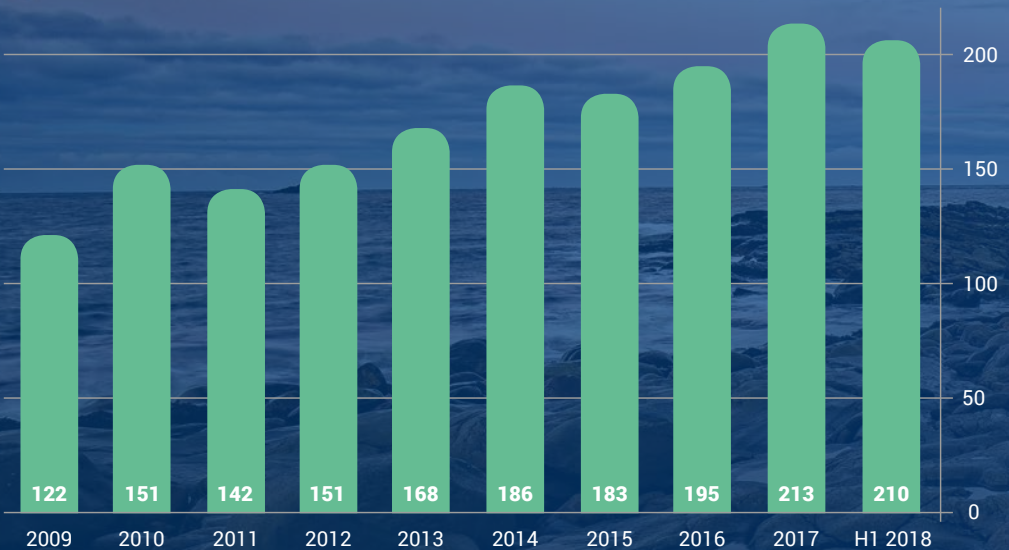
The following new Board members were elected, bringing with them a wealth of experience from many sectors of the shipping industry:

- Dr. Zou Yingying, Deputy General Legal Counsel and General Manager of the Legal Department of China Merchants Energy Shipping Ltd.
- Mr. Gu Zhongdong, Deputy Managing Director of Cosco Shipping Lines Ltd.
- Capt. Thanasis C. Beis, Managing Director of Costamare Shipping Co. S.A.
- Mr. Mikael Livijn, General Counsel Wallenius Lines AB, Wallenius Marine AB
- Mr. Twinchok Tanthuwani, Owner representative of Regional Container Lines Pte. Ltd.

Looking ahead we will continue to work according to our strategy, which is to provide top quality and efficient all-in-one insurance solutions for global shipowners.

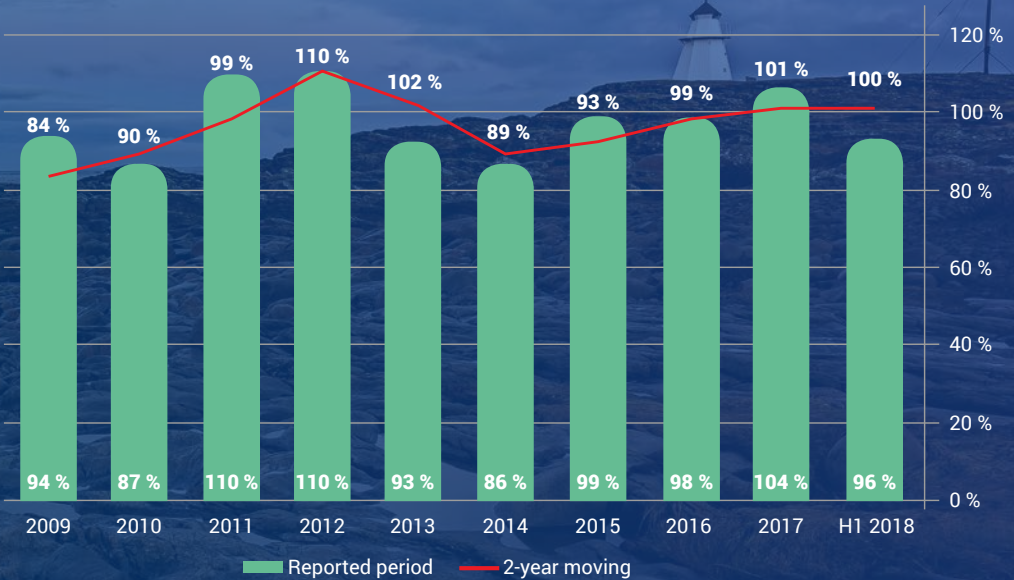
Free reserves

(MUSD)



The free reserves have grown steadily, reflecting the outcome of the Club's consistent strategy to deliver value and financial strength to both Marine and P&I insurance members.

Combined ratio



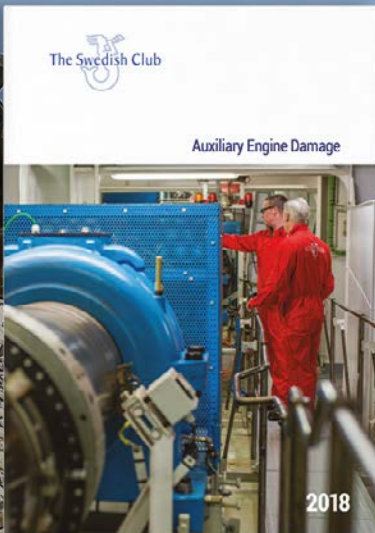
The fundamental operations of the Club – the insurance business – have delivered well: the combined ratio has been below 100 % as an average for the last ten years. In the first half of 2018, the combined ratio was 96 %.

Loss prevention initiatives

The Swedish Club maintained its focus on loss prevention in the first half of 2018, working closely with members to offer continuing support with training, safety initiatives and Maritime Resource Management (MRM).

It continued rollout of the popular Emergency Response Training programme (ERT), completing a major ERT table top exercise in close partnership with one of its major Swedish members and the Swedish Joint Rescue Coordination Centre (JRCC). With over sixty participants, the drill tested the levels of cooperation required between the resources and authorities that would be at the centre of a mass evacuation from a passenger ferry in the Gothenburg area.

The first half of the year saw three important loss prevention titles published, covering issues of concern to the Club and its members. Main Engine Damage featured loss prevention advice from the major engine manufacturers, MAN Engines and Wärtsilä. An investigation by The Swedish Club into auxiliary engine damage revealed that the majority of such damage takes place immediately after maintenance work. The most recent title, Wet Damage on Bulk Carriers, prepared in conjunction with DNV GL and MacGregor, advised owners to pay extra attention to the basics.



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