



# Half Year Report 2015



# Highlights

- ▶ Claims frequency at stable level, but the results were affected by five total losses
- ▶ Investment return ahead of benchmark, however marginal
- ▶ Half year result showed a deficit of USD 6.3 million
- ▶ Free reserves of USD 180.0 million, demonstrating a very strong capitalisation

## Results six months to 30 June (unaudited)

All amounts are stated in USD Million	H1 2015	H1 2014
Gross premiums earned	89.4	87.2
Reinsurance premiums	-20.2	-26.2
Reinsurance commissions	0.7	0.8
<b>Premiums net of reinsurance</b>	<b>69.9</b>	<b>61.8</b>
Investment income transferred from NTA	2.4	1.8
Claims net of reinsurance	-65.3	-44.0
Acquisition costs	-9.8	-10.1
Administrative expenses	-3.1	-3.5
<b>Underwriting result</b>	<b>-5.9</b>	<b>6.0</b>
Financial result	-0.4	4.3
<b>Result before appropriations and tax</b>	<b>-6.3</b>	<b>10.3</b>
Combined ratio	112%	93%

## Balance sheet as at 30 June (unaudited)

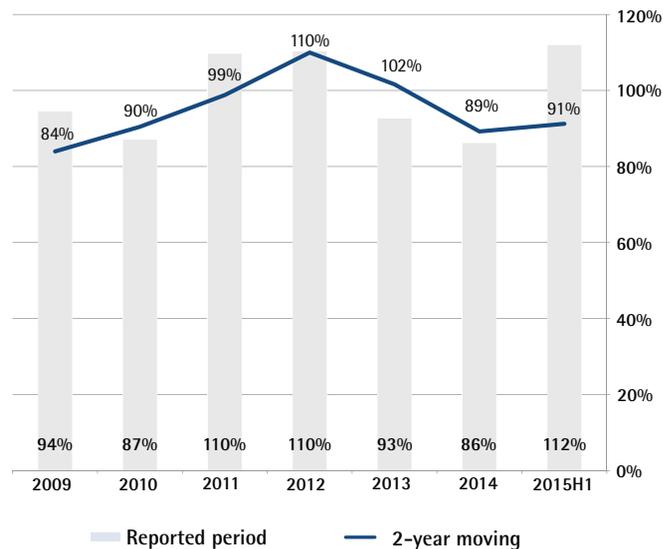
All amounts are stated in USD Million	H1 2015	H1 2014
<b>Assets</b>		
Investment assets	338.9	322.7
Reinsurers share	75.3	178.4
Debtors	115.3	102.8
Other assets	61.9	49.0
<b>Total assets</b>	<b>591.4</b>	<b>652.9</b>
<b>Equity, provisions and liabilities</b>		
Contingency reserve*	180.0	178.3
Provision for outstanding claims	263.1	324.8
Provision for unearned premiums	99.1	97.3
Other liabilities	49.2	52.5
<b>Total equity, provisions and liabilities</b>	<b>591.4</b>	<b>652.9</b>

\* Equity, Untaxed reserves and Deferred tax.

## Result 30 June 2015

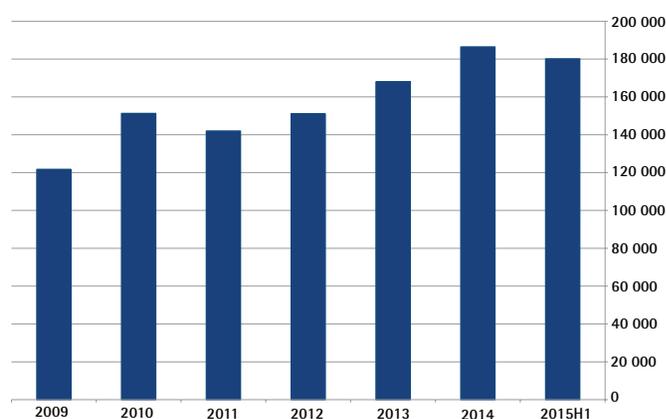
In the first six months of the accounting year 2015 the Club made a deficit of USD 6.3 million. The result was affected by lower returns from both the technical- and non-technical accounts. Underwriting performance registered a combined ratio of 112% but remains slightly below 100% over a five-year rolling period. The result reflects the volatile nature of marine insurance.

### Combined ratio development



The combined ratio for the first six months of 2015 was 112%. The two-year moving combined ratio amounted to 91% – a measurement period defined by the Board.

### Free reserves development



After the first six months of 2015, the Club's free reserves stand at USD 180 million.

## Investments

The yield of the investment portfolio was 0.3%, affected by negative currency movements and unsupportive market conditions, however, it was slightly ahead of the aggregated benchmark of 0.2%. The end of the reporting period, June, was affected by adverse interest rate movements, however, there was a partial recovery thereafter, in July.

The Club held 21% of its investment portfolio assets in equities at the end of June 2015.

## Claims

The overall claims frequency for both P&I and Marine was in line with expectation and on a par with 2014 levels. Underwriting performance was, however, affected by five total losses in the first six months of the year in contrast to one total loss for the full year 2014.

We see no particular trend or pattern in this change of claims activity other than deviation from the expected outcome. In addition, World statistics show that 2014 was an extraordinary benign claims year.

## Free reserves

The free reserves stood at USD 180.0 million at the end of June, the second highest level for the Club.

## Business development

The entered tonnage in P&I has been growing according to plan since renewal, now standing in excess of 65 million GT with charterers' entries included. We see this as a vote of confidence going forward. Volumes in Marine have remained stable during the first six months, basically across all classes. Recognition is given for the Club as a strong claims leader in Marine, in a market with abundance of risk transfer capacity.



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