



The Swedish Club

— With you at all times —

# Half Year Report 2017





# Highlights

 **145 years of Marine Insurance**

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 **35 years Anniversary in Hong Kong**

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 **Result USD 22.3 million, USD 19.0 million after discounted P&I premium (4 % on ETC)**

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 **Free reserves at record level of USD 213.8 million**

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 **Combined ratio of 94 % shows continued stable performance**

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 **Return on investment of 5.2 %, ahead of benchmark**

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 **Combined owners' and charterers' P&I entries now exceeding 70mGT**

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 **Continued recognition for the Club's Loss Prevention efforts**

# Results

Six months to 30 June

<b>All amounts are stated in USD Million</b>	<b>H1 2017</b>	<b>H1 2016</b>
Gross premiums earned	79.6	83.0
Reinsurance premiums	-19.2	-20.0
Reinsurance commissions	0.8	1.2
<b>Premiums net of reinsurance</b>	<b>61.2</b>	<b>64.1</b>
Investment income transferred from NTA	2.5	2.4
Claims net of reinsurance	-45.3	-51.0
Acquisition costs	-8.9	-9.9
Administrative expenses	-3.4	-3.2
<b>Underwriting result</b>	<b>6.0</b>	<b>2.4</b>
Financial result	16.3	8.8
<b>Result before appropriations, tax and discount</b>	<b>22.3</b>	<b>11.2</b>
Discount (P&I)	-3.3	-
Result before appropriations and tax	19.0	11.2
<b>Free reserves</b>	<b>213.8</b>	<b>194.2</b>
<b>Combined ratio</b>	<b>94 %</b>	<b>100 %</b>



In the first six months of 2017, the Club delivered an operating surplus of USD 22.3 million. The result was generated by a combined ratio of 94 % and an attractive return on the investment portfolio of 5.2 %.

Lower premiums compared to the first half of 2016 came as a consequence of the Club refraining from underwriting underpriced risks.

The underwriting result improved to USD 6.0 million (2.4) following a better claims outcome with attritional claims in line with expectations and no pool claim incurred.

The investment climate was quite attractive in the first half of 2017. In addition, the total investment portfolio supported by the main classes – equities and bonds – delivered returns in excess of the Club's benchmarks. Financial results almost doubled to USD 16.3 million (8.8).

Earlier this year, on 30 March, the Club announced the decision to offer a discount of 4 %, to all P&I members 2017/2018. This discount follows two consecutive years of 0 % General Increases. The discount, with an estimated value of USD 3.3 million, will be effected in the third quarter of 2017.

# Balance sheet

As of 30 June

<b>All amounts are stated in USD Million</b>	<b>H1 2017</b>	<b>H1 2016</b>
<b>Assets</b>		
Investment assets	373.6	358.6
Reinsurers share	66.0	70.1
Debtors	95.0	102.8
Other assets	57.8	58.6
<b>Total assets</b>	<b>592.4</b>	<b>590.1</b>
<b>Equity, provisions and liabilities</b>		
Free reserves*	213.8	194.2
Provision for outstanding claims	249.1	257.6
Provision for unearned premiums	82.2	92.3
Other liabilities	47.4	46.0
<b>Total equity, provisions and liabilities</b>	<b>592.4</b>	<b>590.1</b>

\* Equity, untaxed reserves and deferred tax



The balance sheet grew slightly year-on-year. This growth came from higher investment assets, generated by the positive operating performance. Other components of the balance sheet were reduced by lower claims activity.

The Club held approximately 20 % of its investment portfolio assets in equities at the end of June 2017.

The free reserves have continued to grow and stood at USD 213.8 million at the end of June 2017. Favourable overall operating performance over many years have positioned the Club with a strong financial position, which provides members with an excellent ability to meet their needs while securely allowing for further growth of the business.

# 145 years and results



## Lars Rhodin

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Managing Director

This year is a special year for The Swedish Club with the celebration of our 145 years Anniversary in the marine insurance business. It has been a long journey with constant adaption to evolving needs. At the 145<sup>th</sup> Annual General Meeting, we had the honour of welcoming three new Board members; Mr. Chen Wei, Cosco Shipping Lines, Shanghai, Mr. Jude Correa, Seaspan Ship Management, Vancouver; and Mr. Lu Jian, Winning Shipping, Singapore.

The Asian market is one of our key markets and we are also very proud to celebrate 35 years in Hong Kong this year.

We are growing according to plan and have exceeded 70 mGT - combined owners' and charterers' P&I entries.

In the first six months of 2017, the Club's results show USD 19.0 million after 4 % discounted P&I premium (on ETC). The free reserves are now at a top level of USD 213.8 million, securing further growth of the business and at the same time securing our members' requirements. The combined ratio of 94 % continues to show a stable performance, below 100 % on an eight year average.



## The Swedish Club Board members

**Back row from left:**

Rob Grool, Anders Leissner, Jakob Osvald

Lim Sim Keat, Sumate Tanthwanit, Michael Vinnen, Anders Källsson

Peter Claesson, Gustaf Grönberg, Lars Rhodin

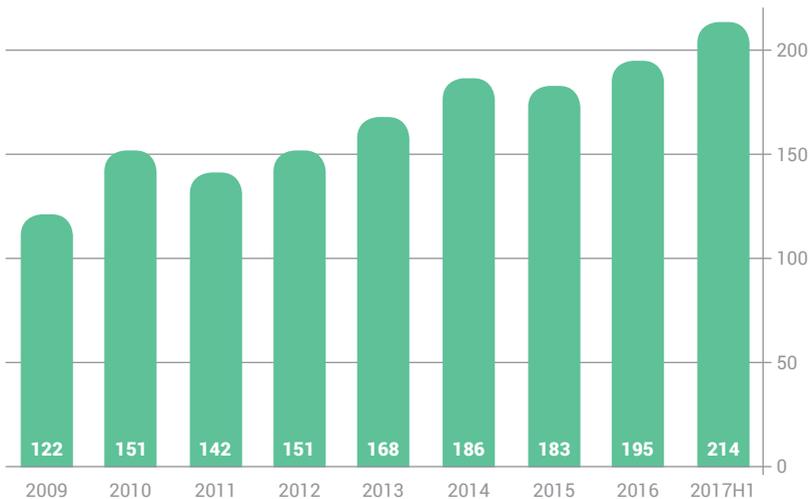
Demetri Dragazis, Diamantis Manos, Lu Jian, Lars Höglund

John Coustas, Lennart Simonsson, Idil Baran Sualp, Khalid Hashim, Jude Correa

**Not present;** Michael Bodouroglou, Chen Wei, Andonis Lemos, Li Zhen, Weng Yi

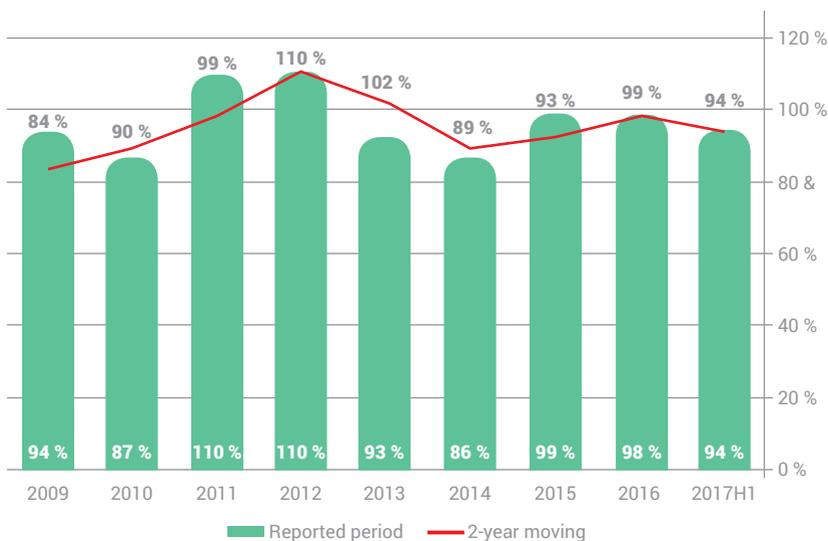
# Free reserves

(MUSD)



The free reserves have grown virtually uninterrupted, reflecting the outcome of the steadfast and robust strategy of the Club which delivers value and financial dependability to both Marine and P&I insurance policyholders.

# Combined ratio



The fundamental operations of the Club – the insurance business – is delivering well: the combined ratio has been below 100 % on an eight year average and over the last consecutive five-year period.

This stable performance is particularly important in times when consistent investment returns cannot be expected from the financial markets.



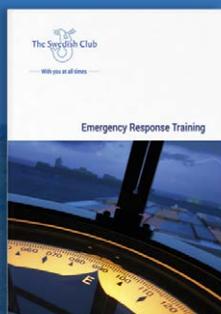
# Loss Prevention initiatives

The Swedish Club's loss prevention goal is to enhance safety at sea and we know that being a step ahead is key when it comes to preventing accidents. We put a great deal of effort into loss prevention analyses and knowledge-sharing with our members and the shipping community.

One of several initiatives this year is the focus on Emergency Response Training (ERT) and dissecting exactly what happens when there is a serious vessel casualty. The ERT tests the individual elements of a plan and stresses, through training, if it works. So, if the plan should be activated, you and your organisation are prepared. So far, the ERT has been successfully completed with members and business partners in Sweden, Norway, Germany, Greece and Hong Kong.

The publication "Anatomy of an Accident" is the result of the ERT. The publication provides a unique insight into the huge coordinated exercise that surrounds a vessel casualty, and the complicated interplay between the cast of professionals involved in bringing an incident to a resolution.

Our LP initiatives continue i.e. training, publications, member alerts, information and guidance. All are designed to enhance the marine safety culture.





The Swedish Club

— With you at all times —

## Meet Our Crew

**The Swedish Club** has been run by shipowners for shipowners since 1872. With 145 years of marine insurance experience, we understand the issues our members face and meet their needs by offering top levels of specialist knowledge and expertise.



Fredrik Bergqvist  
**Claims Executive, P&I**

Supporting the members of  
The Swedish Club since 2012.



Fredrik Bergqvist  
**Former Chief Officer**

Eight years at sea.

[www.swedishclub.com](http://www.swedishclub.com)

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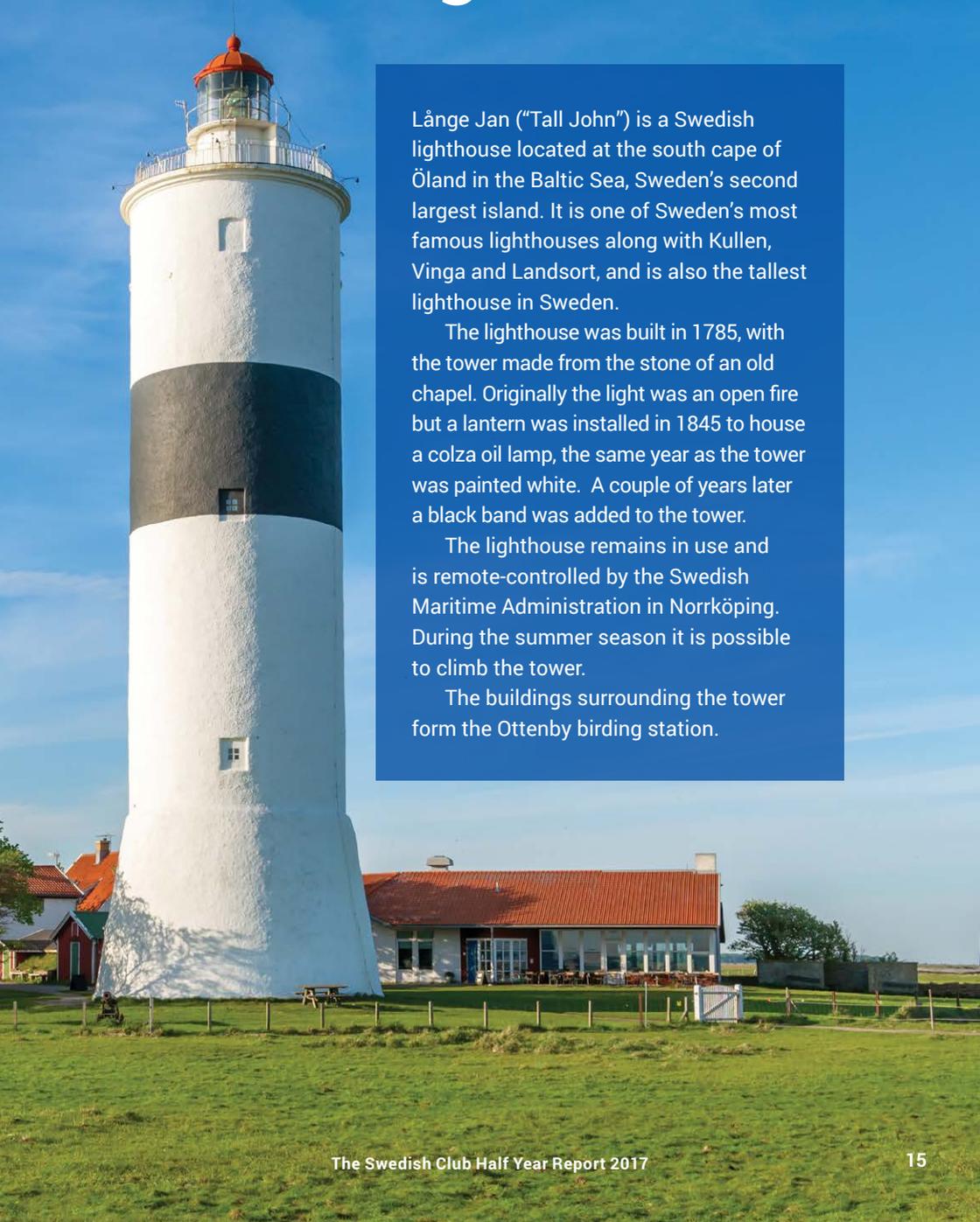
# Långe Jan

Långe Jan (“Tall John”) is a Swedish lighthouse located at the south cape of Öland in the Baltic Sea, Sweden’s second largest island. It is one of Sweden’s most famous lighthouses along with Kullen, Vinga and Landsort, and is also the tallest lighthouse in Sweden.

The lighthouse was built in 1785, with the tower made from the stone of an old chapel. Originally the light was an open fire but a lantern was installed in 1845 to house a colza oil lamp, the same year as the tower was painted white. A couple of years later a black band was added to the tower.

The lighthouse remains in use and is remote-controlled by the Swedish Maritime Administration in Norrköping. During the summer season it is possible to climb the tower.

The buildings surrounding the tower form the Ottenby birding station.





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