



NORWEGIAN HULL CLUB
3RD QUARTER REPORT 2011

RESULTS PER 3RD QUARTER 2011

The result for Norwegian Hull Club (NHC) for the first nine months of 2011 is USD 16.0 million. Insurance operations continue to show good results, whereas contribution from financial items is negative due to challenging investment markets.

Gross earned premiums are up from 2010 due to increased business volume in most product lines. The diversification of the portfolio has continued. Profitability is good and above long term expectations. Despite a number of large claims incurred in 2011, the overall claims figures are satisfactory, in part due to favorable development of claims provisions made in previous years. Operating expenses have increased from 2010. This is due to a combination of higher costs due to increase in personnel and reduced income from claims leader services.

Return on the investment portfolio was - 2.36 % in local currency. In USD, the return was - 2.32 %, corresponding to USD 7,6 mill. The balance of financial income stems from interest earned on bank accounts and receivables as well as currency items. Capital, the sum of equity and provision for risk equalization, was USD 219 mill at the end of the third quarter 2011. NHC has significant redundancy capital compared to the Norwegian Financial Supervisory Authority requirements, including the stress test that serves as a predecessor to the Solvency II regime.



KEY FIGURES (USD 1 000)

	30.09.2011	30.09.2010
Gross earned premiums	142 278	124 905
Gross claims	-90 779	-67 724
Gross result	51 499	57 181
Premiums for own account	112 968	87 313
Claims for own account	-74 869	-52 066
Insurance result for own account	38 099	35 247
Net operating expenses	-15 013	-10 314
Technical result	23 086	24 933
Financial income	-6 210	11 777
Financial expenses	-857	-572
Operating result	16 019	36 138

Loss ratio	66,3 %	59,6 %
Combined ratio	79,6 %	71,4 %

	30.09.2011	31.12.2010
Investment portfolio	289 466	259 486
Bank deposits	24 991	31 802
Receivables	143 401	129 088
Other assets	24 463	48 110
TOTAL ASSETS	482 321	468 486
Equity & provision for risk equalisation	219 322	203 303
Claims provision	150 462	159 329
Other provisions	88 713	77 812
Payables and other liabilities	23 824	28 042
TOTAL EQUITY AND LIABILITIES	482 321	468 486

NORWEGIAN HULL CLUB/ NORWEGIAN HULL CLUB GROUP
- PROFIT AND LOSS ACCOUNT

(USD)	30.09.2011	30.09.2010
Gross premiums	153 576 577	152 756 863
Reinsurance premiums	-24 490 372	-42 210 287
Change in provisions for unearned gross premiums	-11 297 957	-27 851 881
Reinsurers' share of change in provisions	-4 820 243	4 617 999
A Premiums for own account	112 968 005	87 312 694
B Allocated investment return from non technical accounts	6 800 000	4 039 000
C Other insurance related income	4 654 543	5 472 050
Gross paid claims	99 871 755	80 535 902
Reinsurers share of gross claims	-4 337 571	-23 733 856
Change in gross claims reserve	-8 867 203	-10 245 521
Reinsurers' share of change in gross claims reserve	-11 797 515	5 508 996
D Claims for own account	74 869 465	52 065 520
Marketing expenses	9 498 863	8 040 797
Commissions earned	-1 705 272	-1 934 806
E Total insurance related expenses for own account	7 793 591	6 105 991
F Other insurance related expenses	11 873 474	9 680 293
G Operating result technical accounts before change in solvency capital (A+B+C-D-E-F)	29 886 018	28 971 940
Change in provisions for risk equalisation	16 018 997	29 193 193
H Total changes in risk provisions	16 018 997	29 193 193
I Operating result technical accounts (G-H)	13 867 021	-221 254
Financial income	5 822 580	5 665 535
Realised gains and losses	-2 906 419	1 414 617
Adjustment investment portfolio	-9 095 426	6 892 117
Realised currency gain	-1 158 027	2 590 507
Unrealised currency gain	1 127 210	-4 785 987
J Total financial income	-6 210 082	11 776 790
K Administration expenses financial assets	856 938	572 092
L Allocated investment return transferred to technical. accounts	6 800 000	4 039 000
M Result from ordinary operations (I+J-K-L)	-	6 944 444

ASSETS (USD)

	30.09.2011	31.12.2010
Shares in subsidiaries	428 126	428 126
Other shares	1 281 925	1 281 925
Bonds held to maturity	13 735 047	19 909 363
Mortgage loans	15 155 982	13 903 163
Stocks and shares	83 459 259	83 763 522
Bonds and foreign exchange contracts	189 841 940	153 735 003
Financial derivatives		2 430 151
Bank deposits investment portfolio	4 223 405	6 672 756
Total financial assets	310 555 836	281 771 738
Reinsured proportion of gross premium provisions	13 380 677	18 200 920
Reinsured proportion of gross claims provision	23 959 470	35 756 985
Total reinsured proportion of insurance provisions	37 340 147	53 957 906
Insurance related receivables	74 785 633	67 849 485
Reinsurance receivables	2 022 551	3 212 628
Disbursements	27 512 758	23 720 263
Other receivables	1 739 220	5 476 727
Total receivables	106 060 162	100 259 103
Properties	1 496 675	1 496 675
Equipment and fixtures	4 035 655	3 244 472
Cash and bank deposits	20 768 022	25 129 118
Deferred tax	-	-
Total other assets	26 300 352	29 870 265
Accrued interest	2 064 239	2 626 858
TOTAL ASSETS	482 320 736	468 485 869

EQUITY AND LIABILITIES (USD)

	30.09.2011	30.09.2010
Equity	8 042 072	8 042 072
Administration reserve	12 671 063	11 237 899
Other equity	20 796 510	22 229 673
Currency adjustment equity		
Total equity	41 509 644	41 509 644
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Unearned gross premium provision	87 830 000	76 532 043
Gross claims provision	150 461 961	159 329 164
Unearned commission provision	883 083	1 279 671
Total gross insurance provisions	239 175 043	237 140 878
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Provision for risk equalisation	177 812 274	161 793 277
Total risk provisions etc.	177 812 274	161 793 277
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Pension liability	4 527 847	4 527 847
Withheld payroll tax, social security etc.	765 092	3 298 556
Total tax etc. payable	6 146 242	8 679 706
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Payables direct insurance accounts	140 863	185 000
Payables reinsurance	13 688 450	13 663 697
Payables other accounts	3 848 219	5 513 668
Total payables	17 677 533	19 362 366
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TOTAL EQUITY AND LIABILITIES	482 320 736	468 485 869

CHANGES IN EQUITY (USD)

	Owners' funds	Adminstration provision	Other equity	Total equity
Norwegian Hull Club				
Equity at 31.12.2010	8 042 072	11 237 899	22 229 673	41 509 644
Conversion of provision				0
Deferred tax conversion provision				0
Market value changes				0
Equity at 1.1.2011	8 042 072	11 237 899	22 229 673	41 509 644
Changes in minimum req. adm. provision		1 433 164	-1 433 164	0
Profit/Loss for the reporting period				0
Equity at 30.09.2011	8 042 072	12 671 063	20 796 510	41 509 644

EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

Note 1 - Accounting policies

Norwegian Hull Clubs interim financial report is presented in accordance with IAS 34 interim financial reporting and in compliance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The application of IAS 34 means that the report is limited relative to presentation of a full annual report. The accounting policies are unchanged from the annual report 2010 and the annual report contains the full description of the accounting policies.

Note 2- Claims expenses (USD)

	30.09.2011	30.09.2010
Gross paid claims	99 871 755	80 535 902
Change in outstanding gross claims reserve	-8 867 203	-10 245 521
Gross claims	91 004 552	70 290 380
Paid claims for own account	95 534 184	56 802 046
Change in outstanding claims reserve for own account	-20 664 719	- 4 736 526
Claims for own account	74 869 465	52 065 520
Run off gain (+) / loss (-) gross	31 134 295	23 507 759
Run off gain (+) / loss (-) for own account	19 083 258	7 874 254

Note 3 - Market value adjustments (USD)

	31.12.2010		30.09.2011		Change	
	Book Value	Market Value	Book Value	Market Value	Book Value	Market Value
Bonds held to maturity	19 670 350	19 909 363	13 458 899	13 735 047	(6 211 451)	(6 174 316)
Bonds	152 992 107	153 735 003	189 084 383	189 841 940	36 092 276	36 106 937
Stocks and shares	83 763 522	83 763 522	83 459 259	83 459 259	(304 263)	(304 263)
Derivatives	2 077 880	2 077 880	2 430 151	2 430 151	352 272	352 272
In total	258 503 859	259 485 768	288 432 692	289 466 398	29 928 833	29 980 630

Note 4 - Off balance items (USD)

	30.09.2011	31.12.2010
<i>Guarantee liability regarding claims</i>		
Gross guarantees issued	98 730 604	135 007 108
Counter-guarantees from co-insurers	73 995 939	84 515 584
Guarantees for own account	24 734 665	50 491 524

All guarantees relate to clients` liabilities in connection with collisions, groundings etc. associated with the Club`s activities.

Note 5 - Material events subsequent to the end of the interim period

To our best knowledge there have been no material events subsequent to the end of the interim period

