


An aerial photograph of a forest with a mix of green and brown trees, suggesting some autumn foliage. The image is partially obscured by a white text box on the left and several semi-transparent rectangular overlays scattered across the right side.


# The Swedish Club


**Club Financial Summary**


October 2019


# Highlights


Owned tonnage (P&I)  
**-7.1%** 

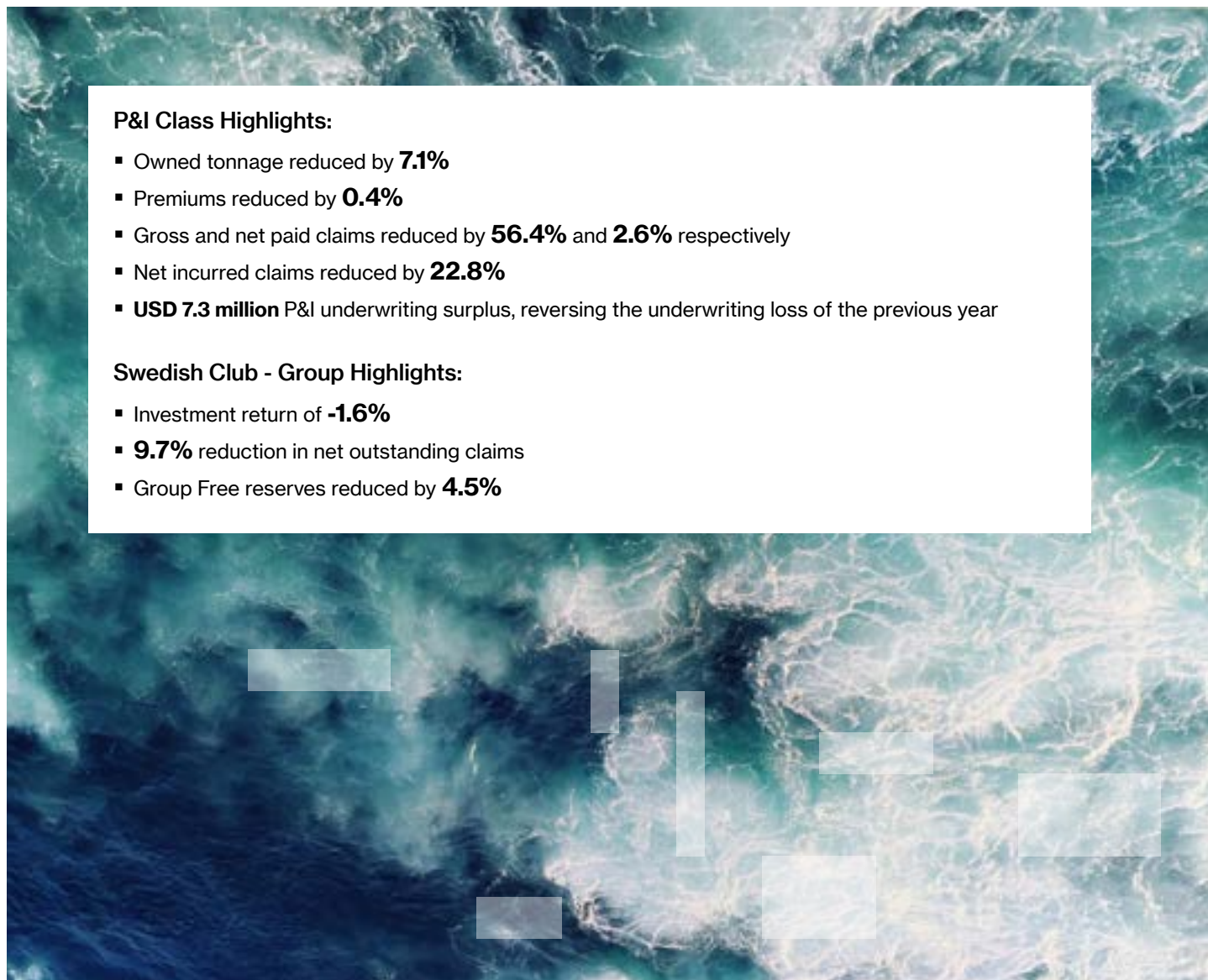
Premium income (P&I)  
**-0.4%** 

Incurred claims (P&I)  
**-22.8%** 

Free Reserves (Group)  
**-4.5%** 

Investment return (Group)  
**-1.6%** 

Combined ratio (Group)  
**99%** 



**P&I Class Highlights:**

- Owned tonnage reduced by **7.1%**
- Premiums reduced by **0.4%**
- Gross and net paid claims reduced by **56.4%** and **2.6%** respectively
- Net incurred claims reduced by **22.8%**
- **USD 7.3 million** P&I underwriting surplus, reversing the underwriting loss of the previous year

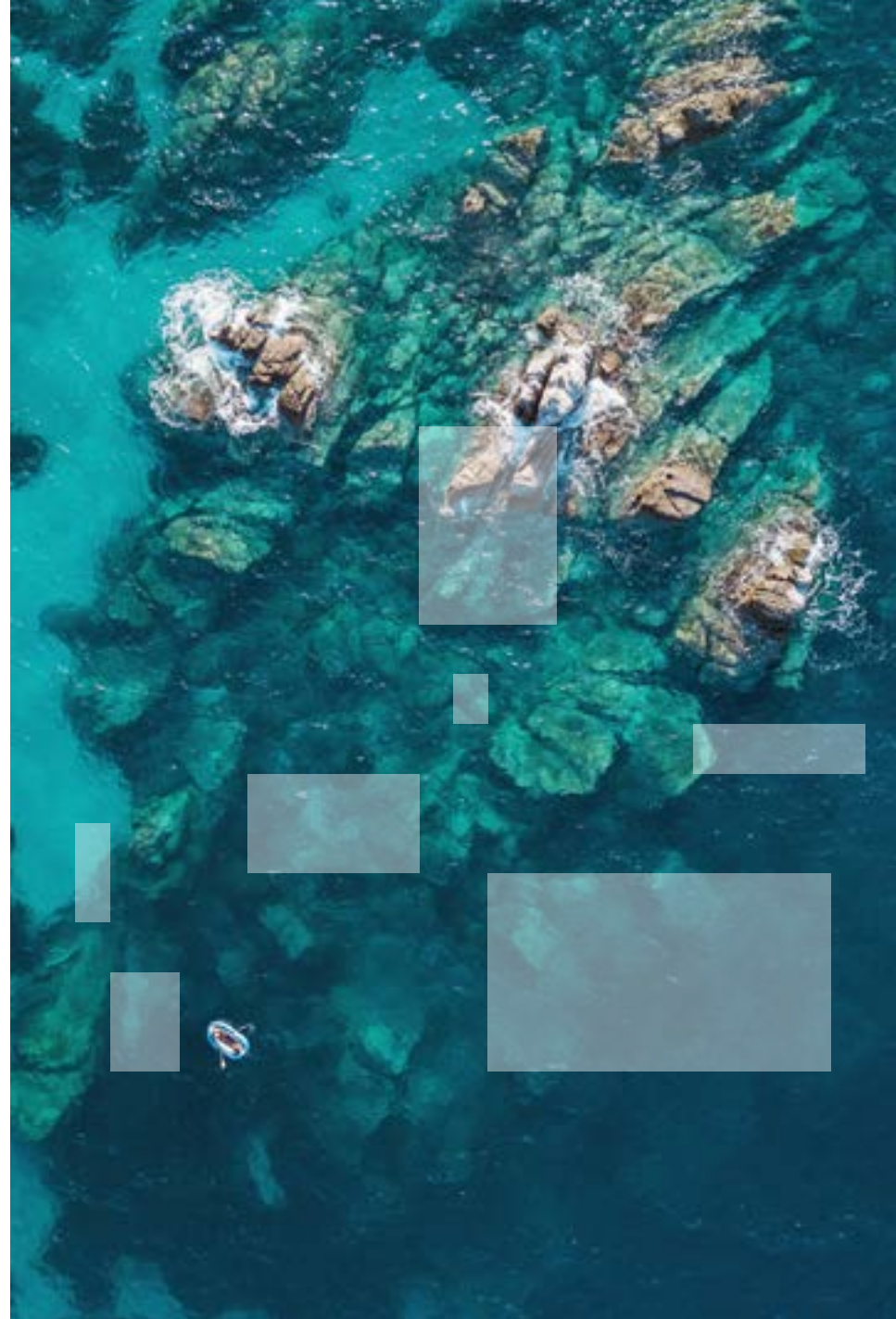
**Swedish Club - Group Highlights:**

- Investment return of **-1.6%**
- **9.7%** reduction in net outstanding claims
- Group Free reserves reduced by **4.5%**

## Combined ratio

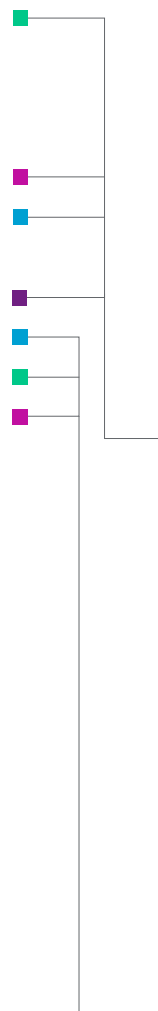
The Swedish Club's P&I net combined ratio improved from 103% in 2017 to 89% in 2018. The Swedish Club rebated 5% of the P&I premium in the 2018 financial year, which reduced their estimated total premiums by USD 4.4 million. If the full estimated total premiums were charged in this year the Swedish Club's underlying P&I combined ratio would have been a remarkable 84%

“The Swedish Club's P&I net combined ratio improved from 103% in 2017 to 89% in 2018”



# Consolidated financials

P&I only (USD 000s)	2016/17	2017/18	2018/19
<b>Calls and Premiums</b>	<b>104,657</b>	<b>96,461</b>	<b>96,037</b>
Reinsurance Premiums	-25,217	-27,109	-27,692
Operating Expenses (policy year)	-14,889	-15,348	-15,475
<b>Operating Income</b>	<b>64,551</b>	<b>54,004</b>	<b>52,870</b>
Gross Paid Claims	110,927	74,078	32,294
Net Paid Claims	66,695	58,979	57,458
Net Change in Provision for Claims	-2,592	74	-11,845
Net Incurred Claims	64,103	59,053	45,613
<b>Technical Surplus (Deficit)</b>	<b>448</b>	<b>-5,049</b>	<b>7,257</b>
Investment Income	3,700	4,000	4,200
<b>Overall Surplus for Year (Deficit)</b>	<b>4,148</b>	<b>-1,049</b>	<b>11,457</b>



## Consolidated financials

Group result (USD 000s)	2016	2017	2018
■ Net Assets	415.0	427.9	397.4
■ Net Outstanding Claims	220.1	214.4	193.6
■ Free Reserves	194.9	213.5	203.8

	2017	2018	2019
<b>S&amp;P Rating</b>			
	BBB+	BBB+	A-

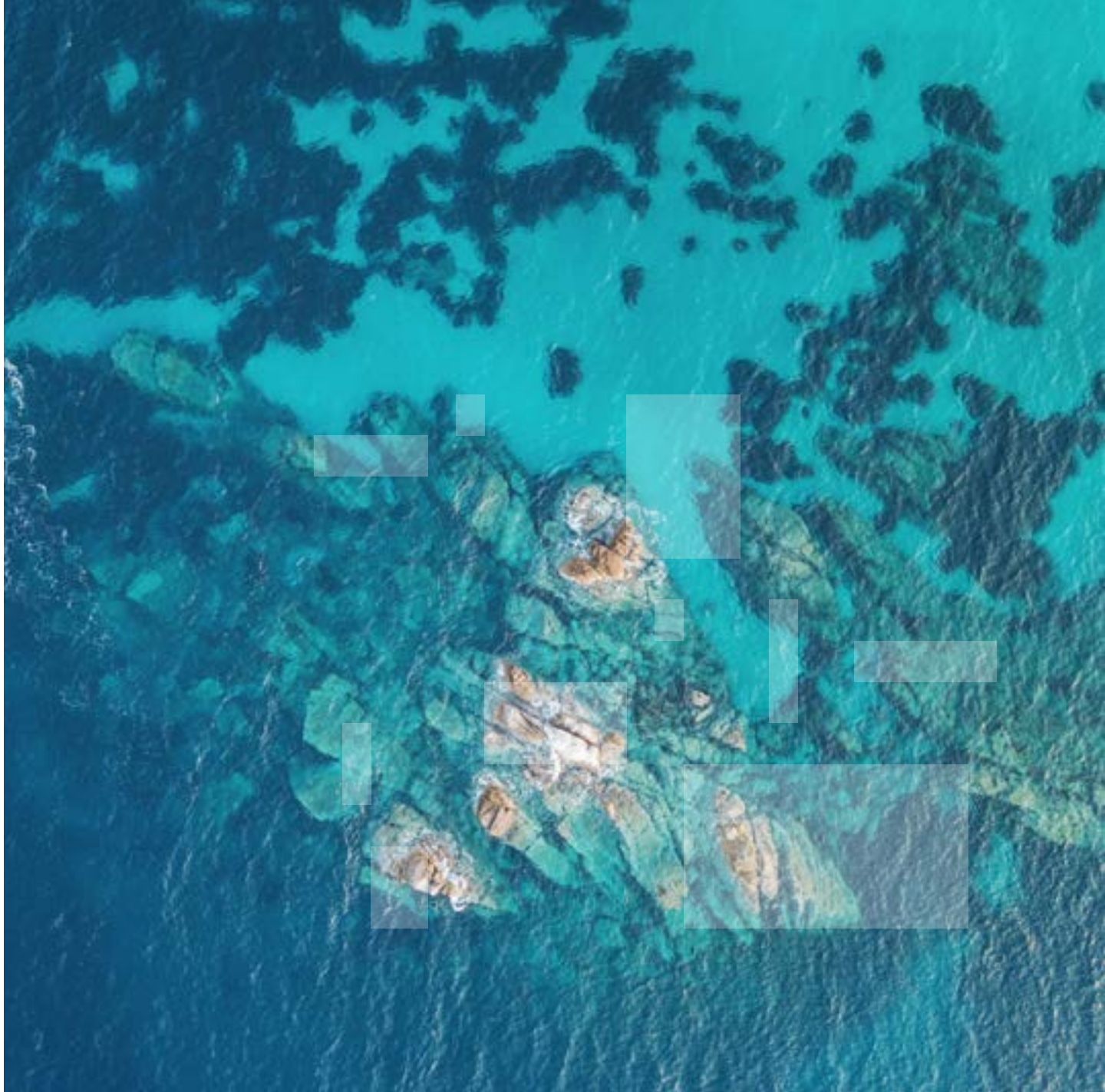
<b>AER (Average Expense Ratio)</b>			
Five years ending 20, February:	13.3	13.3	13.4

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## Entered tonnage

	2017	2018	2019
<b>Entered Tonnage (GT, millions)</b>			
<b>Owned / Mutual</b>	<b>46.8</b>	<b>51.1</b>	<b>47.5</b>
Chartered / Fixed	24.2	31.9	34.5
<b>Total</b>	<b>71.0</b>	<b>83.0</b>	<b>82.0</b>



## Glossary

### Combined Ratio

Combined ratios provide a direct comparison of club underwriting performance. The combined ratio is essentially the net loss ratio for the club and is defined as follows:

$$\text{Net combined ratio} = \frac{\text{(Net incurred claims + operating expenses)}}{\text{(Premium - reinsurance costs)}}$$

- A combined ratio of 100% represents an underwriting break-even position
- Anything in excess of 100% would be an underwriting loss
- A combined ratio less than 100% would represent an underwriting surplus.

### Average Expense Ratio (AER)

Average Expense Ratios (AERs) were introduced in 1999 following pressure from the European Commission in an attempt to enable direct comparisons of operating costs between clubs within the International Group. The formula that all clubs are required to adhere to when calculating their AER figure is as follows:

$$\text{The AER formula is the five-year average of:} = \frac{\text{(Operating costs x 100)}}{\text{(Premium income + Investment income)}}$$

In principle the AER is a reasonable idea, but in reality it is only ever a very approximate guide to the relative operating costs of individual clubs. For example different membership profiles, disproportionately high levels of premium or investment, whether the club owns or rents their office space, how much the club spends on loss prevention, global office network, member portals etc all have an impact on the AER.

### Basis of financial analysis

*The main aim in the Willis Towers Watson analysis of club report and accounts has been consistency. Although there are still variations between the way clubs report, we try as far as possible to compare 'like with like' and to apply the same approach year after year.*

A glossary of terms is provided below.

### Glossary of terms

<b>Calls and Premiums</b>	All calls (gross basis, including brokerage)
Reinsurance Premiums	All reinsurance premiums
Operating Expenses	All general management, administrative and audit expenses (not including claims management costs)
<b>Operating Income</b>	Calls, less reinsurance costs, less expenses
Gross Paid Claims	Paid gross claims, including Pool contributions (including claims management costs)
Net Paid Claims	Gross paid claims less reinsurance and Pool recoveries
Net Change in Provision for Claims	Change in net estimated outstanding claims
Net Incurred Claims	Net paid claims plus change in provision for claims
<b>Technical Surplus (Deficit)</b>	Operating Income less Net Incurred Claims
Investment Income	All investment income, including exchange gains/losses, tax etc.
<b>Overall Surplus for Year (Deficit)</b>	Incurred technical surplus (deficit), plus investment income
<b>Net Assets</b>	Total assets, less creditors, less miscellaneous provisions for taxation etc
Net Outstanding Claims	Total net estimated outstanding claims
<b>Free Reserves (Including Forecast Deferred Calls)</b>	Net assets, less outstanding claims

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