

# ANNUAL REPORT

2023



NORWEGIAN HULL CLUB





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Many thanks to SCUA (Scandinavian Underwriters Agency) Rotterdam, Columbia Ship Management Ltd., and the officers and crew of the 'Cape Spencer' for their invaluable assistance with this year's photographic content.

**The 2023 Norwegian Hull Club Top Management Group** - (l-r) Aage Solberg, Hildegunn Nilssen, Per Gustav Blom, Hilde Førland, Ole Jørgen Eikanger, Hans Christian Seim, Atle Fjeldstad



# CEO'S REVIEW

**R**ELECTING on 2023, it is fair to say that it was both an eventful and successful year for Norwegian Hull Club.

It saw the establishment of the company's third subsidiary - the renewables insurance agent NIORD - as well as the major decision for our subsidiary Instech Solutions to start developing a completely new marine and energy insurance system. It was also a year where both insurance and investments delivered a profit. Recently, S&P Global Ratings also confirmed The Club's 'A/Stable Outlook' rating remained, once again, unchanged after the revision of its capital model criteria.

Meanwhile, we are mindful that, globally, 2023 was eventful in far more negative ways - and we do not have to look far. Facing the brutality of war is inhumane regardless of where it takes place. It deprives children and civilian women and men of their safety and, all too often, their lives. Unfortunately, hoping for truce has so far proven only to be wishful thinking.

And while we truly feel for all those directly affected and do not relinquish our hopes for dialogue and peaceful resolutions, we see that such a lack of safety for so many leads to a disturbance in global stability.

We fear that the longer-term consequences of the geopolitical tensions that continue to negatively impact globalisation and a sense of fellowship across borders are a threat to democracy and global trade. Yet factors such as inflation, increasing costs and the imbalance in energy supply and demand already influence our lives and businesses.

For our industry specifically, we also see how geopolitical tensions affect access to

markets, spare parts and repair facilities. Such tensions also have the potential to lead to delays in the value chain, in turn affecting claims figures negatively. However, when faced with common challenges, we might also find common solutions.

To operate successfully in this environment requires adaptability and a sense of readiness. Such global unpredictability has called for more compliance and even better risk management. While more requirements of this type can often be perceived as an additional burden, they can sometimes lead to positive changes and opportunities - whether they arise from global instability or the need to adapt to a more sustainable tomorrow.

We firmly believe in taking a role in this. Norwegian Hull Club is founded upon knowledge sharing, which has cemented relationships through experience transfer, the sharing of best practices and the discussion with clients of mutual challenges. Such dialogue has led to the facilitation of paths to solutions even when 'navigating unknown waters' - whether related to preventing losses, operating within sanctions or facing new risks. Norwegian Hull Club will continue to be there: translating new uncertainties into solutions and committed to sharing best practices.

When navigating instability, we tend to seek a safe haven in something dependable and reliable. Norwegian Hull Club values its long-term relationships with members and clients. Our members' loyalty is a strength that was noted by S&P when they reaffirmed The Club's A/Stable rating recently. This confirmation of Norwegian Hull Club as a well-founded and well-capitalised long-term partner provides our members and clients with another reassurance of the solidity of our foundations.

Our latest client survey from November 2023 also confirmed that The Club's knowledge-based service concept and in-house expertise nurture the loyalty and relationships and that are the roots of their satisfaction,

with an NPS score of 61. I can promise that we will continue to be both dependable and reliable, while always seeking to expand our knowledge through ceaseless curiosity.

In the coming years, the requirements for sustainability reporting will intensify - a change that we very much welcome. This is not because we think that we are subject to too few

reporting directives; it is because we acknowledge that change sometimes requires 'sticks' as well as 'carrots'. With its solid foundation in our Mission of securing lives, health, environment and property to help protect people and the planet, a sustainable approach helps form the very backbone of our business concept. Yet, making it clearer to both clients and our entire value chain on how they can 'Expect more' from Norwegian Hull Club in this respect is a key focus area for us in 2024. We bear in mind that the 2023 client survey indicated that the most important thing we can do to support our clients on their zero-emissions journeys is to continue de-risking the transition to the technologies and regulations of tomorrow.

Being a mutual insurance company, the year-end always comes with the anticipation of honouring long-term commitment and loyalty financially. Therefore, both I and The Club as a whole are pleased and proud to

announce a Premium Return of 8 % to our members for the calendar year 2023. Thank you all for your continued trust in us!

I would also like to thank all of my curious and agile colleagues in Norwegian Hull Club, Marine Benefits, Instech Solutions and NIORD who continue to share their knowledge with integrity and are motivated to exceed our members' and clients' expectations each and every day.

  
**Hans Christian Seim**  
CEO





# THIS IS NORWEGIAN HULL CLUB

### Organisational Profile

Norwegian Hull Club is a mutual marine insurance company serving clients worldwide. As conveyed by the company slogan 'Expect More', The Club aims to be the 'number-one service provider'. Its service concept includes claims handling, emergency response support, prevention and mitigation training for clients' onshore and offshore personnel, benchmarking services for clients, operational, technical and legal advice, as well as knowledge sharing in general. The Club ranks as one of the world's largest marine and offshore energy underwriters and insures 9,657 unique vessels and units in total. Of these, 5,684 are on claims lead with The Club. The company employs 143 people and has offices in Bergen (main office), Oslo and London.

Norwegian Hull Club is not only dedicated to serving the needs of its clients today – it is also mindful of their needs tomorrow. The Club has therefore focused strongly on digital solutions ever since the foundation of its wholly owned subsidiary company Insurance Technology Solutions AS (Instech Solutions) in 1994. Instech Solutions develops innovative marine-insurance software that supports the transformation of The Club's product and service provision, as well as the long-term needs of the industry, employing 23 people in Bergen.

Norwegian Hull Club's second wholly owned subsidiary, Marine Benefits AS, prides itself on being the shipping industry's leader in employment benefit solutions for seafarers, offering 'Medical Plan' as well as 'Crew P&I' insurance. The company employs 13 people in Bergen, 74 people in Manila and one person in Malmö.

In November 2023, The Club announced its third wholly owned subsidiary - NIORD AS - dedicated to the Offshore Renewables segment. The company, which became operational on January 1, 2024, is registered as a managing general agent (MGA) in Norway, serving owners, developers and operators of Offshore Renewable Energy installations, including their main contractors and service providers in relation to the development, construction and operation of such installations.

NIORD's service concept includes claims handling, emergency response support, preventive and mitigating training for clients' onshore personnel, in addition to operational, technical and legal advice related to insurance. NIORD employs nine people in its Bergen office.

### Ownership

The Club is owned by mutual members, representing owners



**DIGITAL JOURNEY** Norwegian Hull Club focuses on digital solutions across the entire organisation

**143 employees**

**Locations**  
Bergen, Oslo, London

**Poseidon Principles**  
for Marine Insurance signatories

Committed to the UN's Sustainable Development Goals

**instech**  
SOLUTIONS

Dedicated marine-insurance software development

**MARINE BENEFITS**

Medical insurance for seafarers and their families

**NIORD**

Dedicated offshore renewables managing general agent



and managers of insured units. The largest of these have less than 10 % ownership and there are, therefore, no holders of qualifying holdings in the undertaking.

Governance

Members of Norwegian Hull Club, clients that write business on a mutual basis, vote at the general meeting according to the Norwegian Limited Companies Act § 5-2, cf. Norwegian Financial Institutions Act § 8.1-8.3. Members have votes according to the members’ share of The Club’s mutual earned premium in the preceding calendar year. Joint Members have, together, as many votes as if the insurance agreement had been entered into by one member. The right to vote on behalf of the Joint Members shall be vested in the member named first in the insurance agreement.

The Committee elects the Board, recommends annual accounts to the General Meeting and supervises the Board and management. The members of the Committee are elected from the members, i.e. the owners, of Norwegian Hull Club.

The Board is responsible for setting out the strategy - including risk tolerance - and generally overseeing the management of Norwegian Hull Club. Up to two members of the Board can be independent; the others represent members of The Club. The Board has audit, risk and compensation sub-committees.

The Chair of the Audit Committee is independent of Norwegian Hull Club. The Audit Committee is a subcommittee of the Board. Its responsibility is to discuss significant accounting issues with management and the external auditor, as well as assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess auditors’ work and make recommendations to the Board

regarding election of external and internal auditors. The Risk Committee is a subcommittee of the Board. It is responsible for supervising The Club’s total risk and regularly considers whether the management and control systems are adapted to the risk level and scope of operations. The Risk Committee also assesses continuous compliance with capital requirements and requirements for technical insurance provisions, as well as the appropriateness of the risk management system. It shall follow up the company’s actuary, as well as compliance and risk management.

The Compensation Committee is also a subcommittee of the Board. It makes recommendations to the Board regarding the compensation of the Chief Executive Officer, as well as the structure of general compensation, including compensation for the management team. The Election Committee makes recommendations regarding candidates for the various governing bodies. The Election Committee shall have a minimum of five members. At least one member shall have served on the Board of Directors during the preceding five years. The Election Committee shall seek to replace members of governing bodies regularly and in a well-planned manner. In general, members of the Board of Directors, the Election Committee and the Chair and Deputy Chair of the Committee shall step down after 10 years’ service.

The Club has established the four key independent control functions required under the Solvency II Directive - risk management, compliance, actuarial and internal audit. These functions are responsible for providing an overview of challenges to the business and for providing assurance to the Board in relation to Norwegian Hull Club’s control framework.

The company’s remuneration policy is adopted by the Board on an annual basis. In addition to fixed salary, a percentage of

the operating result in any year may be allocated to employees by way of a bonus.

As a mutual insurance company, The Club will - by definition - enter into commercial agreements with member owners and with members of the Board of Directors. None of these transactions are considered material in relation to Norwegian Hull Club’s business volume.

Mission, Vision and Values

Norwegian Hull Club’s Mission is to secure lives, health, environment and property to help protect both people and the planet. The Club’s Vision is to be the leading insurance provider - not necessarily the largest. As such, being considered ‘the best’ is a more desirable, worthy ambition.

To help Norwegian Hull Club fulfil this ambition, the company’s core Values consist of Integrity, Sharing, Agile and Curious. By remaining curious and sharing knowledge, Norwegian Hull Club aims to help its clients and members prevent accidents from occurring, while also being agile enough to react optimally in a crisis to mitigate losses.

Memberships of Associations

Norwegian Hull Club is a member of Cefor – The Nordic Association of Marine Insurers, as well as the International Underwriting Association (IUA). It is also a signatory to the Poseidon Principles for Marine Insurance, as well as being a member of Maritime London. In June of 2022, The Club became a member of the Maritime Anti-Corruption Network, which works towards a maritime industry free of corruption that enables fair trade to benefit society.

Market and market share

The Club writes a global book of covers including Hull & Machinery, Loss of Hire, Increased Value, War, Yacht, Builder’s Risks, Energy (fixed and floating) insurance - operation and construction. Marine and Energy insurance is placed and written globally, mainly through brokers. From January 1, 2024, Norwegian Hull Club’s existing offshore renewables portfolio will be managed in run-off by NIORD, with all renewals and new offshore renewables business underwritten exclusively by NIORD on behalf of The Club.

A major amount of business is with international clients. Norwegian Hull Club has an approximate 23.9 % share (figures released by Cefor March 2024) of the Nordic market (defined as business written by companies operating from the Nordic countries). In 2022, this was an approximate 25.7 % share which accounted for about 16 % of global hull premium and a 4 % market share of global hull business.

The Nordic market has its own conditions (<http://www.nordicplan.org/>), in which the role as claims leader is distinct and important. Norwegian Hull Club has long-held experience as claims leader and the role is an important part of its service offering. The Club has a branch office in London, writing business produced by London brokers as well as maintaining existing business relationships.

Insurance risk supply chain

Distribution, diversification and mitigation of risk is central to insurance. In marine insurance, the supply chain is reflected in the typical Scandinavian business model and market structure: the ship owner purchases insurance directly or through a broker, while Norwegian Hull Club mitigates parts of its own risk by purchasing reinsurance through reinsurance brokers.

The Club operates with clients such as shipping companies, insurance brokers and reinsurance brokers worldwide. It outsources and has outsourcing arrangements only where there is a sound commercial basis for doing so and where the risk can be effectively managed.

A due-diligence process is undertaken prior to any final decision being made as to whether to outsource a material business activity. This addresses all material factors that would impact on the potential service provider’s ability to perform the business activity.

The company has established an Outsourcing Policy to cover the requirements for identifying, justifying and implementing material outsourcing arrangements.

This policy, adopted by the Board, sets out:

- Roles and responsibilities;
  - Definition of outsourcing;
  - Criteria for outsourcing;
  - Assessing outsourcing risks;
  - Contracts and confidentiality agreements;
  - Assess controls;
  - Security audits;
  - Outsourcing audit.
- For the time being, Norwegian Hull Club has outsourced the following operational functions or activities:
- Internal Audit – located in Norway;
  - IT Infrastructure – located in Norway;
  - First and second line support – located in Norway;
  - ITS ops consultancy, maintenance of core Insurance system, maintenance and development of Etuity products – located in Norway;
  - Cloud platform – located in Norway, Netherlands, Denmark and Ireland;
  - Discretionary asset management of investment portfolio – located in the UK and US;
  - Administrative support and service - located in Norway;
  - Underwriting of Medical Plan – located in Norway;
  - Claims services of Medical Plan and Crew P&I – located in Norway and the Philippines;
  - Underwriting and Claims services of H&M insurance (small hull facility) - located in Norway;
  - Claims services of P&I and FD&D covers (run-off portfolio)- located in Norway;
  - Payroll and tax services for Norwegian Hull Club’s London branch - located in the UK.

### Integrity

We believe in doing ‘the right thing’ - in holding ourselves to the highest ethical, professional and sustainability standards. This belief is the foundation of everything we do: integrity forms the bedrock of our business and our long-term, valued relationships. It is a matter of trust.

### Sharing

We are committed to knowledge sharing. By promoting such a culture, both internally and within the maritime industry, we better protect lives, health, the environment and assets. This approach is also the cornerstone of our social responsibility program, delivering greater opportunities through increased knowledge.

### Agile

Our organisation is designed to adapt quickly – to assess conditions promptly and react optimally. This enables us to provide a superior, tailor-made service to our clients, featuring dedicated support and future-oriented solutions founded on nearly 200 years’ experience.

### Curious

Our team members are not afraid to challenge convention; to ask, “Is there a better way?” for our clients and the industry we serve. We encourage such passionate curiosity - it has helped us become innovators in our field, setting new standards in solutions and services.



# THE CLUB

## AT A GLANCE

150,841



People insured on Medical Plan

9,657



Vessels insured

330 MUSD



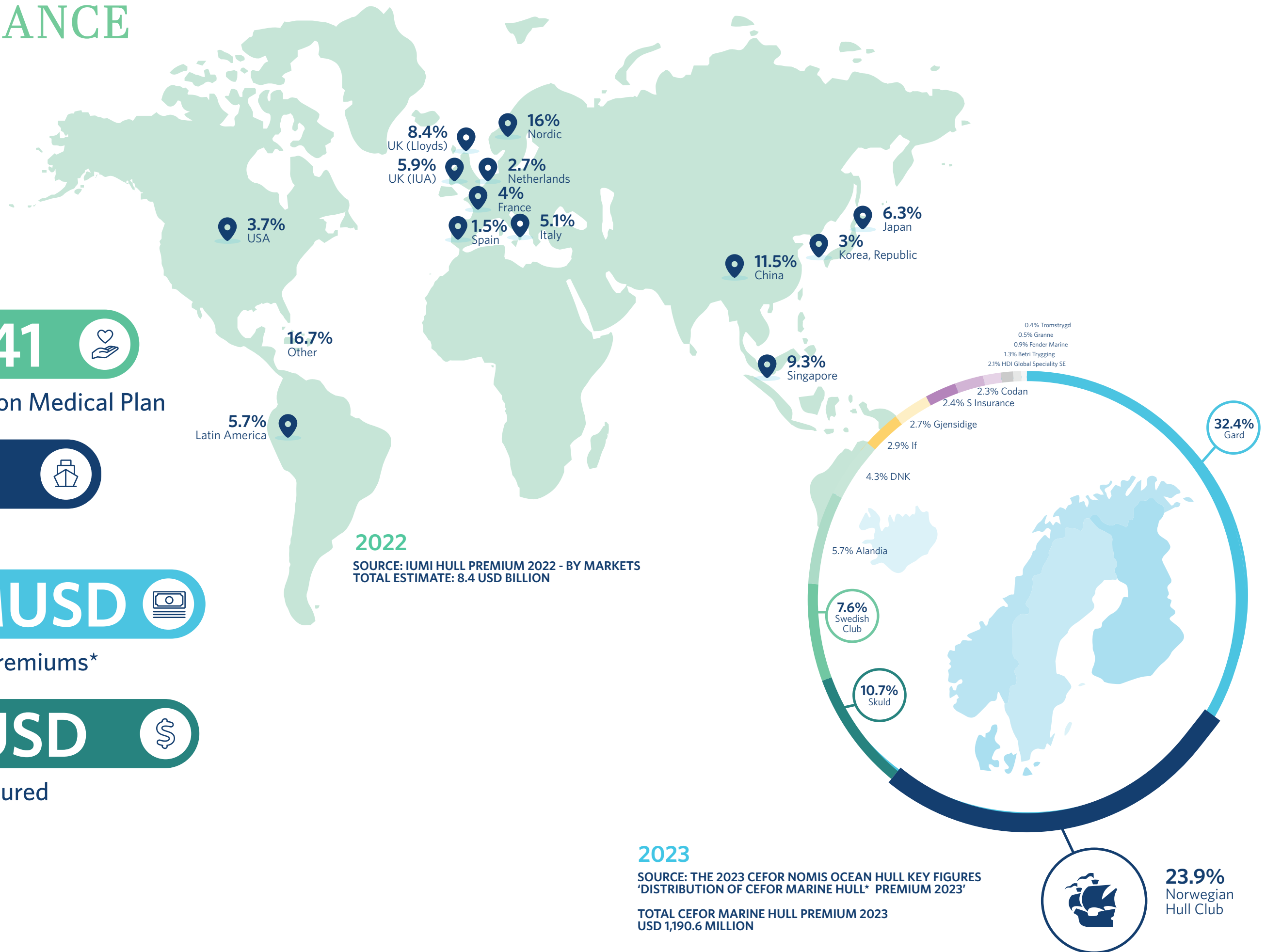
Gross earned premiums\*

121 BUSD



Total values insured

\* Premium Before Return





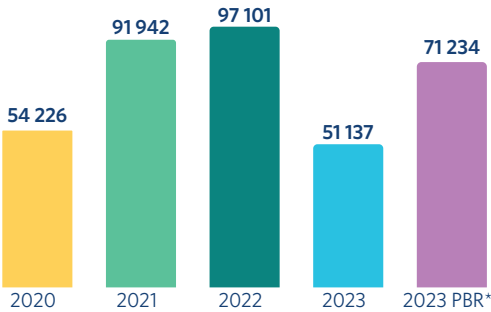
# KEY FIGURES\*

All figures in USD 000's

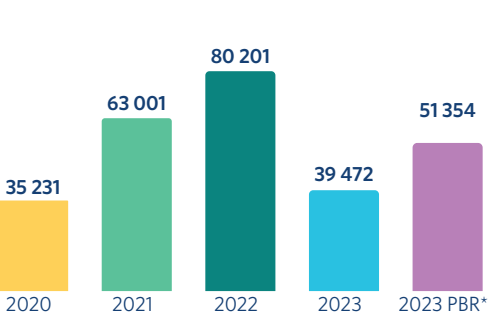
	2023 PBR*	2023	2022	2021	2020
Gross earned premiums	330 280	316 183	319 125	267 642	229 959
Gross claims	259 046	259 046	222 024	175 700	175 733
Gross result	71 234	51 137	97 101	91 942	54 226
Premiums for own account	265 842	253 960	261 260	222 068	181 340
Claims for own account	214 488	214 488	181 059	159 067	146 109
Insurance result f.o.a.	51 354	39 472	80 201	63 001	35 231
Other income	8 536	8 536	6 838	7 284	8 363
Operating expenses	35 093	35 093	32 690	30 778	28 588
Technical result f.o.a.	24 797	12 915	54 349	39 507	15 007
Net financial income	33 720	33 720	-28 153	7 489	28 281
Operating result	58 517	46 635	26 196	46 996	43 288
Total assets	1 054 096	1 054 096	1 000 914	905 162	833 133
Equity	415 833	415 833	387 039	374 396	336 335
Loss ratio for own account	81 %	84 %	69 %	72 %	81 %
Expense ratio	10 %	11 %	10 %	10 %	11 %
Combined ratio	91 %	95 %	79 %	82 %	92 %
Gross loss ratio	78 %	82 %	70 %	66 %	76 %
Return on investment portfolio	5.8 %	5.8 %	-4.4 %	3 %	5 %
Deviation from benchmark	-0.5%	-0.5 %	0.7 %	-0.5 %	0.4 %

\*Figures in tables are before Return Premium

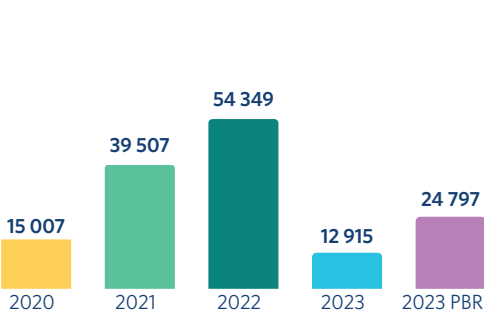
Gross result



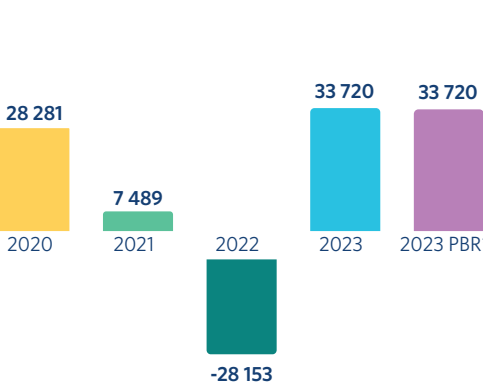
Insurance result f.o.a.



Technical result f.o.a.



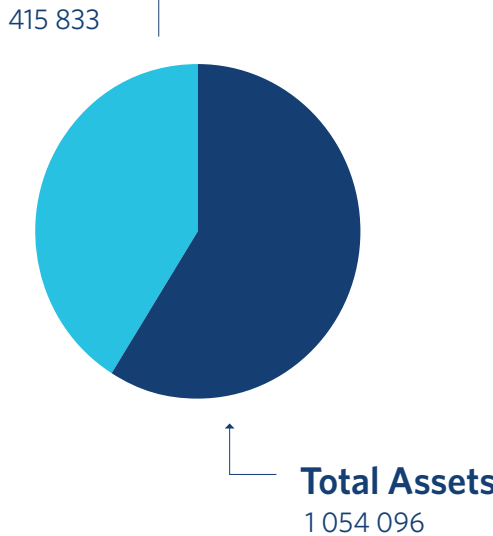
Net financial income



Operating result

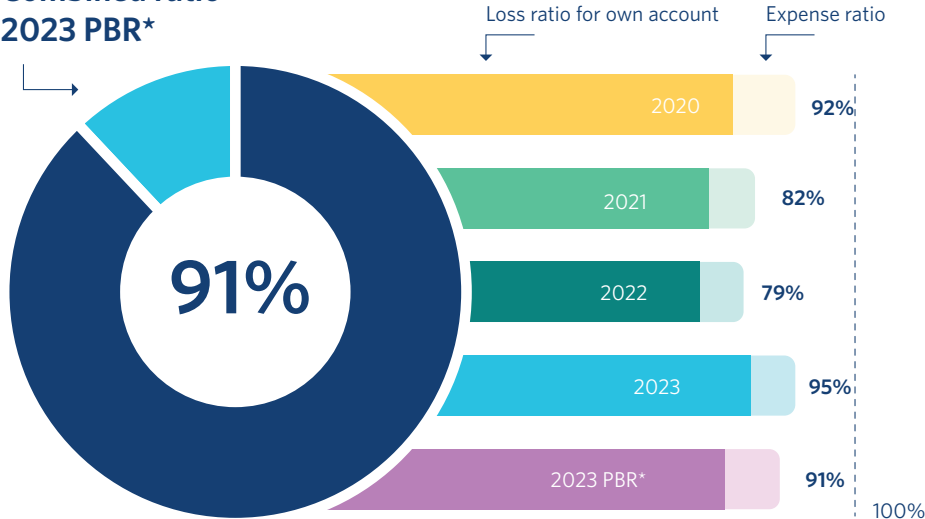


Equity

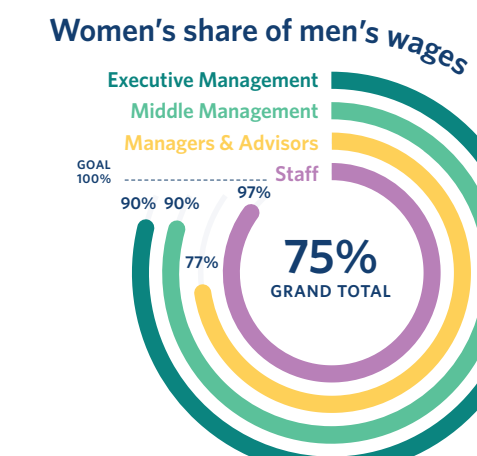
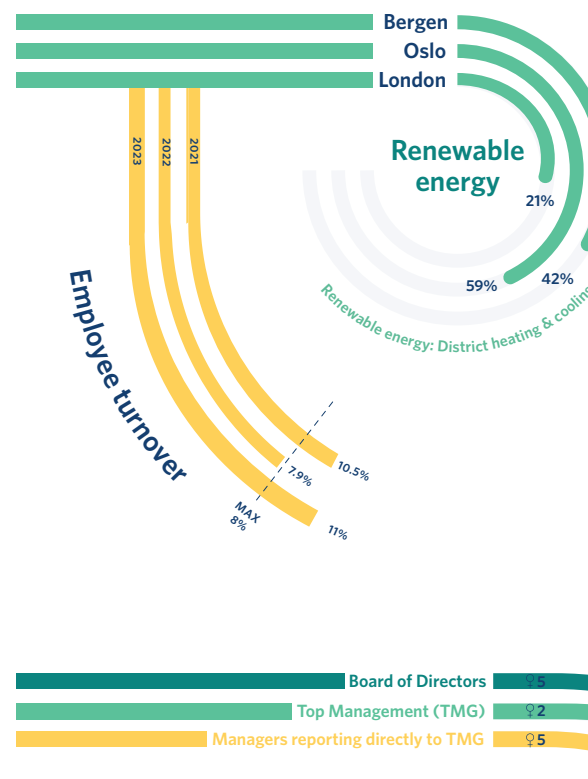
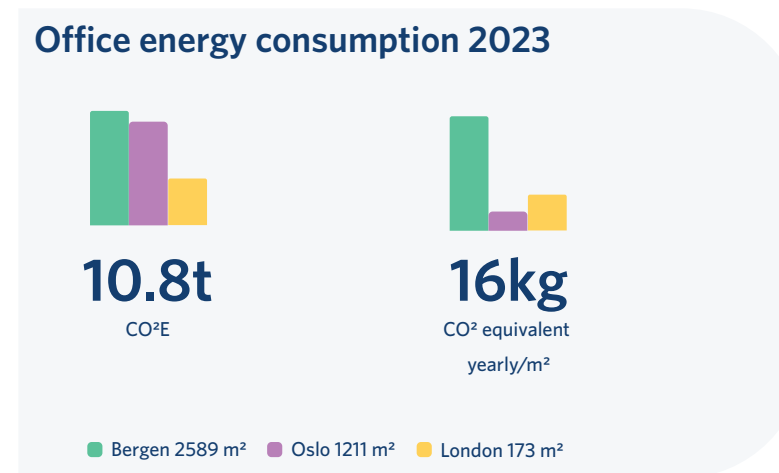
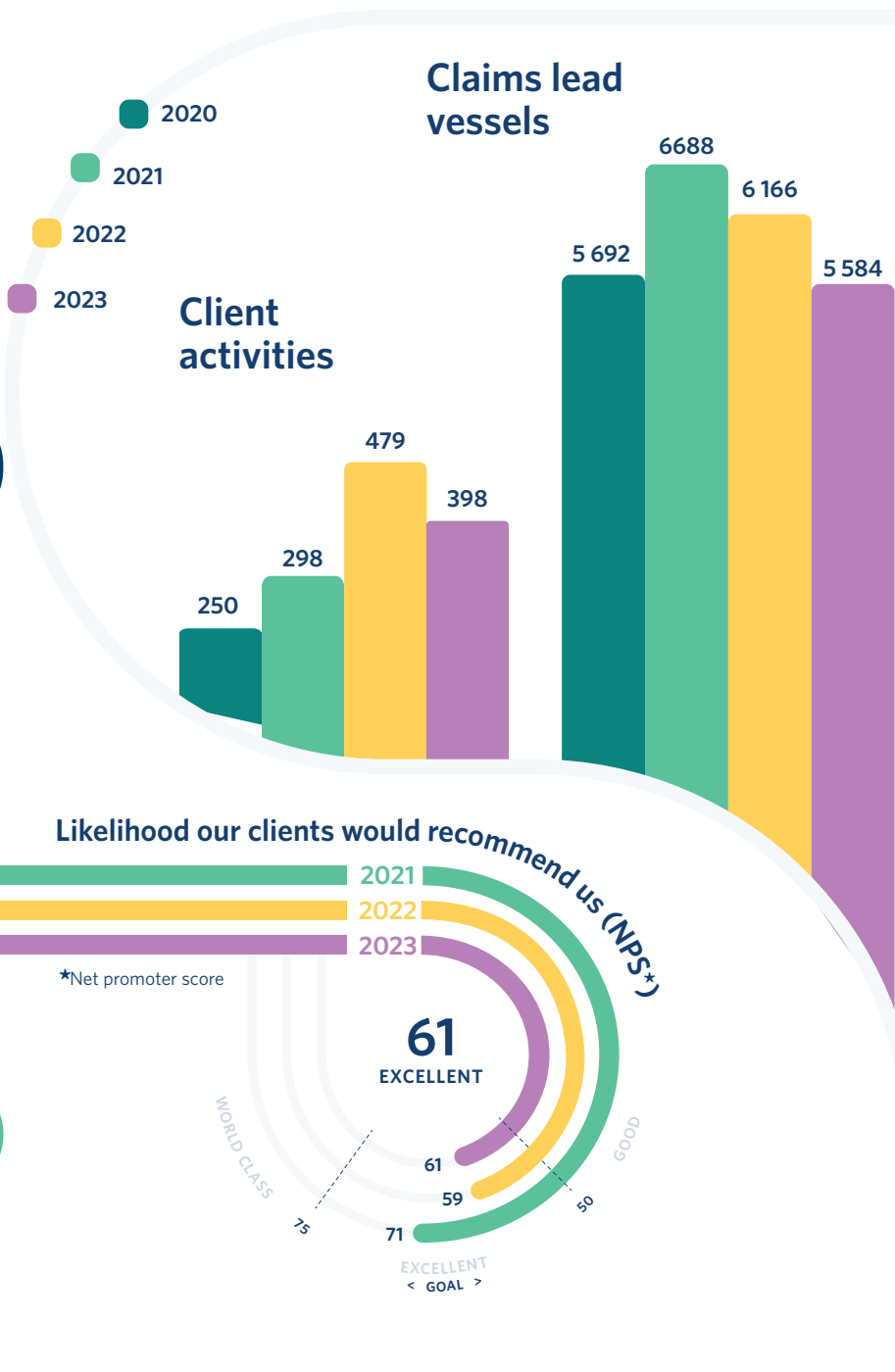
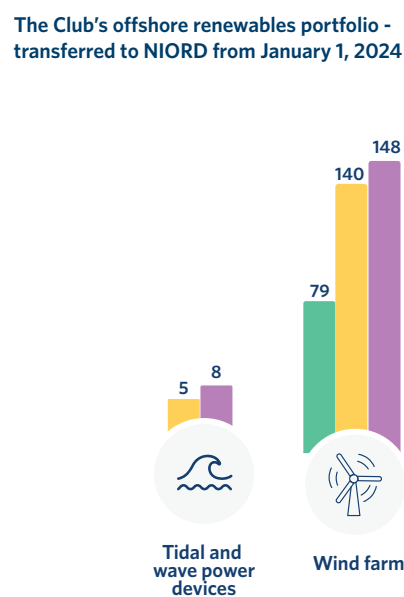
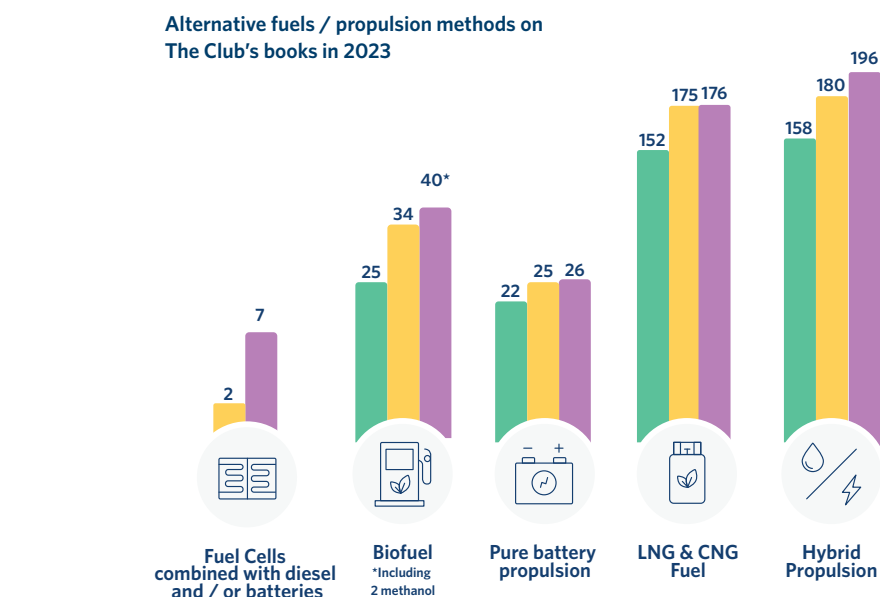
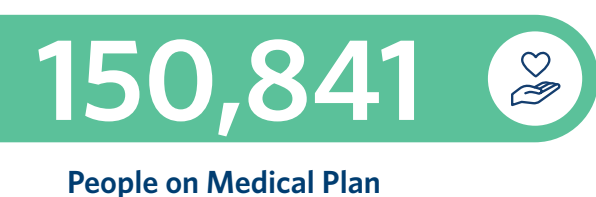
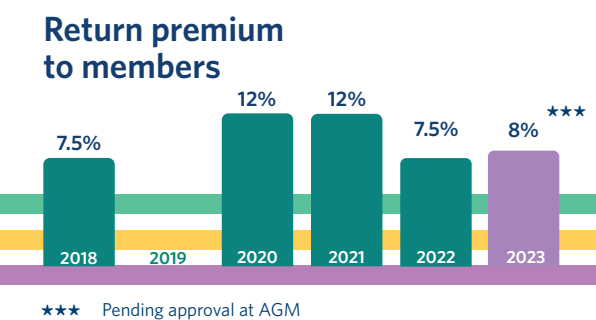


\*Figures in tables are before Return Premium  
PRB = Premium Before Return

Combined ratio  
2023 PBR\*









# CONTINUOUS JOURNEY TOWARDS SUSTAINABILITY

**Norwegian Hull Club's Mission is to secure lives, health, environment and property - its business model reflects this.**

The Club believes that the claims experience and knowledge it has accumulated over almost 200 years provide a degree of insight and readiness that enable it to help prevent and reduce the negative

outcome of unwanted incidents. Norwegian Hull Club is committed to knowledge sharing and a pro-active approach to loss prevention, emergency response and the claims-handling process. These are at the very heart of what The Club believes in and what it does.

A 'curious' approach to every challenge is encouraged amongst employees, in keeping with the company's core values. Norwegian Hull Club

believes that remaining curious will improve its ability to increase knowledge and assist clients when new risks emerge.

In the chapter "A trusted companion on our clients' sustainability voyages", you can read more about The Club's contributions to protect the environment. While the business concept strongly represents an approach to prevent and reduce a negative impact on people and the planet, The

Club's dedication to people - and particularly its employees - goes beyond.

The second chapter of the sustainability section is entitled "The difference? It's the people", which is much more than a saying to us: it reflects the dedication from the skilled and experienced people behind our service concept.

This particular section covers Norwegian Hull

Club's approach to being a responsible employer that encourages its team members to thrive and develop.

The third main chapter covers governance and how The Club attends to rules, regulations and reporting, mindful of transparency and the highest integrity and ethical standards. We know that the key expectation - and deliverable - of an insurance company is that of trust.



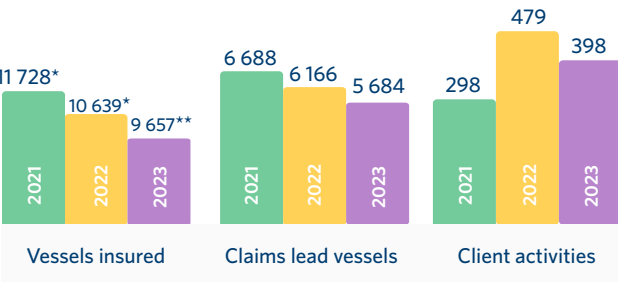
# A TRUSTED COMPANION ON OUR CLIENTS’ SUSTAINABILITY VOYAGES

### Unwavering dedication

Central to Norwegian Hull Club’s service concept is an unwavering dedication to providing exceptional solutions, service and support. This approach remains steadfast when faced with the challenges and opportunities that sustainability presents.

The Club strives to help its clients as they make choices for a better future through innovative, enabling insurance solutions. Norwegian Hull Club’s commitment to supporting the maritime and offshore energy industries in the drive towards zero emissions is laid out in its strategy. This commitment is realised through continual development of insurance products and services that cater to these increasingly sustainability-driven industries. This includes Prevention Through Awareness training, hands-on contingency support, as well as the strengthening of our knowledge and understanding of new risks emerging from greener operations.

In addition, through The Club’s subsidiary Marine Benefits, the health and wellbeing of crews and their dependents is also keenly in focus. Marine Benefits supplies innovative medical covers and accessible service solutions, founded upon ground-breaking studies of these crucial workers.



\*H&M, LOH, Energy, Yacht and War insurance only  
\*\*Figure as partial consequence of sanctions and strategic decision to close P&I book

### Preventive and mitigating contingency training

In its Loss Prevention programme, The Club works closely with clients to find ways to better safeguard and prevent loss or damage to life, health, environment and assets. Norwegian Hull Club receives and processes around 2,500 claims annually. These provide insight into what can go wrong on-board vessels and energy units, as well as experience of

handling emergencies together with clients. Based on this insight and experience, Norwegian Hull Club organises a range of activities through which it can share and discuss issues related to preventing losses, as well as how best to respond when an incident occurs.

Among the initiatives is The Club’s Loss Prevention Committee, where a broad spectrum of industry and relevant non-industry specialists, clients and members are united in the aim of improving best practice through knowledge sharing. The committee, consisting of representatives from 35 of The Club’s clients, has biannual meetings to discuss general safety and security challenges, as well as to look into emerging risks. These meetings also generate insight that is used in The Club’s general training programme in which the main activity is the planning and facilitation of tailor made, one-to-one training for clients. These activities include workshops, tabletops, larger training scenarios, seminars, as well as courses for clients’ office personnel. It also includes workshops, seminars and courses for clients’ crew members at officers’ conferences.

After an extraordinarily high demand and activity level in 2022, following years of travel restrictions, The Club facilitated just under 400 seminars and workshops in 2023. Surveys conducted among clients and brokers show that companies that have attended training with The Club highly appreciate such sessions. Norwegian Hull Club is satisfied with the average score of 4.26 out of 5 in its most recent survey, conducted in November 2023.

### Contingency support

When an incident occurs involving a client, The Club possesses both the expertise and the technology to provide experience based, real-time support. From its dedicated Situation Room, the latest technology is utilised and combined with best practice and knowledge from both in-house experts and external strategic partners. Such real-time situational awareness capability - quickly generated via such channels as AIS-based tracking systems, weather monitoring, satellites and social media monitoring - helps Norwegian Hull Club ensure that its clients are better informed when they need to make crucial, early decisions. These tools are continuously reviewed and renewed to ensure that the latest and most useful technologies are available to provide the best possible awareness. Since 2022, The Club has gradually introduced AI into its toolbox to help challenge and support the scenario



development for exercises, tabletops, workshops and presentations. Norwegian Hull Club has developed its toolbox over time and continues to add new resources, both open and subscription based, as well as platforms produced in-house which create swift situational awareness, providing a service that strategically harnesses the latest technology. A dedicated team, continuously trained in using the tools in emergency situations, is an important resource in The Club’s emergency response team. This team also consists of in-house legal, technical and claims resources.

In case of an incident, Norwegian Hull Club will assist the client in managing the crisis, focusing on supporting them in order to minimise the potential for loss of life, injury, pollution and damage to the environment, damage to the vessel, her cargo and other property. In addition to in-house knowledge and support, Norwegian Hull Club assists by utilising its global network of correspondents, qualified surveyors, legal representatives and other experts as required. Immediate response, together with the mobilisation of professional salvors, is of the utmost importance when handling a casualty in order to mitigate the potential of loss of life, environmental impact and property damage. Consequently, Norwegian Hull Club is constantly in dialogue with the few global salvors to secure immediate and timely mobilisation, as well as implementing the related structures required.

Waste management is a highly important factor in most major casualties. As such, it forms part of the initial strategic considerations conducted by Norwegian Hull Club - together with our members and salvors - immediately after an incident, to mitigate the negative potential at a later stage. A four-step waste management plan is included in The Club’s casualty response procedures.

As mentioned, Norwegian Hull Club typically handles - on average - some 2,500 new claims of varying severity each year. As overall severity differs from year to year, it is challenging to find a solid, measurable target to aim for. It remains the ambition of The Club to steadily grow its claims-lead portfolio as it is strongly believed that the company’s hands-on response affects the outcome of a claim in a positive way.

The latest client survey confirms that The Club’s emergency response and claims-handling services are regarded with satisfaction. A priority is, therefore, to maintain client satisfaction throughout the overall claims-handling experience. For those clients who have experienced a claim with Norwegian Hull Club as claims lead in the past two years, the satisfaction rate in 2023 was 4.45 out of 5, a slight decrease on the average score of 4.57 in 2022.



### Knowledge sharing

Sharing knowledge is also used as a preventive measure when The Club is called upon to provide operational advice on such challenges as heavy weather, trading in ice / Arctic conditions, war / piracy, cyber, passage planning and special risks. Norwegian Hull Club also provides operational warnings related to heavy weather and security risks. These warnings are shared with all clients and brokers through newsletters, as well as a one-by-one service for vessels sailing in areas

with higher security risks. It is difficult to measure the effect of these warnings, plus the frequency will also vary with the number of events imposing additional risk. The Club, however, has established routines and guidelines in order to ensure warnings of all risks above a certain threshold are distributed.

Additionally, knowledge sharing is the foundation of The Club's contributions to officers' conferences. At these, a two-way exchange of experiences and lessons learned between The Club, seafarers and management, helps increase understanding and learning, particularly in regard to new and emerging challenges.

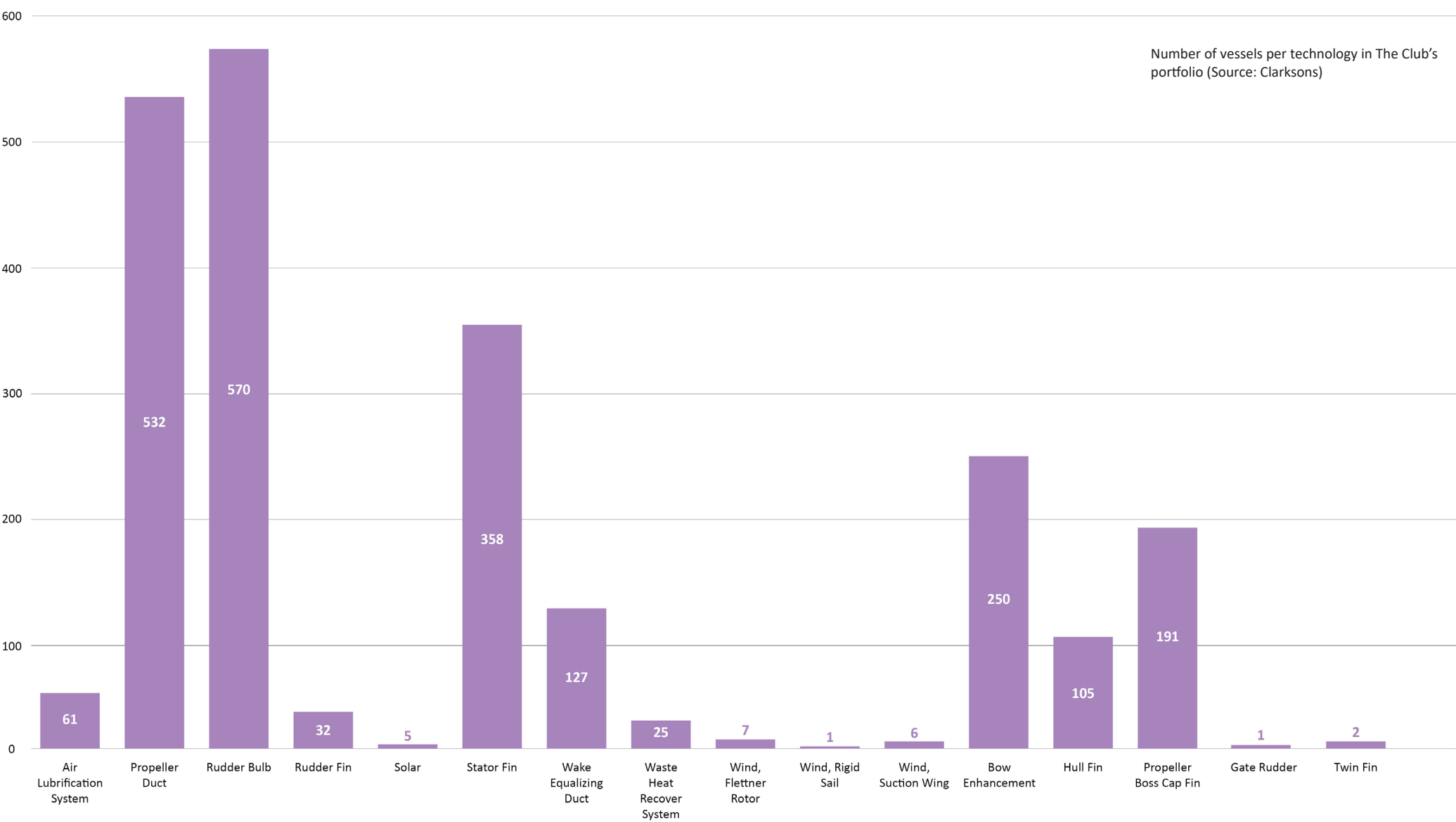
The Club also has a well-established tradition of publishing Casualty Information Newsletters, which are founded upon its experiences dealing with incidents and cases. A library of these knowledge-sharing, awareness-focused newsletters that go back decades – often containing recommended best practices and actions for crew members - is available at [www.norclub.com](http://www.norclub.com)

Decarbonization

Owners and operators face challenges in meeting decarbonization requirements. Owners have to navigate unknown waters when deciding on measures to reduce their carbon footprint at sea; huge investments are required and important choices have to be made. Many of these choices must be based on predictions, such as what types of fuels will be the optimal choice in years to come. Will it be biofuels, batteries, LNG, LPG, hydrogen, ammonia, methanol, fuel cells or nuclear power? Or will the reduction of the carbon footprint be achieved with carbon capture units on board? And, most likely - irrelevant of the aforementioned options - will they be used together with a variety of energy-saving technologies? There are also the questions of whether these fuels / technical solutions will be commercially available and sufficiently safe for crews and their surroundings. What must also be considered is the issue of whether there will be qualified crews available to safely man all the vessels that utilise such new technologies.

As working with new technologies presents not only opportunities but also considerable risks, Norwegian Hull Club has chosen to support owners and operators in their pursuit of sustainable shipping. This requires that The Club pays attention to the development of future fuels and innovative energy-saving measures, of the technology that is required to ensure they are safe energy carriers, and that the organisation be a proactive discussion partner for owners assessing the various risks they are facing.

Reducing greenhouse gas emissions poses a challenging and intricate task. An efficient and commonly used maritime approach is slow steaming. However, even this seemingly uncontroversial method has its disadvantages. If the world fleet slows down, more ships are required and shipbuilding contributes to emissions. For certain cargoes, slow steaming might prompt a shift from maritime transport to land or air transport, resulting in a significant increase in emissions.



According to data from Clarksons, most vessels built before 2013 are likely to become non-compliant with CII emission requirements unless they decrease speed by 5-10% and/or incorporate energy-saving technology. The graphic (see page 21) illustrates some of these technologies and makers' claims regarding energy savings, alongside the number of vessels with such technology installed that The Club is involved with (see table above). Some of these technologies have been in use for a long time, while others are new and untested.

For alternative fuels, the IMO's new focus on "well-to-wake" emissions - including all greenhouse gases - is crucial. Metrics based on this principle encompass emissions from the fuel production process. This has resulted in some alternative fuels changing from "better" to "worse" than fuel oil in terms of greenhouse gas emissions. Even in the case of truly zero-emission fuels, some argue that onshore use would result in a far greater reduction in emissions than maritime use. It is challenging to determine to what extent maritime use

suppresses onshore use or leads to increased production of green fuels, making it difficult to assess the validity of this argument in the long term.

The Club is building on its experience with exhaust gas scrubbers, battery propulsion and LNG-fuelled vessels. In 2023, 1,090 vessels in The Club's portfolio have installed exhaust gas scrubbers. As for batteries, Norwegian Hull Club insures 26 vessels with pure battery propulsion, and another 196 vessels with hybrid power.

As for LNG, most of the experience is based on LNG tankers, but LNG is being increasingly used as fuel in other types of vessels. The Club insures 176 vessels that can be fueled by LNG in addition to LNG tankers. It is, however, worth noting that with current LNG prices, we have had indications that many LNG-fuelled vessels use fuel oil instead of LNG. Norwegian Hull Club has also been involved in members' testing of biofuels and currently insures 40 vessels that are designed to use this fuel.

The most significant driver of maritime emissions is likely to be ton-mile demand. Sanctions keep reducing the demand for Russian energy and specifically crude oil, in Europe, resulting in increased oil transport to and from Europe. Houthi attacks have also led to many vessels circumnavigating Africa instead of using the Suez Canal. Ton-mile demand is evidently beyond the control of the maritime community but remains a crucial driver of emissions. It is urgent to cut global emissions and we acknowledge the challenges owners face in navigating a world of moving targets and new technologies and fuels. In this situation transparency is important, especially among the front-runners, to encourage technological and operational improvements.

The transition to a net-zero industry also has a significant impact on the offshore energy segment, where The Club has been an important provider of service-driven insurance solutions for decades. In more recent years, Norwegian Hull Club has also taken an active role in the transition to renewable energy, particularly with an increasing involvement



in the insurance of offshore wind, a contributor to a sustainable energy supply with new technology, new suppliers and new operators, among other elements. This segment has a 'certification regime' for quality assurance and quality control, rather than the conventional 'classification regime' of the shipping and offshore sector. Norwegian Hull Club has participated in supporting decarbonization by working to help ensure the safe development and operation of this important, growing segment. The Club's involvement in the offshore renewables segment was transferred to subsidiary NIORD from January 1, 2024.

Battery power

Battery power in marine applications continues to develop. We see this technology utilised on ferries with battery power as the sole energy provider, harbour tugs being built with the same technology, while hybrid solutions where battery power can be used as a back-up reserve are found on both passenger vessels and offshore vessels. Ferries and ro-ro / ro pax, as well as car carriers, also add to the risk of carrying electric vehicles with an increasingly larger total capacity of electric battery power on board. Lithium-ion batteries are also increasingly used for leisure craft and 'toys' on yachts. Norwegian Hull Club continues to actively participate in forums and efforts to ensure that systems, procedures and knowledge of the challenges inherent in new technology are attended to on local, national and international levels.

Agile technology enables surveys

Survey reports are crucial for proper claims handling and adjusting, as well as owners getting their rightful compensation, in a timely manner. New technology allows for agile and efficient ways of working. With Remote Survey in the toolbox, Norwegian Hull Club encourages the use of digital technology to obtain an initial overview of the damage, to possibly survey the damage, or to follow up on repairs, without the surveyor necessarily attending in person.

The use of this technology enables a surveyor, no matter a vessel's location, to examine any accessible damage in real time via live streaming from a handheld smartphone on board. Guided by the surveyor, a person on board holds these 'eyes' so that the surveyor can see whichever different views of the damage they need to. The surveyor will combine the Remote Survey tool with relevant documentation / information obtained from the vessel, owners or the manager, to compile his or her survey report.

Norwegian Hull Club is confident that such remote surveys will increasingly be part of tomorrow's marine survey and claims-handling processes, reducing travel and offering greater accessibility to damage sites / repair sites for both owners' representatives and surveyors.

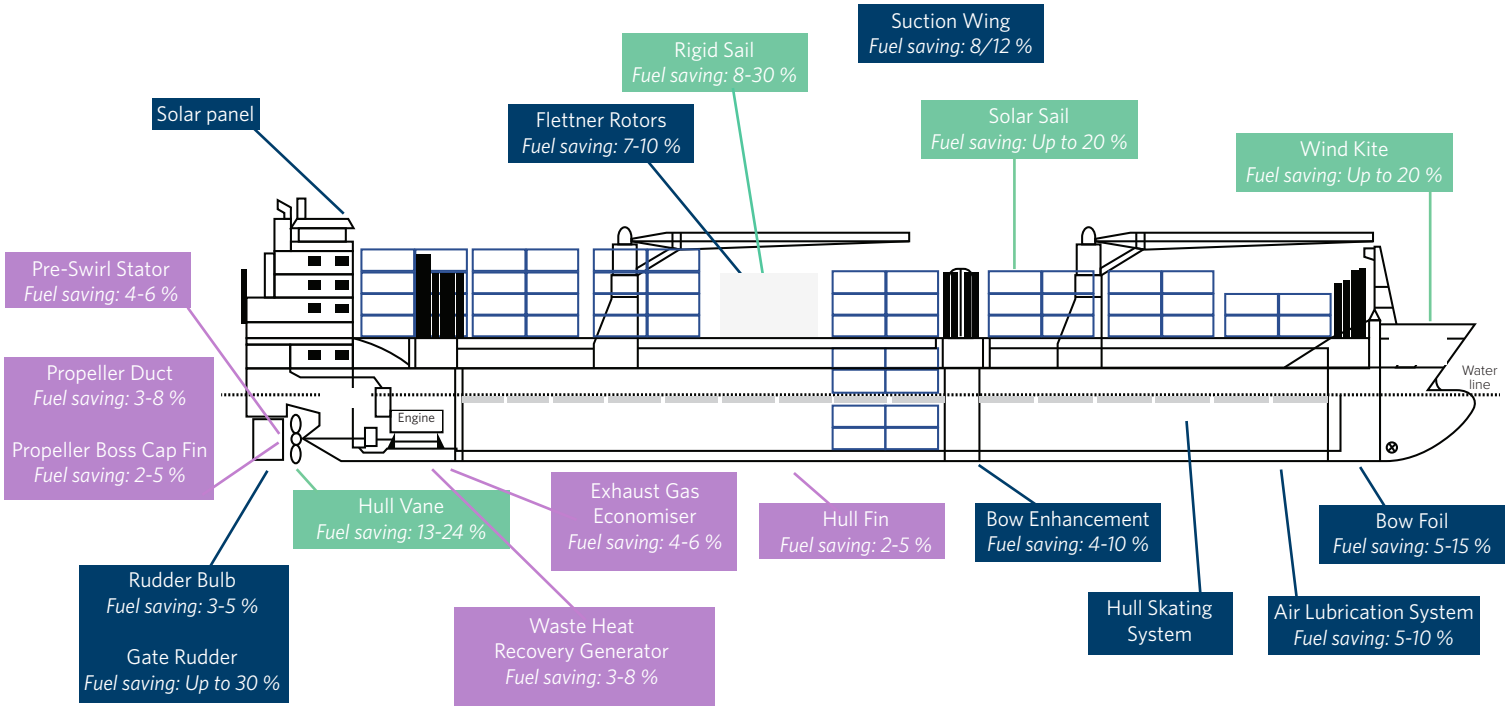
Vessel fires

Fires on vessels pose a huge risk to human lives, the environment and valuable assets. The 'low-pressure fuel pipe fires project', started through Cefor's Technical Forum in 2017, is still active. It is, of course, unfortunate that such fires continue to occur due to leaks from low-pressure fuel pipes. However, it is positive to see the cooperation and knowledge sharing displayed by Norwegian Hull Club, Cefor's Technical Forum, IUMI and IACS, and that this work is now seeing results through IACS recommendations and guidelines.

The Club continues to see fires occurring due to leaks from low-pressure fuel pipes, as well as an increasing trend of fires on ro-ro / ro-pax vessels and container vessels. Some of these are linked to batteries, others to dangerous goods and undeclared cargoes. Together, they present major challenges to the marine industry. Norwegian Hull Club continues to raise these topics, particularly through Cefor and IUMI, reaching out to key institutions such as classification societies represented in IACS and to the IMO. However, rule-and-regulation-based changes in the maritime industry take time and – as with the focus on batteries - focus on fires and their prevention is also

Energy Saving Technologies

Wide range of options available



Source: Various market sources, Clarksons Research, September 2023. Fuel savings are basis reported marketing claims and do not account for fitting of multiple ESTs. Credit: Clarksons Research

highlighted through The Club's Loss Prevention Committee, Casualty Information Newsletters, and experience transfer.

Health insurance and studies

Norwegian Hull Club's fully owned subsidiary, Marine Benefits, offers employment benefit solutions for seafarers through the Medical Plan and related crew covers – being an advocate for innovative crew insurance solutions for the maritime industry. This insurance enables access to quality healthcare, for both crew members and their families, whether at home or at sea. These benefits have proven to bring about positive effects by providing peace of mind for the seafarer and their family, as well as for the ship owner / manager. The products meet all the requirements of the Maritime Labour Convention (MLC) of 2006, the Amended Migrant Workers Act and the Data Protection Act.

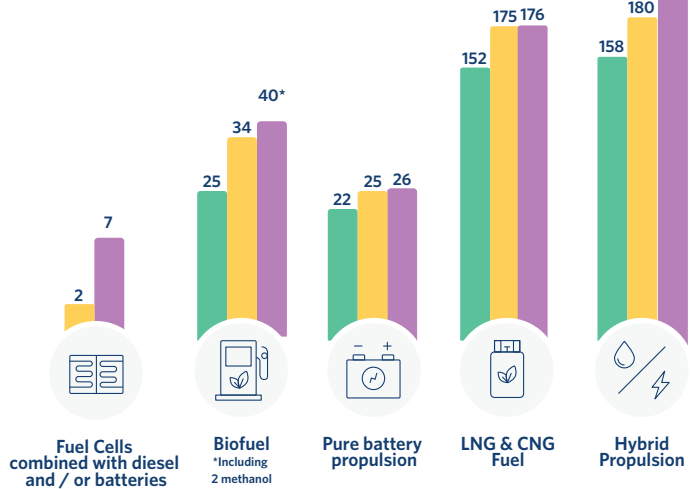
150,841 seafarers and family members had medical plan insurance from Marine Benefits at the end of 2023, an increase of approximately 10,000 since year-end 2022. The ambition is to keep increasing this number in the years to come, so more people without a medical welfare system gain access to quality healthcare.

Re:refresh

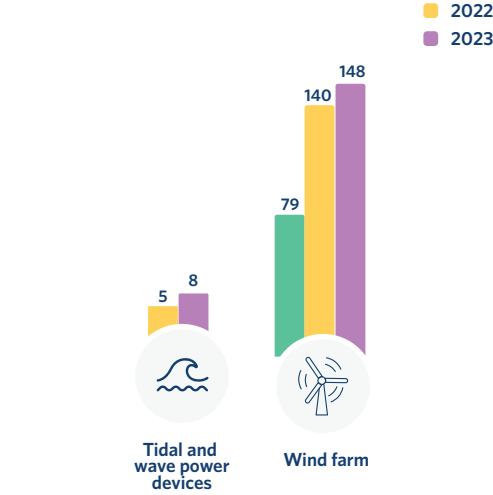
Marine Benefits also has its own loss-prevention programme to promote health and wellbeing for international seafarers. Through the Re:refresh health-risk assessment

programme, Marine Benefits appraises health from a holistic perspective and looks into areas such as living conditions, food, employment satisfaction, as well as physical and psychological health risks. In this way, the client is given the opportunity to address areas where possible risks are found, while creating awareness and better enabling the seafarer to make healthy choices. Safe, decent working conditions are crucial for a healthy workforce which will, in turn, contribute to economic growth – for the individual seafarer, the shipping company and the shipping industry as a whole. By addressing health risks among seafarers, Marine Benefits is part of a global effort to provide access to health care, promote health and wellbeing, and build awareness among seafarers and shipping companies.

Alternative fuels / propulsion methods on The Club's books in 2023



The Club's offshore renewables portfolio - transferred to NIORD from January 1, 2024







Since 2016, Marine Benefits has collected survey data from over 70,000 seafarers including five industry reports from India, the Philippines and Myanmar, and two wellbeing studies. In 2020, the study focused on seafarers' mental well-being during the COVID-19 pandemic. The input from 17,000 seafarers provided nuanced insight into how crew members were affected by the pandemic. In 2022, Marine Benefits conducted a follow-up study derived from open-ended answers relating to the experiences of seafarers during the pandemic. The results provided valuable information regarding the health and wellbeing of seafarers two years into the pandemic, further emphasising the importance of safeguarding these elements within the shipping industry's workforce.

To attract and retain seafarers, it is essential to give greater attention to the health and wellbeing components of occupational safety and health (OSH), as well as develop health-promoting mindsets. To continue these efforts, Marine Benefits began preparations for a full global Re:fresh study which will be conducted in 2024.

## Transitioning together

**The Club's approach to the transition to a more responsible future is summarised in the six pledges and supporting explanations that follow, reflecting on how new technology, regulations, insight and knowledge sharing, smarter and more efficient ways of working, as well as the cruciality of cooperation and working together, are all necessary building blocks to succeed in changing our industry for the better for future generations.**

### Transition through innovative technology

*Norwegian Hull Club pledges to support clients with dedicated insurance solutions as they make the transition into new, greener operations - whether it be electrical power, eco-friendly fuel or other initiatives to reduce emissions.*

Innovation and development of new technology present a greater risk of unwanted incidents, whether it is the likelihood of such incidents occurring, the lack of necessary means for mitigation, or the lack of facilities or necessary equipment for repair. The road to a successful transition to a more sustainable future is filled with innovations and new technologies which have not yet been exposed to all possible scenarios regarding their respective normal operation. It is, however, the only feasible way forward and the additional risk of developing the solutions for a better tomorrow for all of us shall not rest with the developers and forward-leaning operators, ship owners and managers alone. This is a risk shared by all industry players and Norwegian Hull Club will doubtless play its part in the journey by striving to develop the necessary insurance solutions that keep our clients covered.

### Transition through new regulations

*Norwegian Hull Club further pledges to develop insurance solutions tailor-made to respond to the risks its clients meet through new rules and regulations, or as a result of their choices on their journeys towards zero emissions.*

The transition to a more sustainable tomorrow will unfortunately not be possible if based solely on voluntary initiatives. No matter the good intentions, we are all dependent on 'carrots' as well as 'sticks' to reach the zero-emission goals. The threats imposed by the risks of continuing to increase the global temperature have not yet had the necessary impact to make us change. We are therefore dependent on international, regional and national legislation to push us in the right direction. Such legislation might impose additional risk to Norwegian Hull Club's clients as they adapt to and change operations to meet requirements. A sustainable approach to conducting business also requires taking a larger responsibility for one's value chain. Norwegian Hull Club will develop insurance covers to support its clients as they take the necessary measures.

### Transition through renewables

*Norwegian Hull Club strives to follow its existing clients into new segments within marine and offshore energy, such as wind farms, solar or tidal energy, and has continued to grow its renewables portfolio.*

The need to transition to a more sustainable economy and low carbon future is a pressing one. The focus on developing a climate-neutral energy mix has gained substantial attention and support globally.

Norwegian Hull Club, through its offshore renewables products and services, has supported those clients and members involved in developing, establishing, operating and servicing the offshore energy industry - both for today and for tomorrow.

To adapt to both opportunities as well as the risks presented by new technologies, Norwegian Hull Club utilises its substantial experience from offshore and marine operations to provide specialist risk-transfer knowledge through a tailor-made service concept for renewables. The Club kept increasing its renewables portfolio and insured 143 offshore wind farms in operation or under construction at the end of 2023. To fully meet the expectations of this growing segment, Norwegian Hull Club established subsidiary NIORD, which will provide and develop the tailor-made service concept further from January 1, 2024.

### Transition through insight

*Norwegian Hull Club is dedicated to exploring statistics and delving into new technologies to best understand claims trends and possible emerging risks.*

The Club possesses a large amount of data and statistics generated from years of claims experience. Combined with information from databases containing vessel specifics, travel



patterns and other data, these provide invaluable insight needed to identify patterns that can reveal claims trends such as manufacture errors, increased likelihood for specific claim types for specific propulsion, or increased fire risks. This is used not only for selection and pricing but also to generate benchmark reports to clients. The reports benchmark clients' claim frequencies, claim types, detention frequencies, Rightship ratings, detention frequencies, insured values and CO2 emissions to similar vessels in The Club's portfolio.

Aware that even the most valuable knowledge is worthless unless it is shared, Norwegian Hull Club has initiated several in-depth studies and knowledge-sharing drives across the broader marine industry. It will continue to do so by remaining curious and by exploring and investigating statistical facts. Statistical findings are often shared through the Cefor annual reports. More detailed findings are shared through The Club's casualty information library available at [www.norclub.com/insights](http://www.norclub.com/insights)

**Transition through smarter solutions**

*Norwegian Hull Club and its subsidiary Instech Solutions are committed to utilising new technology and developing software solutions to simplify the placing of insurance, improve the claims-handling process, ease the survey process, quickly provide critical information in emergency situations and reduce the complexity of compliance, such as Know Your Customer (KYC) procedures.*

With safety, security, transparency and efficiency as drivers, Norwegian Hull Club and Instech Solutions are building upon almost three decades' experience of improving marine insurance processes through digital solutions. Although technology is always evolving and has an increasing effect on our daily lives, it has so far had limited development and impact on marine insurance business.

The challenge of a fragmented market with many stakeholders and little-to-no standardisation makes any digital initiative challenging. As there are few tailor-made solutions for marine insurance, Norwegian Hull Club has decided to take on the challenge to utilise new technologies to simplify placing of insurance and understand claims trends and possible emerging risks. To take development further, it is important to challenge the marine insurance value chain, and study where improvements can be made. This requires standardisation of data and processes prior to developing new solutions.

In the autumn of 2023, the decision was made to take a major next step, and Instech Solutions will - during 2024 - start to develop an entirely new insurance system named Etuity Core. This will replace the existing legacy system INS+ which currently provides The Club and 13 other companies with its insurance software. Etuity Core will be an SaaS (Software as a Service) solution and cover all lines of business related to marine and energy for both brokers and underwriters.

All development is carried out in close collaboration with clients, brokers and other stakeholders to ensure that the new software solutions are developed in line with their

expectations, improving services and quality, accommodating smooth data transaction and increasing security and efficiency.

**Transition through partnerships**

*Norwegian Hull Club pledges to be a trusted companion to its clients. We shall listen, ask questions and assess how we can best support their sustainability journeys.*

Through our Loss Prevention Committee, Cefor, IUMI and other partnerships, The Club shall work to fulfil its Mission and promote best practice and the importance of sustainability throughout the industry. Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance (PPMI) and a member of the Maritime Anti-Corruption Network (MACN).

**Social responsibility - Cooperation for the future**

Cooperation and partnerships are vital for reaching our shared goal of a more sustainable future. Voluntary organisations are driving forces for a more equal world. Norwegian Hull Club has a long tradition of engaging in partnerships and sponsorships that work towards global sustainability, with a particular focus on engaging in initiatives that support the company's knowledge-sharing concept, especially access to education. In addition, The Club invests time and knowledge-sharing sessions in various maritime organisations and projects.

**Cefor:** Norwegian Hull Club is a member of Cefor – The Nordic Association of Marine Insurers. Cefor's purpose is to represent members' common interests in the field of marine insurance, contributing to a sustainable ocean industry. The Club engages in Cefor's Board, various forums and working groups, as well as contributing to its educational programme through the provision of lecturers and lesson material. Together, the Nordic marine insurers support Cefor's efforts to influence industry-framework conditions and share a vision for a sustainable insurance market. Cefor members have commonly entered into a long-term partnership to support the Scandinavian Institute of Maritime Law at the University of Oslo. Since 2019, the Cefor members secure an associate professoriate position for ten years. The cooperation with the institute is important for upholding Maritime Law knowledge development in the Nordic countries. The institute contributes to the revision of marine insurance conditions and special considerations for the industry.

**Statsraad Lehmkuhl:** The Club has been a long-term partner and insurance company for the school ship, Statsraad Lehmkuhl. From August 2021 to April 2023, the sailing vessel - built in 1914 - took part in The One Ocean Expedition. This voyage was conducted in alignment with the UN Decade for Ocean Science, covered 60,000 nautical miles, and made port calls at 37 locations worldwide.

As part of the UN drive , the ship aims to inspire global commitment towards a cleaner ocean. The Statsraad Lehmkuhl is therefore now planning a new 12-month expedition for 2025-2026, mirroring the objectives of the initial voyage: raising awareness and sharing knowledge about the ocean's pivotal role in sustainable development on a global scale. The success of the first expedition was made possible through the collaborative efforts of a dedicated team, including partners from the public sector, academia, education, research, and business. With its high focus on safety and loss prevention, Norwegian Hull Club remains an actively engaged partner for the Statsraad Lehmkuhl



through its expeditions to raise awareness for a cleaner ocean.

**Vocational training in Garowe in Puntland, Somalia:** Through Norwegian Church Aid (Kirkens Nødhjelp), Norwegian Hull Club contributes to a project that carries out preventive efforts on land to fight piracy in Somalia. The project creates an alternative career to piracy through information vocational training. The project also follows-up on former pirates to help prevent a relapse into piracy.

**Micro investing in Tanzania:** Norwegian Hull Club also supports a second project run by the Norwegian Church Aid. Their micro investing project in Tanzania helps peasant farmers become profitable, thereby helping prevent poverty, hunger and malnutrition. Through the project, such farmers can invest in reasonable start kits for sustainable farming that are also better for the agricultural land. The project gives access to support and advice from agronomists, so that these farmers attain new knowledge while contributing to reducing hunger.

**Thade School Project in Thade, Nepal:** The Thade School Project offers all children in the district equal opportunities of primary education. Due to discrimination and social exclusion in Nepal, it has been difficult for children in poverty to acquire an education. In addition, the closest primary school outside of Thade is located more than two hours walk away, making it difficult for Thade children to attend school. As well as tuition and school supplies, the project also provides daily

nutritious meals to all students. This is a strong incentive for those families suffering from poverty to enrol their children at the school. The Thade School Project is run by two sister organisations based in Sweden and Nepal.

**Gi Gaven Videre:** Through a new software called Gi Gaven Videre ("Forward your gift"), Norwegian Hull Club started a new tradition at Christmas 2019. Rather than sending out Christmas gifts, all employees receive an electronic donation 'gift card' which they can forward to one of a number of good causes.

Gi Gaven Videre is a new, non-profit initiative and the receiver of the gift card can choose amongst more than 100 local, national or global non-profit organisations.

Norwegian Hull Club has continued using Gi Gaven Videre for Christmas gifts to employees, as well as for anniversary gifts to clients and relations. Encouraged by Norwegian Hull Club, Gi Gaven Videre launched its English version just before Christmas 2020, and The Club intends expanding on its use of this charitable gift solution.

**YoungShip Bergen:** This is a competence and network-building non-profit organisation for young professional maritime employees in the Bergen area of Norway. The organisation has more than 250 members from more than 70 different companies within the maritime industry.

# PEOPLE AND THE WORKPLACE

At Norwegian Hull Club, the ‘difference is the people’ – the success of the company depends on dedicated, forward-leaning team-members. This is why The Club is committed to creating a company culture where everyone can thrive. A diverse work environment where knowledge, experience, potential and commitment combine to encourage innovation and exceptional service will ultimately benefit our clients and members. People are at the very heart of fulfilling The Club’s ‘Expect more’ promise.

### The Club’s talent

Norwegian Hull Club seeks to differentiate itself from its competitors via the skills, knowledge, experience and extraordinary dedication to service possessed by its employees. These qualities, when taken with the core value of ‘sharing’ - particularly when it comes to knowledge - have helped to forge the long-term client relationships that Norwegian Hull Club depends on at a strategic level. In doing so, they have also helped cement the company’s reputation within the marine and energy offshore insurance market, acting as the foundation for The Club’s ‘Expect more’ promise.

### An attractive employer with dedicated employees

Attracting, developing and retaining highly competent employees is crucial for reaching The Club’s overarching objectives, for executing strategies and for implementing changes in the organisation. Through continuous development of its culture, knowledge and employee behaviour, The Club will continue to deliver on its ‘Expect more’ promise.

The overall policy for people in the organisation entails:

- Understanding that the company’s success depends on the skills, motivation and attitude of its employees;
- Offering good, stable working conditions, competitive terms and equal opportunities for personal growth and development;

- Involving employees in the planning and efficient execution of activities;
- Promoting cooperation, knowledge sharing and team spirit throughout the organisation.

The Club will focus on developing a culture characterised by diversity, transparency, openness and trust, and ensure its employees are also relevant in the future. In 2023, employee turnover was 11.4 %. This is outside the goal (less than 8%). Focus on and actions to retain personnel will have a high priority going forward. The Club has landed on concrete areas:

- Increasing the focus on needs related to different life phases of employees, such as flexibility;
- Using the insights from the new Winningtemp tool (employee surveys) to closely monitor the feedback from all teams and leaders;
- Having a structured approach for analysing and benchmarking compensation and benefits, in order to optimise retention of The Club’s attractiveness as an employer;
- Placing extra focus on analysing insights gained in exit interviews .

### Health, Safety and the Environment (HSE)

The company structures its HSE work around several processes and activities, with different tools for both identifying and assessing any HSE challenges. It has also developed a system that enables employees to “whistle-blow” anonymously.

The Club’s employees have full freedom of association. Employee representatives are engaged by the company on a regular basis. Employees are represented in the governing bodies, being voted for by their co-workers. Working environment issues, both physical and psychosocial, are



also integrated in the employee satisfaction survey, which is conducted among all employees to identify matters that require special attention.

In Autumn 2023, the company implemented Winningtemp as the new employee-engagement platform, replacing the original way in which the working environment was measured biannually. Winningtemp is an AI-powered platform that measures and optimizes the employee experience through pulse surveys on a regular basis. It provides managers with accurate, detailed and up-to-date insight into how their teams are feeling. During the last three months of 2023, the response rate was 86 % and the general temperature score was 7.9 (out of a possible 10).

General measures to promote health and a good working environment also include:

- Annual medical check offered to all employees;
- Company Sports Club that organises a wide range of activities;
- Company Social Committee that organises social activities throughout the year;
- A yearly company contribution up to NOK 6,000 per employee for individual physical training activities.

### Learning and development philosophy

Norwegian Hull Club is a competence-based company. The office as a place to work and meet has traditionally been the most important arena for interaction, culture and competence building.

At the same time, The Club sees that working life going forward will increasingly be characterised by individual flexibility and the possibility to work from places other than permanent office spaces. The most essential elements regarding development happen daily in the workplace. The Club puts great efforts into such ‘development from within’,

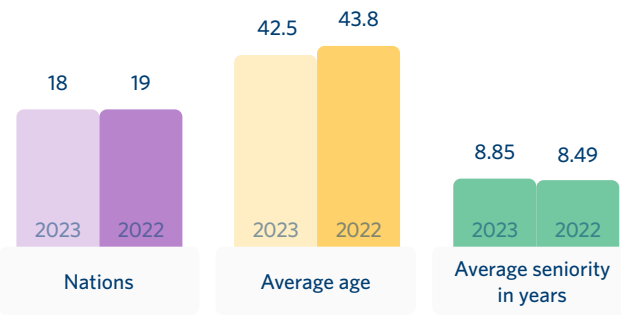
providing employees with career development and growth opportunities.

The Club will continue to strengthen, structuring and communicating the different opportunities for learning and development, keeping in mind our learning philosophy (90% of our learning happens in the workplace).

Career development opportunities are also important for promoting the attractiveness of the industry in general. Through the biannual appraisal process, development opportunities and goals are discussed and planned.

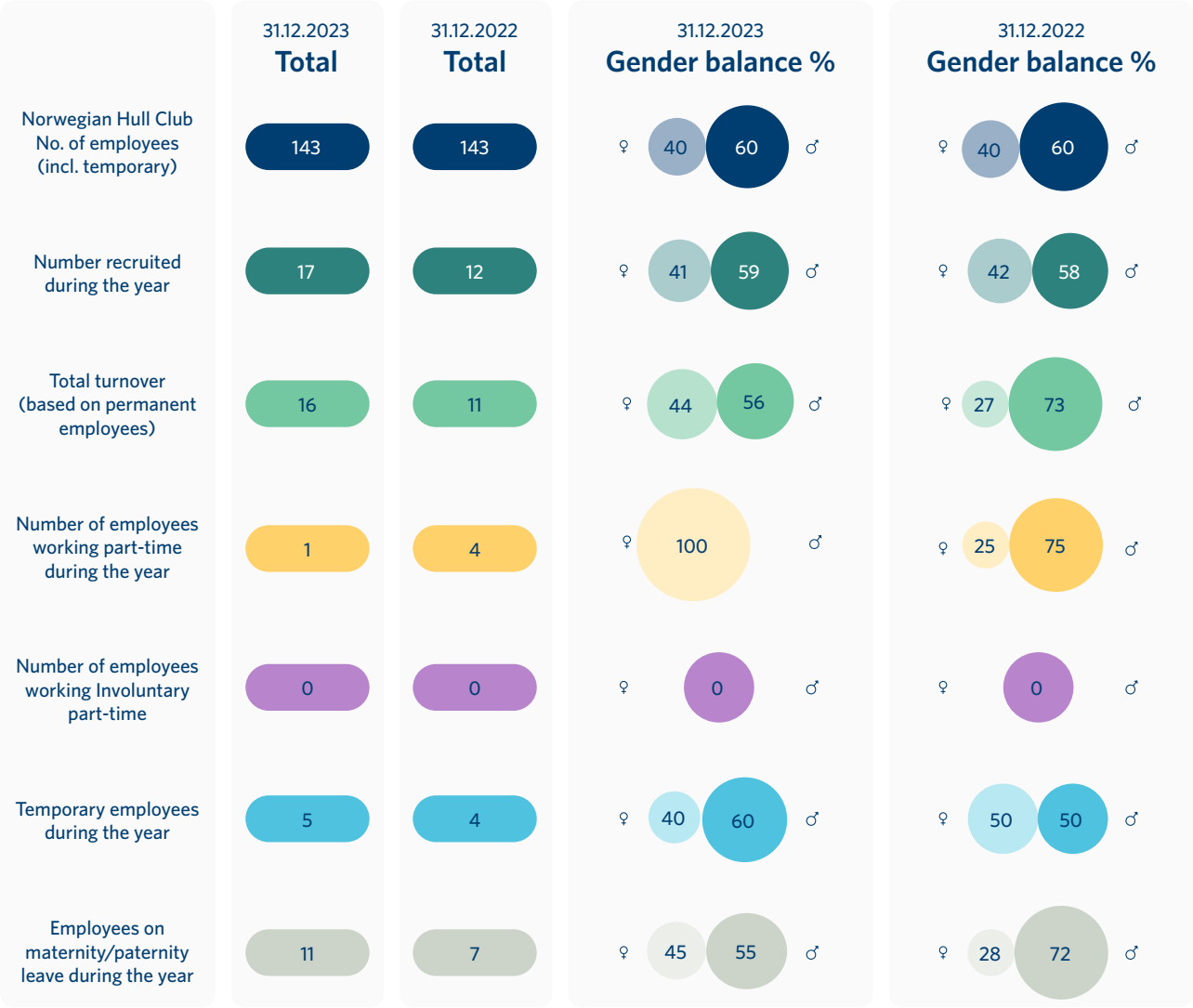
- In 2023, 21 employees were promoted (ten female, 11 male);
- The Club hired seven students in 2023 on internship programmes;
- In 2023, The Club had five employees on temporary contracts.

### Key Indicators Permanent employees





Employee overview / gender balance - 2022 / 2023



Norwegian Hull Club’s Internal Academy is an arena for developing and strengthening a common culture across departments, as well as being an important arena for in-house knowledge sharing. It is also an important part of The Club’s onboarding and strategic competence development processes. Through the Internal Academy, a wide variety of training activities are organised and offered.

External development processes

External programmes are also an integral part of leadership succession pipeline planning, as well as the strategy for company development. Norwegian Hull Club has participants on the AFF Accelerate program every year as a structured part of developing leaders. The Club also offers further education to employees and in 2023 several employees are attending further education and executive programs at both BI Norwegian Business School and NHH Norwegian School of Economics.

Equality and diversity work

In order for Norwegian Hull Club to achieve its goals of being an attractive employer and delivering the best service to its

clients, it strives to build a diverse team with a wide variety of experience and educational backgrounds, ages, nationalities and gender. Differing viewpoints, together with the wide-ranging personal and professional skills that characterise such diverse teams, can offer new perspectives that inspire The Club to further innovate and evolve.

The Club’s diversity and equality focus began in 2016, when the Top Management Group (TMG) took active action towards diversity and – in particular - gender equality. Today, employees have an age range spanning from 23 to 70, boasting a broad spectrum of educational backgrounds.

The Club has succeeded in recruiting motivated people from 18 different nations around the world. However, closing the gender gap - both in terms of representation of women on management levels and of salary imbalance- remains a challenge on which a dedicated focus is maintained.

The proportion of women in senior roles at Norwegian Hull Club has gradually increased in recent years but the goal to recruit and promote more women to senior positions remains.

Overview of men and women in management positions



Increasing diversity and inclusion starts with management commitment and role modelling. Therefore, Norwegian Hull Club works to increase awareness of unconscious bias, as well as mitigating bias, in business and people decisions. It is fundamental to have managers at all levels who are aware of the value that diverse, inclusive teams bring to the company. The role modelling of such teams is important for supporting The Club’s development towards gender equality and further inclusivity.

Norwegian Hull Club embraces flexibility, realising that this is a necessary element in balancing and combining home-life and work. All employees are offered equipment and economic support to set up a well-functioning home office.

Women’s share of men’s wages in %	
Executive Management	90 %
Middle Management	90%
Managers & Advisors	77 %
Staff	97 %
Grand Total	75 %

Since 2019, Norwegian Hull Club has reported on gender equality and diversity by attending the SHE Index. The SHE Index is a catalyst for encouraging companies to focus on gender balance in leadership and the workforce, compensation and work / life balance. By joining the SHE Index, an active step towards gender equality has been taken. There has also been the realisation that what can be measured can also be changed. In 2023, Norwegian Hull Club scored 66 out of 100 – a two-point decrease from 2022. The score analysis is clear that the area that needs improvement is primarily the gender balance, especially more women in managerial roles.

Other concrete actions taken towards diversity relate to revising the entire recruitment process in order to appeal to a more diverse group of candidates. The Club also interviews all employees who resign from the company, systematically analysing the responses to identify the main motivation behind their decision. Norwegian Hull Club realises that building a completely gender-balanced workforce takes time, and the work towards this must be systematic and consistent. The eventual goal is a workforce with 50% women and 50% men. In addition, The Club’s ambition is to continue to build diverse teams in terms of experience, nationality, age and background.

Norwegian Hull Club believes that its company culture and its policies, combined with a competitive benefits and reward package, will contribute to attracting diverse talent and build an organisation of even greater inclusivity.

# KEEPING OUR HOUSE IN ORDER

As a financial institution subject to regulatory governance, Norwegian Hull Club complies with a number of requirements regarding governance and organizational structure, financial strength and operational issues, in addition to standard business enterprise considerations and compliance regulations.

The European Solvency II regulation defines the responsibilities of the Board and management. It has specific requirements for independent compliance and control functions.

Solvency II also has specific requirements regarding financial strength. The Club's capital is substantially above this requirement. In addition, Norwegian Hull Club has chosen to be rated by Standard & Poor's in order to obtain a financial strength rating that is widely acknowledged globally.

Managing financial strength is key to providing first-class insurance protection and other services to clients.

Over the past few years, awareness of sustainability and ESG (Environmental, Social and Governance) issues have increased substantially, both among businesses and governments.

This is a wide and complex area but 'keeping our house in order' is an important part of The Club's sustainability efforts. Using as few resources as possible in the operation, knowing that business partners - both clients and service providers - as well as limiting cyber risk and protecting business partners' data, are all important issues in a sustainability context and make sense commercially. This is an importance that has been emphasised through geopolitical developments in 2023, in particular the war between Russia and Ukraine, as well as the Israel-Hamas war.







**Corporate governance and compliance**

Norwegian Hull Club conducts its business and operations with the greatest integrity and to the highest ethical standards. These elements are embraced by the entire organisation. Integrity is also one of the core values of the company. The Club has a comprehensive risk management and internal control framework to systematically identify, assess, manage and communicate risks throughout the organisation.

Clients and business partners can trust that Norwegian Hull Club conducts its business with a high level of responsibility, respect, and transparency and in accordance with the laws, legislations and standards presented in the model on the previous page.

**Responsible investments**

Norwegian Hull Club is - and aims to remain - a responsible investor. Active corporate governance, international conventions and integration of sustainability topics into asset management form the basis of responsible investments.

The foundation of Norwegian Hull Club's investment philosophy is the conviction that strong corporate governance, combined with a focus on environmental and social issues, is instrumental for long-term profitability.

The best investments over time are those made in well-managed companies that - in addition to strong business performance - apply a systematic and integrated approach to sustainability to protect and grow future cashflows. Such companies will also be best able to manage risk associated with ESG issues. Sustainability and ESG are, therefore, integral parts of the investment manager screening and selection process.

Norwegian Hull Club uses third-party asset managers for security selection, through funds and discretionary mandates. Responsible investment is a key consideration when selecting external asset managers. In general, asset managers continue to improve their abilities within the field of sustainable investments as clients and society increase expectations. Norwegian Hull Club primarily seeks external asset managers that:

- Are signatories to UN Principles for responsible investments (Norms-based screening)
- Are transparent about ESG issues
- Apply a systematic and integrated approach to sustainability factors in their investment processes (ESG integration)
- Report on ESG
- Seek investments with positive ESG effects that do not require financial trade-off

**Climate risk**

Globally, extreme weather events are expected to increase in frequency and intensity going forward. Climate risks are high on the agenda for Norwegian Hull Club and included in the Board's own annual risk and solvency assessment. The most recent assessment concluded with the identification of the following most-relevant risks for The Club:

- Increasing frequency, severity and volatility of extreme weather events hurricanes, windstorms etc. leading to increased weather-related claims regarding stationary objects;
- Inflation including increased cost of raw materials and energy
- Reputational risk tied to changing customer or community perceptions of an organisation's contribution to, or detracton from, the transition to a lower-carbon economy.

Due to this and the possibility of increases in frequency and sizes of claims, Norwegian Hull Club will continually monitor and assess climate risk together with the evolvement of guidelines/tools from external sources and supervisory authorities. The Club has also implemented various actions to better assess climate risk and its impact on business including the underwriting, claims handling, loss prevention and investment management processes.

**Sustainable practices through the value chain**

**Poseidon Principles for Marine Insurance**

Norwegian Hull Club is a signatory to The Poseidon Principles for Marine Insurance (PPMI). The PPMI is a framework to quantitatively assess and disclose the climate alignment of marine insurers' underwriting portfolios. The initiative supports the ambition of the Net-Zero Insurance Alliance (NZIA), whereby members commit to transitioning their underwriting portfolios to net-zero GHG emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100, in order to contribute to the implementation of the COP21 Paris Agreement.

In 2022, the second and most recent reporting year, CO2 emissions from vessels with H&M covers with The Club are 12.3 % higher than the 2018 IMO trajectory, and 22.1 % higher than the 2050 zero-emission trajectory. This means that the total emission for The Club's portfolio is reduced compared with the 2021 figures, yet the decrease is insufficient to meet the alignment and represents a slight increase in the alignment score from 2021. The first year of reporting was voluntary for clients and 40% of The Club's H&M portfolio reported. The reporting increased to 42% of the portfolio in the second - and mandatory - reporting year. The 2018 IMO target was designed to achieve a 50 % reduction in overall emissions, from 2008 to 2050. The zero-emission trajectory is designed to achieve a 100% reduction in emissions by 2050. In 2023, the IMO revised its targets and now targets zero emissions in 2050.

**Transparency fosters progress**

Norwegian Hull Club believes that full transparency regarding an individual vessel's global emissions will benefit maritime transport in general and the best vessels in particular, as all other modes of transportation (air, road, rail) have higher emissions. Furthermore, transparency will help expose flaws in the reporting metrics, improve the quality of reported data and reduce the administrative burden of everyone involved - as there are currently many parties requesting the same data. Most importantly, The Club believes that transparency will foster academic research on the overarching goal the industry is striving towards: how to reduce emissions. Openness may result in less focus on individual vessels and more on the effects of congestion, using the optimal type of vessels (large/small, bulk/container), optimising ballast voyages, optimising the mix between land/air/sea transport, reducing the overall need of transport and increase focus on the emissions involved in building vessels.

Norwegian Hull Club believes that a proactive approach

to transparency and sharing of best practice will be key to achieving net-zero GHG emissions by 2050.

**Transparency Act**

The Norwegian Transparency Act relates to companies' transparency and work on fundamental human rights and decent working conditions. The Act shall promote companies' respect for fundamental human rights and decent working conditions in connection with the provision of services. It will ensure that the general public has access to information regarding how companies address negative impacts on fundamental human rights and decent working conditions.

The Transparency Act requires companies to conduct due-diligence assessments into human rights and decent working conditions throughout their supply chain and business relationships, and to report on the findings as well as the process annually. Norwegian Hull Club will publish its 2023 report in June 2024.

**Managing sustainability**

The process of managing sustainability remains high on the agenda for Norwegian Hull Club, to ensure its compliance and adherence to existing and emerging regulations, as the reporting requirements and standards develop. There are various national and international regulatory frameworks that target the different topics within ESG that directly and indirectly impact The Club, such as the Norwegian Transparency Act and the Global Reporting Initiative (GRI).

From 2023, Norwegian Hull Club started preparing for the implementation of the upcoming Corporate Sustainability Reporting Directive (CSRD), which aims to elevate non-financial reporting to the same level as financial reporting by unifying and expanding the existing legislation and subjecting it to assurance. The Club will be subject to compliance with CSRD reporting requirements in 2026 for the accounting year of 2025. The CSRD also triggers The Club to be subject to the EU taxonomy classification reporting and Corporate Sustainability Due Diligence Directive (CSDDD).

Part of Norwegian Hull Club's preparation for the emerging CSRD builds on the GRI-based reporting approach, expanding further on materiality assessments and stakeholder involvement in the company value chain. This is a continuous process that The Club will prioritise throughout 2024 and into 2025 to cement, elevate and further integrate measurable sustainability actions into the organisation's overall strategy.

Norwegian Hull Club's Mission is to secure lives, health, environment and property; a sustainable approach to emergency response and the claims handling process is, therefore, at the very heart of what the company believes in and what it does. Integrity is the backbone of the business and one of The Club's four core values; business is conducted in accordance with strict ethical guidelines. Surveys reveal that The Club is also a valued workplace as well as a service provider likely to be recommended by clients. As such, Norwegian Hull Club rests upon a solid and sustainable foundation. However, to succeed in finding the more responsible solutions and make sustainable choices requires a clearly communicated focus that pervades the organisation. An internal committee is therefore responsible for driving the company's sustainability initiatives forward. The committee



is headed by the Chief Communications & Sustainability Officer, with committed support from the CEO as well as other members of the Top Management Group, and key personnel from other departments.

Stakeholder involvement

Various representatives from Norwegian Hull Club's key stakeholders were involved in the process of selecting relevant material topics in 2019. Governing Bodies were represented by the Board of Directors (BoD) and the Committee. The BoD continues to play an active role in The Club's sustainability work through regular dialogue at Board meetings. The members of Norwegian Hull Club's Committee have contributed by means of a workshop.

A survey was sent to The Club's clients and to the insurance brokers involved in Norwegian Hull Club's business in 2019, 2022 and 2023 to request input to the company's sustainability work. In addition, all employees in Norwegian Hull Club and its subsidiaries have contributed through an employee survey, a company-wide workshop and in informal meetings.

Furthermore, The Club's surveyor network has been approached for input in a seminar. The Club further discusses the topic with reinsurers, with clients and brokers in regular meetings and with its Nordic competitors in Cefor – The Nordic Association of Marine Insurers. The topic and how to contribute to a more sustainable future are also discussed with other key stakeholders such as salvage companies, audit companies, and investment managers.

The Club will continue to conduct a survey at least every second year to systematically map out which material topics are important to the internal and external stakeholders.

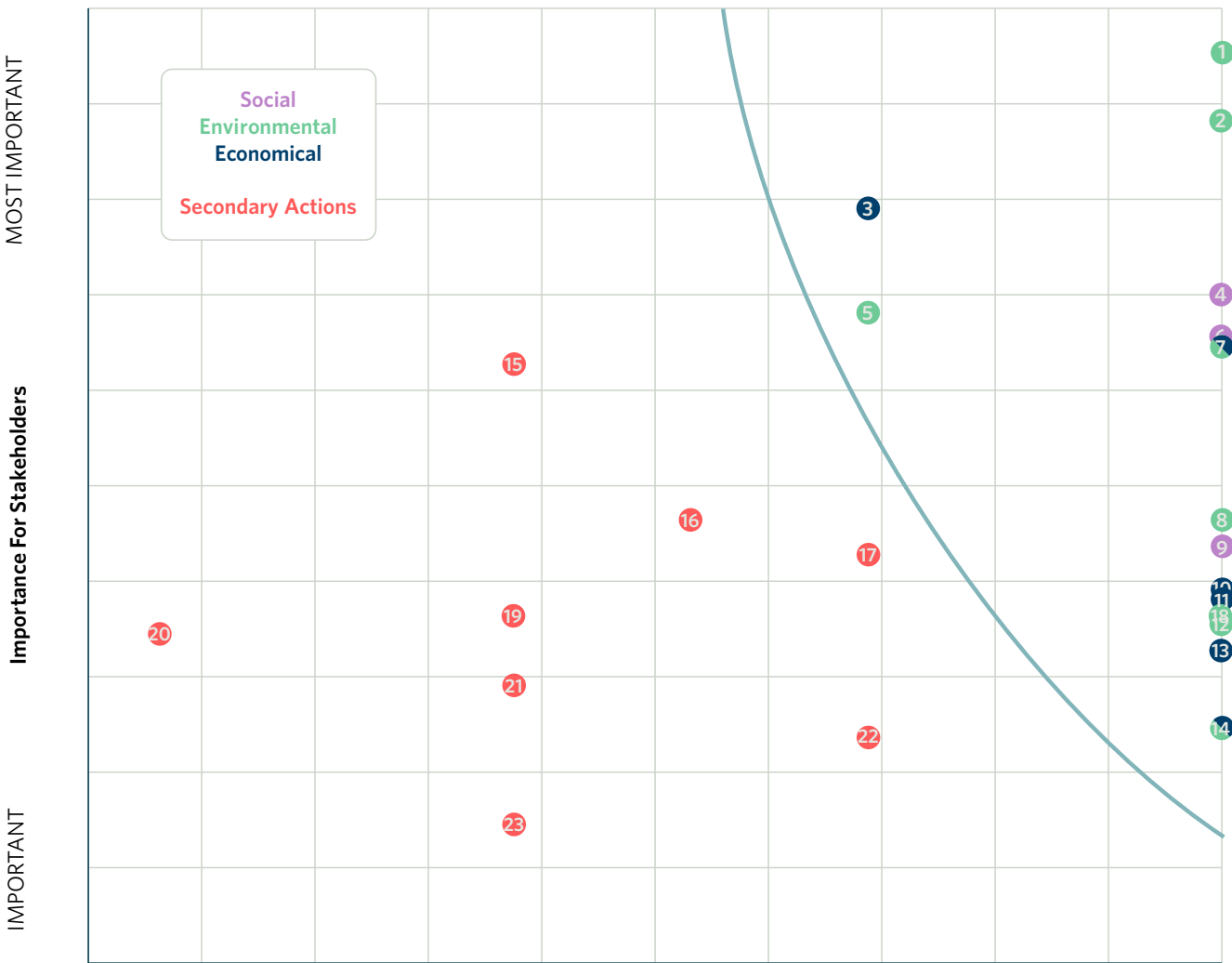
Material topics

Norwegian Hull Club identified relevant material topics from

the strategy and business model of the parent company and its subsidiaries. Other sources of inspiration in the process were global competitors, the general insurance industry, clients, media, governmental authorities, industry associations, GRI Standards and the GRI G4 Financial Services Sector Disclosures.

After assessing all the input, Norwegian Hull Club ended up with a list of 23 topics:

- Preventive and mitigating emergency training for onshore and offshore crew;
- Providing clients with warnings related to operational risks;
- Hands-on emergency response support to clients;
- Hands-on claims handling to mitigate injuries, spills and damage;
- Contributing to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards);
- Contributing to the development of insurance conditions tailored to adapt to a more sustainable industry;
- Offering a health insurance (for off-hire periods) to seafarers from countries with low or no medical welfare system;
- Conducting studies on clients' crew members' physical and mental health (mapping of a crew's working conditions);
- Expanding its renewable energy portfolio;
- Developing "green" insurance products to support expanded use of environmentally friendly technology;
- Contributing to the development of environmentally friendly technology;
- Making use of data and technology to adapt for quicker decision making in emergencies;
- Making use of data to identify new risks;
- Reducing organisational/operational carbon footprint;
- Developing employee skills and training;
- Focusing on diversity in own organisation;



LESS		Norwegian Hull Club's Impact		MORE	
1	Hands-on claims handling to mitigate injuries, spill and damage	4	Secure equal rights and framework conditions for Norwegian Hull Club's employees		
2	Hands-on emergency response support to clients	6	Develop employee skills and training		
5	Making use of data and technology to adapt for quicker decision making in emergencies	9	Focus on diversity in own organisation		
7	Provide clients with warnings related to operational risks	15	Contribute to developing insurance conditions tailored to adapt for a more sustainable industry		
8	Preventive and mitigating emergency training for onshore and offshore crew	16	Develop "green" insurance products to support expanded use of environmentally friendly technology		
12	Reduce organisational/operational carbon footprint	17	Contribute to due diligence and sustainability (compliance, working conditions and waste/spill management) assessment of common suppliers (e.g. yards)		
14	Conducting studies on clients' crew members' physical and mental health (mapping of crew's working conditions)	19	Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria		
18	Expanding its renewable energy portfolio	20	Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers		
3	Making use of data to identify new risks	21	Contribute to development of environmentally friendly technology		
7	Provide clients with warnings related to operational risks	22	Sustainability themed investing: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture)		
10	Offering a health insurance (for off-hire periods) to seafarers from countries with low or no medical welfare system	23	Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour.		
11	Norms-based screening: screening of investments against minimum standards of business practice based on international norms, such as those issued for example by the OECD, ILO, UN and UNICEF.				
13	ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis.				
14	Conducting studies on clients' crew members' physical and mental health (mapping of crew's working conditions)				



- Securing equal rights and framework conditions for Norwegian Hull Club's employees;
- Exclusionary screening: the exclusion of certain sectors, companies or practices based on specific ESG criteria;
- Best-in-class screening: invest in sectors, companies or projects selected for positive ESG performance relative to industry peers;
- Norms-based screening: screening of investments against minimum standards of business practice based on international norms, such as those issued, for example, by the OECD, ILO, UN and UNICEF;
- ESG integration: the systematic and explicit inclusion of environmental, social and governance factors into the investment analysis;
- Sustainability-themed investments: investing in assets specifically related to sustainability (e.g. clean energy, green technology or sustainable agriculture);
- Corporate engagement and shareholder action: the use of shareholder power to influence corporate behaviour.

As many topics related to company governance are legal requirements, they are not included amongst the material topics but are covered in a separate section in the report. The Club has identified a list of 15 material topics when summarising the importance for stakeholders and comparing this to the company's impact on the various topics. new materiality assessment, reflecting the new CSRD requirements, will be conducted in 2024.



*The Club's location in  
Lime Street, London*



# COMPANY OVERVIEW

## OF THE YEAR

Norwegian Hull Club enjoyed another strong year in 2023, with both the insurance and investment portfolios making profits. The insurance portfolio benefited from diversification, while traditional products reverted to expected return levels after a period of low claims during the COVID-19 pandemic. Both inflation and generally longer damage repair times negatively impacted claims figures, especially for Hull & Machinery (H&M) and Loss of Hire.

Geopolitical tensions increased further in 2023, impacting the maritime sector with the Red Sea conflict arising from the Israel-Hamas war. At the same time, The Club's service concept continued to increase in relevance through sanctions and risk mitigation advice in high-risk areas, in addition to the loss prevention and emergency support services it provides.

Despite the change in market sentiment and complexity, Norwegian Hull Club has delivered on its promises, secured existing business, increased volume in several business lines and, once again, secured a solid "A" rating from S&P.

### Business Strategy

Norwegian Hull Club is a global mutual marine and offshore energy insurer. Its business model and strategy both focus on providing an integrated claims-leader service and diverse, innovative and competitive insurance solutions that cater to the needs of clients and members. This integrated claims-leader service includes - but is not limited to - efficient claims handling as well as emergency response and loss prevention activities.

The Club covers vessels, offshore energy assets and yachts for the following traditional products: Hull & Machinery (H&M), Loss of Hire (LoH), Total Loss, War, and Builders' / Construction Risks. There is also a portfolio of Special Risks products, as well as covers for the offshore energy segment.

Additionally, The Club offers medical insurance for seafarers through its subsidiary Marine Benefits. The majority of The Club's premium income comes from international members and clients. The company's registered office is in Bergen, Norway.

### Management

There was high market activity in regard to exercises with clients, major business hub events and market meetings in 2023. As always, there was a strong focus on delivering the

service concept within the core marine and offshore energy segments - a consistently strong differentiator in the market.

Given the projected growth of the offshore renewables segment and its role in the energy transition, Norwegian Hull Club decided to establish the wholly owned subsidiary NIORD AS. The new company was launched on November 2, 2023 and became fully operational on January 1, 2024. Nine Norwegian Hull Club employees were transferred to NIORD to secure the necessary accumulated offshore renewables competence for the new setup, as well as to ensure continuity towards existing clients and the broking community.

As a result of a strong marine insurance market in recent years, Norwegian Hull Club experienced significant employee turnover in 2023. Overall employee turnover across the business was 11.4 %.

### Sustainability

Sustainability is incorporated in The Club's strategy and is an essential part of its core business, expressed through the company's Mission 'to secure lives, health, environment and property to help protect both people and the planet'. This culminates in a service offering with tailor-made loss prevention and emergency response activities and hands-on services, together with experience and knowledge-driven claims handling.

Supporting its members' and clients' journeys towards zero emissions, The Club tailors insurance solutions to new low-emission fuels and technologies. As a result, Norwegian Hull Club continues to grow its portfolio of vessels with alternative propulsion methods. The steadily increasing renewables portfolio will continue in the subsidiary NIORD from 2024.

Norwegian Hull Club and the Board of Directors have a high focus on the risks that arise in the wake of climate change, as well as on the role of a marine insurance company in reducing the negative and increasing the positive impacts in The Club's sustainability journey.

As the mapping of portfolio emissions continued in 2023, the company also started the preparation for Corporate Sustainability Reporting Directive (CSRD) reporting. Through 2024, the work to identify and further incorporate goals and measurable actions that reflect The Club's ability to impact the future positively is a main priority.

Norwegian Hull Club is a signatory to the Poseidon Principles for Marine Insurance (PPMI) and a member of the Maritime Anti-Corruption Network (MACN).

## Operational Review

### Underwriting

The marine and energy markets continued to be flat as 2023 came to an end. During the year, some new entrants found their way to the market, with more capacity following. It is notable that several markets - both old and new - are looking to grow their topline in 2024. Nevertheless, regardless of their age, these insurance markets continued to navigate challenges in terms of restricted reinsurance capacity, implementation of new market clauses, complex sanction regimes, compliance, as well as inflation.

During 2023, Norwegian Hull Club continued to implement its strategy of selective growth, recognising that underwriting discipline remains key to achieving sound profitability. Looking ahead, 2024 is likely to see this discipline result in a flattened premium volume for The Club on traditional core products such as H&M, LoH, and IV (Increased Value).

Norwegian Hull Club will continue to support its core clients within the energy sector, both contractors and operators alike. However, The Club will take a more restricted approach on construction programmes within the energy sector going forward.

Geopolitical instability continues to rise and new war-risk

areas have consequently been established and amended in the Indian Ocean, Gulf of Aden, Southern Red Sea and Guyana. Activity in these regions is increasing, together with new conflicts elsewhere, as well as a resurgence in the presence of pirates in the Gulf of Aden/ Indian Ocean.

Norwegian Hull Club has already developed and implemented a well-received web-based platform for all parties involved in handling War Calls to enable a smooth and effective process.

This, in combination with leading contingency and operational support - as well as a solid portfolio of vessels - strongly positions Norwegian Hull Club to handle this segment.

Given the fully operational status of NIORD AS from January 1, 2024, The Club has transferred the authority to write risk in the Offshore Renewables segment to its subsidiary. Growth within this segment is expected to continue.

Another subsidiary, Marine Benefits AS, provides a medical healthcare plan for seafarers while at home, as well as for their families all year round.

Several vessel owners have crew welfare high on their agendas and, as such, the medical plan delivered by Marine Benefits is an attractive product in this market. Norwegian Hull Club expects significant growth within this segment in 2024.

**Rebekka  
Glasser  
Herlofsen**  
Chair of the  
Board



**Magne  
Øvreås**  
Deputy  
Chair



**Gøran  
Andreassen**



**Øystein  
Beisland**



**Marianne  
Møgster**



**Siri P.  
Strandenes**



**Katrine  
Trovik**



**Anders  
Furnes**



**Marlena  
Truszczynska**





An improved portfolio and an increasing top line should indicate positive development in the years to come. However, external factors such as the Russia-Ukraine war, inflation, uncertainty related to technology, the scarcity of repair facilities, as well as geopolitical instability, will likely impact the results.

These factors are relevant for all parties across the marine value chain, not only The Club. Through a disciplined approach to underwriting and a service-driven approach to client relationships, Norwegian Hull Club aims to offer stability in a volatile world as a long-term partner for its valued members and clients.

Reinsurance

The reinsurance renewal in 2023 was a normalisation of the one Norwegian Hull Club experienced in 2022. It was conducted in an orderly and timely manner for all segments of the business. The terms and conditions achieved imply that The Club's competitive position is maintained, with operational risk reduced compared with 2022.

The panel of reinsurers is expanded, reducing future execution risk. Overall, 2023 was another year with a high degree of stability and continuity - in line with The Club's strategy.

Norwegian Hull Club has a strong brand name and attractive products within the specialty reinsurance segment, generating solid support from its reinsurance partners. This secures long-term capacity at attractive terms which protects The Club's capital, in addition to reducing the volatility of the insurance book well within the business' risk appetite.

Claims

A total of 2,567 new claims were registered as of December 31, 2023 - an average of seven new claims daily.

The number of Hull & Machinery Claims Lead vessels insured by The Club increased in 2023, while the overall Lead portfolio remained stable.

A total of 1,309 adjustments were finalised on policies in 2023 where Norwegian Hull Club was Claims Lead. Reported claims costs for 2023, including increases from previous policy years,

stood at USD 236.6 million (USD 179.6 million in 2022). Following the extraordinary years of 2020, 2021 and, in part, 2022, when frequency of incidents decreased during the COVID-19 pandemic, 2023 proved a more 'normal' year and in line with expectations.

There were no significant trends observed in the marine segment during 2023. That said, there were increases in reserves related to pending claims from previous policy years throughout the year, of which some claims were inflation related. An unfavorable development in machinery- related claims was observed, likewise in the offshore supply and energy segments. However, in the bulk and container segments, developments were favourable.

Norwegian Hull Club was not exposed to any major losses related to "Named Windstorms" in 2023.

The Claims Department continues to digitalize the claims process "from Notification to Payment" following the launch of the "Emergency" and "Survey" tools in previous years. The new digital collaborative portal "Statement of Claim" was released in 2023, aimed at increasing efficiency in the claims-handling process. The Club is working to launch its next digital project, "Adjustment", in 2024.

The geopolitical picture was also challenging from a claims perspective. The first anniversary of Russia's invasion of Ukraine was on February 24, 2023. More than 60 vessels trapped in various ports in Ukraine became potential Constructive Total Losses (CTL) under their respective War policies. Norwegian Hull Club was exposed to one vessel under the War segment, which was accepted as a CTL under the relevant policy.

The 'shadow fleet', meanwhile, posed a serious threat both to people's lives and to the marine environment. The explosion in May 2023 on board the oil tanker MT Pablo, off the coast of Malaysia, clearly illustrated the challenge presented by such shadow vessels for authorities globally.

Towards the end of 2023, the war between Israel and Hamas escalated, with Houthis subsequently attacking the merchant fleet in the Red Sea and Gulf of Aden at an unprecedented

level. In addition, pirate activity originating from Somalia appeared to pick up once more.

The Norwegian Hull Club service concept, of which loss-prevention activities form a vital element, continued to be in high demand and proved again to be a fundament of the organisation. Activities in 2023 included physical meetings at members' premises, hybrid solutions, as well as purely digital workshops and training. The Club's state-of-the-art Situation Room in Bergen, meanwhile, continued to handle contingencies and monitor global potential risks, plus was used for conducting exercises and training sessions for members worldwide.

Investments

The investment portfolio returned 5.2 % in 2023. The U.S. Dollar return was USD 31.1 million, including foreign exchange hedges. The actively managed part of the investment portfolio underperformed its benchmark by 0.5 % due to defensive positioning, both in terms of asset allocation and within different asset classes, during the year.

Norwegian Hull Club's fixed-income portfolio posted positive returns in 2023. Central banks hiking interest rates in 2022 lifted bond yields and widened credit spreads significantly heading into the year. These higher interest rates made the outlook for fixed-income returns promising in 2023. The high all-in interest rates, combined with a contraction in credit spreads throughout the year, translated into healthy returns in most fixed-income sectors, especially in low rated, long-dated credits.

Both public and private equity investments had positive returns in 2023. Public equities performed strongly and significantly outperformed private equities in 2023, reversing the significant underperformance of 2022. This came as no surprise, as valuations in illiquid markets are slower to adapt to sudden changes in market conditions. The most troubled asset class in 2023 was commercial real estate. The real estate transaction market felt the full force of higher interest rates and highly levered properties, as well as a challenging environment for refinancing. Norwegian Hull Club had significant write downs in the real estate portfolio and posted negative returns for it in 2023.

The U.S. economy defied dire predictions in 2023. The year started with headline inflation at 6.5% and a market consensus that expected a recession instigated by the abrupt hiking of interest rates in 2022. Instead, inflation cooled and GDP growth accelerated as the year progressed. This happened despite the first-quarter U.S. regional banking crisis, which sparked fears of a credit crunch, as well as four additional 25bps rate hikes from the Federal Reserve throughout the year. Such economic strength may be explained by several factors. The Federal Reserve relieved the pressure by keeping the money supply stable and settled the regional banking crisis by providing loans to the banks. The U.S. Government drastically increased fiscal spending and ran a deficit equal to 6 % of GDP. Higher interest rates failed to rein in consumption as consumers locked-in record low housing mortgage rates and bolstered savings during the pandemic.

Central banks raised interest rates by more than expected

as inflation proved more stubborn in the first half of the year. The yield on ten-year U.S. Treasuries soared, rising from 3.9 % at the end of December 2022 to close at a high around 5 % in October, a level not seen since 2007. Markets also witnessed the fastest increase in real interest rates in modern times. However, stabilising inflation and softening growth in the fourth quarter prompted investors to contemplate the possibility that the Federal Reserve - which had raised rates higher and faster than it had in decades - might have steered the economy clear of a hard landing. The relief inspired the Bloomberg U.S. Aggregate Bond Index to have one of its best months (November 2023) in nearly 40 years. The rally resulted in a reversal of two, five and ten-year yields which ended 2023 at the same levels, more or less, as at the beginning of the year.

Global equity markets (using the MSCI All Country World Index TR net USD as proxy) rose 22 % in 2023, of which 17 % came in November and December. The global stock market reversed the losses from 2022 and closed at about the same level as at the end of 2021. Stocks were supported by resilient economic growth and better earnings outlook, as well as expectations that both inflation and interest rates had peaked.

Earnings expectations improved in 2023, while actual corporate earnings were flat, causing much of the stock market performance during the year to be driven by multiple expansion. Overall, growth stocks significantly outperformed value stocks in the U.S. This was primarily driven by mega-cap tech companies, leaving the overall market capitalisation heavily concentrated around these names. The so-called "magnificent seven" (Nvidia, Apple, Alphabet, Amazon, Microsoft, Meta, Tesla) accounted for more than half of the S&P 500 return in 2023, amid excitement around the potential for Artificial Intelligence.

Other Activities

Marine Benefits AS

Marine Benefits AS (henceforth "Marine Benefits") is a 100 %-owned subsidiary of Norwegian Hull Club. It provides employment-related benefit solutions, health insurance and Crew Contractual Liability insurance for the global shipping community. Marine Benefits also provides third-party services for ship owners and managers on crew claims handling. A total of 150,841 seafarers and their family members had medical plan insurance from Marine Benefits at the end of 2023.

Insurance Technology Solutions AS

Norwegian Hull Club's subsidiary Insurance Technology Solutions AS (henceforth "Instech Solutions") develops software solutions for marine insurance professionals. The company works across two lines: first, it maintains the core insurance system INS+ which is used by The Club and an additional 13 customers. In 2023, INS+ was sold to two new customers. Second, Instech Solutions develops products that support Norwegian Hull Club's digital strategy.

In 2023, The Club decided to replace INS+ during the coming years with a "Software as a Service" (SaaS) solution for



marine and energy insurance targeted at both underwriters and brokers. The process of developing the new SaaS core insurance system will start in 2024.

**NIORD AS**

Launched on November 2, 2023, NIORD AS (henceforth “NIORD”) is a wholly owned subsidiary of Norwegian Hull Club. The company is registered as a Managing General Agent (MGA) in Norway, providing insurance to the offshore renewables segment. This segment is a major contributor to the global energy transition, with significant growth projected in the coming years. With The Club’s long history and experience within the offshore oil and gas industries, NIORD will act as a strategic partner to the development within the offshore renewables segment through its service concept which includes claims handling, emergency support response, preventive and mitigating training for clients’ onshore personnel in addition to operational, technical, and legal advice related to insurance.

NIORD’s insurance capacity comes from Norwegian Hull Club and other providers in order to secure lead lines. Both construction and operational risk will be underwritten by NIORD, which became fully operational on January 1, 2024.

Risk Management

**Risk Management framework**

The foundation of good internal governance is a strong risk management framework, combined with delegation of authority to ensure the effective management and reporting of risks in the organisation.

The Board of Directors defines The Club’s strategy and risk profile, including capital targets, risk tolerance and risk appetite. The primary responsibility for managing risks within applicable limits rests with the Chief Executive Officer and the respective operating units. Norwegian Hull Club has implemented Key Functions in line with Solvency II requirements, comprising independent risk management, compliance, actuary and internal audit functions. Norwegian Hull Club is exposed to the following main risks:

**Strategic risk**

Strategic risk relates to external and internal factors such as geopolitical changes, market and product developments, changes to required skills and competence of the workforce, as well as risk to reputation. Developments in the marine and energy insurance markets in general, as well as The Club’s competitive situation, are monitored both in daily operations and through participation in industry forums. Requirements for new skills within the workforce are met through training, talent development or recruitment of new employees.

**Insurance risk**

Insurance risk relates to the likelihood that the premium charged is insufficient to cover claims incurred, and that provisions for claims already incurred are not enough to cover the ultimate costs. Clear limits are established for what level of insurance risk can be undertaken. The actuarial function continuously monitors the adequacy of both pricing and provisions made. The Board of Directors decides upon the reinsurance programme and structure each year. The primary

objective is to protect capital and limit fluctuations in results. The benefits of buying reinsurance protection are weighed against the costs.

**Financial risk**

Financial risk refers to market, credit, liquidity and currency risks . Market risk covers risks related to investments and includes interest rate risk, equity risk, property risk and spread risk. Norwegian Hull Club seeks to expose the investment portfolio to systematic market risk and has implemented a highly diverse asset portfolio in order to diversify unsystematic risks. All asset class investments are diversified by using different asset managers with diverse underlying portfolios/ funds. Spread risk is the risk that market pricing of credit risk increases. To reduce the spread risk, the bond portfolio shall have an adequate rating level from a holistic point of view.

Credit risk is the risk of possible losses due to unexpected default or deterioration in the credit standing of the counterparties and debtors, including collateral, bank deposits and other security held for the account of Norwegian Hull Club, and the risks associated therewith. To mitigate credit risk, The Club has enforced stringent requirements regarding the minimum credit ratings for reinsurance providers.

Liquidity risk is considered low due to significant investments in U.S. government and investment grade bonds. The objective is to have sufficient liquid assets to maintain a balanced investment portfolio - even following a severe, negative event where asset prices fall significantly and/or where assets may have to be sold.

The Board of Directors has adopted a strategic asset allocation appetite in addition to risk tolerance limits. Financial risk level is measured, monitored and managed on a continuous basis both on an individual and aggregated level.

Stress tests are carried out to ensure that The Club can withstand the impact of severe negative scenarios. Market risk has not changed significantly in relation to Norwegian Hull Club’s equity. Currency risk is a complex matter with several factors impacting the result and capital position. It is managed with the aim of limiting the impact of any significant fluctuations in currency exchange rates on results and capital position.

**Operational risk**

Operational risk is the risk of losses resulting from inadequate or failed internal processes and systems, mistakes made by employees, or as a result of external events. The Club’s operational risk policy describes how the company systematically identifies, assesses, mitigates and reports operational risks. The document also describes the ownership of the various operational risks and provides an overview of the control environment. Operational risks are systematically assessed quarterly and reported to the Management and Board of Directors.

The operational risk policy, together with a set of other relevant policies and procedures, is retained in a quality management system accessible to all employees.

**Climate risk**

Norwegian Hull Club’s operations do not generate significant direct environmental impact. However, The Club focuses

on the possible consequences of environmental risks (physical, liability and transition risks) related to the assets in its insurance portfolio. Measures taken to control and/or mitigate such consequences include - but are not limited to -environmental scanning and issues management workshops to identify threats, monitoring of natural catastrophes and corresponding concentration risks, as well as limiting risks through restricted wordings and exclusions in insurance policies, awareness warnings and daily portfolio screenings. Indirectly, The Club may experience longer-term consequences through changes to the insurance portfolio composition, as activity in the traditional offshore energy sector is reduced in line with sustainability objectives.

Internal Control

Norwegian Hull Club’s internal control is based on a three-lines-of-defence system, comprising primary risk owners (first line), independent risk management and control functions (second line), plus an independent internal and external audit (third line).

The system of internal control is a continuous process throughout the organisation, based on a set of established policies, procedures, controls and activities which are constantly assessed and – where possible – improved upon. The Audit and Risk committees oversee the internal control framework, while risk management and compliance functions in the organisation coordinate the processes, reporting to Management and the Board of Directors.

**Directors’ and Officers’ liability insurance**

Norwegian Hull Club purchases insurance for personal liabilities that members of the Board of Directors and members of senior management may incur in their respective capacities. The insurance is placed with an international insurance company with a strong rating.

The insurance covers potential personal liabilities to compensate monetary losses that members of the Board of Directors and senior management may cause third parties through negligence in their positions. Monetary losses are defined as financial losses that are not a consequence of, or related, to damage to persons or physical objects.

Corporate Governance

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club’s governing bodies have adopted separate internal regulations regarding corporate governance issues.

Accounts

**Financial statements**

In accordance with section 3-3 of the Norwegian Accounting Act, it is confirmed that the financial statements are prepared

under the assumption that the enterprise is a going concern and that the conditions for this assumption are present.

**Results**

The 2023 result was USD 32.7 million (USD 8.7 million in 2022). The technical result from insurance was USD 12.9 million (USD 49.2 million in 2022), while investment income and other financial items contributed with USD 33.7 million (minus USD 28.2 million in 2022). Gross loss ratio was 82 %, loss ratio for own account was 84 % and combined ratio was 95 %.

**Discount on mutual premium**

The Board of Directors has proposed an 8 % return premium on mutual premium earned in the calendar year 2023. The return premium amounts to USD 14.1 million. Before return premium, gross loss ratio was 78 % and loss ratio for own account was 81 %. Before return premium, the technical result from insurance was USD 24.8 million and the combined ratio was 91 %.

**Premium income and claims**

Gross premium earned (before return of mutual premium) was USD 330.3 million. The comparable figure for 2022 was USD 337.3 million. Premium earned for own account was USD 265.8 million (USD 276.4 million for 2022). The slight reduction in premium was due to a reduction in business volume.

Gross claims incurred in 2023 were USD 259 million (USD 239.7 million in 2022), while claims for own account for 2023 amounted to USD 214.5 million (USD 191.6 million in 2022).

**Financial items**

Financial income in 2023 was USD 39.9 million (minus USD 23.5 million in 2022). Of this, USD 28.9 million (minus USD 30.3 million in 2022) was related to the investment portfolio, with the balance comprising foreign exchange items and other financial income. Financial expenses in 2023 were USD 6.2 million (USD 4.7million in 2022).

**Operating expenses**

Personnel, marketing and other operating expenses amounted to USD 35.1 million in 2023, USD 3.0 million higher than in 2022.

**Appropriation of result**

After tax, the total comprehensive income for 2023 was USD 32,689,390. The Board of Directors proposes USD 32,688,833 to be transferred to Other Equity and USD 915 to Guarantee provision.

**Balance sheet**

As per December 31, 2023, Norwegian Hull Club’s equity was USD 415.8 million (USD 383.1 million in 2022).

**Cash flow**

Cash flow generated by operating activities was minus USD 25.9 million in 2023. USD 70.1 million was cash flow from operations before financial assets, while net cash flow from financial assets was minus USD 96. million. Cash flow generated by investments in fixed assets, subsidiaries and employee loans was minus USD 6.3 million in 2023. The change in the cash balance during the year was negative USD 32.2 million.



Rating

In June 2023, Standard & Poor’s Global Ratings (S&P) reaffirmed its ‘A with stable outlook’ long-term counter-party credit and insurer financial strength rating of Norwegian Hull Club. S&P highlights The Club’s extremely strong capital adequacy and its established position in Marine Hull and Loss of Hire as key strengths.

Organisation and environment

At the end of 2023, Norwegian Hull Club had 142 employees, including temporary employees. Sixteen persons left The Club during the year, making turnover higher than in previous years. Sick leave, including long-term absence, equated to 2.01 % of total working hours.

Including the 100 %-owned subsidiaries Marine Benefits and Instech Solutions, the total number of employees was 239.

Norwegian Hull Club values and strives towards improved diversity in the organisation. Among The Club’s employees, 18 nations were represented, while the gender ratio at the end of 2023 was 39.4 % female to 60.6 % male.

The Club aims to be a workplace in which no discrimination occurs, in compliance with the Discrimination and Accessibility Act.

There were no accidents involving either The Club’s employees or property during the year. The Club has put a lot of effort and resources into supporting and facilitating a good physical

and psychosocial environment in the organisation. In 2023, a new digital tool for monitoring the working environment was implemented. The regular company temperature score was 7.9 (out of 10), while the employee loyalty score (eNPS) was high (39).

Members

54 % of premium earned in 2023 was from mutual members. Members vote at the annual general meeting based on their share of mutual premium earned. The largest member had an 8.5 % share of mutual premium and the ten largest members a 29.2 % share in 2023.

Events After 2023 Year End

There are no noteworthy events to report after the year end 2023.

Prospects

Norwegian Hull Club has positioned itself as a preferred claims leader in a competitive market. Sustainability, which is incorporated in The Club’s strategy and core business, is expressed through the company’s Mission ‘to secure lives, health, environment and property to help protect both people and the planet’. The company’s service concept is founded upon this Mission and comes in the form of the delivery of a well-regarded service concept, with tailor-made loss

prevention activities, hands-on emergency response services and efficient claims handling.

Norwegian Hull Club further supports its members’ and clients’ journeys towards zero emissions by tailoring products to new low-emission solutions and technologies. Increased use of technology and easier access to data also influence the way marine and energy insurance is structured and executed – and it will continue to do so in the future. Focus and resources are allocated to ensure that The Club proactively adapts to this digitalization and transformation phase.

Such a landscape requires an agile organisation with strong change-management capabilities. A constant for The Club, however, is the continuous effort to remain relevant for its members and clients.

Norwegian Hull Club will concentrate on securing its capital base and growing the business volume over time in a profitable and sustainable manner. Operational focus will be on profitability and growth, including diversifying into new profitable areas, continuously streamlining operations , quick, efficient and professional claims handling, and improving

The Club’s distribution network through geographical positioning. Members and clients will also be offered first-class service and financial security. NIORD will be an

enabler in the global energy transition by offering insurance services to renewables energy sector. The projected growth over the coming years represents an opportunity for NIORD, responding to the prospects and demands of the market while remaining true to Norwegian Hull Club’s Mission as the parent company.

Increased geopolitical tension, including the Red Sea conflict and its consequences, is expected to continue and impact The Club and its clients: directly in regard to crew retention, exposure, and claims, and indirectly through sanctions.

Norwegian Hull Club is well capitalised and has a strong and expanding portfolio of products and services.

The challenge in the short term is to strike a balance between maintaining and developing the existing book of business through disciplined underwriting, while also protecting capital in order to support further growth and offer members and clients sound protection and services in the longer term.

With the human, structural and financial capital in place, combined with a greater focus on increasing its business in international markets, the Board of Directors believes that Norwegian Hull Club is well positioned for long-term profitable and sustainable growth.



Bergen, March 19, 2024



**Rebekka Glasser Herlofsen**  
Chair of the Board



**Magne Øvreås**  
Deputy Chair



**Øystein Beisland**



**Marianne Møgster**



**Katrine Trovik**



**Siri P. Strandenæs**



**Gøran Andreassen**



**Anders Furnes**



**Marlena Truszczynska**



**Hans Christian Seim**  
CEO

# STATEMENT OF COMPREHENSIVE INCOME

All figures in USD

	Notes	2023	2022
Gross premiums earned	6,7	316 182 627	323 658 711
Reinsurance premiums	8	-62 222 169	-58 615 748
<b>A Premiums for own account</b>		<b>253 960 458</b>	<b>265 042 963</b>
<b>B Other insurance related income</b>		<b>8 535 978</b>	<b>6 838 225</b>
Gross accrued claims		259 045 975	239 740 392
Reinsurers share of gross claims	8	-44 557 797	-49 098 950
<b>C Claims for own account</b>	9	<b>214 488 178</b>	<b>190 641 443</b>
Marketing expenses		16 204 285	14 145 847
<b>D Insurance related expenses for own account</b>	10	<b>16 204 285</b>	<b>14 145 847</b>
<b>E Other insurance-related expenses</b>	11, 12	<b>18 888 995</b>	<b>17 939 208</b>
<b>F Operating result technical accounts (A+B-C-D-E)</b>		<b>12 914 978</b>	<b>49 154 691</b>
Financial income		19 412 052	11 008 016
Realised gains and losses		-8 838 814	9 256 936
Adjustment investment portfolio		29 330 677	-43 752 470
<b>G Total financial income</b>		<b>39 903 914</b>	<b>-23 487 517</b>
<b>H Administration expenses financial assets</b>		<b>6 184 157</b>	<b>4 665 217</b>
<b>I Profit before income tax (F+G-H)</b>		<b>46 634 736</b>	<b>21 001 956</b>
<b>J Tax expenses (income)</b>	13	<b>13 219 626</b>	<b>11 778 937</b>
<b>K Profit for the year (I-J)</b>		<b>33 415 110</b>	<b>9 223 019</b>
<b>L Other comprehensive income</b>		<b>-725 720</b>	<b>-475 150</b>
<b>M Total comprehensive income for the year</b>		<b>32 689 390</b>	<b>8 747 869</b>
<b>Comprehensive income attributable to:</b>			
Guarantee provision		915	
Other equity		32 688 475	8 747 312
Total		32 689 930	8 747 869





# BALANCE SHEET

## Assets

All figures in USD			
	Notes	31.12.2023	31.12.2022
Shares in subsidiaries	14	5 965 929	3 609 044
Other shares		6 185 705	7 110 598
Mortgage loans		8 594 199	5 741 396
Syndicated loans		0	1 960 297
Stocks and shares	15, 16	96 868 214	97 759 136
Bonds	15, 17	526 421 814	427 940 243
Financial derivatives	15, 18	1 720	299 750
Bank deposits investment portfolio		2 688 504	3 487 225
Total financial assets		646 726 084	547 907 689
Reinsured proportion of gross premium provisions		34 220 794	28 543 309
Reinsured proportion of gross claims provision		52 276 279	69 984 127
Total reinsured proportion of insurance provisions		86 497 072	98 527 436
Insurance related receivables		159 609 172	166 475 870
Reinsurance receivables		20 480 521	1 745 905
Disbursements		22 298 811	41 422 074
Other receivables		17 274 604	17 142 571
Total receivables		219 663 107	226 786 420
Properties	11, 12	2 089 030	2 089 030
Equipment and fixtures	11, 12	10 640 176	13 201 334
Cash and bank deposits		87 712 364	119 161 766
Total other assets		100 441 571	134 452 131
Accrued interest		768 257	1 373 919
Total assets		1 054 096 092	1 009 047 595

## Equity and Liabilities

All figures in USD			
	Notes	31.12.2023	31.12.2022
Equity		8 042 072	8 042 072
Other equity		407 787 266	375 098 791
Guarantee provision		3 555	2 640
Total equity		415 832 893	383 143 503
Unearned gross premium provision	19, 20	176 347 233	166 430 661
Gross claims provision	19, 20	342 025 609	332 758 898
Total gross insurance provisions		518 372 842	499 189 559
Pension liability		3 102 045	3 123 685
Withheld payroll tax, social security etc.		5 087 225	4 222 813
Deferred tax	13	27 383 175	37 384 352
Taxes payable	13	23 203 243	21 969 826
Total tax etc. payable		58 775 687	66 700 675
Payables direct insurance accounts		12 024 960	11 596 414
Payables reinsurance		22 083 032	24 307 830
Financial derivatives		1 781 679	2 492 768
Payables other accounts		25 225 000	21 616 846
Total payables		61 114 670	60 013 858
Total equity and liabilities		1 054 096 092	1 009 047 595

Bergen, March 19, 2024

 Rebekka Glasser Herlofsen Chair of the Board	 Magne Øvreås Deputy Chair	 Øystein Beisland	 Marianne Møgster
 Katrine Trovik	 Siri P. Strandenes	 Gøran Andreassen	
 Anders Furnes	 Marlena Truszczynska	 Hans Christian Seim CEO	

# DEVELOPMENT IN EQUITY

	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2022	8 042 072	366 351 479	2 084	374 395 634
Profit for the year		9 222 462		9 222 462
Other comprehensive income		-475 150		-475 150
Guarantee provision			556	556
Equity at 31.12.2022	8 042 072	375 098 791	2 640	383 143 503
	Owners' Fund	Other Equity	Guarantee provision	Total Equity
Equity at 01.01.2023	8 042 072	375 098 791	2 640	383 143 503
Profit for the year		33 414 195		33 414 195
Other comprehensive income		725 720		725 720
Guarantee provision			915	915
Equity at 31.12.2023	8 042 072	407 787 266	3 555	415 832 893

# STATEMENT OF CASH FLOW

All figures in USD		
	2023	2022
Profit for the year before tax	46 634 736	21 001 956
Change in net technical reserves	31 213 648	55 628 117
Unrealised value change other shares	924 893	627 454
Net profit on sale of fixed shares		-
Change in disbursements	19 123 263	-4 504 147
Net profit on sale of fixed assets		-
Change in net pension liabilities	-21 640	-1 128 115
Change in net receivables	-8 717 975	3 464 026
Depreciations and impairment of assets	2 771 588	4 526 188
Taxes paid	-21 811 779	-17 489 145
Net cash flow from operations before financial assets	70 116 733	57 379 731
Change in net bonds	-96 521 273	6 677 384
Change in net stocks and shares	890 922	14 529 747
Change in net financial derivatives	-413 059	3 089 300
Net cash flow from financial assets	-96 043 411	24 296 431
A Net cash flow from operational activities	-25 926 678	81 676 162
Cash generated/used by investing activities		
Net receipts/payments related to purchase/capitalization of subsidiaries and associated companies	-2 356 885	-
Net receipts/payments related to sale/purchase of fixed assets	-209 845	-598 482
Change in mortgage loans	-2 852 803	416 671
B Net cash inflow/outflow from investment activities	-5 419 533	-181 811
C Net financing activities - dividend paid to members		
D Effect of changes in exchange rates on cash and cash equivalents	-901 912	566 415
A+B+C+D Net change in cash and cash equivalents	-32 248 123	82 060 766
Cash and cash equivalents 01.01	122 648 991	40 588 225
Cash and cash equivalents	90 400 869	122 648 991



# NOTES TO THE ACCOUNTS

## Note 1 – Accounting Principles

### Basic principles

The financial statements of Norwegian Hull Club have been prepared in accordance with the Norwegian Accounting Act and regulations for annual accounts for non-life insurance companies § 1-3 3rd Paragraph, approved by the Norwegian Ministry of Finance.

Principally this means that accounting recognition, measurements and disclosures to the financial statements comply with Norwegian generally accepted accounting standards, together with a limited use of certain International Financial Reporting Standards (IFRS ®) in accordance with the Finance Ministry’s regulations on simplified application of the International Financial Reporting Standards.

The financial statements of Norwegian Hull Club as of 31 December 2023 consist of the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flow and Notes to the Accounts.

The financial statements have been prepared in accordance with the basic principles of historical cost accounting, comparability, continued operations and congruence, when the annual accounts regulation does not require the use of IFRS. Transactions are recorded at their value at the time of the transaction. Income is recognised at the time it is earned. Costs are expensed in the same period as the income to which they relate is recognised. Costs that cannot be directly related to income are expensed as incurred.

Assets related to current business activities and accounts receivable due within one year of the closing are classified as current assets. The same applies to short-term debt and accounts payable. Current assets/short-term debts are recorded at the lowest/highest of acquisition cost and fair value, when the annual accounts regulation does not require the use of IFRS. Assets and liabilities which are measured at fair value according to IFRS, are measured in according to IFRS 13. Monetary items other than functional currency in foreign currencies are recorded at fair value. Other assets are classified as fixed assets. Fixed assets are recorded at original cost, with deductions for depreciation. In the event of a decline in value, which is not temporary, a fixed asset will be subject to a write-down.

According to Norwegian generally accepted accounting principles, there are some exemptions to common assessment and valuation principles. Comments to these exemptions follow below.

### Basis of consolidation

Norwegian Hull Club Group consists of Norwegian Hull Club, Insurance Technology Solutions AS, Marine Benefits AS and NIORD AS.

The latter three companies are wholly owned by Norwegian Hull Club. The Club has exercised the option provided in the Annual Account regulation § 3-8 2nd Paragraph to keep the three companies separate and not presented as consolidated accounts, since the external turnover and liabilities in these companies are regarded as insignificant for assessing the group’s position and results.

## Accounting principles for material items

### Premium recognition / premium reserve

Premium and commission are recognised over the insurance policy period. Insurance premiums are due for payment in advance and provisions are made for the unearned portion of the premiums related to a period after the end of the fiscal year (premium

reserve). Premium is reported net of broker commission and discounts. Provisions (premium reserves) are made to cover the unearned share of the written premium. The unearned premium is calculated per risk assuming linear earnings over the time of the policy. As some information related to the written premium is reported retroactively (adjustments for lay-up, war calls, value changes, performance bonuses etc.) the earned and unearned premium is adjusted to cover the expected future development based on previous aggregated experience. As of 31.12.2023, this leads to a small increase in both earned premium and unearned premium. If the premium is considered insufficient to cover future claims, additional reserves for unexpired risk are made. This has not been considered necessary as of 31.12.2023. The insurance contracts that The Club issues are entered into the accounts in line with Norwegian accounting regulation (“Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance”).

### Line of business

Norwegian Hull Club operates in the ocean-marine line of business, including underwriting of medical insurance for seafarers.

### Premium from multi-year policies

Norwegian Hull Club has written multi-year policies. The premium for the insurance years 2024 and later is not recorded in the accounts.

### Claims incurred but not reported

The reserve for claims incurred but not reported is calculated according to the “Benktander Method” based on reported claims.

### Cost recognition and matching / claims reserve

Claims are expensed as incurred. Other costs are expensed in the same period as the income to which they relate is recognised. Claims reserves are intended to cover anticipated future claims payments for losses incurred but not yet settled at the end of the fiscal year. These reserves comprise provisions for losses reported to The Club but not yet settled, as well as provisions for losses incurred but not yet reported at the end of the fiscal year. Provisions for known losses are assessed individually by the claims departments, while provisions for unknown losses are based on The Club’s empirical data and future expectations as well as actuarial methods. Reinsurance contracts do not free the ceding Norwegian Club Hull from its obligations to the insured.

### Reserve for unallocated loss adjustment expenses (ULAE) and indirect claims expenses related to paid claims

In line with regulations (“Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance”) The Club has a provision to cover unallocated loss adjustment expenses (ULAE) based on the claim department’s share of operating expenses. Similarly, The Club has transferred a share of actual operating expenses to paid claims.

### Accounts receivables

Receivables are accounted for at face value, with deductions for expected loss.

### Employee loans

Employee loans are accounted for at face value with deductions for expected loss. At year-end, no deductions were made.

For both the account receivables and employee loans expected loss are recorded in accordance with IFRS 9.

### Fixed assets and depreciation

Fixed assets are recorded in the accounts at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items. Depreciation is calculated using the straight-line method. Upgrading of rented office premises is depreciated over the rent period. If the fair value of a fixed asset is lower than book value, and the decline is not temporary, the fixed asset will be written down to fair value. Depreciation is classified as other insurance-related expenses.

### Marketing expenses

Marketing expenses do not include any sales commissions.

### Foreign exchange

USD is The Club’s functional and presentation currency. The major part of Norwegian Hull Club’s premium income and claim cost is in USD. The currency is also significant in respect of provisions in the marine-ocean line of business. Profit and loss transactions in foreign currencies are translated into USD using the average yearly rate of exchange.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of

Comprehensive Income as financial income or costs. Receivables and liabilities (including technical insurance obligations) in foreign currencies are translated into USD at the year-end exchange rates. Foreign exchange gains and losses that relate to payables, receivables and cash and cash equivalents are presented in the Statement of Comprehensive Income under financial income or costs as currency gain/loss. All other foreign exchange gains and losses are posted in the statement of comprehensive income under items they relate to. Securities and financial instruments in other currencies are valued in USD at the year-end exchange rates.

The Norwegian krone is used in the official Norwegian regulatory reporting. The 2023 year-end exchange rate used for the balance sheet for the Norwegian financial reporting was 10.17 (NOK/USD). The average exchange rate used in the statement of comprehensive income was 10.57 (NOK/USD).

**Cash and cash equivalents**

Cash and bank deposits are included in cash and cash equivalents in the Statement of Cash Flow. The working capital credit facility amounts to USD 1 million and was not used at year-end. Restricted deposit amounted to USD 7.4 million at the end of the year. The Club has cash pooling arrangements together with subsidiaries. Liquidity is made available through cash pooling for the subsidiaries of Norwegian Hull Club to meet their obligations.

Exemptions to the Basic Assessment and Valuation Principles

**Financial current assets**

Norwegian Hull Club uses the opportunity that is given to insurance companies in “Regulations for annual accounts for insurance companies approved by the Norwegian Ministry of Finance” to present all financial assets at fair value through profit or loss in accordance with IFRS 9 and IFRS 13.

Financial instruments are valued at fair market value. Such financial instruments are equities (both listed and unlisted), bonds and other interest generating investments, real estate funds and money market funds. Foreign exchange contracts are valued at fair market value as well.

Regular purchases and sales of financial assets are recognised on the trade date. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction cost are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and The Club has transferred substantially all risks and rewards of ownership. Realised gains / losses on financial instruments are presented on a separate line in the statement of comprehensive income. Interest and dividends income are included in financial income for financial assets at fair value through profit and loss.

**Shares in subsidiaries and associated companies**

Shares in subsidiaries are valued using the cost method in the Norwegian Hull Club accounts. Cost increases when the parent gives the subsidiary increased equity capital by subscription for share issue or group contribution. Dividends / group contribution received are normally recognised as income, but only to the extent that dividends / group contribution received from subsidiary do not exceed the share of retained earnings in the subsidiaries after the purchase. Received dividends / group contributions in excess of this amount are recorded as a reduction of the acquisition cost. Norwegian Hull Club records received dividend / group contributions the same year as the subsidiary makes the provisions.

An associated company is an entity over which The Club has significant influence but not control or joint control. This is generally the case where The Club holds between 20% and 50% of the voting rights. Norwegian Hull Clun has one investment in an associated company that is accounted for using the equity method. The investments were initially recognised at cost and adjusted thereafter to recognise The Club's share of the post-acquisition profits or losses of the investee in profit or loss. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by The Club, including fair value adjustments according to IAS40. The associated company is Olav Kyrresgt 11 AS, and The Club's share is 33.3%.

**Pension cost, funding and obligations**

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. These are non-funded pension obligations for a limited number of pensioners. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a

mandatory, contractual or voluntary basis. The Club has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**Deferred tax and tax expense**

Deferred tax is calculated based on temporary differences between book values and tax basis for assets and liabilities at year-end. For the purpose of calculating deferred tax, nominal tax rates are used. Taxable and deductible temporary differences are offset to the extent that they reverse within the same time frame. However, deferred tax liabilities on net pension assets are treated separately. Temporary differences that will constitute a future tax deduction give rise to a deferred tax asset. Change in deferred tax liability and deferred tax asset, together with taxes payable for the fiscal year adjusted for errors in previous year's tax calculations, constitute tax expenses for the year.

**Risk equalisation**

The opportunity to make provisions to the risk equalisation has been removed from 01.01.2017. At dissolution, the risk equalisation was divided into other equity and deferred tax.

**IFRS 16 Leases**

Norwegian Hull Club implemented IFRS 16 on 1 January 2022 and the effects on the balance sheet are described under note 12. IFRS 16 requires all contracts that qualify under its definition as a lease to be reported on a lessee's statement of financial position as right-of-use assets and lease liabilities.

Norwegian Hull Club recognises all identifiable lease agreements as a lease liability and a corresponding right-of-use asset, with the following exemptions:

- Short-term leases (defined as 12 months or less)
- Low value assets

Norwegian Hull Club recognises the above payments as other operating expenses in the statement of profit or loss when they incur. The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term. The lease term represents the noncancellable period of the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect the lease payments made and subsequent measurement of the carrying amount to reflect any reassessment of lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate. Lease liabilities include the net present value of the following lease payments: fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the group under residual value guarantees and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The option will be taken into account in the cash flow, when it is likely that the option will be used.

The lease payments are discounted using the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance cost is presented in operating activities in the cash flow.

The right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability, plus any down payment. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. Depreciations are according to IAS 16 Property, Plant and Equipment, except that the right-of-use asset is depreciated over the earlier of the lease term and the remaining useful life of the right-of-use asset. The right-of-use asset is included in the accounting line Equipment and fixtures.

**IFRS 9 Financial instruments**

IFRS 9 establishes principles for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The Club implemented the standard with effect on 1st of January 2023. IFRS 9 has the following principles for classification and measurement:

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

The measurement category is decided upon initial recognition of the asset. Financial assets that are not derivatives or equity



instruments, must be subjected to two tests to decide their classification and measurement pursuant to IFRS 9.

The first test, which is done at instrument level, is a valuation of the instrument’s *contractual terms*. This is often referred to as the SPPI test (SPPI = solely payment of principal and interest). Only instruments with contractual cash flows that solely comprise the payment of normal interest and principal on given dates qualify for measurement at amortised cost. All other financial instruments must be measured at fair value. Normal interest includes compensation for the time value of money (risk-free interest), credit risk, other ‘basic’ lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) and profit margin.

Instruments that in principle qualify for measurement at amortised cost must then undergo a *business model* test. This is done at portfolio level:

- Debt instruments shall be measured at amortised cost if the instruments are held in a business model, in which the purpose of holding the instrument is to receive contractual cash flows.
- Instruments with cash flows that only consist of the payment of interest and principal that are held both for the purpose of receiving contractual cash flows and for sale shall be measured at fair value through other comprehensive income (FVOCI) along with interest income and any write-downs recognised through profit or loss. This means that the instrument is recognised in the balance sheet at fair value, and that interest on and write-downs for credit losses are recognised through profit or loss, in the same way as if the instrument had been measured at amortised cost, while other changes in value are recognised through other comprehensive income.
- Other debt instruments shall be measured at fair value through profit or loss. They will typically be instruments held in trading portfolios, portfolios that are managed, measured and reported to the management at fair value, and portfolios whose scope of sale is too large for them to fall under the other two business models.
- Instruments that, following these tests, are to be measured at amortised cost or fair value through OCI can nonetheless be designated as measured at fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch.

**Derivatives**

All derivatives shall in principle be measured at fair value through profit or loss (FVPL).

**Financial instruments recognised at amortised cost**

Norwegian Hull Club does not have financial instruments in this category.

**Fair value through other comprehensive income (FVOCI)**

Norwegian Hull Club does not have financial instruments in this category.

**Financial instruments at fair value through profit or loss**

Equity funds, private investments, real estate funds and bonds are recognised at fair value through profit or loss. The portfolio is managed, measured, and reported to the management on the basis of their fair value. Derivatives are recognised in the balance sheet at fair value when the derivative contract is entered into, and thereafter at the current fair value.

The Club divides the investment portfolio into two separate sub-portfolios.

- Matching Portfolio
- Company Portfolio

The matching portfolio is intended to correspond to the cash flow from the underwriting business. The objective for the portfolio, besides earning interest income, is to match with premium and claims provisions in terms of interest rate risk. The portfolio will be optimized to match with interest rate risk on the liability side. The portfolio will be invested in U.S. Treasury securities, cash and cash equivalents.

The company portfolio consists of various assets, which are based on fair value and on the Club`s risk appetite. All risk assets (equities, credit and real estate) are managed in the company portfolio. The company portfolio is actively managed to achieve risk adjusted outperformance relative to the benchmark. The financial assets in this portfolio do not satisfy the condition to collect cash flows and will therefore be classified as fair value through profit or loss.

Note 15 Financial Assets classifies each financial assets within the different categories. Different valuation techniques and

methods are used to estimate fair value depending on the type of instruments and to what extent they are traded in active markets. Please see note 15 for more information regarding valuation.

**New standards not yet adopted**

IFRS 17 Insurance contracts were published on May 18, 2017 with effect from January 1, 2021. IASB has decided to postpone the effective date of IFRS 17, to the reporting period that begins on 1 January 2023. Norwegian Hull Club has decided not to implement IFRS 17 in line with the option in Regulations on annual accounts for non-life insurance companies §3-1.

Note 2 – Risk

**Underwriting risk**

The risk that The Club’s premium income will be insufficient to cover the estimated size and frequency of claims. This risk is managed through the use of actuarial models for pricing, risk assessment and adoption of a sound underwriting strategy.

**Reserve risk**

Reserve risk is the risk that The Club’s technical provisions are insufficient to cover the underlying liabilities. Actuarial models are used to calculate sufficient provisions.

**Reinsurance risk**

The risk associated with the choice of reinsurance structure and its adequacy as well as the reinsurers’ ability to carry the losses. Experienced employees establish a reinsurance structure ahead of the insurance year, which is regarded as optimal for The Club on the basis of sensitivity analyses of various claims scenarios, the desired exposure of The Club’s solvency capital in the event of a major claim and opportunities for transferring risk on the basis of the historical claim picture. The capital adequacy of reinsurers and their ability to meet their obligations are also carefully assessed.

**Operational risk**

The risk that The Club’s operational guidelines are inappropriate or its employees deviate from the guidelines. A set of guidelines has been established to manage the operational risk. The Club defines critical risks and establishes procedures to eliminate or reduce the risk. Estimated loss from operational failure has been calculated. The Club’s capital is sufficient to cover such a provision. The operational procedures are subject to continuous monitoring and are reviewed annually by the internal auditor in connection with the assessment of The Club’s internal control.

**Financial risk**

The investment portfolio is exposed to three main categories of risks, namely credit risk, market risk and liquidity risk. The Club seeks to develop an investment strategy that minimises the potential consequences of the above listed risks for any defined risk level. Routines have been established in order to make sure that The Club is in compliance with all relevant regulations in terms of capital management, capital adequacy and so forth at any given time. Norwegian Hull Club reviews the investment risk continuously. Furthermore, it has developed stress tests in order to calculate the sensitivity and potential write-down of the investment portfolio and will make sure that the results of these tests are within the risk tolerance limits and parameters adopted by the Board.

**Credit risk**

Credit risk is the risk that The Club’s clients or counterparties to financial instruments will cause The Club financial loss by failing to honour their obligations. Theoretically, The Club’s maximum credit exposure in terms of financial assets is the aggregated book value of debt investments. In order to reduce the credit risk, banks shall have a minimum rating of “A” (Standard & Poor’s), and the bond portfolios shall be sufficiently diversified and have an adequate rating level from a holistic point of view. The investment grade bond portfolio has on average an “A” rating (Standard & Poor’s). Banks had on average an “A+” rating as of December 31, 2023.

The ocean-marine line of business is characterised as a mature market. A large share of the premium income is handled through brokers, and the business is characterised by a delay in terms of payment. The Club has premium income from clients with a reliable history in terms of payment and the bad debts figures are very low. However, USD 1.3 million is set as provision for bad debt at 31 December 2023 (2022: USD 1.2 million). The medical insurance for seafarer business has limited credit risk and is considered as not significant.

Overview of insurance-related receivables:

Direct insurance 2023			Direct insurance 2022		
		in % of total			in % of total
Not Due	132 301 041	82.9 %	Not due	137 024 181	82.3 %
Due 2023	23 388 693	14.7 %	Due 2022	25 530 324	15.3 %
Due 2022	2 625 805	1.6 %	Due 2021	2 407 277	1.4 %
Due before 2022	1 293 633	0.8 %	Due before 2021	1 514 087	0.9 %
In total	159 609 172	100 %	In Total	166 475 870	100 %

The reinsurance structure is established ahead of the insurance year. The Club is liable towards the insured if a reinsurer does not honour its obligations. The creditworthiness of the reinsurers is therefore a part of the decision basis in the process of placing reinsurance. In order to reduce the credit risk, reinsurers participating on the core reinsurance programme shall have a minimum rating of “A” (Standard & Poor’s/ AM Best).

Market risk

Currency Risk

Being a marine insurance company operating in a global business such as shipping, USD is the natural base currency for The Club. However, parts of The Club’s business are exposed to other currencies including, but not limited to, EUR, JPY, GBP and NOK. A portion of The Club’s insurance liabilities and premium income are in currencies other than the base currency, while most of the operating costs are in NOK. The Club seeks to match assets and liabilities in terms of currency. Its investment portfolio is, to a large extent, USD based but is also exposed to other currencies - reflecting both specific investment considerations and the currency composition of the liability side. The remaining structural currency mismatch between assets and liabilities is hedged using tcurrency-forward contracts. As the actual underlying currency risks in equity investments and insurance liabilities are highly complex matters, the hedging approach calls for simplification in monitoring and management. The currency balance is monitored and matched on a quarterly basis, with interim adjustments if there are significant currency events arising from the business. The currency risk in the operating margin, arising from operating costs in NOK, is perpetual in nature and difficult to hedge from a market and cost perspective.

Interest Rate Risk

In order to limit the interest rate risk, the investment-grade bond portfolio shall have an average interest rate duration between +/- 1 year relative to benchmark. The applied benchmark includes securities with a remaining term to final maturity between 1-3 years and reflects the duration of The Club’s insurance liabilities. At the end of 2023, the actual duration of the investment-grade bond portfolio was 1.7 years while benchmark duration was 1.8 years. The investment-grade bond portfolio was USD 489 million and 78 % of the investment portfolio. End of year 2023, The Club’s high-yield bond portfolio was USD 16.4 million, with an interest rate duration of 3.4 years. Meanwhile, the emerging market hard-currency sovereign bond portfolio, USD 21.4 million, has a duration of 6.8 years. The overall bond portfolio, USD 527 million and 84.4 % of the investment portfolio, has an interest duration of 2.0 years. The value of the bond portfolio will increase / decrease by approximately 2.0 % if a parallel interest rate shift of + / - 1.0 % -point across the interest rate curve should occur.

At the end of 2023, the listed equity portfolio was USD 37.4 million, approximately 6 % of the investment portfolio. The portfolio is well diversified across countries and regions globally. The private markets portfolio was USD 27.6 million, approximately 4.4 % of the investment portfolio. The portfolio comprises private equity, private debt and infrastructure investments, and is well diversified across countries and regions globally. The commercial real estate portfolio was USD 31.9 million, approximately 5.1 % of the investment portfolio. The portfolio consists of Norwegian, unlevered commercial real estate investments, and is well diversified across different segments of the market.

Climate risk

Climate risks are the potential negative consequences that are attributed to and associated with global climate change. Climate risk can be distinguished between transition and physical risk. Transition risks for The Club include regulatory and reputational risks tied to the adaption towards a lower-carbon economy with regards to our value chain. Physical risks are risks associated with increased occurrence of extreme weather-related events that can potentially increase the size and frequency of claims.

Liquidity risk

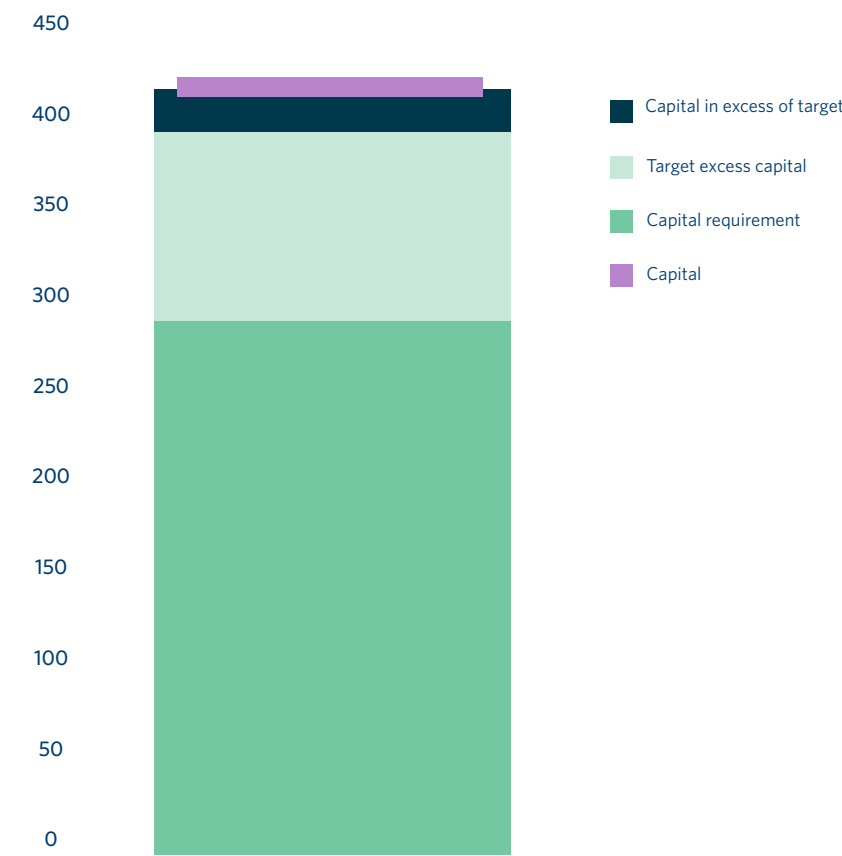
Liquidity risk is the risk that The Club will not be able to meet obligations when due. The liquidity risk in the investment portfolio is considered to be low. The Club shall, over time, have a working capital (as a deposit in bank accounts) in the region of USD 10 million. At least 70 % of the aggregated market value of the investment portfolio shall be invested in liquid securities or funds. Liquid investments are defined as investments that can be realised within five business days under normal market conditions.

Risk measures and stress testing

In addition to monitoring its capital position versus Solvency II regulations (see notes 3 and 4), The Club monitors its risk taking on a quarterly basis based on risk model developed by Standard and Poor’s. The model covers Market risk (i.e. investment risk and risk arising from asset/liability mismatch in terms of currency and/or interest rates), Counterparty credit risk, Underwriting risk and Operational risk. The Club has established internal targets in terms of capital in excess of the model requirements. As of 31.12.2023, The Club’s capital exceeds the S&P AA-rating requirement by USD 117 million. The Club’s minimum capital requirement is determined as described above and the excess amounts are shown in the figure below

Formal capital and capital requirements under Solvency II regulations are set out in notes 3 and 4.

Capital and capital requirements - 2023





Note 3 – Solvency II Capital Requirements & Position

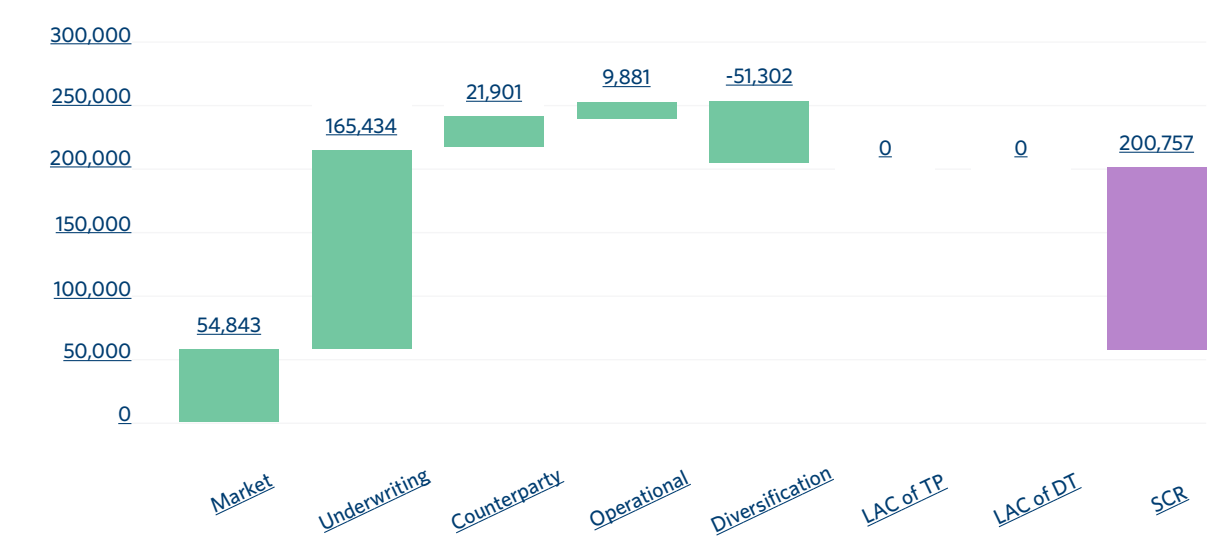
Norwegian Hull Club is a mutual insurance undertaking writing global marine and medical expense insurance. The gross premium earned in 2023 was USD 319 million, up 19% from 2021. The operating result was USD 26 million.

The below table summarises the solvency conditions in terms of Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR) and Own Funds in USD 1000.

Solvency II - capital requirements and position

	2023		2022	
	SCR	MCR	SCR	MCR
Eligible own funds	536 348	435 970	499 243	401 471
Capital requirement	200 757	62 029	195 543	60 672
Difference	335 591	373 941	303 700	340 799
Ratio	267 %	703 %	255 %	662 %

The chart below shows how Solvency Capital Requirement (SCR) is built up:



Note 4 - Solvency II Balance Sheet

Due to different valuation principles there will be deviations between the Solvency II balance and Statutory accounts. A summary of the differences is shown below:

	Solvency II	Statutory Accounts	Comment
Unearned Gross Premium	166 430 661	166 430 661	
Expected Profit in unearned premium	-24 531 481	-	Negative = profit
Expected Profit in written 2023 business	-7 784 011	-	Negative = profit
Expected Profit in long-term policies	-4 081 860	-	Negative = profit
Non due premium receivables	-137 024 181	-	Reclassification
Discounting	-7 549 145	-	
Gross Premium Provision	-14 540 018	166 430 661	

	Solvency II	Statutory Accounts	Comment
Unearned Reinsurance Premium	28 543 309	28 543 309	
Expected Profit in unearned premium	-7 402 329	-	Negative = ceded
Expected Profit in written 2023 business	-2 272 056	-	Negative = ceded
Expected Profit in long-term policies	-1 469 809	-	Negative = ceded
Discounting	-998 663	-	
Payables reinsurance	-24 307 830	-	Reclassification
Reinsured proportion of gross premium provisions	-7 907 378	28 543 309	

Note 5 – Guarantees Not Presented in Balance Sheet

As claims leader, Norwegian Hull Club may issue guarantees to third parties on behalf of clients to cover liabilities incurred in connection with collisions, salvage scenarios or other types of third-party claims. Such guarantees will be issued on 100 % basis, thereby including the liabilities of co-insurers that will counter-guarantee Norwegian Hull Club's liability for their respective shares.

Value of guarantee	Maximum value	Estimate net liabilities
Guarantees provided by the undertaking, including letters of credit	105 157 124	32 207 586

Note 6 – Geographical Distribution of Gross Premium Earned from Direct Insurance

	31.12.2023	31.12.2022
Norway	69 033 673	57 432 496
Countries covered by the EEA agreement	124 908 473	137 172 612
Other countries	122 240 481	129 053 603
<b>Total</b>	<b>316 182 627</b>	<b>323 658 711</b>

Note 7 – Earned Premium and Claims Per Line of Business

	Marine	Medical	Total
Gross written premium	310 659 544	19 658 889	330 318 433
Gross earned premium	293 199 878	22 982 749	316 182 627
Re-insurance premiums	62 312 773	-90 604	62 222 169
<b>Earned premium for own account</b>	<b>230 887 105</b>	<b>23 073 353</b>	<b>253 960 458</b>
Gross claims	207 251 148	16 229 680	223 480 828
Run off gain (+) / loss (-) gross	(34 882 345)	(682 802)	(35 565 147)
Gross accrued claims	242 133 494	16 912 482	259 045 975
Re-insurers’ share of gross claims	44 468 409	89 387	44 557 797
<b>Cliaims for own account</b>	<b>197 665 084</b>	<b>16 823 094</b>	<b>214 488 179</b>

Note 8 – Reinsurers’ Result

	31.12.2023	31.12.2022
Reinsurers' share of gross premiums	62 222 169	58 615 748
Reinsurers' share of gross claims	44 557 797	49 098 950
<b>Reinsurers' result</b>	<b>17 664 372</b>	<b>9 516 798</b>

Note 9 – Claims Expenses

	31.12.2023	31.12.2022
Gross accrued claims	259 045 975	239 740 392
Reinsurers’ share of gross claims	-44 557 797	-49 098 950
<b>Claims for own account</b>	<b>214 488 178</b>	<b>190 641 443</b>
Run off gain (+)/loss (-) gross	-35 565 147	-9 447 075
Run off gain (+)/loss(-) for own account	-14 797 201	-5 754 124
<i>Accrued claims equals paid claim and changes in reserves.</i>		

Note 10 – Number of Employees / Benefits / Employee loans / Audit / Pensions

Number of employees	Norwegian Hull Club
31.12.2022	143
31.12.2023	142

Remuneration to executives, Board of Directors, Committee members and auditor per 31.12.2023:

	Salary	Other benefits	Loan	Bonus	Pension cost
Hans Christian Seim, CEO	454 344	14 198	204 565	150 157	72 349
Per Gustav Blom, CFO	202 846	14 198	-	53 970	41 043
Aage Solberg, CCO	196 149	14 198	98 590	62 615	38 018
Atle Fjeldstad, CUO	274 500	14 198	-	104 692	44 396
Hilde Førland, CHRO	173 216	14 198	-	37 355	33 154
Hildegunn Nilssen, CCSO	141 983	14 198		23 664	19 520

The pension and profit sharing figures in the table above represent the actual payments in 2023.

Board of Directors with sub committees:

Rebekka Glasser Herlofsen (Chair) **	55 373
Magne Øvreås **	33 129
Øystein Beisland	21 297
Siri Pettersen Strandenæs */***	55 373
Marianne Møgster */***	46 854
Gøran Andreassen	21 297
Katrine Trovik	46 854
Anders Furnes (employee repr.) */***	46 854
Marlena Truszczyńska (employee repr.)	21 297
<b>Total remuneration</b>	<b>348 331</b>

Sub committees:

\* = member of Audit Committee

\*\* = member of Remuneration Committee

\*\*\* = Member of Risk Committee

Election Committee

Morten Ulstein (Chair)	15 145
Synnøve Seglem	11 359
Eli Vassenden	11 359
Nils P. Dyvik	11 359
Njål Sævik	11 359
<b>Total remuneration to Election Committee</b>	<b>60 579</b>

Committee

Morten Ulstein (Chair)	9 466 per meeting
Other members	2 840 per meeting
<b>Total remuneration to Committee</b>	<b>100 334</b>

There are no loans to members of the Board of Directors, Election Committee and Committee.



Employee salary and loans

All employees	2023	2022
Salary	14 305 232	14 805 084
Payroll tax	3 615 876	3 384 360
Profit sharing	5 074 111	2 852 209
Other benefits	384 098	203 366
Pension cost	1 978 012	2 071 813
Total	25 357 328	23 316 833

The Club has extended ordinary loans to employees totalling USD 5.9 million. Interest rates equal the lowest rate allowable if the loans are not to be taxed as employee benefit. All real-estate loans are secured by real-estate collateral. The real-estate loans have repayment period of 20 years.

The Club does not expect any loss from employee loans. Therefore, no provisions have been made. The loans are secured within 80% of the market value of the real estate.

Variable remuneration

The Club has established the principles for remuneration of senior executives, employees with duties essential to the firm’s risk exposure, as well as employees with supervisory responsibilities. The scheme aims to promote good management and control of The Club’s risk and shall not encourage excessive risk taking. A remuneration committee is appointed, and it will annually assess the need for adjustment in the compensation scheme based on the changes of The Club’s risk exposure.

In addition to salary, all employees could be assigned a variable remuneration. The total share of profit available for variable remuneration is decided by The Board. The individual’s share of profit available for distribution is determined, among other things, on the basis of salary and individual performance criteria. Any extraordinary effort, large client / personnel responsibility, contributions to skills upgrading in The Club and any breach of internal guidelines or other relevant legislation are given weight. In addition, certain financial criteria could also be emphasised, including the achievement of objectives within the employee’s department.

Audit

	2023	2022
Audit Fee	102 840	86 371
Tax advice fee	2 071	-
Other services provided by auditor	-	-
In total	104 911	86 371
<i>(The figures in the table above are presented inclusive of VAT).</i>		

Pension cost, funding and obligations

The Club dissolved the defined benefit plan 31.12.2015, and the unfunded pension obligations were invested in Storebrand on behalf of the employees. The Club has established a defined contribution hybrid pension scheme for all employees from 01.01.2016. In addition, The Club has an individual top pension scheme for salaries above 12G. The cost for The Club in respect of the hybrid scheme for 2023 was USD 1.5 million. The total investment in Storebrand amounted to USD 5.0 million as per 31.12.2023, which is recognised in the balance sheet as an asset (other receivables) and a liability. The cost for AFP (early retire-ment pensions) for 2023 was USD 0.2 million.

Additionally, The Club has pension obligations for some pensioners. These are non-funded obligations. All pension schemes are valued in accordance with the IFRS (IAS 19). Changes in the pension obligations as a result of changes in the actuarial assump-tions and variations between actual and anticipated return on pension funds, are recognised in the balance sheet immediately, through Other Comprehensive Income (OCI).

Notes for IAS19 disclosures per 31.12.2023:

		Non-funded obligations	
1.	Net pension cost	2022	2023
	Current service cost	25 821	23 479
=	Service cost	25 821	23 479
+	Net interest expense/(income)	39 773	69 544
+	Administrative expenses related to management of plan assets	-	-
+	Payroll tax (PT)	9 249	13 116
+	Financial tax	3 280	4 651
=	Cost in financial statement	78 123	110 790

		Non-funded obligations	
2.	Change in defined benefit obligation (DBO)	2022	2023
	DBO at the beginning of year	2 320 674	1 818 251
-	Currency effect DBO	84 221	-586 644
+	Service cost	25 211	24 385
+	Interest cost on DBO	38 834	72 225
+	Past service cost	-	-
+	Remeasurements	287 620	353 504
+	Acquisition/(disposals)	-	-
-	Benefits paid	363 069	295 702
=	DBO at end of year	1 818 251	2 559 307
	TBO at end of year	2 539 609	2 711 645

3.	Obligation in financial statement	2022	2023
	Net defined benefit obligation (asset)	2 481 770	2 559 307
-	Currency effect benefit obligation	-	-
+	Payroll tax	349 930	360 862
+	Financial tax on contribution	124 089	127 965
=	Obligation in financial statement	2 955 789	3 048 135

4.	Reconciliation	2022	2023
	Balance sheet provision (prepayment) at beginning of year	4 084 554	2 955 788
-	Currency effect balance sheet provision	430 073	97 437
+	Cost in financial statement	76 278	118 741
-	Contributions/benefits paid during year (including PT)	414 262	348 181
-	Financial tax on contribution	18 153	15 258
+	Remeasurements recognised in OCI	342 555	434 482
-	Impact of (acquisition) / disposals	-	-
-	Other movements in the balance sheet	-	-
=	Balance sheet provision (prepayment) at end of year	2 955 788	3 048 134

5.	Assumptions	31.12.2022	31.12.2023
	Number of employees	1	0
	Number of pensioners	6	7
	Contractual Pension Scheme (AFP) probability	-	-
	Resignation rate (over/under 40 years)	0-8 %	0-8 %
	Tariff	K2013/KU	K2013/KU
	Estimated return on plan assets	3.2 %	3.7 %
	Discount rate	3.2 %	3.7 %
	Salary increase	3.75 %	3.75 %
	Increase of pension from the Norwegian National Insurance	3.5 %	3.5 %
	Pension increase	fluctuating	fluctuating
	Payroll tax	14.1 %	14.1 %
	Financial tax	5 %	5 %



### Note 11 – Fixed Assets

Depreciation is calculated using straight-line method. Equipment and fixtures are depreciated over a period of 3-7 years. Upgrading of rented office premises, which are part of the equipment and fixtures group are depreciated over the rent period (10 years). The Club has an option to extend the rent period beyond the fixed term. Properties are not depreciated. Depreciation is classified as other insurance related expenses.

31.12.2023	Equipment and fixtures	Properties	Right of Use Property	Total
Acquisition cost 1.1.2023	11 671 814	2 089 030	13 122 600	26 883 445
Additions	211 851	-		211 851
Disposals	-	-	633 834	633 834
Acquisition cost 31.12.2023	11 883 666	2 089 030	12 488 766	26 461 462
Accumulated depreciation 1.1.2023	7 942 173		3 650 908	11 593 081
Ordinary depreciaton	958 699		1 180 476	2 139 175
Disposals depreciation				
Accumulated depreciation 31.12.2023	8 900 872		4 831 383	13 732 256

<b>Book value 31.12.2023</b>	<b>2 982 793</b>	<b>2 089 030</b>	<b>7 657 383</b>	<b>12 729 206</b>
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31.12.2022	Equipment and fixtures	Properties	Right of Use Property	Total
Acquisition cost 1.1.2022	11 070 237	2 089 030	13 122 600	26 281 868
Additions	604 279	-		604 279
Disposals	-2 702	-		-2 702
Acquisition cost 31.12	11 671 814	2 089 030	13 122 600	26 883 445
Accumulated depreciation 1.1	7 066 291	-	2 278 244	9 344 535
Ordinary depreciation	875 882	-	1 372 664	2 248 546
Disposals depreciation	-	-		-
Accumulated depreciation 31.12.2022	7 942 173	-	3 650 908	11 593 081

<b>Book value 31.12.2022</b>	<b>3 729 642</b>	<b>2 089 030</b>	<b>9 471 693</b>	<b>15 290 364</b>
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Note 12 – Leasing

Norwegian Hull Clubs leasing agreements lease agreements apply to the head office in Bergen, as well as the offices in London and Oslo. The lease agreement associated with the head office has a duration of 8 years and expires on 31.12.2030. The lease agreement in London has a duration of 2 years and expire on 31.12.2025, while the lease agreement in Oslo has a duration of 3 years, and expire on 31.12.2026.

Right of use Property		Lease Liability	
Right of use Property as at 01.01.2023	13 122 600	Lease liability recognised	13 122 600
Additions	-	Change in lease liability	325 027
Disposals	633 834		
As at 31.12.2023	12 488 766	As at 31.12.2023	12 797 573
Accumulated depreciation 01.01.2022	3 650 908	Accumulated discount 01.01.2023	3 392 099
Ordinary depreciation	1 180 476	Accumulated discount value	1 161 892
Disposals depreciation			
Accumulated depreciation 31.12.2022	4 831 383	Accumulated discounted	4 553 991
VALUE 31.12.2023	7 657 383	Lease liability 31.12.2022	8 243 582

Interest rates used were Nibor per 2nd of January 2023 + 2% being 5.28%,Libor per 2nd of January + 2% being 5.28 %. As of 31.12.2023, no decision has been made regarding the use of option related to the lease contract.

Lease Liabilities	2023	2022
Current (2024)	1 100 357	1 280 869
Non-current (remaining)	5 199 265	6 873 751
Total	6 299 621	8 154 620

Amounts recognised in the statement of profit and loss. The statement of profit or loss shows the following amounts relating to leases:

	2023	2022
Interest expense	973 211	767 597
Principal payment	1 410 823	1 258 896

Note 13 – Taxes

Tax expense for the year	2023	2022
Taxes payable	23 203 243	21 969 826
Correction previous years provision	17 561	330 670
Tax effect of group contribution	-	-
Change in deferred tax	10 001 177	10 521 559
Total tax expense for the year	13 219 626	11 778 937

Specification of tax expense for the year		
Earnings before tax	46 634 736	21 001 956
Conversion effect	13 015 213	44 085 190
Earnings before tax	59 649 948	65 087 146
Permanent differences (due to none tax-deductible expenses)	2 628 402	1 267 417
Permanent differences (tax-except investment)	4 496 944	384 958
Change in temporary differences	35 031 564	21 909 697
Basis taxes payable in statement of comprehensive income	92 812 971	87 879 302
Group Contribution with effect on taxable income		-
Taxable income	92 812 971	87 879 302

Taxes payable 25%	23 203 243	21 969 826
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Taxes payable - balance sheet		
Tax payable in tax expense	23 203 243	21 969 826
Effect of Group Contribution		-
Tax payable - balance sheet	23 203 243	21 969 826

Specification of the basis for deferred tax		
Fixed Assets	1 388 964	1 675 776
Receivables	1 273 000	-1 231 000
Pension liabilities	3 102 045	-3 123 685
Bonds and financial derivatives	3 677 889	11 795 293
Risk provision	108 762 274	140 298 733
Stocks and shares	872 299	772 359
Depreciations office rentals	193 661	-373 429
Leasing	586 200	-258 809
P/L Accounts	13 821	-17 828

Net temporary differences	109 532 701	149 537 410
Loss carried forward	-	-
Basis for deferred tax in the balance	109 532 701	149 537 410

Deferred tax 25 %	27 383 175	37 384 352
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Specification of tax expense for the year	2023	2022
25% tax on net income	14 912 487	16 271 787
Correction previous year's provision	67 709	330 670
Currency effect deferred tax	1 158 017	5 044 134
Tax effect from permanent differences	467 135	220 615
Estimated tax expense	13 219 626	11 778 937

Note 14 – Subsidiaries and Associated Companies

Company	Insurance Technology Solutions AS	Marine Benefits AS	NIORD AS
Business office	Bergen	Bergen	Bergen
Ownership share / voting share	100%	100%	100%
Result in subsidiaries and associated companies	17 783	2 297 752	0
Book Value in NHC	3 413 743	2 060 659	491 526
Equity in subsidiaries	2 772 510	4 800 931	491 526

The turnover and equity in the subsidiaries are regarded as insignificant additions to the group’s business and have therefore not been consolidated in the accounts. Subsidiaries’ financial information has been included based on unaudited financial statements as of 31 December 2023. The figures presented in the table above are all results before tax.

IT services purchased from Instech AS amounts to USD 5.1 million for 2023. Third party assistance regarding claim handling is bought from Marine Benefits AS. This amounts to USD 3.0 million for 2023. In addition, The Club purchased documentation services from Marine Benefits AS for USD 0.2 million.

Associated company is accounted for using the equity method:

Associated company	2022	2023
Opening balance 1 January	7 738 052	7 110 598
Share of this year’s profits	190 250	-620 196
Exchange differences on translation reported as other comprehensive income	-817 705	-304 697
Closing Balance as of 31 December	7 110 598	6 185 705

The associated company is Olav Kyrresgate 11 AS, and The Club’s share is 33.3%

Net receivables / liabilities to group and associated companies:

Balance due from Marine Benefits is USD 2.9 million (as of 31.12.2022 USD 2.2 million). This is a short-term claims fund. In addition, there is a long-term loan of USD 0.9 million due from Marine Benefits. USD 0.5 million is an interest free loan. This part of the loan shall be repaid no later than 30 December 2028. The remaining balance has a floating rate of interest, 3-month LIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2026

Balance due to Instech is a long-term loan of USD 6.9 million. The term and conditions for the loan comprise a floating rate of interest, 3-month NIBOR + 2.0 % p.a. The loan shall be repaid no later than 30 December 2025.

Balance due from Olav Kyrresgate 11 As is USD 1.2 million as of 31.12.2023 (USD 1.2 million as of 31.12.2022).





Note 15 – Financial Assets

The table below sets out an overview of the carrying and fair values of The Club’s financial instruments and the accounting treatment of these instruments as defined in IAS 9. For more detailed information on carrying and fair values for financial instruments, please see notes 16 and 17.

31.12.2023	Recognised at fair value	Financial instr. subject to hedge accounting	Recognised at amortised cost	Total
<b>Assets</b>				
Equities	37 371 344	-	-	37 371 344
Bonds	585 918 684	-	-	585 918 684
Financial derivatives	1 720	-	-	1 720
<b>Total</b>	<b>623 291 748</b>	<b>-</b>	<b>-</b>	<b>623 291 748</b>

<b>Liabilities</b>				
Financial derivatives	1 779 959	-	-	1 779 959
<b>Total</b>	<b>1 779 959</b>	<b>-</b>	<b>-</b>	<b>1 779 959</b>
Norwegian Hull Club has no financial instruments classified at fair value through other comprehensive income.				

<b>31.12.2022</b>				
<b>Assets</b>				
Equities	33 517 218	-	-	33 517 218
Bonds	492 177 822	-	-	97 941 031
Syndicate loans	1 960 297			1 960 297
Financial derivatives	299 750	-	-	299 750
	<b>527 959 426</b>	<b>-</b>	<b>-</b>	<b>527 959 426</b>
<b>Liabilities</b>				
Financial derivatives	2 492 768	-	-	2 492 768
<b>Total</b>	<b>2 492 768</b>	<b>-</b>	<b>-</b>	<b>2 492 768</b>

Fair value hierarchy

Government bonds, corporate bonds and other financial instruments that are traded in active markets where the fair value is determined on the basis of quoted market prices at the balance sheet date, are classified on level 1 in the pricing hierarchy. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to value an instrument are observable, the instrument is included in Level 2 Investments listed in the following have been classified on Level 2 in the pricing hierarchy:

- Equity funds, government bond funds, corporate bond funds and high-yield bond funds. Values are determined on the basis of the quoted market prices of the assets the funds have invested in.
- Currency futures, interest rate futures, stock and equity options, credit default swaps and currency swaps. Values are determined on the basis of the price development on an underlying asset or instrument. The aforementioned categories of derivatives are being priced by using standard and well-recognised methods of pricing, such as option pricing models etc.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3 Investments. The following have been classified on Level 3 in the pricing hierarchy:

- Unlisted Private Equity investments. All of these are either investment in funds or in fund of funds. Values are determined on the basis of quarterly NAV (Net Asset Value) reports from the fund managers. These reports are prepared based on the IPEV (International Private Equity and venture capital Valuation) guidelines set forth by the Equity Venture Capital Association, or corresponding guidelines in the respective jurisdictions of the underlying funds. NAVs are calculated by the fund managers by making use of those methods of pricing in the IPEV and similar guidelines that are most suited to estimate actual value for each type of asset subject to all relevant factors. Due to late reporting, NAVs as per the last quarterly reports are used in the accounts. The NAV from the most recent quarterly report is adjusted for capital distributions and/or capital calls in the period until 31.12.22 and might be adjusted if incidents of material character have occurred during the period since last reporting date. An example in this respect could be a substantial change in the market value of a listed company a Private Equity fund has invested in.
- Real Estate funds. As for Private Equity, values are determined on the basis of quarterly NAV reports from the fund managers. Minimum yearly, the values of all properties in the funds are assessed by a publicly authorised real estate agent or valuator. The assessed values of the properties adjusted for other assets and liabilities, and if relevant expected cash flow (for example differentials due to future requirements and /or regulation that will impact the future cash flow of the properties) make up the basis for the NAVs.

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Per 31.12.2023	Level 1	Level 2	Level 3
	Quoted active market prices	Valuation techniques based on observable market data	Valuation techniques based on non-observable market data
<b>Financial assets at fair value through profit or loss:</b>			
Equity funds	-	37 371 344	-
Private equity funds	-	-	27 619 695
Real estate funds	-	-	31 877 174
Bonds	487 730 011	38 691 804	-
Loans	-		
Financial derivatives	-	1 720	-
<b>In total</b>	<b>487 730 011</b>	<b>76 064 868</b>	<b>59 496 869</b>
<b>Financial debt</b>			
Financial derivatives	-	1 779 959	
<b>In total</b>	<b>-</b>	<b>1 779 959</b>	

The market value of the Private Market Investment portfolio has changed from USD 27.3 million per 31.12.22 to USD 27.6 million per 31.12.23. Drawdowns and new investments in the period were USD 2.7 million, while dividends and repaid investments amounted to USD 2.6 million.

The market value of the real estate funds has changed from USD 37 million per 31.12.22 to USD 32 million per 31.12.23. Dividends and repaid investments amounted to USD 1.4 million. There were no drawdowns and new investments in 2023.

Note 16 – Stocks and shares

	Currency	ISIN	Org.number	Acquisition cost	Book value	Market value
Equity fund						
Cantillon FU	USD	IE00B3KF5S87		2 474 425	5 762 366	5 762 366
Egerton Capital Equity Fund Class I USD	USD	IE00B84H3N65		4 998 745	5 043 319	5 043 319
Sands Capital EMG Fund	USD	IE00BDFMDW42		264 207	385 834	385 834
Longview Global Equity Fund	USD	LU0507273943		3 014 440	5 400 709	5 400 709
Skagen Kon-Tiki A Nok	NOK	NO0010140502		1 069 375	1 043 048	1 043 048
Nordea Stabile Askjer Global Etisk	NOK	NO0010452782		6 670 111	13 699 752	13 699 752
Orbis SICA V Global Equity Fund	EUR	LU0334985271		3 257 681	6 036 315	6 036 315
Equity fund in total				21 748 983	37 371 344	37 371 344
Private investments						
Arcmont Senior Loan Fund II	EUR			3 020 928	3 282 783	3 282 783
Bluebay Direct Lending Fund II SLP	EUR			-70 471	304 179	304 179
Barings Global Private Loan Fund II	EUR			2 187 751	2 122 633	2 122 633
Cubera International Private Equity 20	EUR			1 015 272	1 158 461	1 158 461
Cubera International Private Equity 21	EUR			766 651	838 905	838 905
Cubera International Private Equity 22	EUR			267 165	253 927	253 927
Cubera International Private Equity 23	EUR			109 160	96 692	96 692
The Partners FD SICA V I-N USD	EUR			3 000 000	3 152 273	3 152 273
Nordea SIF Global Private Equity Fund	EUR			1 882 642	3 002 623	3 002 623
Nordea Private Equity III	EUR			1 114 211	255 467	255 467
PG Direct Mezzanine	USD			1 330 188	1 437 925	1 437 925
Partners Group Direct Infrastructure	EUR			876 359	998 400	998 400
Partners Group Life 2018 S.C.A., SICA V-RAI	EUR			4 125 892	4 688 285	4 688 285
Partners Group Secondary 2008, L.P.	EUR			852 764	284 127	284 127
Storebrand International Private Equity	NOK			953 205	1 284 783	1 284 783
SI Private Equity VI	NOK			12 191	22 017	22 017
Union Real Estate Fund Holding AS	NOK			-224 218	27 016	27 016
Viking Global Opportunity Fund	USD			4 000 000	4 409 200	4 409 200
Private investments in total				25 219 689	27 619 695	27 619 695
Real estate fund						
API Eiendomsfond Norge AS	NOK		997 592 816	252 065	172 090	172 090
API Eiendomsfond Norge IS	NOK		090 068 733	24 752 507	17 036 584	17 036 584
Pareto Eiendomsfelleskap AS	NOK		992 043 415	141 440	116 398	116 398
Pareto Eiendomsfelleskap IS	NOK			12 862 769	11 523 396	11 523 396
Union Core REF AS	NOK		916 162 332	35 977	31 986	31 986
Union Core REF IS	NOK			3 530 718	2 996 720	2 996 720
Real estate in total				41 575 476	31 877 174	31 877 174
Stocks and shares in total				88 544 149	96 868 214	96 868 214

Remaining commitments (in local currency):

Nordea Private Equity III	EUR	283 216
Partners Group Secondary 2008	EUR	1 157 463
Arcmont Direct Lending Fund II SLP	EUR	1 655 167
Barings Global Private Loan Fund II	EUR	330 000
Partner Group Infrastructur	EUR	360 501
Partner Group Mezzanine	USD	177 331
Partners Group Life 2018	EUR	1 264 979
Storebrand International Private Equity 19	NOK	1 500 000
Cubera International Private Equity 20	EUR	100 000
Cubera International Private Equity 21	EUR	300 000
Cubera International Private Equity 22	EUR	750 000
Cubera International Private Equity 23	EUR	850 000
Acremont Senior Loan Fund II	EUR	1 087 574





### Note 17 – Bonds and Foreign Exchange Contracts

	Currency	Nominal	Acquisition cost	Market value/Book value incl. acc. int.
<i>Bonds discretionary mandates</i>				
Government bonds	USD	313 093 661	300 321 674	303 944 635
Corporate bonds	USD	186 259 357	183 224 872	183 785 376
<b>Bonds discretionary mandates in total</b>		<b>499 353 018</b>	<b>483 546 547</b>	<b>487 730 011</b>
<i>Investment grade bond funds</i>				
Nordea SICA V 1 US Corporate Bond Fund	USD	-	716 626	836 007
<b>Investment grade bond fund in total</b>		<b>-</b>	<b>716 626</b>	<b>836 007</b>
<b>High yield bond funds</b>				
Barings Cap GlobalHY BondFund Tranche A	USD	-	9 194 872	2 030 145
Nordea US High Yield	USD	-	4 732 945	5 875 992
<b>High yield bond funds in total</b>		<b>-</b>	<b>13 927 807</b>	<b>16 433 571</b>
<b>Government Bond funds</b>				
BlueBay EM Bond Fund	USD	-	14 988 027	17 409 790
Ashmore SICAV EM Sovereign Debt Fund	USD	-	4 596 407	4 012 436
<b>Government bonds funds in total</b>		<b>-</b>	<b>19 584 434</b>	<b>21 422 226</b>
<b>Bonds in total</b>		<b>-</b>	<b>517 775 413</b>	<b>526 521 814</b>

Currency swap contracts overview:

Due date	Amount sold (in millions)			
	EUR	GBP	NOK	USD
31.01.2023	-	3.6	-	-
16.01.2024	-	-	45.3	8.8
22.01.2024	-	-	44.5	-
25.01.2024	-	5	-	-
13.02.2024	-	-	14.8	-
20.02.2024	-	2.5	-	-
22.02.2024	-	-	80	4
29.02.2024	1.8	-	-	-
20.03.2024	-	-	43.3	4.3
21.03.2024	-	-	44.1	-
27.03.2024	-	-	41.9	-

### Note 18 – Derivatives Netting

31.12.2023			
	Nom. Value	Positive market value	Negative market value
Interest rate derivatives	-	-	-
Interest rate and currency derivatives	-1 779 959	1 720	-1 781 679
<b>Total interest rate instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>

31.12.2022			
	Nom. Value	Positive market value	Negative market value
Interest rate derivatives	-	-	-
Interest rate and currency derivatives	-2 193 018	299 750	-2 4292 768
<b>Total interest rate instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Note 19 – Technical Reserves for Own Account

	31.12.23	31.12.22	31.12.21
Unearned gross premium provision	176 347 233	166 430 661	162 179 692
Reinsured proportion of gross premium provision	-34 220 794	-28 543 309	-29 240 468
<b>Unearned premium provision for own account</b>	<b>142 126 440</b>	<b>137 887 352</b>	<b>132 939 224</b>
Gross claims provision	342 025 609	332 758 898	247 704 327
Reinsured proportion of gross claims provision	-52 276 279	-69 984 127	-35 609 546
<b>Claims provision for own account</b>	<b>289 749 330</b>	<b>262 774 771</b>	<b>212 094 781</b>
<b>Total risk provision etc.</b>	<b>431 875 770</b>	<b>400 662 123</b>	<b>345 034 005</b>

### Note 20 – Insurance Provisions Per Line of Business

	Marine	Medical	Total
Unearned gross premium provision	168 754 192	7 593 042	176 347 233
Gross claims provision	334 908 118	7 117 491	342 025 609

### Note 21 – Events After 2023 Year End

There are no noteworthy events to report after the year end 2023.





# AUDITOR’S REPORT



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To the General Meeting of Norwegian Hull Club – Gjensidig Assuransforening

INDEPENDENT AUDITOR’S REPORT

Opinion

We have audited the financial statements of Norwegian Hull Club – Gjensidig Assuransforening (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the meeting of representatives on the shareholders committee on 14 May 2020 for the accounting year 2020.



side 2  
Independent Auditor’s Report -  
Norwegian Hull Club – Gjensidig  
Assuransforening

Measurement of claims provision

Key issues in the Audit	How the matter was addressed in the audit
Measurement of claims provisions is based on various calculation methods and a number of assumptions and estimates related to future developments that are associated with uncertainty.	Norwegian Hull Club - Gjensidig Assuransforening has established an actuarial function. The actuarial function performs various controls of the calculated claims provisions. We obtained the actuarial function’s annual report and assessed the results of the controls and the actuarial function’s assessments as they appear in the annual report.
Note 1 discusses the accounting principles used, note 2 discusses insurance risk and note 19 and 20 specifies the insurance provisions.	We challenged the measurement of claims provisions by re-estimating claims provisions for two business sectors based on data received from the company. We compared our estimates with the company’s estimates.
Management’s exercise of judgment related to the calculation models, assumptions and estimates are decisive for measuring the claims provisions and they are therefore a key audit matter.	We assessed whether note information on claims provisions is adequate.  We have used our own actuary in the audit of the claims provisions.

The insurance system and controls relevant to financial reporting

Key issues in the Audit	How the matter was addressed in the audit
Norwegian Hull Club - Gjensidig Assuransforening’s insurance system is key to the accounting and reporting of completed transactions, to provide a basis for important estimates and calculations, and to provide relevant disclosures. Parts of operation and maintenance of the IT infrastructure are outsourced to service providers.	Norwegian Hull Club - Gjensidig Assuransforening has established an overall management model and control activities related to insurance system. We have gained an understanding of the overall management model and control activities for the insurance system that is relevant for financial reporting.
Good management and control of insurance system is essential to ensure accurate, complete and reliable financial reporting and is therefore a key audit matter.	We have assessed and tested the design and implementation of selected control activities associated with the insurance system relevant to the financial reporting related to IT-operations, change management, information security and application controls. For a sample of these control activities, we tested whether they have been effective during the period.  We have assessed the Service Auditor’s Assurance Report (ISAE 3402) from service providers with regard to whether the service auditor’s report provides sufficient appropriate audit evidence about the effectiveness of the controls in areas that may have an impact on financial reporting.  We used our own IT-specialists in the work of understanding the overall management model for insurance system and in the assessment and testing of control activities.

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Penneo document key: 4IAKW-E4UMS-3ZAV4-TZ508-CEVJ5-YJDL

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Registrert i Foretaksregisteret Medlemmer av Den norske Revisorforening  
Organisasjonsnummer: 980 211 282

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors’ report. The other information comprises information in the annual report, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors’ report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors’ report. The purpose is to consider if there is material inconsistency between the Board of Directors’ report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors’ report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors’ report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors’ report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

- the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Bergen, 19 March 2024  
Deloitte AS

Jon-Osvald Harila

“By my signature I confirm all dates and content in this document.”

Jon-Osvald Harila  
State Authorised Public Accountant (Norway)  
Serial number: UN:NO-9578-5994-4-540381  
IP: 163.116.xxx.xxx  
2024-03-22 11:46:12 UTC





# CORPORATE GOVERNANCE

Norwegian Hull Club is subject to supervision by the Financial Supervisory Authority of Norway. In addition, The Club's governing bodies have adopted separate internal regulations regarding corporate governance issues.

## General Meeting

Members of The Club, clients that write business on a mutual basis, vote at the general meeting.

## Committee

The Committee elects the Board of Directors and the Election Committee. The Committee also recommends the annual accounts to the General Meeting and supervises the Board of Directors and management. The members of the Committee are elected from the members, i.e. the owners, of The Club.

## Board of Directors

The Board of Directors is responsible for setting out the strategy, including risk tolerance, and generally overseeing the daily management of The Club. Up to two members of the Board of Directors can be independent; the others represent members of The Club. The Board of Directors has audit, risk and compensation sub-committees. The Chair of the Audit Committee is independent of The Club.

## Audit Committee

The Audit Committee is a sub committee of the Board of Directors. Its responsibility is to discuss significant accounting issues with management and the external auditor and to assess procedures adopted for preparing the accounts. The Audit Committee shall further assess the independence of the external auditor, discuss audit issues with external and internal auditors, assess the auditors' work and make

recommendations to the Board of Directors regarding election of external and internal auditors.

## Risk Committee

The Risk Committee is a sub committee of the Board of Directors. Its responsibility is to supervise Norwegian Hull Club's total risk and regularly consider if The Club's management and control systems are adapted to the risk level and scope of the operations. The Risk Committee shall further regularly consider the continuous compliance with capital requirements and requirements for technical insurance provisions. Finally, the Risk Committee shall also regularly consider the appropriateness of the risk management system; it shall follow up the key actuary, compliance, risk management and functions.

## Compensation Committee

The Compensation Committee is also a sub committee of the Board of Directors. The Compensation Committee makes recommendations to the Board of Directors on the compensation of the CEO as well as the structure of general compensation and oversees compensation for the management team.

## Election Committee

The Election Committee makes recommendations on candidates for the various governing bodies. The Election Committee shall have at least five members. At least one member shall have served on the Board of Directors during the last five years. According to the instructions for the Election Committee, the Chair and deputy chair of the Committee, members of the Board and members of the Election Committee shall in general not be re-elected after ten years of service.





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