Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2021

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

Contents

Summary

Introduction

The structure of the Financial Condition Report (SFCR) has been prepared as described in Annex XX (twenty) of the European Union Commission delegated regulation 2015/35.

From the perspective of understanding the business and its inherent risks the most relevant currency from which to evaluate The Swedish Club (the Club) is USD as most revenues and claims related costs of the Club are denominated in USD. Therefore, amounts in the tables are presented in both the statutory reporting currency SEK and in USD.

Amounts are presented in millions. Amounts within brackets represent the previous financial year. In many aspects, the SFCR overlaps with the statutory annual report; however, it provides additional insights into our solvency position, based on the perspectives of the solvency regulations. In other aspects, the annual report could provide an even more comprehensive view on the Club's operations.

Business and performance

The Swedish Club is in a sound financial position. This is reflected in this SFCR as well as the Club's annual report.

Development of key figures for regulatory solvency calculations:

SEK million	**2021**	**2020**	**2019**	**2018**	**2017**
Eligible own funds (EOF)	2,430	2,434	2,777	2,491	2,373
Basic own funds, Tier 1 (BOF)	1,759	1,906	2,276	2,056	1,927
Ancillary own funds, Tier 2 (AOF)	670	528	500.5	434	446
Minimum capital requirement (MCR)	437	342	332	268.5	277
Solvency capital requirement (SCR)	1,340	1,056	1,001	869	891

USD million	**2021**	**2020**	**2019**	**2018**	**2017**
Eligible own funds (EOF)	269	297	298	278	288
Basic own funds, Tier 1 (BOF)	195	233	244	229	234
Ancillary own funds, Tier 2 (AOF)	74	65	54	48	54
Minimum capital requirement (MCR)	48	42	36	30	34
Solvency capital requirement (SCR)	148	129	107	97	108
Exchange rate USD/SEK	9.0437	8.1886	9.3171	8.9710	8.2322

There was good growth for the Club's insurance activities during the year and good results from investments. The Club's financial position weakened during the year but the solvency requirements as per Solvency II continued to be met with a good margin. During 2021, the marine insurance industry as a whole was affected by a high number of costly claims. The COVID-19 pandemic also continued to impact the industry. The Club has negotiated cost-efficient and risk-limited reinsurance protection for 2022.

The combined ratios of 2021, 2020 and 2019 measured in USD, were 129 %, 123 %, and 106 % respectively – the three-year average was 120 %. The increase in claims cost reflects a historically high claims outcome for the Club and the industry. The outcome is higher than the long-term trend but at the same time it is within the framework of what can be expected in individual years. The underwriting loss amounted to USD -44 (-31) million and including the financial result of USD 10 (34) million the total result before appropriations and tax amounted to USD -34 (3) million.

The solvency ratio, Eligible Own Funds (EOF) divided by the Solvency Capital Requirement (SCR), was 181 (230) % at the end of December 2021. The change compared to previous year comes from a higher SCR, due mainly to higher underwriting volume and increased value of the investment assets, and a decrease in basic own funds due to underwriting losses derived mainly from the P&I segment. The general increase in P&I premiums from 20 February 2022, individual fleet adjustments and normalisation of claims outcomes are expected to balance underwriting performance going forward.

At the beginning of 2022 both Standard & Poor's and AM Best confirmed their respective "A-" ratings (negative outlook) of The Swedish Club.

System of governance

In 2021, no material changes were introduced, however, the system of governance is continuously fine-tuned to meet the challenges of operations.

A description of the system of governance is found in section B.

Risk profile

There have been no material changes to insurance or reinsurance undertakings. The operations and performance thereof have followed of the Club's established business models.

The risk exposure profile of the Club has not changed materially in the last year, other than risk exposure which comes from the achievement of targeted growth. The material risks that the Club are exposed to are explained in section C.

Valuation for solvency purpose

Technical provisions are calculated using the probability weighted average of future cash flows discounted with the risk-free yield, and a risk margin as defined by the solvency requirements. The Club's investments are valued for Solvency II purposes on the same basis as in the statutory accounts.

The valuation for solvency purpose is explained in section D.

Capital management

The capital management set-up has, with the exception of relatively small allocations to private-market assets, remained mainly unchanged in the course of 2021 in terms of exposures to various asset classes and related counterparties.

Section E contain information on own funds and the regulatory capital requirement they must cover.

Sammanfattning (Summary in Swedish)

Introduktion

Solvens- och verksamhetsrapporten (SFCR) har upprättats enligt den struktur som beskrivs i bilaga XX (tjugo) av EU Kommissionens delegerade förordning 2015/35.

Från perspektivet att förstå verksamheten och dess inneboende risker är den mest relevanta valutan för att utvärdera företaget USD eftersom de flesta intäkter och skadekostnader för företaget är i USD. Belopp i tabellerna presenteras därför både i den lagstadgade rapporteringsvalutan SEK och i USD.

Belopp presenteras i miljoner. Belopp inom parentes representerar föregående års räkenskapsår. I många aspekter överlappar SFCR och årsrapporten varandra. SFCR ger dock ytterligare insikter om vår solvensposition, baserat på perspektiven i solvensregelverket. I andra aspekter kan årsredovisningen ge en mera utförlig bild av företagets verksamhet.

Verksamhet och resultat

The Swedish Club (the Club) har en sund finansiell ställning. Det återspeglas i denna SFCR samt i företagets årsredovisning.

Utveckling av nyckeltal för regulatoriska solvensberäkningar:

SEK million	**2021**	**2020**	**2019**	**2018**	**2017**
Medräkningsbara kapitalbasmedel (EOF)	2,430	2,434	2,777	2,491	2,373
Primärkapital, nivå 1 (BOF)	1,759	1,906	2,276	2,056	1,927
Tilläggskapital, nivå 2 (AOF)	670	528	500.5	434	446
Minimikapitalkrav (MCR)	437	342	332	268.5	277
Solvenskapitalkrav (SCR)	1,340	1,056	1,001	869	891

USD million	**2021**	**2020**	**2019**	**2018**	**2017**
Medräkningsbara kapitalbasmedel (EOF)	269	297	298	278	288
Primärkapital, nivå 1 (BOF)	195	233	244	229	234
Tilläggskapital, nivå 2 (AOF)	74	65	54	48	54
Minimikapitalkrav (MCR)	48	42	36	30	34
Solvenskapitalkrav (SCR)	148	129	107	97	108
Valutakurs USD/SEK	9.0437	8.1886	9.3171	8.9710	8.2322

Bolaget har under året uppvisat god tillväxt i försäkringsverksamheten och ett gott resultat från investeringar. Bolagets finansiella ställning har under året försvagats men solvenskravet enligt regelverket Solvency II möts trots detta fortsatt med god marginal. Sjöfartsförsäkringsbranschen som helhet påverkades under 2021 av många kostsamma skador, även COVID-19 pandemin fortsatte att påverka branschen. Bolaget har under året framförhandlat kostnadseffektivt och riskbegränsande återförsäkringsskydd för 2022.

Totalkostnadsprocenten för 2021, 2020 och 2019 mätt i USD, uppgick till 129 %, 123 % respektive 106 % och genomsnittet för de senaste 3 åren var 120 %. Ökningen i skadekostnaderna återspeglar ett historiskt högt skaderesultat för bolaget och för industrin. Utfallet är högre än den långsiktiga trenden men samtidigt är det inom ramen för vad som kan förväntas under enskilda år.

Förlusten i försäkringsrörelsen uppgick till USD -44 (-31) miljoner och inklusive finansresultatet på USD 10 (34) miljoner uppgick det totala resultat före bokslutsdispositioner och skatt till USD -34 (3) miljoner.

Solvenskvoten mellan medräkningsbara kapitalbasmedel (EOF) och solvenskapitalkravet (SCR) uppgick till 181 (230) % vid utgången av december 2021. Förändringen jämfört med föregående år består i en högre SCR, som i huvudsak beror på högre försäkringsvolymer och en ökning i värdet av investeringstillgångarna, samt en minskning av primärkapitalet på grund av försäkringsförluster främst i P&I segmentet. Den allmänna prisökningen av P&I premierna från 20 februari 2022, individuella flottjusteringar och normaliserade skadeutfall bedöms balansera försäkringsresultatet framöver.

I början av 2022 bekräftade både Standard & Poor’s och AM Best sina respektive “A-“ rating (negative outlook) för The Swedish Club.

Företagsstyrningssystem

Under 2021 introducerades inga materiella förändringar, dock finjusteras företagsstyrningssystemet kontinuerligt för att möta verksamhetens utmaningar.

En beskrivning av företagsstyrningssystemet återfinns i sektion B.

Riskprofil

Det har inte varit några materiella förändringar i försäkringsåtaganden eller i återförsäkringsprogrammet. Verksamheten och dess resultat har inte varit utanför etablerade affärsmodeller.

Företagets riskexponering har inte ändrats materiellt under det senaste året, förutom den ökade riskexponering som åstadkommits genom kontrollerad tillväxt.
De materiella riskerna som företaget är exponerat för förklaras i sektion C.

Värdering för solvensändamål

Försäkringstekniska avsättningar beräknas genom att använda det sannolikhetsvägda genomsnittet av framtida kassaflöden diskonterade med den riskfria räntan med tillägg för en riskmarginal enligt definitionen i solvenskraven. Företagets investeringstillgångar värderas för Solvens II ändamål på samma sätt som i den finansiella årsredovisningen.

Värdering för solvensändamål förklaras i sektion D.

Finansiering

Beträffande exponering till olika tillgångsklasser, med undantag för mindre allokeringar till ”private-market assets”, och relaterade motparter har kapitalhanteringen varit i princip oförändrad under 2021.

Sektion E innehåller information om kapitalbasen och de regulatoriska kapitalkrav den måste täcka.

A. Business and performance

A.1 Business

The Swedish Club is an independent, self-managed, mutual insurance association, headquartered in Gothenburg, Sweden, with registered branch[1] offices in Hong Kong, Oslo and London and representative offices in Piraeus and Tokyo.

The Club is owned and controlled by its members, the policy holders. Mutuality means that the Club's interests are identical to the collective interests of the members.

The registered legal business name is Sveriges Ångfartygs Assurans Förening and its secondary registered name is The Swedish Club.

The Swedish Club is registered and domiciled in Sweden and licensed by the Swedish financial supervisory authority (Finansinspektionen) to carry out the following classes of non-life insurance:

6. Ships
12. Liability for ships
17. Legal expenses

The Club's insurance classes are all classified under the line of business for Marine, Aviation and Transport (MAT) according to the Solvency[2] regulation.

Finansinspektionen's contact details can be obtained from its website: www.fi.se and it can be contacted directly at Brunnsgatan 3 in central Stockholm or by phone on +46 8 408 980 00.

The Club's external auditors are PwC, SE-113 97 Stockholm, Sweden.
Visiting address: Torsgatan 21, Tel: +46 10 213 30 00, Website: www.pwc.se

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club. Hydra is a segregated accounts company incorporated under the laws of Bermuda in which each member of the International Group of P&I clubs (IG) is an account owner. Hydra's assets are segregated in separate cells in such a way that they can only be used to satisfy the liabilities of the 'owning' Club.

The Club have two subsidiaries; The Swedish Club Hong Kong limited, which principal tasks are to provide for client liaison and advisory services in Asia; and The Swedish Club Academy AB which is an associated company which is 50 % owned by the Club.
The Swedish Club Academy AB provides a training programme, maritime resource management (MRM), for ship's officers, engineers, pilots and shore-based personnel. The aim is to increase knowledge about human behaviour, capabilities and limitations and to safeguard

[1] Appendix I provide more information for each branch
[2] Solvency II is the prudential regime for insurance and reinsurance undertakings in the EU with the aim to ensure the adequate protection of policyholders and beneficiaries. Solvency II is an economic risk-based approach, which should enable the assessment of the "overall solvency" of insurance and reinsurance undertakings through quantitative and qualitative measures.

positive attitudes to safety and teamwork. MRM is generally accepted to be the most efficient framework of improving crew cooperation and minimising the risk of accidents.

The Club writes insurance with members domiciled in several countries. The most important markets by premiums and policyholders' country of domicile are shown in the table below.

Market, amounts in million	%	SEK	USD
China	21%	361	41
Greece	19%	335	38
Germany	13%	220	25
Singapore	9%	162	19
Sweden	5%	92	11
Hong Kong	5%	87	10
Norway	5%	80	9
Other countries	24%	411	47
Gross premiums written		**1,748**	**201**

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club. The regulatory reported figures for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the statutory accounts.

Credit rating
The annual credit valuation of The Swedish Club, carried out by Standard & Poor's, resulted in an unchanged rating of A- (negative outlook) which was made public in January 2022. Also, the credit rating agency A.M. Best confirmed the rating of A- (negative outlook).

Prospects for 2022
2021 was a year where, despite the continued spread of the COVID-19 virus, the economies of most countries recovered from the negative outcome of 2020 stemming from the initial outbreak of the pandemic. The conditions for further global economic recovery in 2022 were, before the war in Ukraine escalated in February 2022, assessed as relatively favourable. The consequences of the war are now, early in 2022, difficult to evaluate and constitute great uncertainty regarding assessment of economic development. The investment portfolio of the Club had an immaterial exposure to Russian and Ukrainian assets at that time. The Club diligently monitors imposed sanctions on Russia and ascertains compliance.

For 2022, the Club will be prioritising price recovery above volume growth. We anticipate that the total claims cost for 2022 will be significantly lower than 2021, which stood out as an unusual year with seldomly occurring concurrency of large claims. The year of 2022 has started out with softer equity markets and rising interest rates, which has weakened the conditions for the Club's investment activities. We expect the rate of favourable development in stock markets experienced during 2021 to taper off during 2022.

Our assessment is that the Club's relative competitive strength will stand, and strong financial position provides resilience and offers comfort to business partners and members.

To further strengthen its competitiveness and market offering the Club is preparing to open branch offices in Singapore and Hong Kong.

Judged by the level of reported claims, insurance activities have developed in line with plan during the start of the year.

A.2 Underwriting performance

Amounts in million, net of reinsurance	2021 SEK	2020 SEK	2021 USD	2020 USD
Premiums earned (A)	1,329	1,256	150	135
Claims incurred (B)	-1,455	-1,251	-163	-139
Net operating expenses (C)	-260	-258	-31	-27
Combined ratio (B+C)/A	129 %	120 %	129 %	123 %
Underwriting result	-386	-224	-44	-28

Total premiums net of reinsurance amounted to USD 150 (135) million. Compared to previous year Marine increased net premiums with 18 %, while Energy, P&I and FD&D together increased approximately 5 %.

During 2021, the industry experienced an unusually high number of P&I insurance claims, which were also of high severity, throughout the world.

During the year, there were 48 claims reported (whereof 11 through the IGP&I pool) in excess of USD 0.5 million. In 2020, there were 37 such claims (whereof 11 through the IGP&I pool). For 9 (7) of the claims (whereof 1 and 0 respectively through the IGP&I pool), the cost before reinsurers' share amounted to more than USD 2 million.

The total costs for net claims incurred was USD 163 million, which corresponds to 109 (103) % of earned premiums, net of reinsurance.

Net operating expenses were in line with budget.

The underwriting result USD -44 (-28) million includes transferred investment income which is not part of the combined ratio.

Normally a part of the investment income is reallocated to insurance activities based on a calculated interest rate on the float generated during the period between premium payment and claim payment. The interest rate used corresponds to the United States 1-year bond yield at the beginning of the year. For 2021, the rate was 0.1 (1.6) %. The transferred investment income amounted to USD 0 (3) million.

Parts of the pool P&I reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is partly owned by the Club.

The reported figure for claims incurred, includes the changes in the value of Hydra. This is booked as change in other technical provisions in the statutory accounts. Changes in other technical provisions amounted to USD -6 (-2) million.

A.3 Investment performance

Amounts in million	2021 SEK	2020 SEK	2021 USD	2020 USD
Quoted shares	136	87	14	12
Interest-bearing securities	41	125	3	16
Other financial income and expenses	-4	-1	-1	-0
Forward exchange agreement	-27	27	-3	3
Gains/Losses on foreign exchange, net	126	-220	-3	3
Financial result	273	19	10	34
Total return	4 %	7 %	3 %	8 %

The Club's primary objective is to identify an acceptable risk level from which it can maximize long-term investment returns, while at the same time matching technical provisions in terms of currency and duration.

At the end of 2021, the value of the Club's investments amounted to USD 391 (397) million, of which 79 (79) % consists of interest-bearing securities, 21 (20) % is equity funds and 0 (1) % is forward exchange agreements. The Club sign hedge contracts to improve the predictability related to currency exchange rates fluctuations in the USD accounting.

The financial result, including exchange rate differences amounted to USD 10 (34) million. The result from interest-bearing securities was USD 3 (16) million. The result for quoted shares amounted to USD 14 (12) million and the result for other financial income and expenses amounted to USD -1 (-0) million. The result for forward exchange contracts was USD -3 (3) million. The valuation of investment assets into USD resulted in exchange profits USD -2 (2) million. Other exchange differences amounted to USD -1 (1) million.

The total return on investments was 3 (8) %.

Gains and losses recognised directly in equity

No gains and losses are recognised directly in equity.

Investments in securitisation

jThe Club does not have any direct investments in securitisation assets.

A.4 Performance of other activities

No other material income or expenses have been incurred over the reporting period.

A.5 Any other information

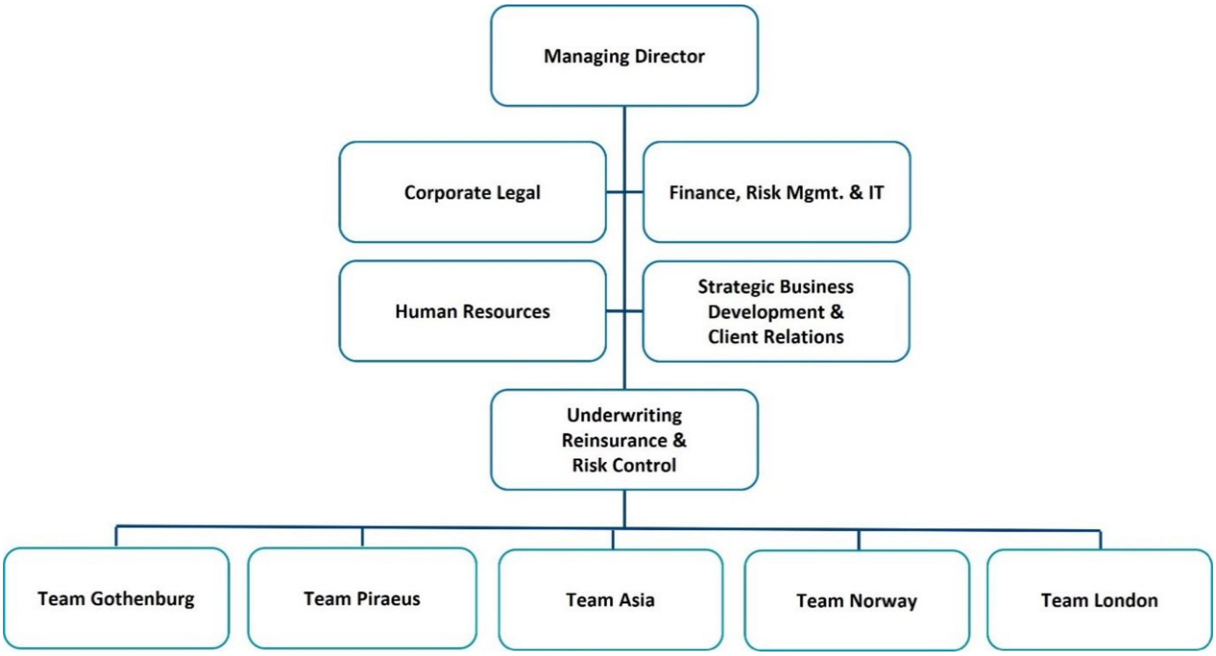
During the year, an insurance licence application was filed with the Monetary Authority of Singapore with the aim to establish a branch in 2022

There are no other significant events in respect to the business or performance of the Club during 2021.

B. System of governance

B.1 General information on the system of governance

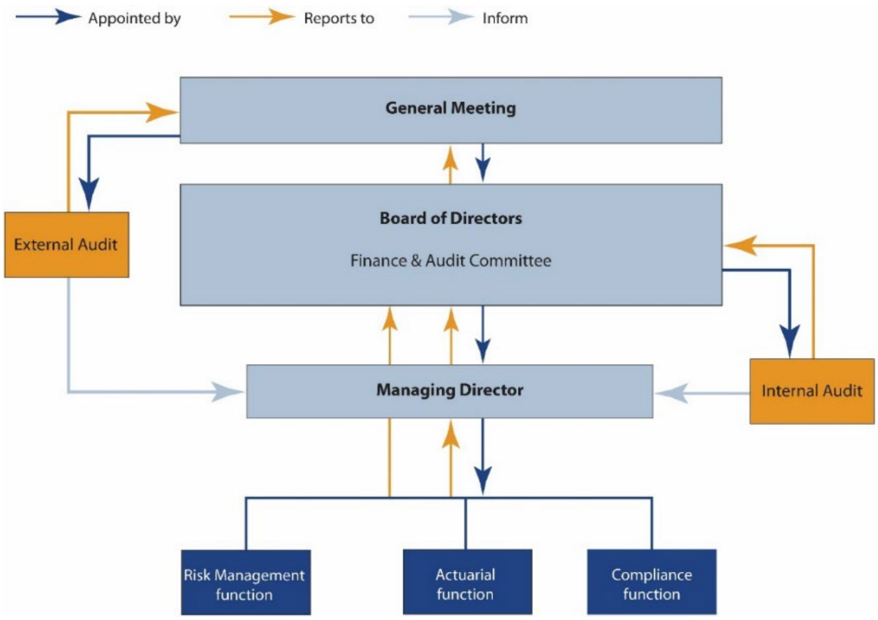
The Club’s organisation is illustrated as follows:



The duties and responsibilities within the organisational structure is defined in the Club’s management system[3].

[3] The management system covers directives set out by the Board; policies and working instructions set out by the Club’s management; and responsibilities and authorities for each individual. It also describes key processes.

The figure below illustrates important information flows and responsibilities.



Effective internal control is a condition for sound and prudent management of the Club. The internal control within the organisation is exercised through three levels. The first level is carried out by the operational functions. The second level is independent from the operational function and consists of the risk management function, the actuarial function and the compliance function. The third level, which is independent from all other functions, is the function for internal audit. The internal auditor is appointed by the Board.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They shall ensure that all the employees in the department are familiar with guidelines and instructions in the management system and all applicable rules and regulations. Managers shall control and follow up compliance within their area of responsibility and take corrective action in case of non-compliance. Managers are also responsible to inform the risk management function, the actuarial function, the compliance function and the internal audit function of any circumstance that may be relevant for the performance of their respective duties.

The Annual General Meeting (AGM) is the highest authority where all the Club’s members. It elects the members can exercise their voting rights. The AGM elects the members of the Board and members of the Club’s Election Committee, approves the annual accounts, appoints external auditors and deals with any other business duly referred to it.

The Board of Directors has the ultimate responsibility for the Club’s business operating in accordance with applicable laws and regulations. The Board decides on the Club’s strategic direction and establishes directives and instructions, as well as ensuring that appropriate internal instructions for risk management and risk control exist.

The Board continuously monitors the Club's operations, financial performance and asset management. The Board shall have regular interaction with any committee it establishes as well as with the management team and other key functions. The Board shall request information proactively and challenging it when necessary. The duties and responsibilities of the Board are set out in its working procedures. The Board consists of 24 members including two staff representatives.

The Club's Election Committee proposes new board members, and members to the election committee, to the AGM for election of Board members. The committee also proposes remuneration to board members. The Election Committee shall comprise of four members including the managing director ex officio.

The Finance & Audit Committee is a committee of the Board. The Committee's task is to serve as a link between the Board, management and the auditors regarding financial matters and preparing matters to enable the Board to make well-informed decisions. It further reviews recommendations and provide feedback to management on key areas, such as changes in investment allocation, auditing, compliance and premium collection. The Committee supervises the performance of the investment operations and decide on investment allocations within limits stated in the Club's investment directive. The Finance & Audit Committee consists of seven members appointed by the Board, including the managing director and director of finance ex officio.

No material changes in the system of governance have taken place over the reporting period.

B.1.1 Remuneration policy

Each year, the Board reviews and adopts a directive establishing the Club´s remuneration policy. Before the adoption of the remuneration directive a risk analysis of the implications of the remuneration system proposed was considered by the Board. The result of the risk analysis performed was that the Club's remuneration policy does not involve any tangible risks and that conflicts of interest when determining the remuneration are avoided through the use of different levels of authority where decisions on remuneration are made. The assessment is based primarily on the conclusion that the policy supports The Club's long-term interests, that it promotes effective risk management and discourages excessive risk taking.

<u>Remuneration model and criteria for variable remuneration</u>

Fixed monthly salary is the primary source of remuneration. Variable remuneration is used as a supplement to the fixed salary, and it is either collective or individual. The variable remuneration is meant to stimulate or reward performance that is exceptional and promotes the Club's long-term interests. The Board may suspend payment of variable remuneration if it feels that there are exceptional circumstances and that such payment would be inappropriate, or that it would be contrary to the Club's interests. Senior management may suspend or reduce the bonus payment to an employee if the employee fails to comply with the rules and regulations or has other behavioural issues. Variable remuneration payments are only made in cash.

<u>Collective variable remuneration</u>

The collective remuneration is a bonus that is based on the result criteria Combined Ratio and Required return on capital. The Club's potential total bonus amounts to 20 % of the surplus after consideration for the return on capital requirement, which is an amount decided by the Board. The maximum bonus amount, however, is limited to 10 % of the Club's gross annual payroll amount, including social security expenses and employer's contributions. The maximum bonus amount per individual is limited to 10 % of his or her gross annual salary.

Individual variable remuneration

The individual variable remuneration is a bonus based on performance and results. All employees may qualify themselves for this bonus, but the decision is made by the Board for senior executives. Remuneration to employees who work with compliance or in the control function is to be based on their performance on regulatory compliance, internal control or risk control and it should be independent of the work areas that they control.

Individual bonuses may not exceed 3 % of the employee's gross annual salary. Neither may the Club's total payments for individual bonuses exceed 2 % of the Club's total annual gross payroll amount.

Pensions and similar remuneration

The pension obligations are comprised of pension plans that are regulated through collective agreement and national insurance laws. The obligations consist of both defined contributions and defined benefit plans. For defined contribution plans, pension costs consist of the premium paid for securing the pension obligations in life insurance companies. The Club's pension plans for collective pension agreements are guaranteed through insurance agreements.

B.1.2 Related-party transactions

With the exception of what is required by insurance contracts, there are no related party transactions with Board members. Neither are there any related party transactions with senior executives of the Club. The Club maintains a register over all contracts between the Club and its Board members. None of those contracts in 2021 were of such a nature that they should have been included in the Club's Register of Disqualification.

B.2 Fit and proper requirements

The Club's Fit & Proper requirements are:

- Formal qualifications, knowledge and experience within the insurance sector, other financial sectors or other relevant sectors or businesses
- In the event duties are to be allocated to a person having a function within the Club that require knowledge within any of the following areas, the person must have adequate skills within that area. The areas are: accounting, actuarial issues, corporate management, business strategy and business models, system of governance and regulatory framework
- Honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect.

Processes to verify the fit & proper requirements:

Election of board members

The process for proposing board members for election at the AGM is managed by the Election Committee. This committee shall meet at least once per year.

The committee shall assess prospective Board members with respect to the above fit & proper requirements before a proposal is put forward to the AGM. When making a nomination the committee shall ensure that there is an appropriate diversity within the Board of qualifications, knowledge and relevant experience in the following areas:

- Shipping
- Insurance and financial markets
- Business strategy and business models
- System of governance
- Financial and actuarial analysis
- Regulatory framework and requirements

The committee shall also verify that there is no conflict of interest between the appointment to the Club's Board and the candidate's other engagements.

The committee shall document its work including its assessments.

Employment of the managing director

The Board shall assess the prospective managing director with respect to the above fit & proper requirements. The assessment shall be documented.

Employment and continuing fit & proper verifications of Persons Having Key Functions

The director human recourses and the director corporate legal shall assess persons having key functions with respect to the above fit & proper requirements. The assessment shall be documented.

Persons subject to the fit & proper requirements shall inform the Club about any change in circumstance that may have an adverse effect on the performed assessment.

The director human recourses and the director corporate legal shall perform annual fit & proper verifications of persons having key functions. The verifications shall be documented.

Reporting

The director corporate legal is responsible for reporting the outcome of the fit & proper assessment to the Swedish financial supervisory authority as follows:

- Whenever a new Board member has been elected
- Whenever a new election committee member has been appointed
- Whenever a person having key function has been employed
- Whenever there has been a change in the Board's constitution, an assessment of that the Board as a collective fulfils the above stated diversity in qualifications, knowledge and experience.

B.3 Risk management system including the own risk and solvency assessment

Risk monitoring

The purpose of The Swedish Club's risk management system is to create and protect value for the members of the undertaking. The risk management system safeguards that the Club is operating within acceptable limits according to its risk appetite and tolerance limits.

The system is characterized by a holistic, integrated and top-down driven enterprise-wide risk management. The risk management is based on a risk culture shared by the entire organisation and using a common risk language. The risk management activities are executed through the risk management control cycle which involves the systematic identification, valuation, monitoring and reporting of all existing and emerging risks.

The risk management function is responsible for monitoring the Club's risk management system and reporting to the managing director, and in the event of major risk exposure, directly to the Board. The function is headed by a risk manager who is objective and free from undue influences from other functions and from the administrative, management or supervisory body. The risk management function reports to the Board twice per year.

Risk appetite, tolerance and key risk indicators

The Swedish Club has expressed its overall risk appetite in terms of quantitative tolerance levels in its Risk Tolerance and Solvency Directive approved by the Board. In order to be able to monitor whether the risk level for each risk category is within the agreed limits, so called key risk indicators, KRI, have been developed and are monitored. The key risk indicators are easily accessible and they are linked to the tolerance limits decided.

Risk Committee and Risk Owners

The Risk Committee is a forum which develops methods and procedures to be used in the operations in order to identify, assess, control, mitigate and report any existing or emerging risks which the Club is, or may be, exposed to in order to create and preserve value. The most important task for the Committee is to communicate these methods and procedures to the operations where the daily risk management is performed.

Each department, together with the risk management function, has appointed risk owners. The risk owners are responsible for coordinating the risk management activities on an operational level, i.e., the first line of defence. The responsibility of managing the risks lays on each individual dealing with these risks. This method leads to a truly holistic, value driven, top-down and integrated Enterprise Risk Management (ERM) process that involves the whole organisation.

An annual workshop dealing with risk identification, risk valuation and risk mitigation is carried out and led by the risk owners in each department. The workshop is facilitated by the risk management function and the findings and actions required to mitigate the risks are registered in the Club's web-based application called SCORR, Swedish Club Operational Risk Register.

Incidents or near misses are reported in SCIR, Swedish Club Incident Reporting, which every employee of the Club has access to.

The risk owners report annually to the risk management function on the risk management tasks.

The Own Risk and Solvency Assessment (ORSA) process

The Club has developed its own internal capital model, (ICM) for the purpose of quantifying its own risks. The ICM uses stochastic simulations to generate claims according to probability distributions, which are based on the Club's own historical outcomes and relevant external data. For the purpose of calculation of the market risk of the investment portfolio, an Economic Scenario Generator, ESG, is used.

The main assumption about the business development is the Club's most recent financial plan.

The ORSA of the Club is carried out at least annually in accordance with the Club's Directive for Own Risk and Solvency Assessment resulting in a written report which is approved by the Board and filed with Finansinspektionen.

The ORSA is an integral part of the Club's business strategy and business planning process. The result and the findings of the ORSA process are taken into account on an ongoing basis in the Club's strategic decisions.

The process begins with business planning and builds on input derived from the risk management process. The forward-looking requirement of own capital is calculated for the next 5 years.

The risk management function is responsible for the data quality of the parameters used in the model, i.e., that the data is complete, correct and relevant. Further, relevant stress tests, sensitivity analyses and reverse stress tests are carried out and reported to quantify the effect of these adverse scenarios on the Club's own funds.

B.4 Internal control system

The internal control system is designed to provide reasonable assurance regarding the achievement of objectives in the following three categories: Effectiveness and efficiency of operations; Reliability of financial reporting; Compliance with applicable laws and regulations.

The internal control within the organisation is secured through three levels. The first level of internal control is carried out by the operational functions. The second and third levels are independent of the operational functions. The second level consists of the risk management function, the actuarial function and the compliance function.

The third level is the internal audit. This function is fully independent and appointed by the Board.

Managers of an operational function or a geographical team are responsible for internal control and compliance within their area of responsibility. They make sure that the employees in the department are familiar with guidelines and instructions in the management system as well as all applicable rules and regulations. Managers shall control and follow-up compliance within their area of responsibility and take corrective action in case of non-compliance. The operational managers are also responsible for informing the risk management function, the actuarial function, the compliance function and the internal audit function of any circumstance that may be relevant for the performance of their respective duties.

The directive for compliance is reviewed annually by the Board and shall ensure that the Club continuously acts in compliance with the applicable laws, rules and regulations that apply to the Club's operation.

The compliance function consists of a compliance manager, a compliance control officer and compliance coordinators. The role of the compliance manager is to identify, estimate and reduce the risks related to non-compliance; monitor relevant legislation and changes in existing rules and regulations; provide support and advice to the organisation in respect of compliance matters; provide information and training in respect of rules and regulations when necessary; obtain compliance confirmation from responsible managers; support the business when new policies, routines and instructions are to be issued. The role of the compliance control officer is to create methods and routines for auditing compliance and to identify essential risks in the business related to non-compliance. The risk analysis is continually updated, and monitoring activities are conducted in accordance with the prescribed compliance plan. Control operations that have been carried out are reported to the Finance & Audit Committee. The role of the compliance coordinators is to assist in the compliance work in the operational functions.

B.5 Internal audit function

The internal audit function is fully independent and outsourced to an external auditing firm. The function evaluates the system for internal control, any other parts of the system of governance, the independence of the actuarial function, the employees´ remuneration policy, and reports its findings to the Finance & Audit Committee. The internal audit function is subordinated to the Board.

The audits are conducted in accordance with the prescribed audit plan as approved by the Board.

B.6 Actuarial function

The tasks of the Actuarial Function are governed by the Directive for the Actuarial Function.

The actuarial function is responsible for coordinating the calculations of the technical provisions, participating in the ORSA process and strengthening the Club's risk management system. The function also states an opinion on the overall underwriting policy and suitability of the reinsurance program.

The main task of the actuarial function is the coordination and the validation of the calculations of the technical provisions for both financial reporting purposes and for solvency calculations. The actuarial function is also responsible for making sure that only qualitative data is used in these calculations.

B.7 Outsourcing

The Club´s outsourcing policy ensures that outsourcing of critical or important functions or activities do not lead to any of the following:

a) Materially impairing the quality of the Club’s system of governance.
b) Unduly increasing the operational risk.
c) Impairing the ability of the supervisory authorities to monitor the compliance of the Club.
d) Undermining continuous and satisfactory service to members.

Management assesses whether a function or activity is critical or important and reports to the Board whenever outsourcing of a critical or important function or activity is considered and also when an agreement has been signed.

Currently, the Club has outsourced only one critical or important function: the internal audit function. The appointed service provider is the auditing firm KPMG in Sweden.

B.8 Any other information

No other material information is applicable.

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C. Risk profile

We distinguish between four main risk areas: underwriting risk, market risk, credit risk and operational risk. In the figures shown in the tables under this section are the results from the regulatory solvency calculations.

C.1 Underwriting risk

Underwriting risk is the uncertainty that future insurance claims stemming from current exposures cannot be covered by the Club's premium income and that the claims provisions are not sufficient to cover claims costs and loss adjustment expenses for incurred claims. The former risk is called premium risk and the latter risk is called reserve risk.

The Club's comprehensive reinsurance arrangements reduce the fluctuations in the claims results net of reinsurance and helps protect the Club from incurring losses that are associated with very large claims, including the aggregation of losses from multiple insured interests.

The accuracy of the premium models is monitored on a regular basis, by comparing the actual outcome per insurance class to the expected result. The same model is also used to simulate claims costs in the Club's internal capital model, which enables a consistent treatment of underwriting risk based on the capital requirements at all levels, i.e., from the company level down to the underwriting of an individual risk.

Reserve risk is associated with the uncertainty about the provisions for unpaid claims outstanding and the premium provision.

Amounts in million	2021 SEK	2020 SEK	2021 USD	2020 USD
Premium and reserve risk	915	714	101	87
Catastrophe risk	228	203	25	25
Diversification	-146	-127	-16	-16
Total underwriting risk	**996**	**790**	**110**	**96**

C.1.1 Premium risk

Premium risk is managed by careful risk selection. Potential members' vessels and the vessel management teams are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels have been charged.

The accuracy of the premium models is monitored on a regular basis, by comparing the actual outcome to the expected results. The same model is used to simulate claims costs in the internal capital model which leads to a consistent treatment of the underwriting risk.

The Club's reinsurance program reduces the variance of the claim costs net of reinsurance. This protects the Club from incurring large individual losses and aggregate losses.

C.1.2 Reserve risk

Reserve risk is the uncertainty about the provisions for claims incurred. The Club's claims handlers are instructed to assess the expected claims costs on a best estimate basis with a slight cautionary bias. This means that the final total claims cost is expected to be lower than the claims provisions.

The actuarial function performs reserve calculations at each year end while the finance department follows up the run-off result on a quarterly basis.

C.1.3 Risk concentration

Since the vessels insured by the Club are trading all over the world, the conventional definition of risk concentration, which is a consequence of the insured objects' geographical position, is not applicable. However, risk may accumulate as vessels may be insured for more than one insurance class. In these cases, the same incident can lead to claims in more than one main insurance class, also called clash claims. Based on how the different reinsurance protections have been set up, this could affect the allocation of claims costs between reinsurers and the Club. Clash claims primarily concern the insurance classes shown in the table below.

	Vessels	HM[1)]	P&I[2)]	LH[1)]	Interest[1)]
Four classes	180	X	X	X	X
Three classes	17	X	X	X	
	508	X	X		X
	727	X		X	X
	0		X	X	X
Two classes	64	X	X		
	60	X		X	
	2,405	X			X
	0		X	X	
	0		X		X
	0			X	X
Vessels by class of insurance		4,809	1,582	1,081	3,841
Total number of vessels		5,740			

[1)] *Incl. Energy risks* [2)] *P&I Owners*

The table shows the concentration of insurance classes per vessel as of 31 December 2021: 3 % of vessels were exposed to four insurance classes, 22 % to three classes and 44 % to two classes.

The top five largest members and brokers in terms of gross annual premium are shown below. The numbers represent the total of affiliated companies, i.e., operations owned by the same parent are consolidated.

	Share of gross annual premium
Member 1	4 %
Member 2	2 %
Member 3	1 %
Member 4	1 %
Member 5	1 %

	Share of gross annual premium
Broker 1	9 %
Broker 2	5 %
Broker 3	4 %
Broker 4	4 %
Broker 5	3 %

C.2 Market risk

Market risk means the risk of loss or risk of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Market risk is measured by the impact of movements in the level of financial variables such as stock prices, interest rates and exchange rates. The Market risk of the Club is composed of interest rate risk, equity risk, spread risk, concentration risk and currency risk.

The Club's investments are made within the framework of the *Directive for Investments* continuously reviewed by the Finance & Audit Committee and established at least annually by the Board of Directors. The Club's investments are managed with the support of Mercer Global Investment through well diversified funds. All new funds must be approved by the Finance and Audit Committee.

The investment directive defines the following: responsibilities; benchmarks; rating and liquidity requirements on bond holdings; regulatory and liquidity requirements on equities; limitations regarding alternative investments and derivatives; cash counterparty limits; requirements on custodians; risk tolerance calculation methodology and risk limits; and, reporting and follow-up procedures and responsibilities.

The performance of the Club's investments is monitored continuously and summarised monthly. The market risk is calculated monthly by using a value at risk model with a time horizon of 12 month and confidence level of 99.5 %, i.e., 1-in-200 level. The result of the model along with the results from the regulatory stress tests are reported to the Finance and Audit Committee.

The Club´s exposure to changes in interest rates stems from funds of interest-bearing assets and from the Club's liabilities, i.e., the cash flow of future payments which are valued on a discounted basis using the actual yield curve for US government bonds. The structure of the portfolio is such that it matches the duration of the interest-bearing assets with the duration of the liabilities to the extent possible.

Spread risk refers to the risks that arise from changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure.

The investment portfolio has a composition intended to match the currency exposure of the insurance operations. Consequently, there are investments denominated in USD and EUR in amounts reflecting the calculated exposures to USD and EUR respectively with regard to claim costs.

Concentration risk in the investment portfolio is captured by the look-through process applied in the regulatory solvency calculations by grouping the portfolio positions according to single name exposures.

The table below shows the distribution of the asset categories in Collective Investments Undertakings as per 31 December 2021.

Asset category	Current allocation
Equity	21 %
Fixed income	79 %

The asset allocation mentioned above includes derivatives which may be used in the investment portfolio for the purpose of rearranging the exposures. Outside the investment portfolio currency contracts are used for the purpose of hedging SEK operating expenses, the value of these currency contracts is shown in the balance sheet as Derivatives.

The table below show the development of the market risks compared to last year. The increase in capital requirement for market risk was driven by increased size of the investment portfolio and, to some extent, increased allocation to high-yield securities.

Amounts in million	2021 SEK	2020 SEK	2021 USD	2020 USD
Interest rate risk	68	93	7	11
Equity risk	375	252	41	31
Spread risk	241	237	27	29
Concentration risk	-	-	-	-
Currency risk	51	82	6	10
Diversification	-136	-166	-15	-20
Total market risk	**599**	**498**	**66**	**61**

C.3 Credit risk

The credit risk (also referred to as counterparty default risk) is defined as the risk of loss due to default of the Club's counterparties and debtors over the forthcoming twelve months. It includes risk-mitigating contracts, such as reinsurance arrangements and receivables from intermediaries and members.

The Club's exposure to counterparty default is dominated by the receivables from 21reinsurance contracts, including the risk mitigation effect of hypothetical catastrophe scenarios, due to the extensive reinsurance program described in section C.7.
Other exposures consist of receivables from members and received guarantees from other P&I Clubs, major insurance companies and banks.

Amounts in million	2021 SEK	2020 SEK	2021 USD	2020 USD
Counterparty default risk	119	89	13	11

C.4 Liquidity risk

Liquidity risk is the risk of loss arising from a situation where (1) there will not be enough cash to meet the needs of paying insurance claims on time, (2) sale of illiquid assets will yield less than their fair value, or (3) illiquid assets will not be sold at the desired time due to lack of buyers.

The Club seeks to ensure that a suitable level of liquid assets is held to cover all future liabilities as they fall due. There is little liquidity risk in the short term of the Club becoming short of cash funds, since the majority of the assets in the investment portfolio can be converted to cash within a few days. In addition, the Club is not dependent on financing from capital markets. With the current setup, the capital requirement for liquidity risk is considered to be immaterial.

C.5 Operational risk

The Club is exposed to a number of different types of operational risk. In order to assess these risks, the whole organisation participates in annual self-assessment activities. The aim with these activities is to identify, measure and mitigate or eliminate these risks.

Important operational risks also include risks that can arise in conjunction with a catastrophic scenario, such as an office fire, IT systems breakdown, a lengthy power failure, etc. The Club has an established contingency plan for such situations which is reviewed annually.

Amounts in million	2021 SEK	2020 SEK	2021 USD	2020 USD
Operational risk	96	71	11	9

C.6 Other material risks

No other material risks necessary for disclosure have been identified.

C.7 Any other information

C.7.1 Risk strategies and procedures

In this section the risk management strategies and procedures are described for each of the above-mentioned risk areas.

Premium risk

Effective management of underwriting risks is fundamental to the Club’s operations. Potential member’s vessels and management team are thoroughly reviewed prior to acceptance. Rating systems and premium models are used to ensure that correct premium levels are charged.

The Club maintains an internal model for pricing insurance risks. The model is also used for simulation of claims costs in the Club’s internal capital model, ICM. This enables a consistent treatment of underwriting risk based on the capital requirements at all levels, i.e., from the company level down to the underwriting of the individual risks.

The model is calibrated regularly by updating the parameters used according to the observed outcome.

In order to increase diversification and avoid large claims the Club’s strategy is to accept smaller shares on the individual risks in the Marine as well as the Energy segment. The risk concentration is measured not only as the average percentage for own accounts but also in terms of number of vessels insured, their age, type and size, the last three of these being also premium arguments. The clash risk, i.e., the same event leading to claims in more than one business areas, is also monitored.

The Club's comprehensive reinsurance programs are designed to optimize the economic performance of the Club given its risk appetite and to protect the Club from the impact of catastrophic events as well as an accumulation of claims.

The Club re-assesses the effectiveness and appropriateness of its reinsurance structure once a year.

In section C.7.3, a number of adverse scenarios are described and have been developed to assess the Club's expected net loss if these scenarios were to materialise.

The risk transfer mechanism for the underwriting risk is further explained in section C7.2.

Reserve risk

Reserve risk is the uncertainty associated with the provision for unsettled claims and the provision for unearned premiums. When calculating the provision for unearned premiums, consideration is given to differences in risk exposures during the policy period.

Provisions for reported claims are based on individual assessments of the expected claim costs using the latest relevant information available. Provisions for unsettled claims must reflect the total liability, which includes claims handling costs, expected claims inflation and currency considerations. Issues arising from the claims assessment are discussed once a year within the Reserve Committee.

Incurred but not reported claims, IBNR, are calculated using adequate actuarial methods described in the Actuarial Directive. The uncertainty of the estimates at different levels of confidence are also calculated.

Run-off analyses are performed giving valuable information about possible over- or underestimation of the provisions.

Market risk

The Club's primary objective is to maximize its long-term investment returns given its risk appetite for market risk and matching the characteristics of the assets with those of the liabilities'.

The investment portfolio's currency mix and average duration plays thus an important role when matching the Club's assets and liabilities. The investment philosophy is based on risk diversification and investing primarily in assets with a high level of creditworthiness. In order to minimize and control risks, the Board of Directors has established an investment policy, the Investment Directive, which governs the Club's asset management. A model has been developed in order to stress the investments and measure the total value at risk. It is based on similar principles as those applied in the solvency regulation.

Counterparty default risk

The way the different types of counterparty risks, mentioned in section C.3. above, are managed depend on their characteristics. For example, reinsurance counterparties are selected and managed by monitoring of their external rating development, while monitoring receivables related to members rely on internal evaluations of financial viability.

Common for all counterparties is that the Club needs to assess each counterparty´s probability of default and monitor the exposure towards them at any time. Our aim is to minimize the exposures through timely calls for payments as soon as possible. The outstanding exposures are thoroughly monitored by designated Club personnel.

Counterparties' ratings are used as proxy for their probability of default. The Swedish Club rely on the ratings performed by the well-known rating institutions. However, an own assessment is also performed since the Club, together with the reinsurance brokers, is collecting relevant information in respect to the reinsurers throughout the year.

Minimum rating limits apply to the participating reinsurers, which means that no reinsurer may have a rating lower than A- (Standard & Poor's) or A3 (Moody's).

Operational risk

Operational risks might arise as a result of inadequate processes, human factors or ambiguous management practices. The Club has no risk appetite towards operational risk. The Club has a history of adequate documentation of critical activities via its quality systems, an operational risk register, SCORR, and an incident register, SCIR. This helps ensure that many undesired operational events are avoided.

C.7.2 Risk transfer mechanism

The Club has had a consistent reinsurance strategy for many years which uses both excess of loss, stop loss and quota share techniques for its risk mitigation.

For Marine & Energy, the Club purchases its own protection. This is based on long-term relationships with some of the world's leading reinsurance companies. For P&I, the reinsurance is based on the cooperation within the International Group of P&I Clubs, where claim costs between USD 10 million and USD 100 million are shared (the Pooling Agreement). To supplement this, the Group purchases reinsurance protection up to USD 3,100 million (Excess reinsurance programme). The International Group's joint reinsurance company is Hydra Insurance Group Ltd (Bermuda). It reinsures the Group's P&I pool claims for USD 70 million in excess of USD 30 million and part of the layer USD 650 million in excess of USD 100 million.

Parts of the pool, as well as parts of the reinsurance protection are covered by the captive company, Hydra Insurance Company Limited (Bermuda), which is owned by the Group's 13 members. Hydra is a protected cell company, which means that the assets and liabilities in each cell are legally separated from the other cells. Each of the 13 clubs owns one of the protected cells from which claims are paid and premiums received.

Hydra writes two reinsurance contracts for the clubs:

- 100 % of the coverage between USD 30 and 100 million.
- Maximum USD 100 million of the coverage between USD 100 and 750 million.

Our share of the business in Hydra is approximately 4 %. Further information about IG and its reinsurance scheme can be found at www.igpandi.org.

C.7.3 Stress testing and sensitivity analysis

In complement to the economic capital calculated by using the Clubs own internal capital model a number of adverse scenarios have been developed in order to assess the Club's expected net loss if these scenarios were to materialise. The tables in the following sections summarises the scenarios and their implications.

The below result of the stress test for underwriting risk is presented net of reinsurance.

#	Event type	Stress test scenario	1-Year Net Loss USD million
1.	High Severity Event	Single vessel catastrophic marine accident (High value vessel causing P&I overspill, and aggregation with Marine, incl. Sue & Labour)	17
2.		Two vessel collision (High value vessels, both entered for H&M and P&I with TSC)	30
3.		Two TSC entered vessels affected by natural disaster (A Tsunami or Windstorms destroying two vessels in port or at yard)[1]	30
4.		Energy total loss (MOU with TSC line above USD 10 million)	2
5.	Frequency Shift	Significant increase in incidents (20 % higher frequency than expected)	19
6.		More pool claims from TSC, (TSC's pool share increases by 3 %)	7
7.		Total Loss Model HM/IV increased by 100 %	6
8.	Claims Inflation	Significant shift in claims inflation (20 % higher severity than expected)	15
9.	Terror / War	Terror attack (Loss of 2 vessels with death/injuries)	3
10.		Piracy (Attack on tanker)	3

[1]Conservatively, it has been assumed that there are no (zero) previous losses from other claims counting towards the USD 8.5 million excess USD 1.5 million aggregate box cover in the year. Annual Aggregated Deductible (AAD) amounts to USD 26.5 million.

The following stress tests for the market risk have been modelled as isolated stresses. The scenarios are intended to reflect the potential impact on the total portfolio, under a range of forward-looking economic conditions.

Mercer have modelled Investment Grade (IG) and High Yield (HY) corporate bond shocks independently in stresses 4 and 5, enabling a more granular review and comparison of those areas driving risk.

The table below shows the high-level results of the stress test and scenario analysis performed by Mercer. Negative loss expectations represent real gains in portfolio asset values.

#	Stresses and scenarios	1-Year Portfolio Loss USD million
1.	Global equities decline (1-in-200 VaR)	35
2.	2.0 % parallel shift in yield curves	17
	Applied on the Matching[1] portfolio	*10*
	Applied on the Growth[2] portfolio	*7*
3.	25 % appreciation of USD in relation to other currencies	13
4.	5 % of IG corporate bonds and 5 % of government bonds below BBB- default (70 %) LGD, plus a 2 % spread increase	12
5.	5 % of HY corporate bonds default (70 % LGD)	1
6.	As scenario 5 + similar losses on Private Debt	2
7.	5 % increase in High Yield spreads	13
8.	1 % loss across active mandates	2
9.	'Stagflation'	30
10.	'De-Globalisation'	13
11.	'China/Emerging Markets Crisis'	26
12.	'Financial Crisis'	36
13.	'Faster Tightening'	9
14.	'Increased Tightening but at a slower rate'	-1

[1]The Matching portfolio consists of assets covering the technical provisions (54% of lowest risk assets)
[2]The Growth portfolio consists of the remaining portfolio that complements the Matching portfolio

The following table shows the stress tests for the credit risk and the operational risk.

#	Stress test scenario	1-Year Loss USD million
1.	10 % of outstanding reinsurance defaults (one or more reinsurers, representing 10 % of reinsurance recoverables default)	13
2.	10 % of members and clients default (A severe shipping downturn causes 10 % of members/clients to default)	1
3.	Significant corporate or operational risk event(s) (1-in-200)	7

The result of the stress testing and sensitivity analysis show that the Club is most sensitive to large fall in the equity market and large clash claims effecting several insurance policies.

The Club is aware of the need for an assessment of the climate change risks for the Clubs operations on both short-term end long term and plans to develop a framework for making such assessments.

D. Valuation for solvency purposes

D.1 Assets

Amounts in million	SEK		USD	
	Swedish GAAP	Solvency II	Swedish GAAP	Solvency II
Investment assets	3,533	3,533	391	391
Reinsurance recoverables	917	890	98	101
Receivables	1,346	1,346	149	149
Other assets	442	381	42	49
Total assets	6,238	6,151	680	690

The Club's investments are for Solvency II purposes valued at market value with the same principles used in the statutory accounts.

The reinsurance recoverables have, for solvency purposes, been discounted with the risk-free yield curve for US dollars given by EIOPA.

The difference in other assets is explained by deferred acquisition costs which are netted in the technical provisions for Solvency II but disclosed under deferred acquisition costs in the statutory accounts.

D.2 Technical provisions

D.2.1 Methodology of calculating the technical provision for Solvency II purposes

The best estimate is calculated separately for each of the following homogenous risk groups:

- Marine: Hull & Machinery and Energy
- FD&D: Freight, Demurrage & Defence
- P&I: Protection & Indemnity
- Pool claims

These risk groups have similar risk characteristics in terms of underwriting policy, claims settlement patterns, risk profile, product features, and expense structure and are also sufficiently so that a statistical analysis of the risks can be performed.

The best estimate of the premium provisions and the best estimate of the claims provisions are calculated separately for each homogeneous risk group.

The best estimate is the probability weighted average of future cash flows discounted with the risk-free yield curve for US dollars given by EIOPA. The probability weighted average future cash flows are calculated according to actuarial best practice and use several methods and techniques such as the development factor model, DFM, the Bornhuetter-Ferguson technique and the Cape Cod method. The accrual of the future cash flows is based on smoothed historical payment patterns obtained from the chain ladder method.

The risk margin is computed by calculating the discounted solvency capital requirement for all future run-off years, multiplied by the cost of capital level given by the regulator. In the calculation of the solvency capital requirement for each future run-off year the market risk, the premium risk and the counterparty risk, other than regarding reinsurance counterparties, are all assumed to be nil.

D.2.2 Reconciliation between the technical provisions presented in the statutory accounts and the technical provisions calculated on Solvency II basis

The tables below show the amounts of provision booked in the statutory accounts and the provisions calculated for solvency purposes along with the differences between these.

Amounts in SEK million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	463	449	-13
Claims provision	3,093	2,757	-336
Risk margin	-	175	175
Total	**3,556**	**3,382**	**-174**
Reinsurer's share			
Premium provision	41	40	-1
Claims provision	875	850	-25
Counterparty default adjustment	-	-1	-1
Total	**917**	**890**	**-27**
Net technical provisions	**2,639**	**2,492**	**-148**

Amounts in USD million	Swedish GAAP	Solvency II	Difference
Gross			
Premium provision	51	50	-1
Claims provision	342	305	-37
Risk margin	-	19	19
Total	**393**	**374**	**-19**
Reinsurer's share			
Premium provision	5	4	-0
Claims provision	97	94	-3
Counterparty default adjustment	-	-0	-0
Total	**101**	**98**	**-3**
Net technical provisions	**292**	**276**	**-16**

The difference between the provisions, net of reinsurance, calculated on solvency II basis and that booked in the statutory accounts amounts to USD 16 million i.e., the provision according to solvency II is lower than that shown in the statutory accounts.

There are five possible sources for the differences between the two regimes and these are:

1. Different valuation principles for calculating the premium provisions: The notion of unearned premiums does not exist in the solvency valuation. Instead, the premium provision described above is used. The effect of the different valuation principles used amounts to nil. This is due to the fact that the combined ratio assumed in the solvency II calculation of the premium provision is 100 % and thus the undiscounted premium provision equals the unearned premium reserve in the statutory accounts.
2. Prudence margin: In the statutory accounts it is allowed to use a prudence margin in contrast to the solvency calculations where such a margin is not allowed. This effect amounts to USD 28.2 million.
3. Discounting effect: The cash flows from the technical provisions calculated for solvency purposes are discounted with the risk-free yield curve for US dollars while the technical provisions shown in the statutory accounts are undiscounted. The discounting effect amounts to USD 7.5 million.
4. Counterparty default adjustment: Receivables from counterparties need to be adjusted for counterparty default. These effects both the reinsurer's share of premium provisions and the reinsurer's share of claim provisions. The effect of the adjustment amounts to USD 65 thousand. Due to this very low amount a zero value is shown in the tables below.
5. Risk margin: There is no risk margin in the statutory accounts while the risk margin is part of the technical provisions calculated on solvency basis. The risk margin amounts to USD 19.3 million.

The differences between the provisions, net of reinsurance, calculated on solvency II basis and that disclosed in the statutory accounts are grouped and summarised according to the source of differences in the table below:

Amounts in million	**Difference SEK**	**Difference USD**
Premium provisions	-	-
Prudence margin net claim provisions	-255	-28
Discounting of technical provisions	-68	-7
Counterparty default adjustment	-1	0
Risk margin	175	19
Total	**-148**	**-16**

The largest difference between the technical provisions is the prudence margin accounted for in the statutory statement and which amounts to USD 28 million.

D.2.3 Uncertainty associated with the value of technical provisions

Since the technical provisions are estimated by using different models based on historical outcomes of the claims development there are uncertainties associated with these estimates. These uncertainties have been calculated by using a so-called bootstrapping method which captures both process error (random variations) and parameter error (variations due to the uncertainty around the parameters used in the model). The results of these calculations show that the probability of the technical provision disclosed in the statutory accounts to be insufficient for the total payments for all claims incurred at the balance date on ultimo basis, i.e., for the whole run-off period, is estimated to 20 %.

D.3 Other liabilities

Amounts in million	SEK		USD	
	Swedish GAAP	Solvency II	Swedish GAAP	Solvency II
Pension benefit obligations	2	2	0	0
Deferred tax	86	104	10	12
Insurance & Intermediaries payables	206	206	23	23
Reinsurance payables	574	574	63	63
Payables (trade, not insurance)	6	6	1	1
Any other liabilities, not elsewhere shown	112	112	12	12
Total	**985**	**1,003**	**109**	**111**

The liabilities described above are all valued using the same valuation bases, methods and main assumptions for solvency purposes as in the statutory accounts. There are no material changes over the reporting period regarding these principles.

In the statutory annual accounts the Club recognised a net deferred tax liability (DTL) position of SEK 86 million. As an effect of Solvency II valuation adjustments, the net DTL recognised in the Solvency II balance sheet is SEK 104 million.

The revaluated items are specified in the table below with a tax rate of 20.6 % applied.

Amounts in million	SEK	USD
Statutory DTL	86.3	9.5
Elimination of intangible assets	-1.7	-0.2
Elimination of deferred acquisition cost	-10.8	-1.2
Recalculation of net technical provisions	30.4	3.4
Solvency II DTL	**104.2**	**11.5**

D.4 Alternative methods for valuation

The Club does not use alternative methods for valuation.

D.5 Any other information

No other material information is applicable.

E. Capital management

E.1 Own funds

The Club's objective is to maintain a solvency level that is within the limits defined in the Club´s Directive for Risk Tolerance and Solvency. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a single A Standard & Poor's capital value.

The directive sets out the Club's overall risk appetite, its quantitative tolerance levels, defines tolerance limits for each relevant and material category of risk and states the desired level of capitalization of the Club as a function of its own risk tolerance and business plans.

Core risks, i.e., insurance risks and market risks are monitored periodically. The time horizon of the business planning is 3 years, however, in the ORSA process a 5-year projection is used.

The Club has maintained sufficient capital to meet its minimum capital requirement throughout the period covered by this report.

Finansinspektionen has approved an application from the Club to use a method for determining ancillary own funds as tier 2 capital. The method is approved until 31 December 2024 and will after this date require a new approval. The maximum amount allowed can never exceed 50 % of the SCR.

The tier 2 ancillary own funds represent the ability for the Club to make an additional call for premiums. However, the probability for this to materialize is low.

The eligible amount of own funds, tier 1 and tier 2 capital, to cover the Solvency Capital Requirement is SEK 2,430 (2,434) million. The eligible amount of own funds to cover the Minimum Capital Requirement is SEK 1,759 (1,906) million and is comprised entirely of Tier 1 Basic Own Funds.

Following table explains the differences between the statutory accounts and the excess of assets over liabilities as calculated for solvency purposes.

Amounts in million	**SEK**	**USD**
Statutory equity and untaxed reserves	1,777	196
Prudence margin - net technical provision	255	28
Discounting effect - net technical provision	68	7
Risk margin - net technical provision	-175	-19
Intangible assets	-8	-1
Deferred acquisition cost	-53	-6
Deferred tax	-104	-12
Solvency II excess of assets over liabilities	**1,759**	**195**

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The table below shows the risk modules of the SCR calculation using the Standard Formula.

Amounts in million	SEK 2021	SEK 2020	USD 2021	USD 2020
Market risk	599	466	66	50
Counterparty default risk	119	124	13	13
Non-life underwriting risk	996	760	110	82
Diversification between risk modules	-366	-296	-40	-32
Operational risk	96	64	11	7
Loss-absorbing capacity of deferred taxes	-104	-116	-12	-12
Total SCR	**1,340**	**1,001**	**148**	**107**

The Club uses EIOPA's Solvency II Standard Formula. Simplified calculations for the standard formula computation is not used nor is Undertaking Specific Parameters (USP) used.

The amount of the Club's MCR at the end of the reporting period was SEK 437 million, corresponding to USD 48 million.

The inputs used to calculate the MCR are the best estimate net of reinsurance and the written premiums net of reinsurance in the last 12 months.

	2021	2020
Ratio of Basic own funds to SCR	1.31	1.80
Ratio of Eligible own funds to SCR	1.81	2.30
Ratio of Basic own funds to MCR	4.03	5.57

Since the Club´s dominating currency is USD the risk calculations in SEK between quarters can be heavily influenced by currency effects to a larger extent than if the calculations are carried out in USD. However, irrespective of reporting currency the solvency ratios are always the same due to the currency effects in the own funds.

E.3 Use of duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable to the Club.

E.4 Differences between the standard formula and any internal model used

No internal or partial internal model is used to calculate the Regulatory Capital Requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

As the Club has not faced any form of non-compliance with the MCR, or non-compliance with the SCR during the reporting period, or at the reporting date, no further information is included here.

E.6 Any other information

The directors do not consider that there is any further material information for the reporting period which should be disclosed rjegarding the capital management of the Club.

Appendix

Appendix I – Branch information

The Swedish Club Norway

The Norway branch is operating under Freedom of Establishment according to the European Economic Community (EEC) treaty.

The risk profile of *The Swedish Club Norway* is in general the same as described in section C of this report. Gross premiums 2021 amounted to USD 13.6 million and net claims outstanding as at 31 December 2021 amounted to USD 10.8 million. The branch is covered by the overall reinsurance contracts signed by the Club. The Norway branch fronts all the Club´s Energy business which include property insurance for Mobile Offshore Units (MOU) and Floating Production Storage and Offloading units (FPSO), for risk mitigation the Energy business use quota share reinsurance.

Contact details to Norwegian branch supervisory authority can be obtained from its website: www.finanstilsynet.no. The Norwegian branch external appointed auditor is PwC Oslo, Dronning Eufernias gate 8, 0191 Oslo, Norway.

The Swedish Club UK

In the context of Brexit the UK branch, which has been operating under Freedom of Establishment and entered the Temporary Permissions Regime (TPR) in the UK in 2020, will submit its Part 4A application to become a licensed Third Country Branch before 31 March 2022.

The risk profile of *The Swedish Club UK* is in general the same as described in section C of this report. Gross premiums 2021 amounted to USD 1.2 million and net claims outstanding as at 31 December 2021 amounted to USD 0.3 million. The branch is covered by the overall reinsurance contracts signed by the Club.

The Club's branch office activity in the UK is supervised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). Contact details to the supervisory authorities can be obtained from its website: www.bankofengland.co.uk/contact and www.fca.org.uk/contact.

Appendix II – Quantitative reporting templates

All monetary amounts in this appendix are in SEK thousands (regulatory reporting currency).

Disclosed templates for the Solvency and Financial Condition Report in accordance with Directive 2009/138/EC:

S.02.01.02	Specifying balance sheet information using the valuation in accordance with Article 75 of Directive 2009/138/EC,
S.05.01.02	Specifying information on premiums, claims and expenses using the valuation and recognition principles used in the financial statements
S.05.02.01	Specifying information on premiums, claims and expenses by country.
S.17.01.02	Specifying information on non-life technical provisions
S.19.01.21	Specifying information on non-life insurance claims in the format of development triangles. The amounts have been converted from USD to SEK as of the reporting date.
S.23.01.01	Specifying information on own funds, including basic own funds and ancillary own funds
S.25.01.21	Specifying information on the Solvency Capital Requirement calculated using the standard formula
S.28.01.01	Specifying the Minimum Capital Requirement for insurance and reinsurance undertakings engaged in only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	
Deferred tax assets	**R0040**	
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	4 798
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3 532 941
Property (other than for own use)	**R0080**	
Holdings in related undertakings, including participations	**R0090**	
Equities	**R0100**	
Equities - listed	**R0110**	
Equities - unlisted	**R0120**	
Bonds	**R0130**	
Government Bonds	**R0140**	
Corporate Bonds	**R0150**	
Structured notes	**R0160**	
Collateralised securities	**R0170**	
Collective Investments Undertakings	**R0180**	3 532 941
Derivatives	**R0190**	
Deposits other than cash equivalents	**R0200**	
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	
Loans and mortgages	**R0230**	
Loans on policies	**R0240**	
Loans and mortgages to individuals	**R0250**	
Other loans and mortgages	**R0260**	
Reinsurance recoverables from:	**R0270**	889 834
Non-life and health similar to non-life	**R0280**	889 834
Non-life excluding health	**R0290**	889 834
Health similar to non-life	**R0300**	
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	
Health similar to life	**R0320**	
Life excluding health and index-linked and unit-linked	**R0330**	
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	
Insurance and intermediaries receivables	**R0360**	1 342 336
Reinsurance receivables	**R0370**	3 989
Receivables (trade, not insurance)	**R0380**	
Own shares (held directly)	**R0390**	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	
Cash and cash equivalents	**R0410**	218 029
Any other assets, not elsewhere shown	**R0420**	158 611
Total assets	**R0500**	6 150 538

S.02.01.02

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	**R0510**	3 381 642
Technical provisions – non-life (excluding health)	**R0520**	3 381 642
TP calculated as a whole	**R0530**	
Best Estimate	**R0540**	3 206 979
Risk margin	**R0550**	174 663
Technical provisions - health (similar to non-life)	**R0560**	
TP calculated as a whole	**R0570**	
Best Estimate	**R0580**	
Risk margin	**R0590**	
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	
Technical provisions - health (similar to life)	**R0610**	
TP calculated as a whole	**R0620**	
Best Estimate	**R0630**	
Risk margin	**R0640**	
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	
TP calculated as a whole	**R0660**	
Best Estimate	**R0670**	
Risk margin	**R0680**	
Technical provisions – index-linked and unit-linked	**R0690**	
TP calculated as a whole	**R0700**	
Best Estimate	**R0710**	
Risk margin	**R0720**	
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	
Pension benefit obligations	**R0760**	1 739
Deposits from reinsurers	**R0770**	
Deferred tax liabilities	**R0780**	104 211
Derivatives	**R0790**	6 354
Debts owed to credit institutions	**R0800**	
Debts owed to credit institutions resident domestically	**ER0801**	
Debts owed to credit institutions resident in the euro area other than domestic	**ER0802**	
Debts owed to credit institutions resident in rest of the world	**ER0803**	
Financial liabilities other than debts owed to credit institutions	**R0810**	
debts owed to non-credit institutions	**ER0811**	
debts owed to non-credit institutions resident domestically	**ER0812**	
debts owed to non-credit institutions resident in the euro area other than domestic	**ER0813**	
debts owed to non-credit institutions resident in rest of the world	**ER0814**	
other financial liabilities (debt securities issued)	**ER0815**	
Insurance & intermediaries payables	**R0820**	206 061
Reinsurance payables	**R0830**	573 726
Payables (trade, not insurance)	**R0840**	5 784
Subordinated liabilities	**R0850**	
Subordinated liabilities not in basic own funds	**R0860**	
Subordinated liabilities in basic own funds	**R0870**	
Any other liabilities, not elsewhere shown	**R0880**	111 625
Total liabilities	**R0900**	4 391 143
Excess of assets over liabilities	**R1000**	1 759 395

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: **non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)**												Line of Business for:				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**						1 729 853											1 729 853
Gross - Proportional reinsurance accepted	**R0120**						18 258											18 258
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						375 208											375 208
Net	**R0200**						1 372 903											1 372 903
Premiums earned																		
Gross - Direct Business	**R0210**						1 687 030											1 687 030
Gross - Proportional reinsurance accepted	**R0220**						18 515											18 515
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						376 340											376 340
Net	**R0300**						1 329 205											1 329 205
Claims incurred																		
Gross - Direct Business	**R0310**						1 657 223											1 657 223
Gross - Proportional reinsurance accepted	**R0320**						16 469											16 469
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						266 536											266 536
Net	**R0400**						1 407 156											1 407 156
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						-48 086											-48 086
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						-48 086											-48 086
Expenses incurred	**R0550**						259 735											259 735
Other expenses	**R1200**																	
Total expenses	**R1300**																	259 735

S.05.02.01

Premiums, claims and expenses by country

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	R0010		NO					
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1 539 076	190 777					1 729 853
Gross - Proportional reinsurance accepted	R0120	18 258						18 258
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	330 448	44 760					375 208
Net	R0200	1 226 887	146 017					1 372 903
Premiums earned								
Gross - Direct Business	R0210	1 508 579	178 451					1 687 030
Gross - Proportional reinsurance accepted	R0220	18 515						18 515
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	330 196	46 144					376 340
Net	R0300	1 196 898	132 307					1 329 205
Claims incurred								
Gross - Direct Business	R0310	1 518 957	138 266					1 657 223
Gross - Proportional reinsurance accepted	R0320	16 469						16 469
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	267 232	-695					266 536
Net	R0400	1 268 194	138 961					1 407 156
Changes in other technical provisions								
Gross - Direct Business	R0410	-46 749	-1 337					-48 086
Gross - Proportional reinsurance accepted	R0420							
Gross - Non- proportional reinsurance accepted	R0430							
Reinsurers' share	R0440							
Net	R0500	-46 749	-1 337					-48 086
Expenses incurred	R0550	221 607	38 129					259 735
Other expenses	R1200							
Total expenses	R1300							259 735

S.17.01.02

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060						449 479 585											449 479 585
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						40 005 107											40 005 107
Net Best Estimate of Premium Provisions	R0150						409 474 478											409 474 478
Claims provisions																		
Gross - Total	R0160						2 757 499 466											2 757 499 466
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						849 829 253											849 829 253
Net Best Estimate of Claims Provisions	R0250						1 907 670 213											1 907 670 213
Total Best estimate - gross	R0260						3 206 979 052											3 206 979 052
Total Best estimate - net	R0270						2 317 144 692											2 317 144 692
Risk margin	R0280						174 663 183											174 663 183
Amount of the transitional on Technical Provisions																		
TP as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320						3 381 642 235											3 381 642 235
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						889 834 360											889 834 360
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340						2 491 807 875											2 491 807 875

S.19.01.21

Non-life Insurance Claims Information

Total Non-Life Business

Accident year / Underwriting year	**Z0010**	Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year												In Current year	Sum of years (cumulative)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**		**C0170**	**C0180**
Prior	**R0100**											30 314	**R0100**	30 314	30 314
N-9	**R0160**	452 072	681 194	279 652	148 437	148 335	68 506	-395 540	46 886	20 765	-218 395		**R0160**	-218 395	1 231 911
N-8	**R0170**	288 093	273 290	156 701	43 161	23 730	-18 047	-57	36 551	5 156			**R0170**	5 156	808 579
N-7	**R0180**	171 200	242 019	107 816	77 053	90 695	-11 320	20 819	4 491				**R0180**	4 491	702 773
N-6	**R0190**	515 451	453 493	129 120	65 423	19 838	11 798	27 512					**R0190**	27 512	1 222 635
N-5	**R0200**	413 308	258 742	141 146	144 348	80 232	-39 540						**R0200**	-39 540	998 237
N-4	**R0210**	330 929	363 804	102 771	69 059	64 238							**R0210**	64 238	930 801
N-3	**R0220**	306 743	273 639	119 292	95 875								**R0220**	95 875	795 548
N-2	**R0230**	289 755	361 074	115 004									**R0230**	115 004	765 832
N-1	**R0240**	367 931	362 356										**R0240**	362 356	730 288
N	**R0250**	599 473											**R0250**	599 473	599 473
												Total	**R0260**	1 046 483	19 072 043

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

		Development year												Year end (discounted data)
	Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**		**C0360**
Prior	**R0100**											-3 187	**R0100**	-3 096
N-9	**R0160**						34 027	-8 780	-22 368	-33 530	-12 695		**R0160**	-12 332
N-8	**R0170**					42 495	45 507	60 782	31 926	11 872			**R0170**	11 532
N-7	**R0180**				239 947	78 085	70 616	43 511	25 427				**R0180**	24 699
N-6	**R0190**			316 406	164 926	70 519	70 070	32 739					**R0190**	31 802
N-5	**R0200**		367 575	261 806	118 494	69 743	39 615						**R0200**	38 481
N-4	**R0210**	875 890	373 634	203 241	153 526	102 597							**R0210**	99 659
N-3	**R0220**	697 472	348 805	284 961	199 000								**R0220**	193 302
N-2	**R0230**	927 532	532 839	406 708									**R0230**	395 062
N-1	**R0240**	980 323	548 652										**R0240**	532 943
N	**R0250**	1 413 060											**R0250**	1 372 600
												Total	**R0260**	2 684 653

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	**R0010**					
Share premium account related to ordinary share capital	**R0030**					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**					
Subordinated mutual member accounts	**R0050**					
Surplus funds	**R0070**					
Preference shares	**R0090**					
Share premium account related to preference shares	**R0110**					
Reconciliation reserve	**R0130**	1 759 395	1 759 395			
Subordinated liabilities	**R0140**					
An amount equal to the value of net deferred tax assets	**R0160**					
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**					
Deductions						
Deductions for participations in financial and credit institutions	**R0230**					
Total basic own funds after deductions	**R0290**	1 759 395	1 759 395			
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**					
Unpaid and uncalled preference shares callable on demand	**R0320**					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	670 110			670 110	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**					
Other ancillary own funds	**R0390**					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	**R0400**	670 110			670 110	
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	2 429 505	2 429 505		670 110	
Total available own funds to meet the MCR	**R0510**	1 759 395	1 759 395			
Total eligible own funds to meet the SCR	**R0540**	2 429 505	2 429 505		670 110	
Total eligible own funds to meet the MCR	**R0550**	1 759 395	1 759 395			
SCR	**R0580**	1 340 220				
MCR	**R0600**	437 112				
Ratio of Eligible own funds to SCR	**R0620**	1,81				
Ratio of Eligible own funds to MCR	**R0640**	4,03				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	**R0700**	1 759 395	
Own shares (held directly and indirectly)	**R0710**		
Foreseeable dividends, distributions and charges	**R0720**		
Other basic own fund items	**R0730**		
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**		
Reconciliation reserve	**R0760**	1 759 395	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	**R0770**		
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**		
Total Expected profits included in future premiums (EPIFP)	**R0790**		

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	598 800		
Counterparty default risk	R0020	119 057		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	996 217		
Diversification	R0060	-365 851		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1 348 222		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	96 209
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-104 211
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1 340 220
Capital add-on already set	R0210	
Solvency capital requirement	R0220	1 340 220
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	**R0010**	437 112

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	**C0030**
Medical expense insurance and proportional reinsurance	**R0020**		
Income protection insurance and proportional reinsurance	**R0030**		
Workers' compensation insurance and proportional reinsurance	**R0040**		
Motor vehicle liability insurance and proportional reinsurance	**R0050**		
Other motor insurance and proportional reinsurance	**R0060**		
Marine, aviation and transport insurance and proportional reinsurance	**R0070**	2 317 145	1 417 472
Fire and other damage to property insurance and proportional reinsurance	**R0080**		
General liability insurance and proportional reinsurance	**R0090**		
Credit and suretyship insurance and proportional reinsurance	**R0100**		
Legal expenses insurance and proportional reinsurance	**R0110**		
Assistance and proportional reinsurance	**R0120**		
Miscellaneous financial loss insurance and proportional reinsurance	**R0130**		
Non-proportional health reinsurance	**R0140**		
Non-proportional casualty reinsurance	**R0150**		
Non-proportional marine, aviation and transport reinsurance	**R0160**		
Non-proportional property reinsurance	**R0170**		

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	**R0200**	

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	**C0060**
Obligations with profit participation - guaranteed benefits	**R0210**		
Obligations with profit participation - future discretionary benefits	**R0220**		
Index-linked and unit-linked insurance obligations	**R0230**		
Other life (re)insurance and health (re)insurance obligations	**R0240**		
Total capital at risk for all life (re)insurance obligations	**R0250**		

Overall MCR calculation

		C0070
Linear MCR	**R0300**	437 112
SCR	**R0310**	1 340 220
MCR cap	**R0320**	603 099
MCR floor	**R0330**	335 055
Combined MCR	**R0340**	437 112
Absolute floor of the MCR	**R0350**	38 448
		C0070
Minimum Capital Requirement	**R0400**	437 112