Solvency and Financial Condition Report

For the period 1 Jan – 31 Dec 2022

Sveriges Ångfartygs Assurans Förening
Reg.no. 557206-5265

Contents

Summary

<u>Introduction</u>

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 Company is USD since most revenues and claims related costs of the company 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 company's operations.

<u>Business and performance</u>

The Swedish Club (the Club) is in a supportive 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	**2022**	**2021**	**2020**	**2019**	**2018**
Eligible own funds (EOF)	2,522.3	2,249.5	2,434.4	2,776.8	2,490.8
Basic own funds, Tier 1 (BOF)	1,795.2	1,759.4	1,906.2	2,276.3	2,056.5
Ancillary own funds, Tier 2 (AOF)	727.1	670.1	528.2	500.5	434.4
Minimum capital requirement (MCR)	518.5	437.1	342.3	332.1	268.5
Solvency capital requirement (SCR)	1,454.3	1,340.2	1,056.5	1,001.0	868.7

USD million	**2022**	**2021**	**2020**	**2019**	**2018**
Eligible own funds (EOF)	241.7	268.6	297.3	298.0	277.7
Basic own funds, Tier 1 (BOF)	172.0	194.5	232.8	244.3	229.2
Ancillary own funds, Tier 2 (AOF)	69.7	74.1	64.5	53.7	48.4
Minimum capital requirement (MCR)	49.7	48.3	41.8	35.6	29.9
Solvency capital requirement (SCR)	139.3	148.2	129.0	107.4	96.8
Exchange rate USD/SEK	10.437	9.044	8.189	9.317	8.971

There was good revenue growth for the Club's insurance activities driven primarily by USD price increases and – when translated to SEK – as an effect of the weaker SEK currency rate. The result of investment activities was negative due to adverse developments in financial markets during the year. 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 2022, the outcome for the Club's Hull & Machinery insurance were more favourable than the outcome for Protection & Indemnity insurance. The Club has renewed its comprehensive reinsurance program for 2023.

The combined ratios of 2022, 2021, and 2020 measured in USD were 102 %, 129 % and 123 % respectively – the three-year average was 118 %. In the two years preceding 2022 the levels of claims outcomes were historically high for the Club and the industry, the 2022 outcome is better and in line with the long-term level.

The underwriting loss amounted to USD -3 (-44) million and including the financial loss of USD -39 (10) million the total result before appropriations and tax amounted to USD -42 (-34) million.

The solvency ratio, Eligible Own Funds (EOF) divided by the Solvency Capital Requirement (SCR), was 173 (181) % at the end of December 2022. The deterioration compared to previous year is mainly attributable to the decrease in basic own funds due to the negative financial result. The general increase in P&I premiums from 20 February 2023 and individual fleet adjustments are expected to improve the Club's results going forward.

Standard & Poor's changed its rating of The Swedish Club from A- to BBB+ in the late autumn of 2022. Shortly thereafter, in the beginning of 2023, AM Best confirmed its A-rating of the Club.

<u>System of governance</u>

In 2022, 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.

<u>Risk profile</u>

There have been no material changes to insurance or reinsurance undertakings. The operations and performance thereof have followed the Club's established business models. The Club´s increase in insurance risk exposure is due to premium growth. The asset allocation in the investment portfolio has changed significantly to reduce the market risk.

The material risks that the Club are exposed to are explained in section C.

<u>Valuation for solvency purpose</u>

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.

<u>Capital management</u>

In order to reduce the unfavourable impact of the negative financial results on eligible own funds and solvency ratio, the Club has reduced its investment risk exposures in the course of 2022.

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 företagets solvensposition, baserat på perspektiven i solvensregelverket. I andra aspekter kan årsredovisningen ge en ännu mer utförlig bild av företagets verksamhet.

Verksamhet och resultat

Sveriges Ångfartygs Assurans Förening (SÅAF) har en sund finansiell ställning. Det återspeglas i denna SFCR samt i företagets årsredovisning.

Utvecklingen av nyckeltal i solvenskravsberäkningen:

SEK million	2022	2021	2020	2019	2018
Medräkningsbara kapitalbasmedel (EOF)	2,522.3	2,249.5	2,434.4	2,776.8	2,490.8
Primärkapital, nivå 1 (BOF)	1,795.2	1,759.4	1,906.2	2,276.3	2,056.5
Tilläggskapital, nivå 2 (AOF)	727.1	670.1	528.2	500.5	434.4
Minimikapitalkrav (MCR)	518.5	437.1	342.3	332.1	268.5
Solvenskapitalkrav (SCR)	1,454.3	1,340.2	1,056.5	1,001.0	868.7

USD million	2022	2021	2020	2019	2018
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Minimikapitalkrav (MCR)	49.7	48.3	41.8	35.6	29.9
Solvenskapitalkrav (SCR)	139.3	148.2	129.0	107.4	96.8
Valutakurs USD/SEK	10.437	9.044	8.189	9.317	8.971

SÅAF har under året uppvisat god tillväxt i försäkringsverksamheten huvudsakligen genom prisökningar i USD och – uttryckt i SEK – som en effekt av den försvagade svenska kronan. Investeringsresultatet var negativt till följd av den negativa utvecklingen på finansmarknaderna under året. SÅAFs finansiella ställning har försvagats men solvenskapitalkravet har, trots detta, överskridits med god marginal. Under 2022 var utfallet för SÅAFs Hull & Machinery försäkring mera gynnsamt i jämförelse med utfallet för Protection & Indemnity försäkringen. För 2023 har SÅAF förnyat sitt omfattande återförsäkringsprogram.

Totalkostnadsprocenten för 2022, 2021 och 2020 mätt i USD, uppgick till 102 %, 129 % respektive 123 % och genomsnittet för de senaste 3 åren var 118 %. Under de två åren före 2022 var skadeutfallen på historiskt höga nivåer, både för SÅAF och för branschen som helhet, medan 2022 års utfall är i linje med den långsiktiga nivån.

Förlusten i försäkringsrörelsen uppgick till USD -3 (-44) miljoner och inklusive finans-resultatet på USD -39 (10) miljoner uppgick det totala resultat före bokslutsdispositioner och skatt till USD -42 (-34) miljoner.

Solvenskvoten mellan medräkningsbara kapitalbasmedel (EOF) och solvenskapitalkravet (SCR) uppgick till 173 (181) % vid utgången av december 2022. Nedgången jämfört med föregående år beror i huvudsak på minskningen av kapitalbasen till följd av årets negativa finansresultat. Den allmänna ökningen av P&I premierna från 20 februari 2023 och individuella justeringar av fartygsflottan bedöms förbättra SÅAFs försäkringsresultat framöver.

Standard & Poor's ändrade sin rating av SÅAF från A- till BBB+ under senhösten 2022. Kort därefter, i början av 2023, bekräftade AM Best SÅAFs A- rating.

Företagsstyrningssystem

Under 2022 har det inte skett några 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 ökning av försäkringsrisker förklaras av premietillväxt. Tillgångsallokeringen i SÅAFs investeringsportfölj har lett till en signifikant minskning av marknadsriskexponeringen.

De materiella riskerna som SÅAF 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.

Kapitalhantering

Med syfte att motverka det negativa resultatets inverkan på primärkapital och solvenskvot har SÅAF reducerat sina exponeringar mot investeringsrisker under 2022.

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

A. Business and performance

A.1 Business

The Swedish Club (the Club) is an independent, self-managed, mutual insurance association, headquartered in Gothenburg, Sweden, with registered branch[1] offices in Hong Kong, Singapore, 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 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 (H&M)
12. Liability for ships (P&I)
17. Legal expenses (FD&D)

The Company's insurance classes are all classified under the line of business for Marine, Aviation and Transport (MAT) according to the Solvency II[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 Company's external auditors are PwC, SE-113 97 Stockholm, Sweden.
Visiting address: Torsgatan 21, Tel: +46 10 213 30 00, Website: www.pwc.se

After receiving a local license in the autumn 2022, the Club commenced operations in Singapore. The office offers full service to members in Singapore and other Asian markets, including India, Japan, and Thailand.

The application for an insurance licence through the Hong Kong branch was delayed due to COVID and will be resumed during 2023. No insurance contracts have been issued through the branch in Hong Kong.

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 regulatory reported figures for claims incurred, includes the

[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.

changes in the value of Hydra. This is booked as change in other technical provisions in the statutory accounts.

The Club have two subsidiaries; The Swedish Club Hong Kong limited, which principal tasks are to provide for marketing, 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 capabilities and limitations and to safeguard 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%	468	49
Greece	19%	431	46
Germany	13%	253	26
Singapore	9%	243	25
Sweden	5%	129	13
Hong Kong	5%	97	10
Norway	5%	65	6
Other countries	24%	529	54
Gross premiums written		**2 215**	**230**

Credit rating

In January, the credit rating agency Standard & Poor's (S&P) confirmed the Club's rating "A- (negative outlook)". Later in the year, in October, S&P announced they had reassessed the Club's rating from "A- (negative outlook)" to "BBB+ (stable outlook)". The change mainly reflects the negative development in the financial markets, which yielded negative returns from the investment portfolio and thus negative development of the Club's free reserves. The Club's "A-"rating from AM Best remains unchanged (and was confirmed by AM Best in January 2023).

Prospects for 2023

The global economic outlook for the year altogether is particularly difficult to assess. This is so because the consequences of the war in Ukraine constitute great uncertainty to world economic development. The Club's insurance operations are not significantly affected by short-term economic fluctuations, but the impact on the asset management can be significant. As a result of the uncertainty, the Club has gradually reduced its investment portfolio's risk exposure during 2022.

For 2023, the Club prioritises continued price recovery over volume growth. We estimate that the total claim costs for 2023 will be below the volume-adjusted levels of 2022.

Initially, 2023 has started with positive developments on equity markets and slightly decreasing interest rates, which has been favourable for the Club's asset management.

Our assessment is that the Club's relative competitiveness will hold up well and the Club's strong financial position provides security for all of the Club's business partners and members. The Club's establishment of a branch in Singapore strengthens the association's competitiveness and market offering.

A.2 Underwriting performance

Amounts in million, net of reinsurance	2022 SEK	2021 SEK	2022 USD	2021 USD
Premiums earned (A)	1,721	1,329	169	150
Claims incurred (B)	-1,454	-1,455	-137	-163
Net operating expenses (C)	-331	-260	-35	-31
Combined ratio (B+C)/A	104%	129%	102%	129%
Underwriting result	-64	-386	-3	-44

Gross premiums written in 2022 amounted to USD 230 (201) million. The 14 % increase is explained by both a higher volume and price. The price increase is mainly driven from the P&I insurance and reflects higher claims cost levels and increased cost for reinsurance.

Following the deduction of outgoing reinsurance premiums totalling USD 58 (44) million, premiums written amounted to USD 172 (157) million. Earned premiums net of reinsurance, amounted to USD 169 (150) million.

Claims incurred net of reinsurance, amounted to USD 138 (158) million. Changes in other technical provisions amounted to USD 0.8 (-5.3) million. The total costs for net claims incurred correspond to 81 (109) % of earned premiums net of reinsurance.

During the year, there were 30 claims reported in excess of USD 0.5 million (whereof 7 from the IG pool system). In 2021, there were 48 such claims (whereof 11 from the IG pool system).

Operating expenses for insurance activities increased mainly due to broker commissions driven by higher premiums and amounted to USD 35 (31) million. In relation to earned premiums net of reinsurance, this level corresponds to 21 (20) %.

The balance on the technical account amounted to USD -3 (-44) million.

The combined ratio was 102 (129) %.

A.3 Investment performance

Amounts in million	2022 SEK	2021 SEK	2022 USD	2021 USD
Quoted shares	-123	136	-15	14
Interest-bearing securities	-197	41	-23	3
Other financial income and expenses	-3	-4	0	-1
Forward exchange agreement	-64	-27	0	-3
Gains/Losses on foreign exchange, net	240	126	-2	-3
Financial result	-148	273	-39	10
Total return	-10 %	4 %	-4 %	3 %

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 2022, the value of the Club's investments amounted to USD 350 (391) million, of which 85 (79) % consists of interest-bearing securities, and 15 (21) % equity funds. The Club sign hedge contracts to reduce risk for currency exchange rates fluctuations in the USD accounting.

The financial result, including exchange rate differences amounted to USD -39 (10) million. The result from interest-bearing securities was USD -23 (3) million. The result for quoted shares amounted to USD -15 (14) million. The result for forward exchange contracts was USD 0 (-3) million, miscellaneous financial income and expenses amounted to USD 0 (-1) million. Exchange differences from revaluation of insurance related items amounted to USD -1 (-1) million.

The total return on investments was -10 (4) %.

Gains and losses recognised directly in equity

No gains and losses are recognised directly in equity.

Investments in securitisation

The 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.

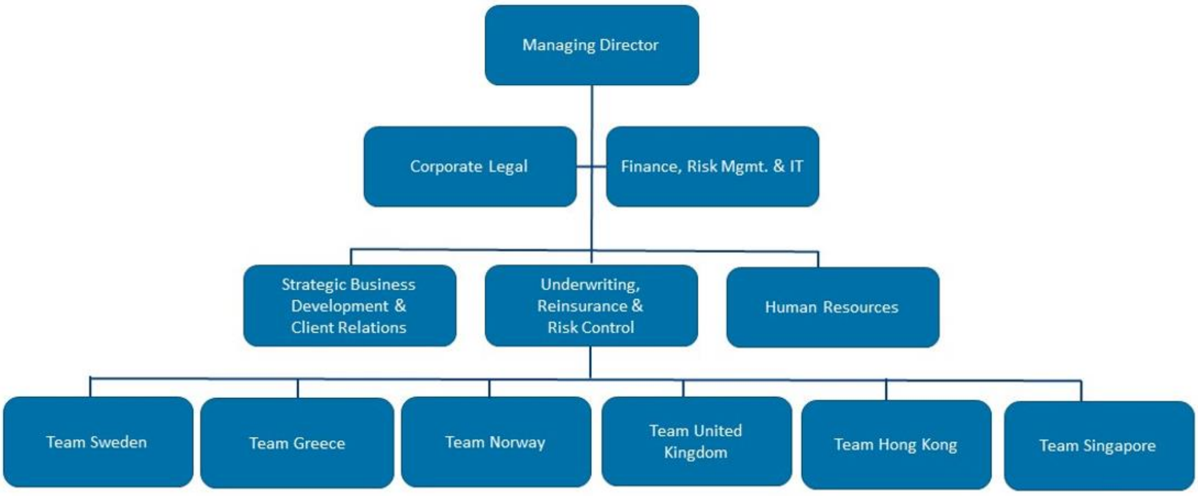
A.5 Any other information

During the year a branch was opened in Singapore and commenced operations in October.

B. System of governance

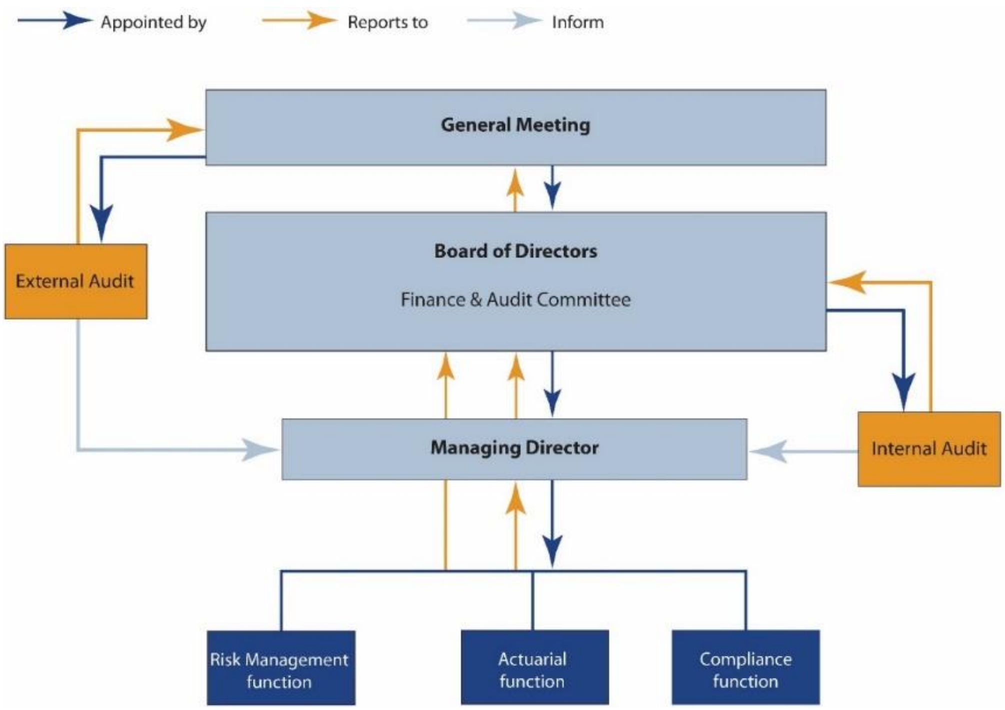
B.1 General information on the system of governance

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].

The figure below illustrates important information flows and responsibilities.



[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.

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 and consists of all the Club's members. It elects Board directors and members of the Club's election committee, approves the annual accounts, appoints external auditors, and deals with any other business duly referred.

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.

Remuneration model and criteria for variable remuneration

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.

Collective variable remuneration

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 2022 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 suitability requirements regulated in the Solvency II Framework and the Insurance Distribution Framework can be divided into two different sets of suitability requirements. The requirements in the Solvency II Framework covers a fit and proper assessment of persons in leading positions and key functions. This assessment shall be carried out internally and reported to the Swedish Financial Supervisory Authority, Finansinspektionen. The requirement in the Insurance Distribution Framework covers an assessment of good repute and insight and experience of persons in leading positions. This assessment shall only be carried out internally (no report to the Swedish Financial Supervisory Authority is necessary).

The Club's fit & proper requirements are:

1. Fitness in terms of qualifications, knowledge, and relevant experience within the following areas:
   - Shipping
   - Insurance and financial markets
   - Business strategy and business models
   - System of governance
   - Financial and actuarial analysis
   - Regulatory framework and requirements
2. Propriety in terms of honesty and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspect.

   The Club's requirement of good repute and insight and experience are:

1. Good repute in terms of:
   - Not appear in the register kept in accordance with the Swedish Criminal Records Act (1998:620) regarding certain serious property crimes or certain serious financial crimes (or an equivalent foreign act),
   - Not have debts exceeding SEK 100.000 which have been subject to enforcement by the Swedish Enforcement Agency, and

• Not, in the past five years, have an authorization or a registration revoked, or have been managing director or deputy managing director, board member or deputy board member of a legal entity that has had an authorization or registration revoked according to Chapter 9 Section 1 of the Swedish Insurance Distribution Act or Chapter 8 Section 1 of the Swedish Act on Insurance Mediation, or have been managing director or deputy managing director, or board member or deputy board member of such legal entity within six months before the revocation.

2. Have sufficient insight and experience to be able to fulfil the tasks and assignments that are attributable to the insurance distribution of the Club and have sufficient knowledge about the regulatory requirements, the Clubs' products and the role and function of the insurance market. The insight and experience must be at a level that is appropriate and adequate for the Clubs' business and insurance product distributed by the Club. At least one of the members of the Board or the managing director shall have relevant knowledge about the distribution legal framework

Processes to verify the suitability requirements:

<u>Election of board members</u>

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 suitability 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 required areas. 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.

<u>Employment of the managing director</u>

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

<u>Employment and continuing suitability verifications of key functions</u>

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 Election Committee member has been appointed.

• Whenever a person having a key function has been employed.

• Whenever a Board member or a person having a key function has been replaced because he or she no longer fulfils the fit and proper requirements.

• 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. 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 to identify, assess, control, mitigate and report any existing or emerging risks which the Club is, or may be, exposed to 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. To calculate 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 considered 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 always 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 directive 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 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 BDO in Sweden.

B.8 Any other information

No other material information is applicable.

C. Risk profile

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

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.

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.

Amounts in million	**2022 SEK**	**2021 SEK**	**2022 USD**	**2021 USD**
Premium and reserve risk	1,074	915	103	101
Catastrophe risk	259	228	25	25
Diversification	-167	-146	-16	-16
Total underwriting risk	**1,166**	**996**	**112**	**110**

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.

	No of vessels	Marine*	PI	FDD
Three classes	447	X	X	X
Two classes	327	X	X	
	51	X		X
	377		X	X
One class	4,355	X		
	397		X	
	134			X
No of Vessels	6,088			
No of Vessels per class		5,180	1,548	1,009

* Including Energy Risks

The table above shows the concentration of insurance classes per vessel as of 31 December 2022: 7 % of vessels were exposed to three insurance classes, 13 % to two classes and 80 % to one class.

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	2 %
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	5 %
Broker 4	4 %
Broker 5	4 %

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 regarding 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 2022.

Asset category	Current allocation
Equity	15 %
Fixed income	85 %

The table below show the development of the market risks compared to last year. The decrease in capital requirement for market risk was driven by reduced size of the investment portfolio and changed asset allocation.

Amounts in million	**2022 SEK**	**2021 SEK**	**2022 USD**	**2021 USD**
Interest rate risk	74	68	7	7
Equity risk	247	375	24	41
Spread risk	150	241	14	27
Concentration risk	-	-	-	-
Currency risk	51	51	5	6
Diversification	-123	-136	-12	-15
Total market risk	**399**	**599**	**38**	**66**

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.

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 reinsurance 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	2022 SEK	2021 SEK	2022 USD	2021 USD
Counterparty default risk	144	119	14	13

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 most 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 immaterial.

C.5 Operational risk

The Club is exposed to several different types of operational risk. To assess these risks, the whole organization 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	2022 SEK	2021 SEK	2022 USD	2021 USD
Operational risk	119	96	11	11

C.6 Other material risks

C.6.1 Climate change risks

Climate change risk is a significant component of environmental risk, which is in turn a part of sustainability risk. Climate change is caused by the accumulation of greenhouse gases in the atmosphere, primarily carbon dioxide from the burning of fossil fuels.

The consequences of climate change that might impact the Club's operations include rising temperatures, more frequent and severe weather events, and rising sea levels. The associated risks to climate change may be categorized in physical risks, transitional risks, and other climate related risks. These apply as well to the asset side of the balance sheet, i.e., investment assets and reinsurance recoverables being affected, as to the liability side of the balance sheet.

Identified physical risks are increased frequency and severity of extreme weather events, such as hurricanes, cyclones, and typhoons, which could result in increased claims for hull and machinery contracts. Rising sea levels and increased flooding could result in damage to ports, ships, and other marine infrastructure, leading to increased claims for hull and machinery, business interruption and third-party liability, P&I, contracts.

As countries transition towards a low-carbon economy, demand for fossil fuel transportation could decrease, which could impact the company's business of insuring ships and related third party liability. Increased regulation around carbon emissions and other environmental factors could result in increased compliance costs for shipping companies, which could impact the company's P&I business.

Some other climate related risks that could affect the Club's operations are reputational risk: If the company is seen as lagging its peers in addressing climate change risks, it could face reputational damage and potential loss of business; regulatory risk: Changes in regulation related to climate change could impact the Club's ability to operate, as well as its relationships with regulators.

C.6.2 Cyber risks

Concerning cyber risks, the Club has implemented a several layered, multi-functional system to secure its operations from both a technical perspective and a human perspective. We are doing our outermost to protect the organisations assets, systems, and our users from cyber-attacks.

These systems are constantly monitored with several warning systems in place. Incident response guidelines and disaster recovery plans are well defined and tested within reasonable intervals. We are continuously discussing with external partners and consultants to understand, improve and keep up the pace with the increasingly advanced external threats. Yearly assessment performed by our auditors are confirming that we are on the right track.

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.

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 several adverse scenarios are described and have been developed to assess the Club's expected net loss if these scenarios were to materialize.

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. 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 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 because 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). Hydra is owned by the Group's 13 members and is a so called 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 covers two reinsurance contracts for the clubs:

- 100 % of claims between USD 30 and 100 million.
- Maximum USD 100 million of claims cost between USD 100 and 750 million.

The Club's Hydra cell's share of 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 several adverse scenarios have been developed 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 results of the stress tests are presented below, 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)	18
6.		More pool claims from TSC, (TSC's pool share increases by 3 %)	7
7.		Total Loss Model HM/IV increased by 100 %	17
8.	Claims Inflation	Significant shift in claims inflation (20 % higher severity than expected)	20
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 have been modelled as isolated stresses, whilst the scenarios are intended to reflect the potential impact on the total portfolio under a range of forward-looking economic conditions.

Mercer has modelled Investment Grade (IG) and High Yield (HY) corporate bond shocks independently in stresses 4. and 5/6., 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 based on an investment portfolio composed according to the strategic asset allocation. 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)	28
2.	2.5% parallel shift in yield curves	18
	Applied on the Matching[1] portfolio	*17*
	Applied on the Growth[2] portfolio	*1*
3.	25% appreciation of USD in relation to other currencies	11
4.	5% of IG corporate bonds and 5% of government bonds below BBB- default with assumed 70% LGD, plus a 2% spread increase	10
5.	5% of HY corporate bonds default with assumed 70% LGD	1
6.	As scenario 5 + similar losses on Private Debt	2
7.	5% increase in HY spreads	10
8.	1% loss across active mandates	2
9.	’De-Globalisation’	4
10.	‘Hard-Landing’	0
11.	‘Stagflation’	22
12.	‘Overheat’	2
13.	‘Regional spill over crisis’	32
14.	‘Financial Crisis’	-24

1. The Matching portfolio consists of assets covering the technical provisions.
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.

D. Valuation for solvency purposes

D.1 Assets

Amounts in million	SEK		USD	
	Swedish GAAP	**Solvency II**	**Swedish GAAP**	**Solvency II**
Investment assets	3,658	3,658	350	350
Reinsurance recoverables	1,531	1,373	147	132
Receivables	1,594	1,594	153	153
Other assets	629	547	60	52
Total assets	**7,412**	**7,172**	**710**	**687**

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 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 assumed to be nil.

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 large enough to enable a statistical analysis for each group.

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

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	574	515	-59
Claims provision	4,124	3,457	-667
Risk margin	-	189	189
Total	4,698	4,160	-538
Reinsurer's share			
Premium provision	62	56	-6
Claims provision	1,469	1,318	-151
Counterparty default adjustment	-	-1	-1
Total	**1,531**	**1,373**	**-158**
Net technical provisions	3,166	2,787	-380

Amounts in USD million	**Swedish GAAP**	**Solvency II**	**Difference**
Gross			
Premium provision	55	49	-6
Claims provision	395	331	-64
Risk margin	-	18	18
Total	**450**	**399**	**-52**
Reinsurer's share			
Premium provision	6	5	-1
Claims provision	141	126	-14
Counterparty default adjustment	-	0	0
Total	**147**	**132**	**-15**
Net technical provisions	**303**	**267**	**-36**

The difference between the provisions, net of reinsurance, calculated on solvency II basis and that booked in the statutory accounts amounts to USD 36 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 doesn't 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 because 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 26.1 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 28.4 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 82 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 18.1 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	-272	-26
Discounting of technical provisions	-296	-28
Counterparty default adjustment	-1	0
Risk margin	189	18
Total	**-381**	**-36**

The largest difference between the technical provisions accounted for in the statutory statement is the discounting effect.

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 10%.

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	7	68	1	7
Insurance & Intermediaries payables	187	187	18	18
Reinsurance payables	723	723	69	69
Payables (trade, not insurance)	6	6	1	1
Any other liabilities, not elsewhere shown	172	172	17	17
Total	**1,098**	**1,159**	**105**	**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 7 million. As an effect of Solvency II valuation adjustments, the net DTL recognised in the Solvency II balance sheet is SEK 68 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	6.7	0.6
Elimination of intangible assets	-3.4	-0.3
Elimination of deferred acquisition cost	-13.5	-1.3
Recalculation of net technical provisions	78.2	7.5
Solvency II DTL	**68.0**	**6.5**

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 2,522 (2,430) million. The eligible amount of own funds to cover the Minimum Capital Requirement is SEK 1,795 (1,759) 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	1,566	150
Prudence margin - net technical provision	272	26
Discounting effect - net technical provision	296	28
Risk margin - net technical provision	-189	-18
Intangible assets	-17	-2
Deferred acquisition cost	-66	-6
Deferred tax	-68	-7
Solvency II excess of assets over liabilities	1,795	172

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 2022	SEK 2021	USD 2022	USD 2021
Market risk	399	599	38	66
Counterparty default risk	144	119	14	13
Non-life underwriting risk	1,166	996	112	110
Diversification between risk modules	-306	-366	-29	-40
Operational risk	119	96	11	11
Loss-absorbing capacity of deferred taxes	-68	-104	-7	-12
Total SCR	**1,454**	**1,340**	**139**	**148**

The Club uses EIOPA's Solvency II Standard Formula. Simplified calculations for the standard formula computation or Undertaking Specific Parameters (USP) are not used.

The amount of the Club's MCR at the end of the reporting period was SEK 518 million, corresponding to USD 50 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.

	2022	2021
Ratio of Basic own funds to SCR	1.23	1.31
Ratio of Eligible own funds to SCR	1.73	1.81
Ratio of Basic own funds to MCR	3.46	4.03

Since the Club´s dominating currency, both in terms of premium and claim payments, is USD, the risk calculations in SEK between quarters can be heavily influenced by currency effects to a larger extent than if the calculations were 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 regarding the capital management of the Club.

Appendix

Appendix I – Branch information

Norway branch

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 written premiums 2022 amounted to USD 21.8 million and net claims outstanding as at 31 December 2022 amounted to USD 10.0 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.

The branch is covered by the overall reinsurance contracts signed by the Club. 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.

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

Singapore branch

Business and performance:

After receiving a local license in the autumn 2022 the Singapore Branch commenced its operations and offers full service to members in Singapore and other Asian markets, including India, Japan and Thailand.

The risk profile of *The Swedish Club Singapore* branch is in general the same as described in section C of this report. Gross written premiums for 2022 amounted to SGD 1.0 million.

The branch is covered by the overall reinsurance contracts signed by the Club. 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.

Contact details to the Singapore supervisory authority (MAS) can be obtained from its website: https://www.mas.gov.sg/regulation. The Singapore branch external appointed auditor is PwC Singapore, 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936.

UK branch

Business and performance:

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

The risk profile of *The Swedish Club UK* is in general the same as described in section C of this report. Gross written premiums 2022 amounted to GBP 0.5 million and net claims outstanding as at 31 December 2022 amounted to GBP 0.5 million.

The branch is covered by the overall reinsurance contracts signed by the Club. 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 branch insurance activities, which is expected to increase in 2023, have been limited and therefore the regulatory absolute minimum capital requirement of GBP 3.4 million applies. The eligible own funds of GBP 4.1 cover the capital requirement with a capital adequacy ratio of 1.2.

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.

Hong Kong branch

An application for an insurance licence for *Sveriges Ångfartygs Assurans Förening* Hong Kong branch is under review by the Insurance Authority in Hong Kong.

The Hong Kong branch is supervised by the Insurance Authority (IA).

No insurance contracts have been issued through the branch in Hong Kong.

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**	8 003
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	3 657 669
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**	3 657 669
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**	1 373 487
Non-life and health similar to non-life	**R0280**	1 373 487
Non-life excluding health	**R0290**	1 373 487
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**	1 545 573
Reinsurance receivables	**R0370**	48 085
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**	348 940
Any other assets, not elsewhere shown	**R0420**	189 891
Total assets	**R0500**	7 171 649

S.02.01.02

Liabilities		Solvency II value
		C0010
Technical provisions – non-life	R0510	4 160 210
Technical provisions – non-life (excluding health)	R0520	4 160 210
TP calculated as a whole	R0530	
Best Estimate	R0540	3 971 696
Risk margin	R0550	188 514
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	2 282
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	67 972
Derivatives	R0790	57 381
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	186 810
Reinsurance payables	R0830	723 412
Payables (trade, not insurance)	R0840	5 961
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	172 424
Total liabilities	R0900	5 376 452
Excess of assets over liabilities	R1000	1 795 197

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**						2 209 003											2 209 003
Gross - Proportional reinsurance accepted	**R0120**						6 395											6 395
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**						539 099											539 099
Net	**R0200**						1 676 300											1 676 300
Premiums earned																		
Gross - Direct Business	**R0210**						2 289 748											2 289 748
Gross - Proportional reinsurance accepted	**R0220**						7 334											7 334
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**						575 864											575 864
Net	**R0300**						1 721 218											1 721 218
Claims incurred																		
Gross - Direct Business	**R0310**						2 376 101											2 376 101
Gross - Proportional reinsurance accepted	**R0320**						6 651											6 651
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**						929 083											929 083
Net	**R0400**						1 453 669											1 453 669
Changes in other technical provisions																		
Gross - Direct Business	**R0410**						-120											-120
Gross - Proportional reinsurance accepted	**R0420**																	
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers' share	**R0440**																	
Net	**R0500**						-120											-120
Expenses incurred	**R0550**						451 013											451 013
Other expenses	**R1200**																	
Total expenses	**R1300**																	451 013

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		CN	DE	GR	HK	SG	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	**R0110**	107 201	417 463	241 091	491 073	125 799	239 839	1 622 465
Gross - Proportional reinsurance accepted	**R0120**							
Gross - Non-proportional reinsurance accepted	**R0130**							
Reinsurers' share	**R0140**	25 757	99 852	57 737	118 384	30 090	56 743	388 563
Net	**R0200**	81 443	317 611	183 354	372 689	95 710	183 096	1 233 903
Premiums earned								
Gross - Direct Business	**R0210**	111 178	432 631	249 900	509 568	130 370	244 904	1 678 551
Gross - Proportional reinsurance accepted	**R0220**							
Gross - Non-proportional reinsurance accepted	**R0230**							
Reinsurers' share	**R0240**	27 518	106 668	61 679	126 479	32 144	60 497	414 985
Net	**R0300**	83 660	325 962	188 221	383 089	98 226	184 407	1 263 566
Claims incurred								
Gross - Direct Business	**R0310**	41 090	506 339	113 800	955 355	59 923	116 467	1 792 974
Gross - Proportional reinsurance accepted	**R0320**							
Gross - Non-proportional reinsurance accepted	**R0330**							
Reinsurers' share	**R0340**	15 701	206 418	46 333	382 208	24 429	44 492	719 580
Net	**R0400**	25 390	299 921	67 467	573 147	35 494	71 975	1 073 394
Changes in other technical provisions								
Gross - Direct Business	**R0410**	-2	-27	-6	-49	-3	-6	-93
Gross - Proportional reinsurance accepted	**R0420**							
Gross - Non- proportional reinsurance accepted	**R0430**							
Reinsurers' share	**R0440**							
Net	**R0500**	-2	-27	-6	-49	-3	-6	-93
Expenses incurred	**R0550**	17 454	81 188	39 380	113 693	20 519	47 871	320 104
Other expenses	**R1200**							
Total expenses	**R1300**							320 104

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**						514 884											514 884
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**						55 912											55 912
Net Best Estimate of Premium Provisions	**R0150**						458 972											458 972
Claims provisions																		
Gross - Total	**R0160**						3 456 812											3 456 812
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**						1 317 575											1 317 575
Net Best Estimate of Claims Provisions	**R0250**						2 139 236											2 139 236
Total Best estimate - gross	**R0260**						3 971 696											3 971 696
Total Best estimate - net	**R0270**						2 598 208											2 598 208
Risk margin	**R0280**						188 514											188 514
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**						4 160 210											4 160 210
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**						1 373 487											1 373 487
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	**R0340**						2 786 723											2 786 723

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)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**
Prior	**R0100**											23 368
N-9	**R0160**	332 481	315 397	180 845	49 811	27 386	-20 828	-65	42 182	5 950	16 176	
N-8	**R0170**	197 577	279 308	124 428	88 925	104 669	-13 064	24 027	5 183	12 746		
N-7	**R0180**	594 869	523 364	149 014	75 502	22 895	13 616	31 751	7 409			
N-6	**R0190**	476 988	298 608	162 893	166 588	92 594	-45 632	14 160				
N-5	**R0200**	381 916	419 857	118 606	79 699	74 136	48 820					
N-4	**R0210**	354 004	315 799	137 672	110 647	23 367						
N-3	**R0220**	334 398	416 706	132 723	131 558							
N-2	**R0230**	424 620	418 186	126 479								
N-1	**R0240**	691 836	967 829									
N	**R0250**	322 233										

		In Current year	Sum of years (cumulative)
		C0170	**C0180**
	R0100	23 368	23 368
	R0160	16 176	949 336
	R0170	12 746	823 798
	R0180	7 409	1 418 420
	R0190	14 160	1 166 199
	R0200	48 820	1 123 034
	R0210	23 367	941 488
	R0220	131 558	1 015 385
	R0230	126 479	969 285
	R0240	967 829	1 659 665
	R0250	322 233	322 233
Total	**R0260**	1 694 144	20 691 669

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0290**	**C0300**
Prior	**R0100**											190 934
N-9	**R0160**						52 519	70 146	36 844	27 403	23 250	
N-8	**R0170**					90 116	81 496	50 215	58 690	21 521		
N-7	**R0180**				190 336	81 385	80 866	75 567	81 665			
N-6	**R0190**			302 143	136 751	80 489	91 437	123 328				
N-5	**R0200**		431 202	234 555	177 180	236 809	97 168					
N-4	**R0210**	804 934	402 547	328 866	459 322	166 128						
N-3	**R0220**	1 070 441	614 935	938 741	308 295							
N-2	**R0230**	1 131 366	1 266 370	398 892								
N-1	**R0240**	3 261 552	1 323 557									
N	**R0250**	1 068 499										

		Year end (discounted data)
		C0360
	R0100	190 934
	R0160	23 250
	R0170	21 521
	R0180	81 665
	R0190	123 328
	R0200	97 168
	R0210	166 128
	R0220	308 295
	R0230	398 892
	R0240	1 323 557
	R0250	1 068 499
Total	**R0260**	3 803 236

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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	1 795 197	1 795 197			
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	1 795 197	1 795 197			
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	727 126			727 126	
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	727 126			727 126	
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	2 522 323	2 522 323		727 126	
Total available own funds to meet the MCR	R0510	1 795 197	1 795 197			
Total eligible own funds to meet the SCR	R0540	2 522 323	2 522 323		727 126	
Total eligible own funds to meet the MCR	R0550	1 795 197	1 795 197			
SCR	R0580	1 454 252				
MCR	R0600	518 453				
Ratio of Eligible own funds to SCR	R0620	1.73				
Ratio of Eligible own funds to MCR	R0640	3.46				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	1 795 197	
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	1 795 197	
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		

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	399 008		
Counterparty default risk	R0020	143 520		
Life underwriting risk	R0030			
Health underwriting risk	R0040			
Non-life underwriting risk	R0050	1 166 245		
Diversification	R0060	-305 699		
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	R0100	1 403 073		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	119 151
Loss-absorbing capacity of technical provisions	R0140	
Loss-absorbing capacity of deferred taxes	R0150	-67 972
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency Capital Requirement excluding capital add-on	R0200	1 454 252
Capital add-on already set	R0210	
Solvency capital requirement	R0220	1 454 252
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	518 453

		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	2 598 208	1 791 696
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	518 453
SCR	R0310	1 454 252
MCR cap	R0320	654 414
MCR floor	R0330	363 563
Combined MCR	R0340	518 453
Absolute floor of the MCR	R0350	43 604
		C0070
Minimum Capital Requirement	R0400	518 453